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Market Announcements Platform
ASX Limited
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SEGUE ENHANCES GASCOYNE LITHIUM EXPLORATION WITH MORTIMER HILLS JV

Segue Resources Limited (**Segue** or the **Company**) is pleased to announced it has increased its lithium exploration tenement holding in the Gascoyne region by entering into a farm-in joint venture (**Mortimer Hills JV**) with Zeus Resources Limited (ASX: ZEU) (**Zeus**). The Mortimer Hills JV covers granted exploration licence E09/1618 which is along strike from the three tenements Segue recently acquired an option over (see announcement on 31 March 2016) (**Figure 1**).

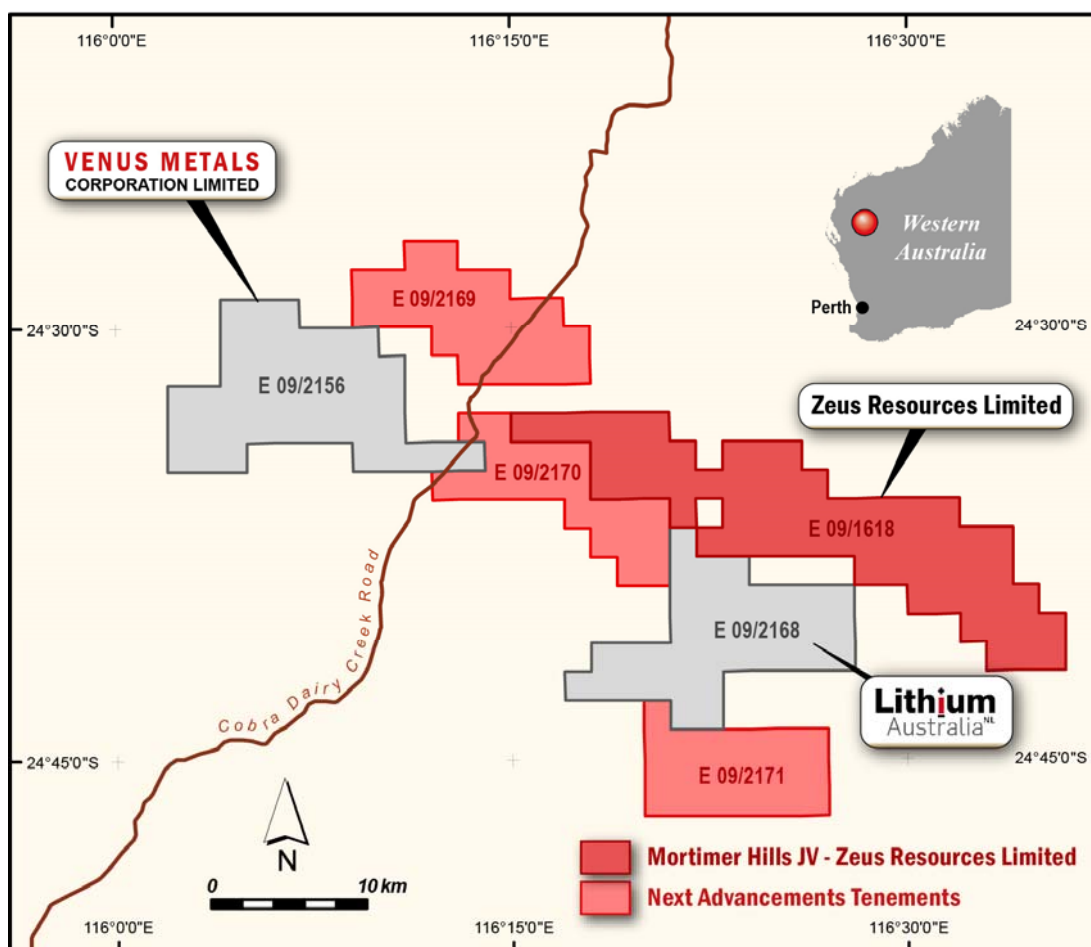


Figure 1: Tenement location map

Segue has commenced a fieldwork programme at the Mortimer Hills JV, in conjunction with the existing exploration work being undertaken at Segue's other tenements in the Gascoyne region. The Mortimer Hills JV tenement, E09/1618, contains both the Mortimer Hills and Camel Hill pegmatite fields and Segue has designed an exploration programme to test these fields for their lithium potential.

The field work and surface sampling will seek to identify pegmatites which are more fractionated and have the potential to host tantalum-lithium deposits. The map below (**Figure 2**) shows biotite-muscovite bearing granitic intrusions which are potentially the source rock for LCT (Lithium-Caesium-Tantalum) rare-earth pegmatites.

