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

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## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2012

### JUNE QUARTER HIGHLIGHTS

- Stage 1 of Emang Manganese farm-in completed to earn a 30% project interest
- Early cashflow options being assessed at the Emang Project
- First stockpile assay result of 32% Mn and 24% Fe very encouraging

### Emang Manganese Project, South Africa (Segue earning up to 51%)

On 3 April 2012, Segue Resources Limited (**Segue** or the **Company**) announced the results of the Initial Drilling Programme at the Emang Manganese Project in South Africa, including a maiden JORC-compliant inferred resource of 14 million tonnes at 25% Mn and 12% Fe. Contained within the overall resource envelope is a high grade resource of 4 million tonnes at 34% Mn and 11% Fe.

**Table 1 – JORC Inferred Resource for Emang Manganese Project<sup>1,2</sup>**

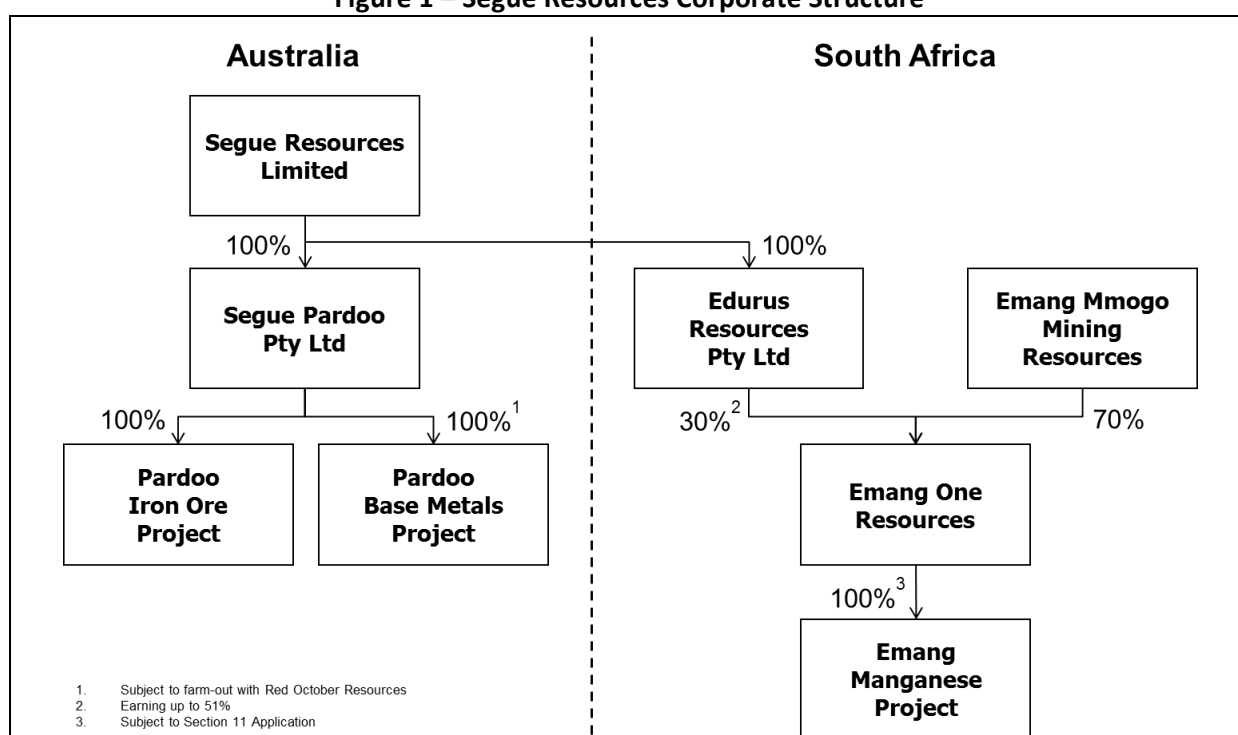
Resource Area	Mt	Mn%	Fe%	P <sub>2</sub> O <sub>5</sub> %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %
<b>Global Resource</b>						
Northern Area	6.8	22.2	10.3	0.08	14.1	9.9
Central Area	3.3	27.8	16.4	0.08	8.4	7.6
Southern Area	2.4	24.9	11.5	0.10	11.4	11.7
Hills Area	1.4	28.9	6.5	0.13	13.2	15.3
<b>Total Global Resource</b>	<b>13.9</b>	<b>24.6</b>	<b>11.5</b>	<b>0.09</b>	<b>12.2</b>	<b>10.2</b>
<b>High Grade Resource</b>						
Northern Area	0.8	32.0	9.2	0.11	7.8	9.8
Central Area	1.4	35.6	15.6	0.08	4.9	7.7
Southern Area	1.0	32.2	9.7	0.10	7.6	10.7
Hills Area	0.6	35.5	6.7	0.10	9.6	10.4
<b>High Grade Resource</b>	<b>3.7</b>	<b>33.9</b>	<b>11.3</b>	<b>0.09</b>	<b>7.0</b>	<b>9.3</b>

