



ASX Code: SEG

14 August 2014

Market Announcements Platform
ASX Limited
Exchange Centre,
20 Bridge Street
Sydney NSW 2000

COMMENCEMENT OF MAJOR EXPLORATION INITIATIVE: TESTING OF KEY TARGETS AT PLUMRIDGE NICKEL PROJECT

- **Fixed Loop Electromagnetic Surveys (FLEM) at the E21 Target** have identified a series of high-quality, high-priority bedrock conductors that are the immediate focus of drilling programs;
- **Maiden 3,000m aircore drilling program** has commenced over several targets, including E21 Target;
- **Orientation geochemical sampling** has been completed on a traverse over the E21 Target to determine whether this technique can be successful in penetrating the cover sediments; and
- **A detailed airborne magnetic survey** has commenced over E39/1731 to provide key information over the major ovoid feature that is interpreted to contain the E21 Target.

Segue Resources Limited (**Segue** or the **Company**) is pleased to announce that a major exploration initiative for mafic-ultramafic hosted nickel-copper sulphide deposits has commenced at the Plumridge Nickel Project in the Fraser Range Province of Western Australia (**Figure 1**).

Segue has implemented a quality exploration program at the Plumridge Nickel Project over the past nine months that has resulted in the identification of a number of highly significant geophysical targets that are at the drill ready stage. In parallel to testing these advanced targets by drilling, exploration will continue across the wider project area with programs aimed at generating the next series of targets for drill testing.

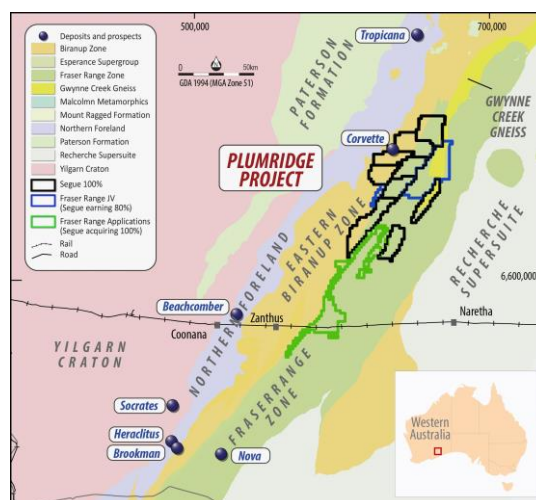


Figure 1 – Plumridge Nickel Project Tenement Map

E21 TARGET

The E21 Target covers the northern portion of a large, ovoid magnetic feature that is interpreted to be an intrusion or series of intrusions in a major fold structure within E39/1731¹. As previously reported, an 800 metre line spaced Moving Loop Electromagnetic (**MLEM**) survey was undertaken in search of bedrock conductors (see announcement on 3 July 2014).

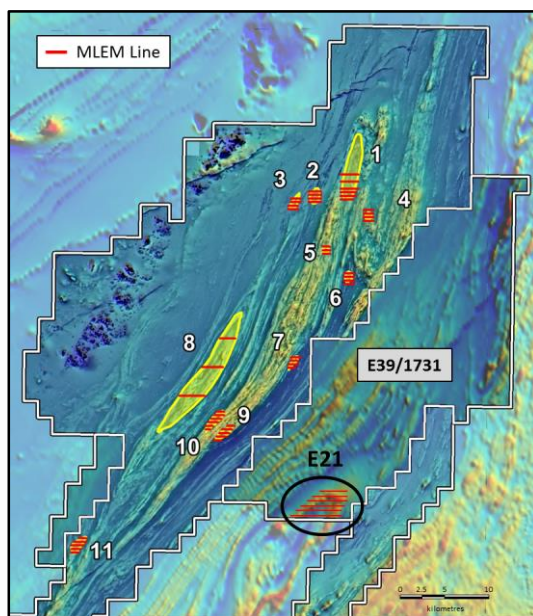


Figure 2 – E39/1731 and E21 Target

The program successfully identified two significant bedrock conductors and a decision was made to infill the line spacing to 400 metres for greater definition. Following the infill MLEM survey, Segue has completed three Fixed Loop Electromagnetic (**FLEM**) surveys on specific targets (**Figure 3a & 3b**).

