



Activities Report

For the period ending 31 March 2011

- **Mithril Resources Ltd withdraws from Pardoo JV**
- **Red October Resources Ltd spin out IPO closes early & oversubscribed – to be admitted to the ASX in early May 2011**
- **Pardoo magnetite project assay results received**
- **Davis Tube Recovery results received**

Mithril Resources Ltd withdraws from Pardoo JV

During the quarter Segue Resources Limited (**Segue** or the **Company**) advised that Mithril Resources Limited (**Mithril**) withdrew from the nickel and non-iron ore mineral rights JV at Segue's Pardoo Project. Mithril did not meet the minimum annual expenditure requirement for 2010 under the Joint Venture due to their priority commitments at other 100% owned projects. The withdrawal of Mithril from the JV made it possible for Segue to advance plans to fund the nickel and non-iron ore exploration at the Pardoo Project via the listing of Red October Resources Limited (**Red October**).

Segue to spin out and list subsidiary Red October Resources Ltd

On 10 January 2011 the Company advised that, as a result of the Mithril withdrawal from the JV at the Pardoo Project, it had formed a subsidiary Red October that would farm in to the nickel and non-iron minerals rights at the Pardoo Project (**Farmin**). The Farmin is conditional upon the successful listing of Red October on the ASX and allows for Red October to earn, in 3 stages, up to an initial 70% of the nickel and non-iron mineral rights at the Pardoo Project for expenditure of at least \$10 million over 5 years.

The Company advised on 25 February 2011 that Red October had closed its pre-IPO raising fully subscribed having raised \$660,000. Subsequent to the quarter's end on 15 April 2011, the Company announced that Red October had closed its IPO Offering of 17.5 million \$0.20 shares for \$3,500,000 (the **Offer**).

Red October closed the Offer earlier than anticipated with strong investor demand. Red October accepted an additional 5 million \$0.20 shares raising a further \$1,000,000 pursuant to the prospectus. It is anticipated that upon admission to the Official List of ASX, Segue will hold an approximate 27% interest in Red October. Subject to ASX and statutory approvals, it is expected that Red October's shares will commence trading on ASX by early May 2011.

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Pardoo magnetite project assay results received

On 12 January 2011, the Company advised that it had received XRF derived assay results from an existing (2008) diamond drill-hole DD08-HW004 and from the recently completed drilling program at the Pardoo Magnetite Project.

The Pardoo Magnetite Project is divided into two areas referred to as 'Highway' and 'Supply Well' (See Figure 1). The assay results were obtained from half core samples cut from the NQ diameter diamond core and from reverse circulation (RC) chip samples. Down-hole sample length was typically one metre for both holes.

Highway hole DD08-HW004 (Mithril 2008) & recent Segue hole RC10-HW001 (2010).

Segue's assay results from diamond drill hole DD08-HW004 at Highway reported an intersection of 120m @ 28.7% Fe from 30.3 metres depth and ending in mineralisation. In addition, Segue RC drill-hole RC10-HW001 showed an intercept of 21m @ 33.7% Fe from 33 metres depth. Drill-hole RC10-HW001 also ended in mineralisation and was abandoned due to drilling difficulties. The mineralisation in both drill-holes was made up of coarse grained magnetite in a gabbroic host. Both intersections reported low levels of deleterious elements.

Supply Well hole DD10-SW001 (2010).

Segue diamond drilling at the Supply Well prospect during late 2010 intersected two different styles of mineralisation. Two short intersections were reported in massive, hematite rich material closely associated with banded iron formations (BIF) and a larger intersection is reported from a section of coarse grained magnetite mineralisation, hosted by a sheared mafic unit (probably sheared gabbro). Notable intercepts included;

- **3m @ 61.2% Fe from 105m** **Massive hematite mineralisation**
- **3m @ 65.3% Fe from 162m** **Massive hematite mineralisation**
- **22m @ 37.9% Fe from 215m** **Coarse grained magnetite in mafic unit**

The full assay results from all three drill holes are detailed in the Company's 12 January 2011 ASX release.