1. For full details of the resource classification and procedures see the Company's announcement on 3 April 2012.  
2. Cut-off grade for the Emang Global Resource is 20% Mn and the High Grade Resource is 30% Mn.

The completion of the maiden resource for total expenditure of R14.5 million (A\$1.9 Million<sup>3</sup>) was part of the earn-in requirements of the joint venture with Segue's Black Economic Empowerment partner, Emang Mmogo Mining Resources (Pty) Ltd (**Emang Mmogo**). In addition to the exploration expenditure, Segue was required to pay two tranches of R7 million (~A\$0.9 million<sup>3</sup>) each to Emang Mmogo. The first tranche was paid upon signing of the joint venture agreements in July 2011 and the second tranche was paid in two instalments in December 2011 and June 2012.

Subsequent to the quarter, Segue received confirmation from Emang Mmogo that Segue has now completed all of its obligations under Phase 1 of the agreements and has earned the right to a 30% equity interest in the joint venture company, Emang One Resources (Pty) Ltd (**Emang One**). Figure 1 shows the corporate structure of Segue and its two primary assets – the Emang Manganese Project in South Africa and the Pardoo Project in Western Australia.

**Figure 1 – Segue Resources Corporate Structure**



Segue has agreed to continue earning a 51% interest in Emang One, which requires Segue to contribute the first R21 million (A\$2.5 million<sup>4</sup>) towards completion of a Bankable Feasibility Study. The board of Emang One comprises three members from Segue and two from Emang Mmogo (including the Chairperson) with Segue having day-to-day management responsibility of Emang One.

Emang Mmogo, Segue and Emang One will shortly be lodging a Section 11 application under the Mineral and Petroleum Resources Development Act 2002. Approval of the Section 11 is required to transfer the Prospecting right from Emang Mmogo to Emang One and to allow Segue to take a controlling interest in Emang One. Approval of the Section 11 is expected before the end of 2012.

