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

SEGUE EXERCISES OPTION TO ACQUIRE GASCOYNE LITHIUM TENEMENTS

Segue Resources Limited (**Segue** or the **Company**) is pleased to announce it has exercised its option to acquire Next Advancements Pty Ltd (**Next**), which has a 100% interest in three exploration licence applications covering approximately 220km² at Morrissey Hill in the Gascoyne region of Western Australia (**Figure 1**). Segue entered into the option and acquisition agreement (**Agreement**) with Next in March 2016 (refer to ASX announcement on 31 March 2016) as part of the Gascoyne Lithium Project (**Project**).

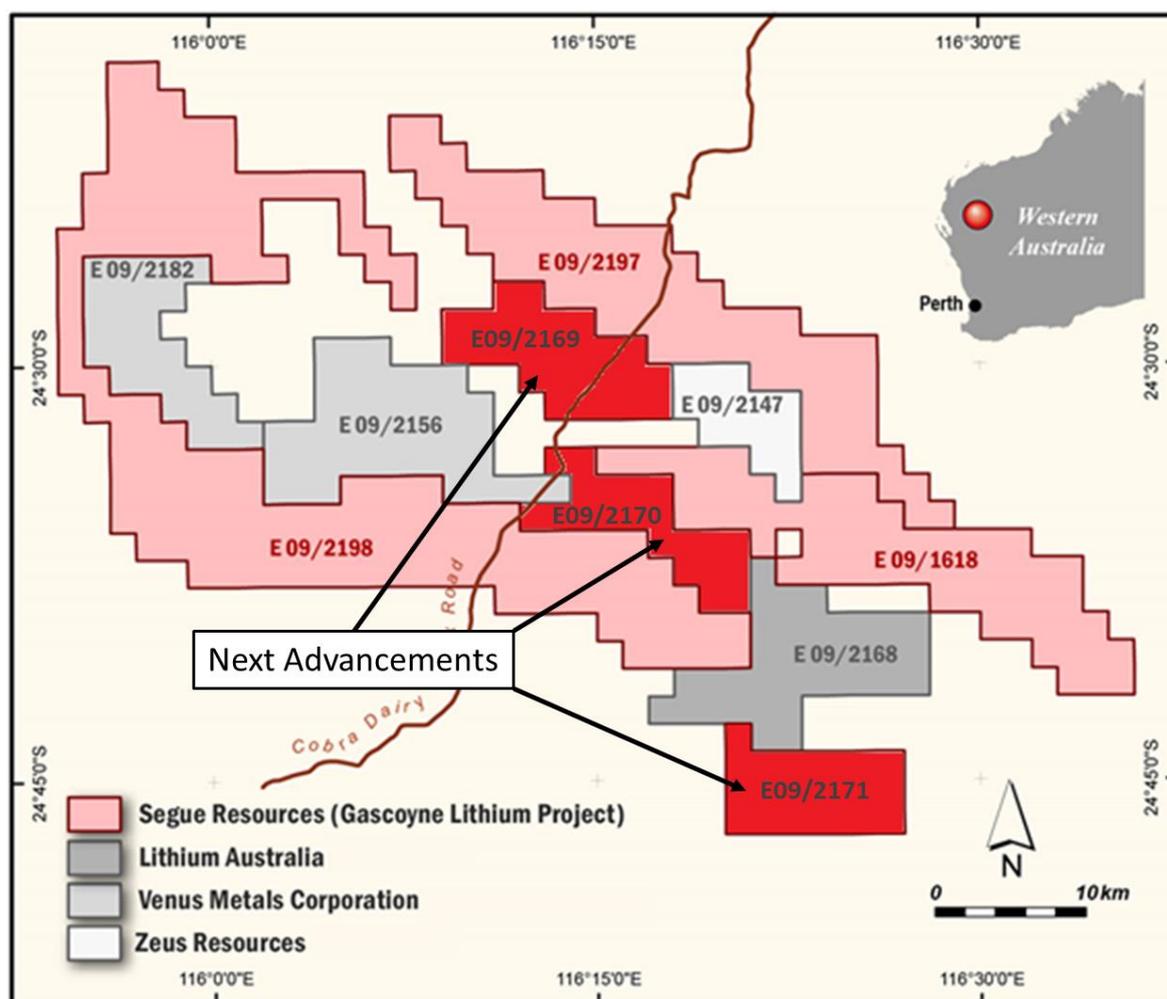


Figure 1: Gascoyne Lithium Project tenement map

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Under the Agreement, Segue will issue Next with 100 million Segue shares (**Consideration Shares**) in exchange for 100% of the share capital of Next. Segue has also entered into voluntary escrow agreements with Next shareholders covering 43.4 million Consideration Shares for a period of three months.

