



ASX Code: **SEG**

30 April 2013

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

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2013

### MARCH QUARTER HIGHLIGHTS

- Sale of the Emang Project for \$2.35 million
- Exploration targeting underway at Pardoo Project

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

During the quarter, Segue Resources Limited (**Segue** or the **Company**) continued its discussions in relation to funding or divestment of the Emang Manganese Project in South Africa. Segue had considered several funding alternatives, including a share placement in Segue, convertible note issue, project participation and prepaid offtake funding.

All of the alternatives presented to Segue required additional funds to be raised either from existing Segue shareholders or through new equity investors. With the continued deterioration in equity markets and Segue's share price, a decision was taken by Segue to expand the range of potential investors to include global manganese mining companies and South African companies which may have an interest in entering the manganese sector.

Subsequent to the end of the quarter, Segue announced that it had agreed to sell its interest in the Emang Manganese Project to its joint venture partner, Emang Mmogo Mining Resources (Pty) Ltd (**Emang Mmogo**) for R22.0 million (A\$2.35 million<sup>1</sup>). For further information, please refer to the Company's announcement "*Sale of Emang Manganese Project*" (30 April 2013).

Under the share sale agreement, Emang Mmogo will acquire Segue's 30% interest in the Project as follows:

- R10.0 million (A\$1.07 million<sup>1</sup>) upon shareholder approval of the transaction (expected late May 2013);
- R5.0 million (A\$0.53 million<sup>1</sup>) at the earlier of lodgement of a Mining Right Application for the Project or 30 September 2013; and
- R7.0 million (A\$0.75 million<sup>1</sup>) at the earlier of granting of a Mining Right for the Project or 30 June 2014.

<sup>1</sup> Based on an exchange rate of A\$1=R9.35 as at 26 April 2013.

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

During the quarter Segue agreed, pursuant to the Pardoo Joint Venture Agreement (**Agreement**), to extend the date by which White Eagle Resources Ltd (**White Eagle**) must be reinstated to trading on the Australian Securities Exchange (**ASX**) to 30 June 2013.

Under the Agreement, White Eagle can earn a 30% interest in the nickel and non-iron ore rights over Segue's four tenements in the Pilbara region of Western Australia by spending \$1.0 million within two years from the date of re-instatement to trading on the ASX.

White Eagle can then increase its interest by a further 20% (to a total of 50%) by spending a further \$2.0 million on the Project within four years from the date of re-instatement to trading on the ASX.

Segue holds 26.25 million ordinary shares in White Eagle, which represents approximately 12% of the share capital of White Eagle.

During the quarter, White Eagle engaged Optiro to conduct a review of available geological and geophysical datasets over the Pardoo Project area to determine areas of high mineral prospectivity on a regional scale. Areas highlighted by Optiro include those in which the Highway and Supply Well deposits have been identified, giving further confidence in the results.

In order to refine the probability maps and potentially define specific targets within the tenement areas, Optiro has recommended that a detailed geological interpretation be performed within the tenement area in an attempt to define specific predictors at a local scale.

## **Pardoo Iron Ore Project, Western Australia (Segue 100%)**

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

## **Corporate and Financial**

During the quarter, the Company secured an additional \$250,000 working capital facility, which is in addition to the existing facility of \$500,000. The Company advised on 19 March 2013 that the repayment date of the Company's existing loan facilities, totalling \$750,000, was extended to 30 June 2013.

### **Cost-Cutting Initiatives**

The Board of Segue has introduced several cost-cutting initiatives to help conserve the Company's cash reserves while it looks to conclude a transaction in relation to the Emang Manganese Project by the end of June 2013. The following cost-cutting initiatives are designed to reduce the Company's corporate overheads by over 35% per annum:

#### **1. Director Share Plan**

Subject to shareholder approval, the Company's Directors will be able to receive part of their remuneration in Segue shares rather than cash.

#### **2. Staff Reductions and Board Changes**

In line with the reduction in exploration work at the Emang Manganese Project, Segue terminated the Consultancy Agreements with Mr Nikolas Rhodes (Project Manager) and Mr Deon Pieterse

(Consulting Geologist), effective from 31 March 2013. From 1 April 2013, both Mr Rhodes and Mr Pieterse will provide consulting services to Segue and the Emang Project as required on an ad hoc basis.

As part of the restructuring of Segue's South African office, Mr Rob van Zyl has moved from Executive Director – Commercial to Non-Executive Director.

### **Share Capital**

At the end of the quarter, the Company had 547,662,796 shares on issue. The Company also has 11,800,000 options exercisable at \$0.051 on or before 8 November 2014 and 25,000,000 options exercisable at \$0.01 on or before 18 February 2018 outstanding.

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

### **Segue Resources Limited**

Mr Steven Michael (Managing Director)

T: +61 8 9486 4699

E: [info@segueresources.com](mailto:info@segueresources.com)

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

**SEGUE RESOURCES LTD**

ABN

49 112 609 846

Quarter ended ("current quarter")

31 March 2013

### Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (9 Months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(120)	(611)
(b) development	-	-
(c) production	-	-
(d) administration	(190)	(561)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other		
(a) GST/VAT	(11)	104
(b) Exploration expenditure recovered	-	168
<b>Net operating cash flows</b>	<b>(320)</b>	<b>(895)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(5)
1.11 Loans repaid by other entities	-	33
1.12 Other exploration and evaluation expenditure	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>28</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(320)</b>	<b>(867)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(320)	(867)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	250	750
1.17	Repayment of borrowings	-	-
1.18	Oversubscription from issue of shares, options, etc.	-	-
1.19	Other (costs of issue)	(12)	(26)
	<b>Net Financing Cash Flows</b>	238	724
	<b>Net increase (decrease) in cash held</b>	(82)	(143)
1.20	Cash at beginning of quarter/year to date	174	234
1.21	Exchange rate adjustments to Item 1.20	-	1
1.22	<b>Cash at end of quarter</b>	92	92

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	116
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

Explanation necessary for an understanding of the transactions

Payment of Directors Fees \$116,125.

There were no related party payments during the period.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

## Financing facilities available

*add notes as necessary for an understanding of the position*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	750	750
3.2 Credit standby arrangements	-	-

## Estimated cash outlays for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	105
<b>TOTAL</b>	<b>105</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	(1)	77
5.2 Deposits at call	74	78
5.3 Bank overdraft	-	-
5.4 Other – Security Deposit	19	19
<b>Total: cash at end of quarter</b> (item 1.22)	<b>92</b>	<b>174</b>

## Changes in interests in mining tenements

	Tenement Reference	Nature of Interest [note (4)]	Interest at Beginning of Quarter	Interest at End of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preferences securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks, redemptions	-	-	-	-
7.3 <b>Ordinary securities</b>	547,662,798	547,662,798	-	-
7.4 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks	(a)11,314,042 -	11,314,042 -	- -	- -
7.5 <b>Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) increases through issues (b) decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>Directors/consultants</i>	11,800,000	-	<i>Exercise price</i> \$0.051	<i>Expiry date</i> 8 November 2014
7.8 Issued during quarter	25,000,000	-	\$0.01	18 February 2018
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does/~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: (lodged electronically)..... Date: 30 April 2013

(Company Secretary)

Print name: Matthew Foy

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address the topic, the Australian standard on that topic (if any) must be complied with.