



ASX Code: **SEG**

29 October 2015

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

EXPLORATION UPDATE PLUMRIDGE NICKEL PROJECT AND SALT CREEK PROJECT

HIGHLIGHTS:

- MMG to commence detailed infill gravity survey (400m x 200m) covering multiple targets at the Plumridge Nickel Project
- Segue has commenced a 1,000m aircore drilling programme at the 100% owned Salt Creek Project to test coincident gravity and magnetic anomalies
- Exploration to commence at the Pardoo Nickel Project including gravity and aeromagnetic surveys

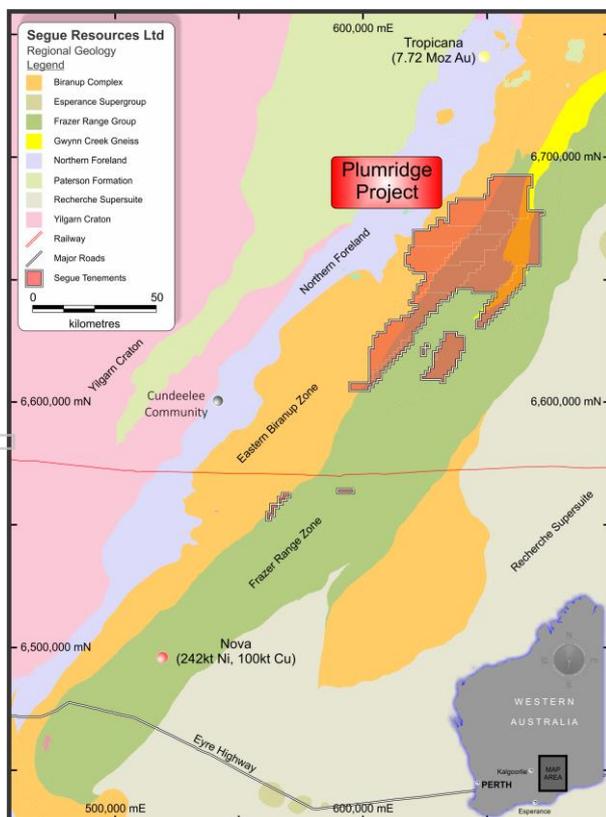


Figure 1: Plumridge Nickel Project Location Map

Key Facts:

Segue Resources Limited

ASX Code:	SEG
Share price (24/8/15):	0.2¢
52 week range:	0.1 - 1.3¢
Shares on issue:	2,639.8m
Market cap.:	\$5.3m

Plumridge Nickel Project (100%¹)

Location:	Fraser Range, WA
Tenement holding:	2,450km ²

Salt Creek Project (100%)

Location:	Eastern Biranup Zone, WA
Tenement holding:	450km ²

Deralinya Nickel Project (70%)

Location:	Fraser Range, WA
Tenement holding:	775km ²

Pardoo Nickel Project (100%¹)

Location:	Pilbara, WA
Tenement holding:	330km ²

1. Subject to farm-out joint venture, may reduce initially to 49%.

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Plumridge Nickel Joint Venture

Background

Segue entered into the Plumridge Nickel Joint Venture (**Plumridge JV**) with international base metals company, MMG Limited (HKEx: 1208) (**MMG**) on 18 September 2015. Under the Plumridge JV, MMG can earn an initial 51% interest in eight exploration licences at the Plumridge Nickel Project in the Fraser Range Province of Western Australia, by investing \$6.5 million in exploration activity by December 2019 (**Stage 1**). MMG can increase its interest to 70% by investing an additional \$7.5m within two years of completing Stage 1 (**Stage 2**).

The eight exploration licences within the Plumridge JV cover 2,250km² of the Fraser Range Complex, approximately 150km north-west of the Nova-Bollinger nickel-copper deposits (**Figure 2**). Prior to entering into the Plumridge JV, Segue had completed detailed aeromagnetic and gravity surveys over the entire project area, as well as limited aircore, reverse circulation (**RC**) and diamond drilling and ground electromagnetic (**EM**) surveys. Several exploration target areas were identified by Segue following integrated 3D inversion modelling of all available datasets.