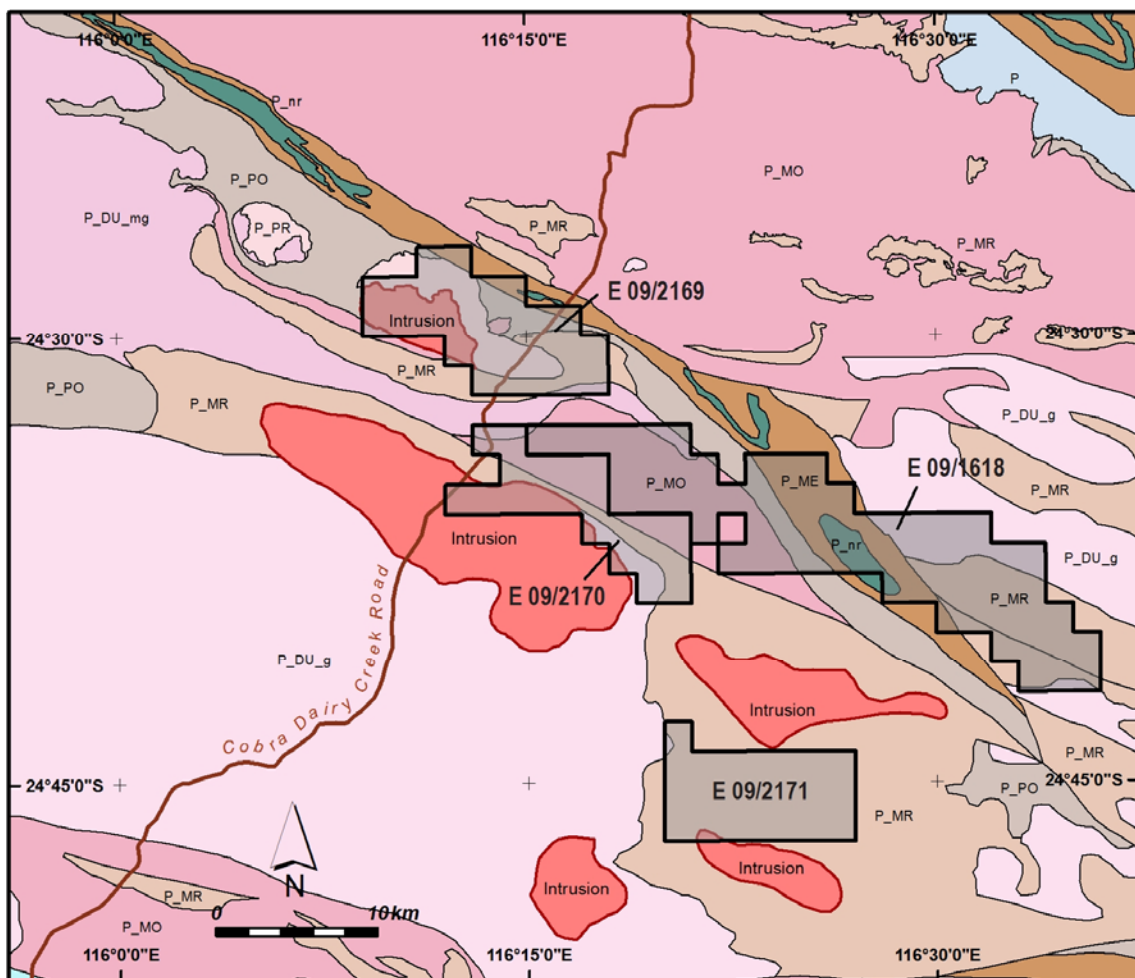


Figure 2: Simplified geological map showing biotite-muscovite intrusions

The Camel Hill pegmatites have known beryl and other mineral occurrences and exploration for tantalum in 2001 showed evidence of fractionation zonation. Recent exploration by Zeus at E09/1618 was focussed on uranium, therefore many pegmatites remain untested or unexamined for lithium.

With the addition of tenement E09/1618, Segue now has an interest in over 400km² of exploration licences in the Gascoyne region and is the largest explorer in this potential lithium province. Importantly, E09/1618 is the only granted exploration licence currently being explored for lithium minerals. The tenement has an abundance of outcropping pegmatites which may lead to drill targets following the current field programme.

By mapping and sampling the pegmatites it is possible to develop a zonation map to assist with vectoring in on any potential lithium bearing pegmatites in the region (**Figure 3**). Segue's tenements in and around Morrissey, Mortimer and Camel Hills cover a large portion of the lithium target zone around the known intrusions. The April Pegmatite, immediately adjacent to tenement E09/2169, contains a previously logged lithium occurrence and sits within the potential lithium target zone.