As announced on 30 November 2010 Segue signed a Memorandum of Intent (**MOI**) with KORES, a consortium led by Korea Resources Corporation. The MOI allows KORES to review the Company's Pardoo magnetite iron project for the purpose of evaluating the merits of an exploration joint venture on the Pardoo project. At the end of the quarter no further progress had been made on establishing an exploration joint venture on the Pardoo Project.

Davis Tube Recovery results received

On 14 March 2011 the Company announced that it had received Davis Tube Recovery (**DTR**) results from the drilling programs completed in 2008 and 2010 at the Highway and Supply Well areas of Segue's Pardoo Project. The DTR testing was conducted on two diamond drill holes (DD08HW004 and DD10SW001) and one reverse circulation drill hole (RC10HW001). Two of the holes were from Highway and one from Supply Well.

ALS Laboratory Group (ALS) conducted 35 DTR tests on five metre composite samples of magnetic gabbro obtained from these holes.

The material submitted for DTR testing was pulverised such that the particle size was less than 38 micron (nominally 80% passing 25 microns). The concentrate grade (XRF analysis) and mass recovery obtained from the DTR testing are set out in the Company's 14 March 2011 ASX release.

The test results were analysed resulting in the following conclusions:

- Concentrate mass recovery from the gabbro is generally low, averaging 14% for the samples as a whole with a range from 1% to 38%. The majority of the recovery results lie between 10% to 20%;
- Concentrate mass recovery is poorer in near surface iron enriched zones where magnetite has been oxidised by the enrichment process;
- Below the enriched zone, mass recovery is positively correlated with the sample head grade; and
- The concentrate grade is influenced by the magmatic origins of the gabbro. The average concentrate grade is 66.0 %Fe, 2.84 %SiO₂, 0.32 % Al₂O₃, 0.0037 %P, 0.58 %MgO, 2.85 %TiO₂, 0.33 %V, 0.34 %S and -2.22 %LOI.

Segue Tenement Schedule

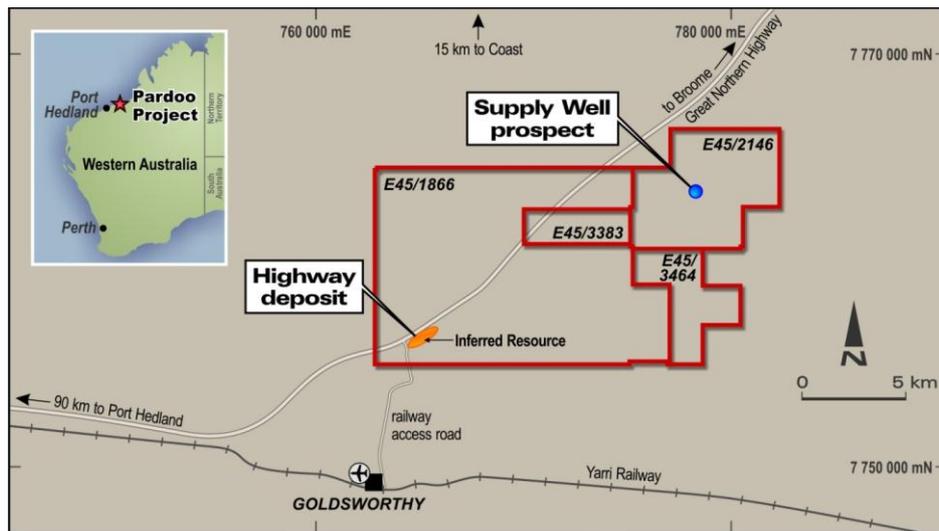
A schedule of the Company's tenements is below. During the quarter the Company commenced the application process for a mining lease (MLA) over the area known as Highway. The MLA covers an approximate area of 890 hectares and the Company does not have an indication of when the mining lease may be granted.