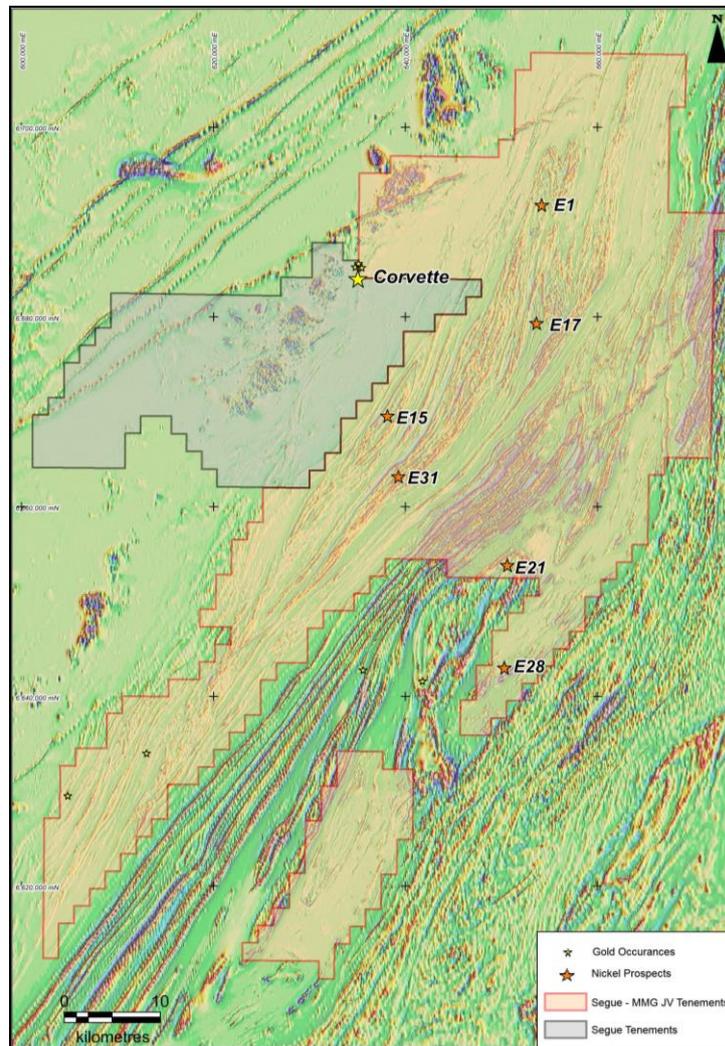


Figure 2: Plumridge Nickel Joint Venture tenements over regional magnetics

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High resolution infill gravity survey

MMG has informed Segue that it will be undertaking a high resolution infill gravity survey over three tenements (E39/1084, E28/1475 and E39/1709) commencing on 6 November 2015. The gravity survey will consist of over 6,000 stations on a 400m x 200m grid, infilling Segue’s existing gravity survey which was acquired on 1,600m spaced lines (**Figure 3**). The infill gravity survey is expected to be completed before the end of December 2015.

By increasing the data resolution in this area, MMG will acquire a dataset which can assist in identifying prospective intrusions amongst the stratigraphic mafic units. Combining the higher resolution gravity data with regional magnetic data will assist in the delineation of specific targets for Ni-Cu mineralisation that can be assessed with more focussed geophysical methods such as low frequency ground EM.