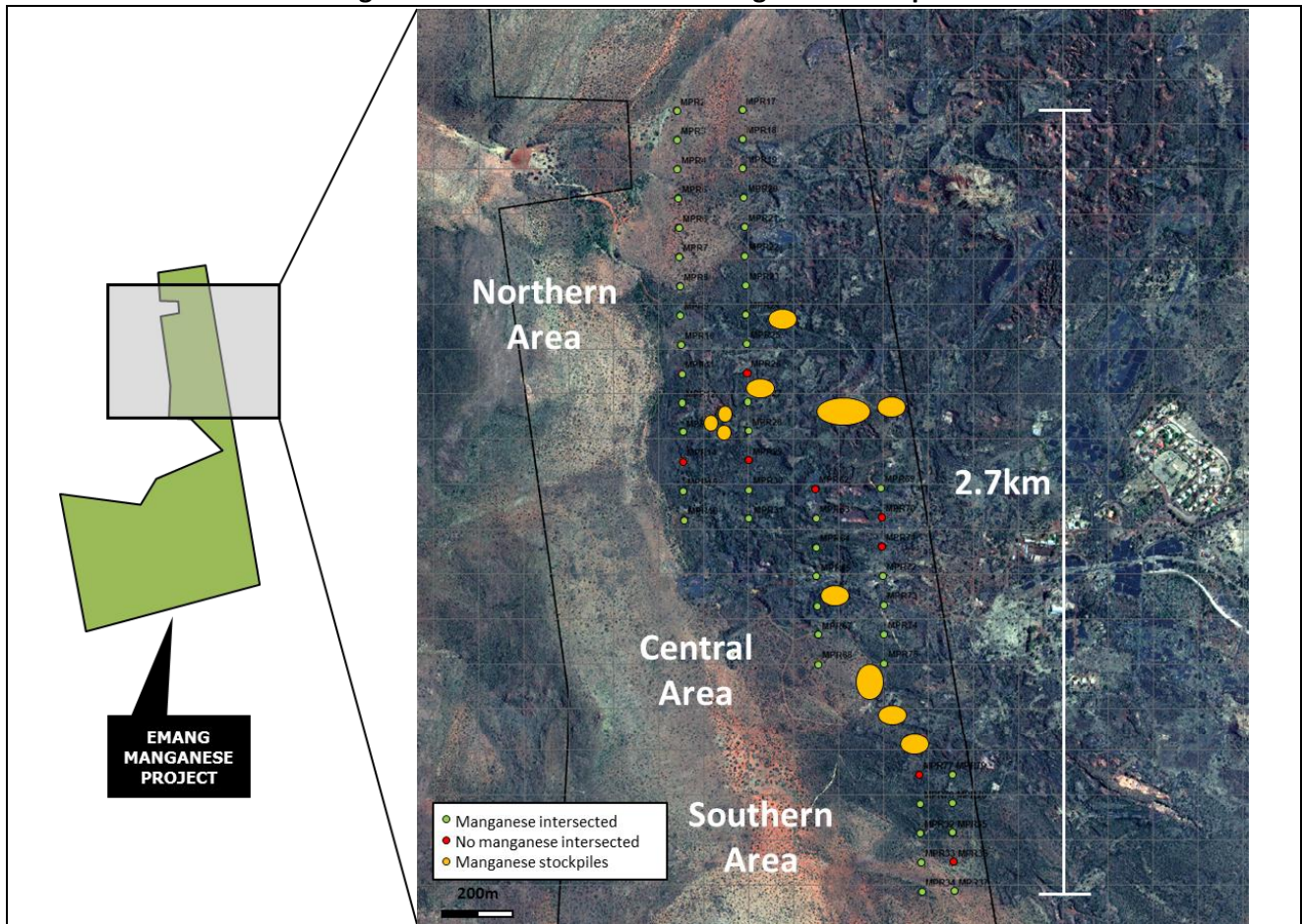
3. Based on actual exchange rates at the time of payment.  
 4. Based on an exchange rate of A\$1=R8.5 as at 31 July 2012.

## Early Cashflow Options

Emang One is assessing the economic viability of early cashflow options, which may provide a portion of the funding required for ongoing exploration and project studies. The most immediate potential to generate early cashflow is from the sale of above surface stockpiles on the Emang project area.

Emang One has commenced a work programme to survey and assay the various stockpiles of manganese mineralisation from previous mining. A rehabilitation report prepared in October 2011 by water and environmental consultant GCS (Pty) Ltd, defined over 20 hectares of stockpiles and dumps on the Emang prospecting right area. Figure 2 highlights the manganese stockpiles identified by GCS, which are the immediate focus areas for surveying and assaying.