The Next tenements are a key component of the Project, as the tenements cover a large portion of the highly fertile Thirty Three Supersuite, which displays the same range of fractionation from barren to highly fractionated as known lithium deposits (**Figure 2**). This demonstrates the fertility of the Project to contain lithium-bearing minerals.

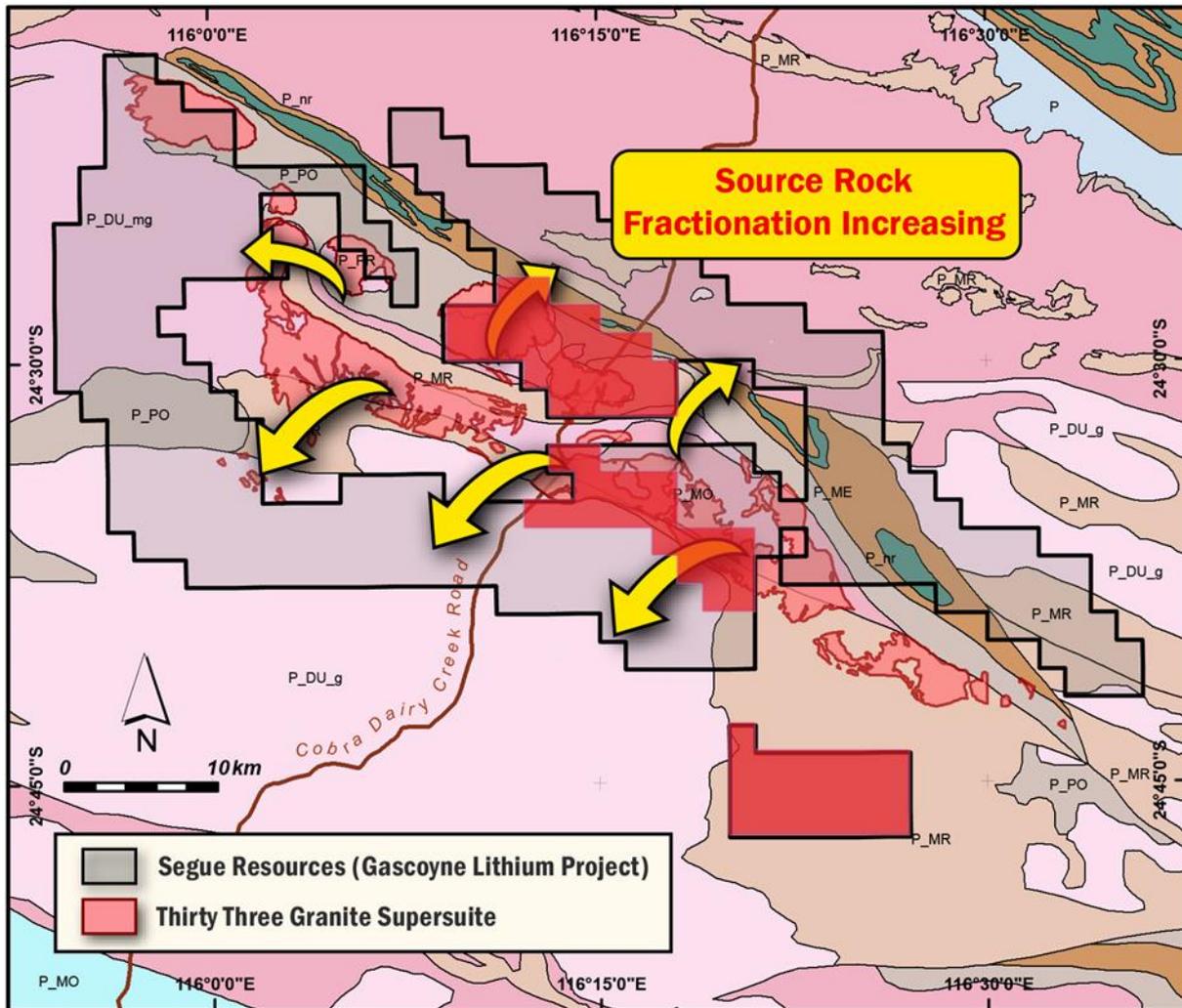


Figure 2: Gascoyne Lithium Project tenement map showing the direction of source rock fractionation

Segue will commence the next stage of exploration at the Project in early September 2016. The exploration programme has been designed to:

- Continue to define and refine the locations of fertile intrusions;
- Confirm the direction of fractionation; and
- Locate highly fractionated pegmatites for drill testing.

Segue will undertake litho-geochemical analysis of granitic intrusions, project and prospect scale mapping and a systematic surface sampling (gridded soil sampling) program. The project area is highly amenable to this type of programme due to its predominantly residual soil and sub-cropping rocky natures.

A similar exploration approach was successfully used in exploration for LCT pegmatites in Canada leading to the discovery of the Tanco, Dibs and other high grade LCT pegmatites within the Bernic Lake pegmatite group.

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

Segue Resources Limited

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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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