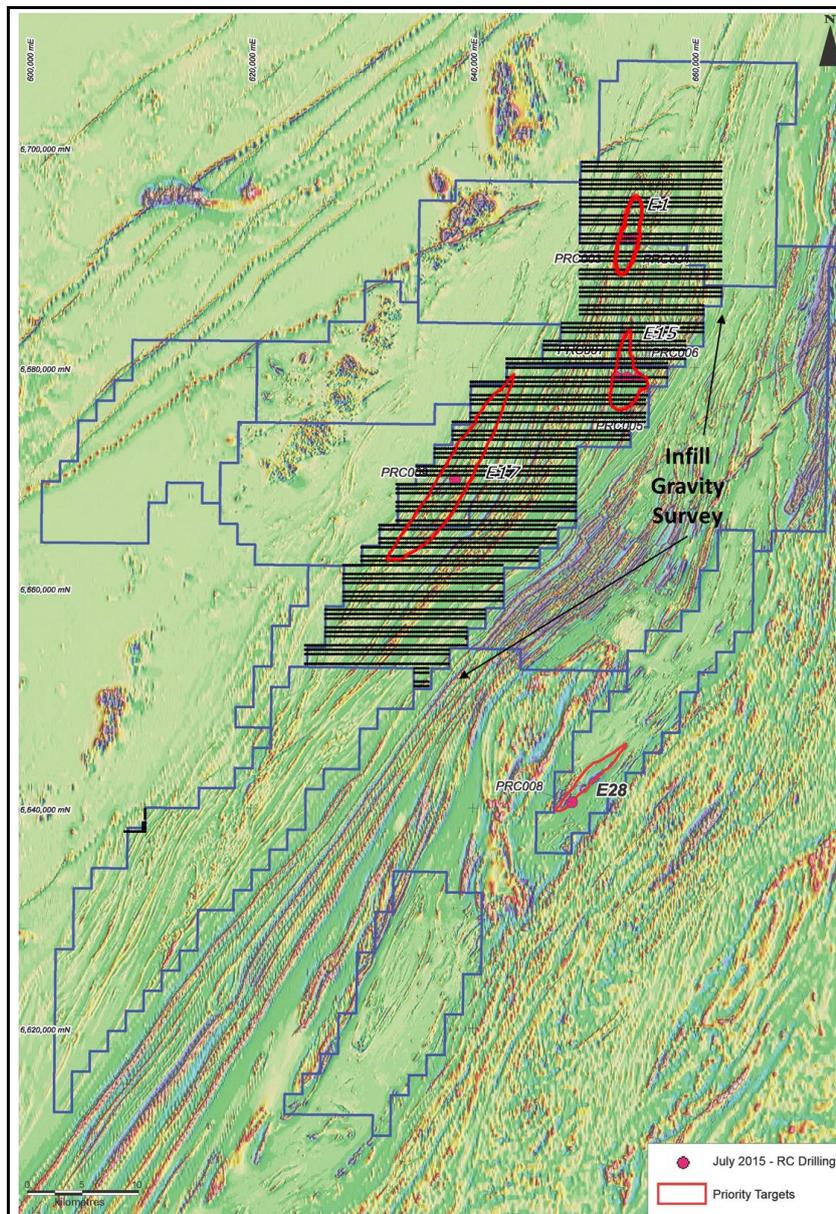


Figure 3: Infill gravity survey over regional magnetics.

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Commenting on the infill gravity survey, Segue's Managing Director, Mr Steven Michael, said:

Within six weeks of commencing the Plumridge Nickel JV, MMG has commenced its first phase of on-the-ground exploration work, which enhances the gravity survey undertaken by Segue earlier this year. The infill gravity survey will cover three target areas previously defined by Segue with an improved level of data resolution.

MMG's technical and financial resources and speed of execution are crucial elements in delivering value to Segue shareholders. The completion of a major infill gravity survey before the end of 2015 clearly demonstrates MMG's commitment to the Plumridge Nickel JV.

Results of previous RC drilling

As previously announced, Segue completed seven RC holes for a total of 985 metres across four target areas at the Plumridge Nickel Project (see announcement 25 August 2015). The drilling was primarily aimed at testing a number of gravity anomalies to provide information to allow more detailed modelling of this key data set. In addition single drill holes were targeted to test a previously identified Moving Loop EM (MLEM) conductor (E28) and a distinct magnetic target (E17).

RC drill hole PRC003 was drilled at the E1 Target to test one of the modelled gravity anomaly targets. The drill hole intersected mafic rocks within a sequence of quartz-biotite-garnet gneiss (probably after sediments). Detailed evaluation through litho-geochemical analysis and petrographic examination have confirmed that these rocks are high-MgO mafic rocks that are possibly part of a larger mafic complex as indicated from the modelling of the gravity data. The data will be incorporated into MMG's exploration database and form part of their project wide evaluation.

Salt Creek Nickel Project

Background

The Salt Creek Complex (SCC) is a 150km long belt of intermediate-mafic intrusions that are inferred to have formed along the Archean-Proterozoic suture. The intrusions are considered prospective for nickel, copper and PGE's, similar to those found at the Nova-Bollinger and Nebo-Babel nickel-copper deposits. The intrusions do not outcrop and are concealed below recent sediment sequences. However, they are clearly visible within processed magnetic imagery. The majority of the SCC is held by Independence Group NL/AngloGold-Ashanti, with Segue the second largest tenement holder (**Figure 4**).

The SCC is currently a focus of exploration by Independence Group NL (IGO) after the discovery of significant mineralisation in September 2013 at the Beetlejuice Prospect 60km North of Segue's Plumridge Project (aircore hole BJA301 intersected 4m @ 5.1% Ni, 2.5% Cu, 3.5g/t Pt, 4.7g/t Pd, 1.6g/t Au & 97g/t Ag). Recent aircore drilling by IGO, immediately along strike of Segue's tenements, has intersected anomalous nickel and copper geochemistry, as stated within IGO's June 2015 Quarterly Activities Report:

During the June 2015 Quarter, the first phase of broad spaced AC drilling comprising of 240 holes (10,842m) was completed over an area of approximately 217km² of interpreted Salt Creek Complex. This work has identified three areas exhibiting anomalous nickel and copper geochemistry. These areas will be tested by closer-spaced AC drilling in the September 2015 Quarter.