The results of the FLEM survey include the identification and modelling of four high-priority bedrock conductors along the margin of the interpreted intrusion. The four high-priority modelled conductors have limited strike lengths and as such are less likely to be stratigraphic units. A fifth strike extensive conductor is currently being interpreted as a stratigraphic (sediment) unit.

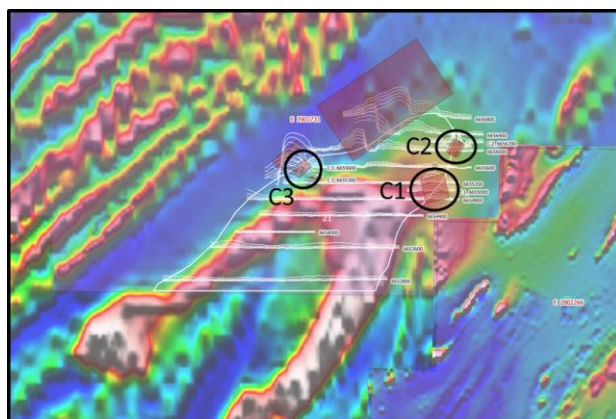


Figure 3a – Bedrock Conductors at E21 Target

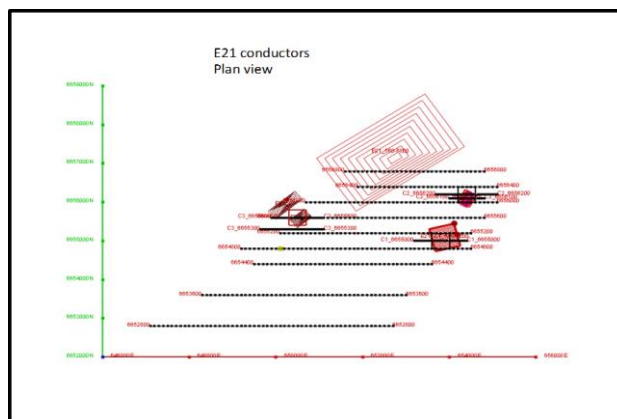


Figure 3b – Modelled Conductors

1. E39/1731 is subject to the Plumridge East JV (Segue 80%/Fraser Range Metals Group 20%)

The C1 Target (**Figure 4**) presents as a major FLEM conductor that justifies immediate drill testing based on:

- The conductor is flat lying at a depth of approximately 600-650 metres and has modelled dimensions of 600 metres x 600 metres;
- The modelled orientation of the conductor cuts across the pervasive regional, upright stratigraphic trend and has similarities to the geometry of the Nova-Bollinger deposits;
- Modelling of the FLEM data shows the conductance persisting into late times based on a strong conductance (2600S);
- An 800 metre diamond hole has been planned to provide an initial test of the conductor and all statutory approvals are currently being sought;