**Figure 2 – Areas of Identified Manganese Stockpiles**



RC Inspection South Africa recently visited the Emang site and collected samples of the main stockpiles for analysis. The first assay result from a random grab sample taken from the manganese stockpiles returned very encouraging manganese and iron grades. The assay returned 31.98% Mn and a combined Mn and Fe grade of 55.72%, which is considered a marketable product for ferro-manganese alloy smelting and high manganese pig iron production. Other elements are within acceptable limits.

**Table 2 – Assay Result from Stockpile Grab Sample**

Stockpile Assays	Mn%	Fe%	P <sub>2</sub> O <sub>5</sub> %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	S%
Grab sample #1	31.98	23.74	0.09	4.45	6.93	0.04

## Transport and Logistics

Segue and Emang One have commenced discussions with Transnet Freight Rail, Transnet National Ports Authority and several private sector logistics operators for the provision of rail and port services from the Emang Manganese Project to various exports ports around South Africa. Emang One is considering three transport options:

1. Railing product in bulk from the Emang Manganese Project to port Elizabeth down the existing rail line;
2. Trucking product to Bloemfontein and then loading sea containers for railing to Port Elizabeth or Coega; and
3. Railing product to Durban or Richards Bay Dry Bulk Terminal for export in bulk carriers.

**Figure 3 – Transport Options for Emang Manganese Project**



At this stage, transport in sea containers is likely to provide the greatest available volume at competitive prices, relative to the other options. The main container rail provider has a large manganese stockpiling warehouse in Bloemfontein which currently receives over 30,000 tonnes per month of manganese ore from the Postmasburg region. Segue will continue discussions on all three transport options with the aim of securing export capacity as required by the project timelines.

## **Pardoo Project, Western Australia**

### **Pardoo Nickel and Base Metal Project (Segue 100%, subject to farm-in)**

During the quarter, Segue agreed to restructure the terms of the Pardoo Joint Venture agreement with Red October Resources Limited (**Red October**)<sup>5</sup>. The Pardoo Joint Venture covers the nickel and non-iron ore rights over four (4) tenements in the Pilbara region of Western Australia. Segue currently owns 100% of these tenements. Under the revised farm-in agreement, Red October can commence earning up to a 50% interest in the Project by spending at least \$250,000 by 31 December 2012, followed by certain other expenditure requirements.

No exploration activity was conducted on the Pardoo Nickel and Base Metal Project during the quarter.

### **Pardoo Iron Ore Project (Segue 100%)**

No exploration activity was conducted on the Pardoo Iron Ore Project during the quarter.

## **Corporate and Financial**

The Company's cash balance at 30 June 2012 was \$0.2million. Segue has in place a working capital facility of \$0.5 million which was undrawn at the end of the quarter and remains undrawn to date. Any funds drawn under the working capital facility are to be repaid by 31 December 2012.

At the end of the quarter, the Company had 536,348,756 shares on issue and 11,800,000 options (exercisable at \$0.051 on or before 8 November 2014) outstanding.

For further information visit [www.segueresources.com](http://www.segueresources.com) or contact:

### **Segue Resources Limited**

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### **About Segue Resources Limited**

Segue Resources Limited aims to become a profitable and reliable medium-sized manganese producer supplying more than 500,000 tonnes per annum by 2015 from the Emang Manganese Project near Postmasburg in the Northern Cape Region of South Africa. The Emang Manganese Project has a JORC-compliant inferred resource of 14 million tonnes grading 25% Mn and 12% Fe, with the majority of the mineralisation within 30 metres of surface.

### **Competent Persons Statement**

The information in this report that relates to Mineral Resources is based on information reviewed by Mr Awie Pretorius who is a full time employee of Sphynx Consulting and is appointed as Independent Geologist to Tenure Minerals Consultants project team. He is registered by the South African Council for Natural Scientific Professions as a Professional Natural Scientist in the field of practice of Geological Science, Registration Number 400060/91, and as such is considered to be a Competent Person. Mr Pretorius has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pretorius consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

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5. See Company announcement on 10 April 2012.