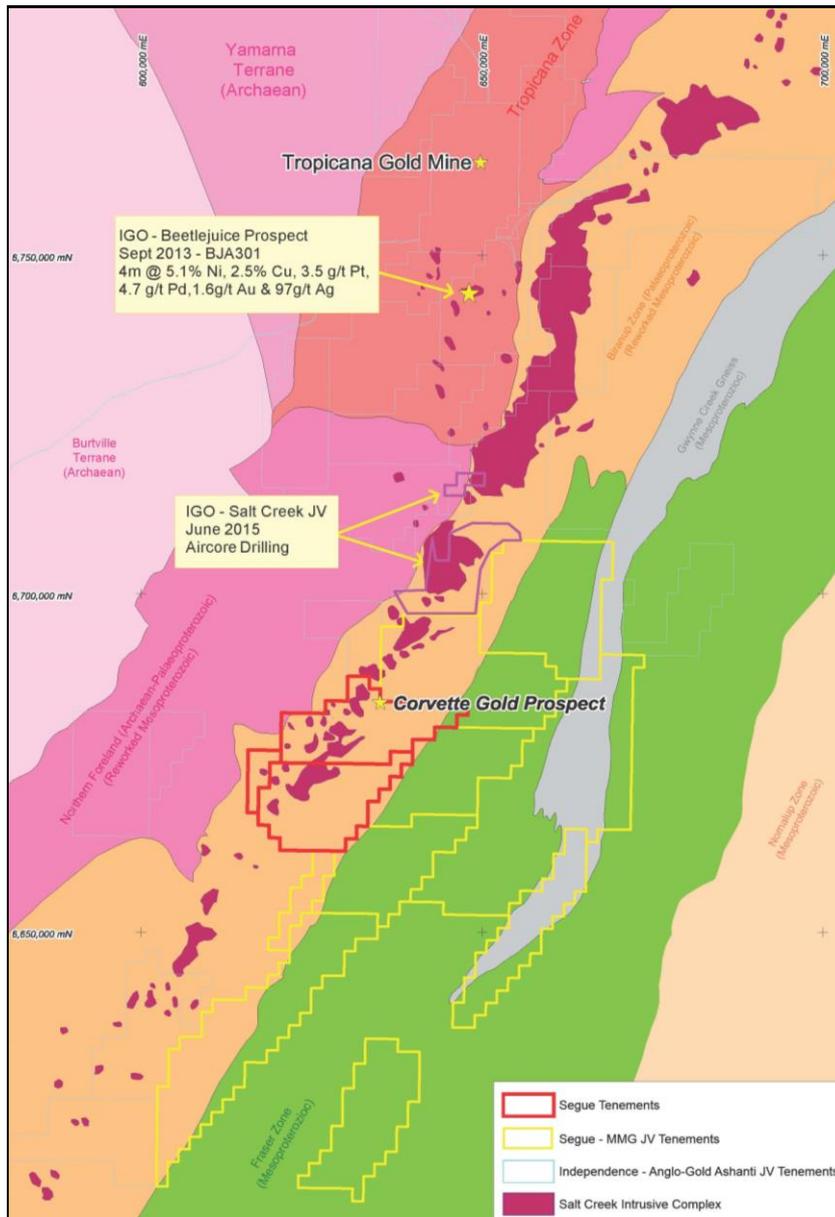


Figure 4: Salt Creek Project (red outline) over simplified geology

Maiden aircore drilling campaign

Through existing detailed magnetic surveys and the project-scale gravity survey recently completed by Segue, two exploration targets were highlighted within the Salt Creek Nickel Project. The targets are broad, residual gravity anomalies that occur over thickenings of the observed magnetic features. These two areas will be evaluated with aircore drilling to provide initial geological and geochemical information to assist with the identification of any potentially “fertile” intrusions that will form the basis for further exploration efforts by Segue in 2016.

Segue has commenced a 1,000m aircore drilling programme (20 holes x 50m depth) covering two coincident gravity and magnetic features (**Figure 5**). Segue anticipates drilling to be completed within a week, with assaying, geochemistry and petrology results available by mid-November 2015.