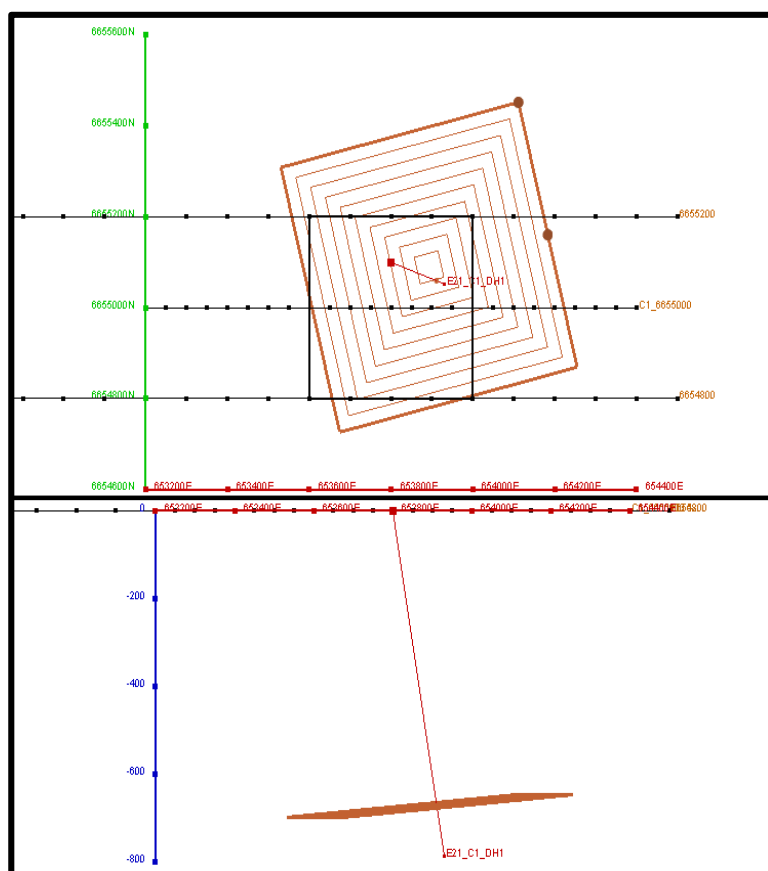


Plate	E21_C1_548-5200
East (centre top)	654180mE
North (centre top)	6655160mN
Depth (centre top)	650m
Dip	5°
Dip Direction	260°
Rotation	0°
Strike Length	600m
Depth Extent	600m
Conductance	2600S

Conductor 1 simultaneous modelling of MLEM lines 6654800 and 6655200 and FLEM line 665500 viewed in plan and section.

DH1 has been designed to test the conductor.

Figure 4 – Model of C1 Target conductor showing planned drill hole.

Based on the limited available data, the geological model being applied by Segue to the C1 Target is that it represents an accumulation of nickel-copper sulphides at the base of a flat lying mafic-ultramafic intrusion. Consideration must also be given to alternatives that encompass the conductor being related to barren sulphides or conductive sediments.

The C2 and C3 Targets also present as significant targets in their own right and will be drill tested by either diamond or reverse circulation (**RC**) as part of the upcoming program. The major, strike extensive conductor along the interpreted northern contact of E21 is interpreted as a stratigraphic (sediment) conductor. At the appropriate time testing will be undertaken.

Immediate programs of exploration at the E21 Target will include aircore drilling across the top of the identified conductors to provide key information on the host stratigraphy and the cover conditions, collection of detailed airborne magnetic data and processing of the recently collected orientation geochemical data.

Subject to permitting and approvals the aircore drilling program will be closely followed by diamond and RC drilling and associated downhole electromagnetic surveys (**DHEM**) to provide a diagnostic test of the bedrock conductors.

Commenting on the C1 Target, Segue's Managing Director, Mr Steven Michael, said:

Segue and Newexco have completed an extensive, high quality geophysical program over the Plumridge Nickel Project and the newly identified C1 Target is an outstanding result.

The C1 Target is the Company's highest priority and we have commenced aircore drilling and have begun the permitting and approval process for a diamond hole to test this "Nova-like" conductor.

Segue's recent capital raisings have enabled the Company to proceed with the next exciting phase of exploration without delay.

REGIONAL TARGETS

Aircore Drilling

A 3,000 metre aircore drilling program has recently commenced aimed at providing critical geological input into the interpretation of the geophysical data sets. The targets are the product of the identification of prospective airborne magnetic features with similarities to the Nova-Bollinger area and lines of reconnaissance MLEM completed over 17 targets (including the E21 Target).

The purpose of the aircore drilling is to validate the geological interpretation that the targets are underlain by prospective rock types (mafic-ultramafic intrusions) and/or structural domains (low strain to preserve intrusive suites of rocks) and also provide key lithogeochemical data.

The drilling will also provide valuable information relating to the overlying sedimentary cover including depth to basement and potential for the application of near surface geochemical techniques.

The aircore drilling program is expected to be complete by the end of August.

Moving Loop Electromagnetic Surveys (MLEM)

The next phase of reconnaissance MLEM has commenced targeting newly identified magnetic features in the southern portion of the E21 Target area. This program is scheduled for completion by mid-September 2014.

Airborne Magnetic Survey

Segue is participating in a coordinated group airborne magnetic data survey. The survey over E39/1731 will produce a high quality proprietary data set that will have a major impact on the interpretation of the E21 Target and the remainder of the large tenement area (approx. 600km²). The survey has commenced and the fully processed and interpreted results are expected by the end of September 2014.