Project	Manager	Tenement No.	Interest	Commencement	Expiry
Pardoo (i)	Segue Resources Ltd	E45/2146-I	100%	5/10/2004	4/10/2011
Pardoo (i)	Segue Resources Ltd	E45/1866-I	100%	9/02/2004	8/02/2013
Pardoo (i)	Segue Resources Ltd	E45/3383	100%	20/10/2009	19/10/2014
Pardoo (i)	Segue Resources Ltd	E45/3464	100%	14/04/2010	13/04/2015

Corporate

As at 31 March 2011 the Company had cash of \$492,000. The Company continues to evaluate potential new venture mineral opportunities and will evaluate its funding requirements in the context of its ongoing exploration and corporate obligations.

Figure 1: Location of the Pardoo Nickel Project & Inferred Nickel Resource



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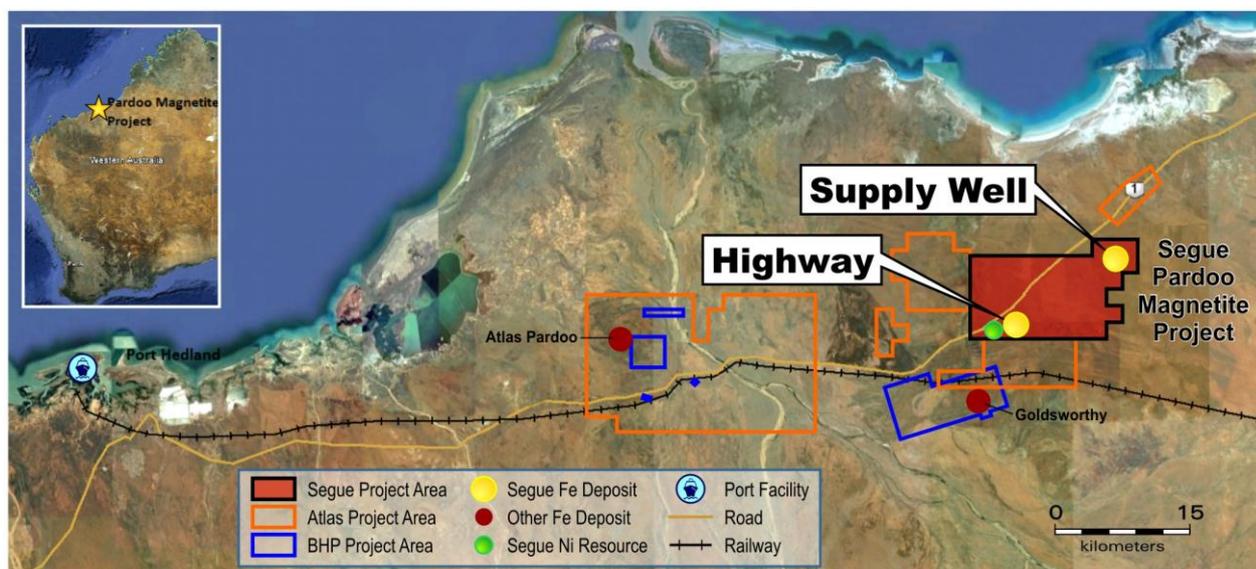
The information in this statement that relates to Davis Tube Recovery Exploration Results is based on information compiled by Mr Paul Blackney who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Blackney is employed by Optiro Pty. Ltd. Mr Blackney has sufficient experience which is relevant to the style or 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 2004 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Blackney consents to the inclusion in this statement of the information in the form and context in which it appears.

The information in this report relating to exploration results is based on information compiled by Mr S Flemming who is a Member of the AusIMM. Mr Fleming acts for Segue Resources Ltd and consents to the inclusion in this report of the information presented. He has sufficient experience relevant to the style of mineralisation/type of deposit under consideration and to the type of activity described to qualify as a competent person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'.

About Segue Resources Limited

Segue Resources Ltd (ASX code: SEG) is an Australian minerals exploration company focused on exploiting the potential at its 100% owned Pardoo Project in the world-class Pilbara iron ore province of Western Australia. Segue's Pardoo project is located approximately 120km east of Port Hedland and 15km from the coast. The project is close to key infrastructure including an "open" railway, gas and electric power. Abundant good quality ground water is also available from the Canning Basin immediately to the north-east of the Project.

Segue Pardoo Project: Location Map



For more information on the Company visit www.segueresources.com