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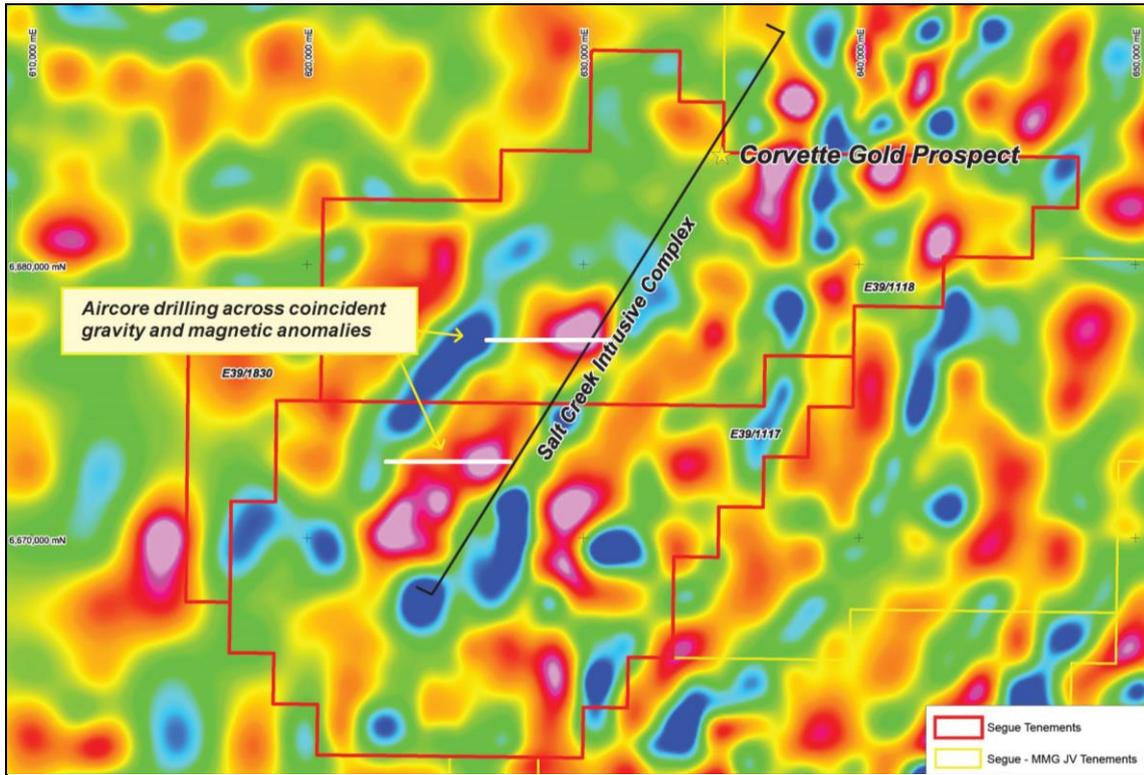


Figure 5: Proposed aircore drilling programme over gravity contours

Pardoo Nickel Joint Venture

Background

Segue entered into the Pardoo Joint Venture (**Pardoo JV**) with Port Exploration Pty Ltd (**Port**) in August 2015, covering the Company's Pardoo Nickel Project (**Project**) in the Pilbara region of Western Australia. On 28 October 2015, Caeneus Minerals Ltd (ASX: CAN) (**Caeneus**) announced it had entered into a Memorandum of Understanding (**MOU**) to acquire 100% of Port. The MOU is subject to certain conditions precedent, including shareholder approval, and is anticipated to be completed by early December 2015.

Under the Pardoo JV, Port can acquire a 51% interest in the Project by spending \$250,000 on exploration within 12 months of signing the Agreement (**Stage 1 Interest**). Port can acquire an additional 29% interest in the Project by spending a further \$250,000 on exploration by no later than 12 months after earning the Stage 1 Interest (**Stage 2 Interest**). Upon Port Exploration earning the Stage 2 Interest, Segue has the right for a period of 18 months to sell its 20% joint venture interest to Port (or Caeneus if the MOU is approved) for shares in Port (or Caeneus).

Gravity and aeromagnetic surveys

Caeneus announced that "the exploration strategy proposed by the Company is predicated on the theory that the source of nickel and copper mineralisation in the immediate region is derived from a large scale mafic-ultramafic intrusive complex located immediately north of the Highway nickel-copper deposit. Detailed assessment of this large intrusion to delineate high priority Ni-Cu-PGE exploration targets will form the core focus of exploration initiatives in the short to medium term including detailed aeromagnetic and ground based gravity surveys prior to the onset of the wet season."

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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.

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