Geochemistry – Orientation Survey

The Plumridge Nickel Project has never been subjected to surface geochemical sampling applications due to the presence of younger sedimentary cover. An orientation survey was completed over the E21 Target to establish whether there is any potential to apply the technique as a regional exploration tool or as a screening tool over geophysically generated targets (**Figure 5**). The objective is to try and develop a productive exploration tool that will aid in the generation and prioritisation of targets.



Figure 5 – Soil Sampling at E21 Target

The commencement of this phase by Segue represents a major exploration initiative by the Company. The application of the Company's exploration strategy has led, in a relatively short time frame, to an advanced high priority drilling opportunity at the E21 Target whilst at the same time recognising the broader discovery potential across the large-scale tenement holding.

For further information visit www.segueresources.com or contact:

Segue Resources Limited

Mr Steven Michael

Managing Director

T: +61 8 9486 4699

E: info@segueresources.com

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Langworthy who is a Member of The Australian Institute of Geoscientists. Mr Langworthy has more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves". Mr Langworthy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<u>Moving Loop Electro Magnetic survey specifications:</u>
		Configuration: Moving Loop
		Line spacing: 800m
		Infill line spacing: 400m
		Transmitter Loop Size: 400m diameter
		Receiver Loop Size: 100m diameter
		Receiver station spacing: 100m
		Transmitter current: 50 amp
		Receiver sensor type: Fluxgate
		Components: Bz, Bx, By
		Base Frequency: 0.5Hz
		Coordinates: GDA94/MGA51
		<u>Fixed Loop Electro Magnetic survey specifications:</u>
		Configuration: Fixed Loop
		Line spacing: 200m infill between MLEM lines
		Transmitter Loop Size: 400m diameter
		Receiver station spacing: 50m
		Transmitter current: 50 amp

Criteria	JORC Code explanation	Commentary
		Receiver sensor type: Fluxgate Components: Bz, Bx, By Base Frequency: 0.5Hz Coordinates: GDA94/MGA51
<i>Drilling techniques</i>	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> No drilling was undertaken.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No drill sample recovery applicable.
<i>Logging</i>	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> No logging undertaken.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. 	<ul style="list-style-type: none"> No sub-sampling or sample preparation was undertaken.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> No assays or laboratory tests were undertaken.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> No verification of sampling or assaying applicable.
<i>Location of data points</i>	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Handheld GPS used for receiver station location. Accuracy ~2m. Coordinates: GDA94/MGA51. Terrain is very flat, maximum elevation variation <15m.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> See sampling techniques section.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> MLEM line oriented E-W; as close to orthogonal to regional strike as possible.

Criteria	JORC Code explanation	Commentary
<i>Sample security</i>	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> All data transmitted from field to HQ by encrypted satellite system.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> All data collected and reviewed by independent consultants.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> E39/1731 is owned 100% by Plumridge East Pty Ltd, an 80% owned subsidiary of Segue Resources Limited (SEG). The tenement is wholly within an area with no Native Title, Nature Reserve or Pastoral Leases.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> No nickel exploration has been previously conducted in the area.
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Nova-Style NiS mineralisation.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar 	<ul style="list-style-type: none"> Easting and Northings of the survey area are clearly visible on the attached map. No drilling was undertaken and therefore no drill hole information is applicable.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. ● If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> ● In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. ● Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. ● The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> ● Not applicable to the style of exploration undertaken.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> ● These relationships are particularly important in the reporting of Exploration Results. ● If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. ● If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> ● Not applicable to the style of exploration undertaken.
<i>Diagrams</i>	<ul style="list-style-type: none"> ● Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> ● Attached maps show all relevant information
<i>Balanced reporting</i>	<ul style="list-style-type: none"> ● Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> ● Not applicable to the style of exploration undertaken.
<i>Other substantive</i>	<ul style="list-style-type: none"> ● Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk 	<ul style="list-style-type: none"> ● Not applicable to the style of exploration undertaken.

Criteria	JORC Code explanation	Commentary
<i>exploration data</i>	<i>samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> AirCore drilling is planned to test the surface bedrock geochemistry overlying the MLEM conductors.