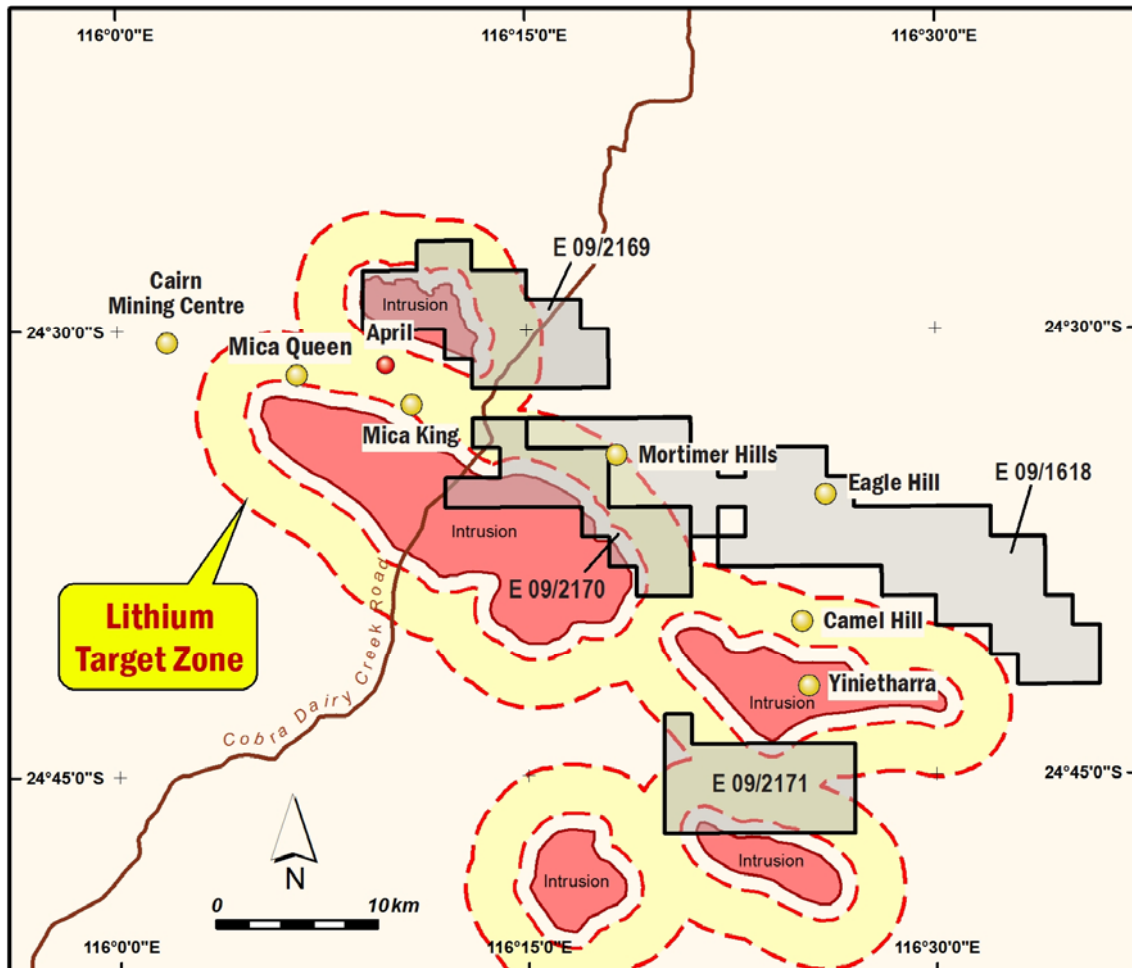


Figure 3: Simplified geological map showing target zone for lithium potential

The key terms of the Mortimer Hills JV are:

- Segue to spend \$30,000 on exploration prior to 15 May 2016 (**Initial Exploration**);
- Following completion of the Initial Exploration, Segue can earn a 35% interest in the Joint Venture through the expenditure of \$125,000 within 12 months (**Stage 1 Farmin**);
- Following completion of the Stage 1 Farmin, Segue can earn an additional 15% interest in the Joint Venture (taking Segue's interest to 50%) through the expenditure of \$125,000 within 12 months (**Stage 2 Farmin**);
- Following completion of the Stage 2 Farmin, standard joint venture terms apply, including contributions in proportion to equity holdings, dilution and pre-emptive rights; and
- If either Segue or Zeus' joint venture interest dilutes to less than 10% then that party's interest will convert to a 1% NSR royalty.

Commenting on the Mortimer Hills JV, Segue's Managing Director, Mr Steven Michael, said:

The Mortimer Hills JV adds significantly to Segue's newly optioned package of exploration tenements in this emerging lithium province of Western Australia. Segue has secured a farm-in joint venture over the only granted exploration tenement currently being explored for lithium minerals in the area. This is a major strategic advantage, as Segue will be able to drill-test lithium targets immediately following the upcoming field visit, commencing this week.

Segue is now positioned as the largest tenement holder in the region and its tenements are adjacent to exploration licence applications from established lithium explorers, Lithium Australia and Venus Metals. Both the option and farm-in joint venture have been completed with very little upfront cash or share payments, with nearly all money to be spent on exploration. Segue will continue to assess opportunities for increasing its exposure to lithium exploration without significant dilution to Segue shareholders, as these two transactions have demonstrated.

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

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