



Activities Report

For the Period Ending 30 September 2010

Exploration

Pardoo Iron Project (SEG 100%) – Exploration Activity

During the Quarter, Segue Resources Limited (**Segue** or **the Company**) conducted an auger sampling campaign on detrital iron mineralisation at the Highway Prospect. The sampling was designed to collect a systematic suite of samples to better understand the distribution of iron and potential deleterious elements in the area.

A diamond drilling campaign on the Supply Well magnetite deposit also commenced late in the Quarter. The diamond drilling program was designed to obtain fresh metallurgical samples of magnetite and detrital mineralisation whilst enhancing the Company's geological understanding of the project.

During the Quarter preliminary David Tube Recovery (DTR) results were received from core samples taken from a diamond drill hole (DD90SW009) completed by CRAE in 1990, at Supply Well. The CRAE drill hole intersected **257m @ 30% Fe** from 98m depth. The DTR test work on the partially weathered drill core was completed to determine the optimum grind size and final concentrate specifications of the magnetite mineralisation. The results show that the material between 120m and 176m is characterised by an average recovered iron grade of **68.1% Fe** and low sulphur content (average 0.06% S). The results also indicate generally low impurities throughout. The DTR test work has confirmed the potential of producing a marketable concentrate with minimal contaminants at a grind of 80% passing 25 microns (please refer to the Company's ASX release on 13 August 2010 for the full set of DTR results).

Subsequent to the end of the quarter the Company advised, on 26 October 2010, that it had halted the Pardoo drilling campaign because mineralisation at the Supply Well magnetite deposit was intersected at greater depth than expected. Initial drilling at the shallower Highway deposit was suspended until recently located historical drill core, from Mithril drill hole DD08 – HW004, has been subjected to DTR testing.

The Company will review its ongoing exploration plan for the Pardoo Iron Ore Project once the results of assays and DTR testing on the historical magnetite, fresh magnetite and detrital iron samples have been analysed.

Pardoo Nickel Project – Mithril Joint Venture (MTH earning 65%) – Exploration Activity

A single diamond drill hole designed to test nickel, copper and cobalt mineralisation beneath the existing Highway Deposit at a depth of approximately 300m vertically was completed during the quarter on the Pardoo Nickel Project. DD10HW005 intersected a 71m wide zone of nickel, copper and cobalt mineralisation from 329m downhole depth that grades 0.25%Ni, 0.11%Cu and 0.02% Co including 12m @ 0.62%Ni, 0.21%Cu and 0.04%Co from 353m (Table 1, Figure 1).

Table 1: Assay Results from DD10HW005

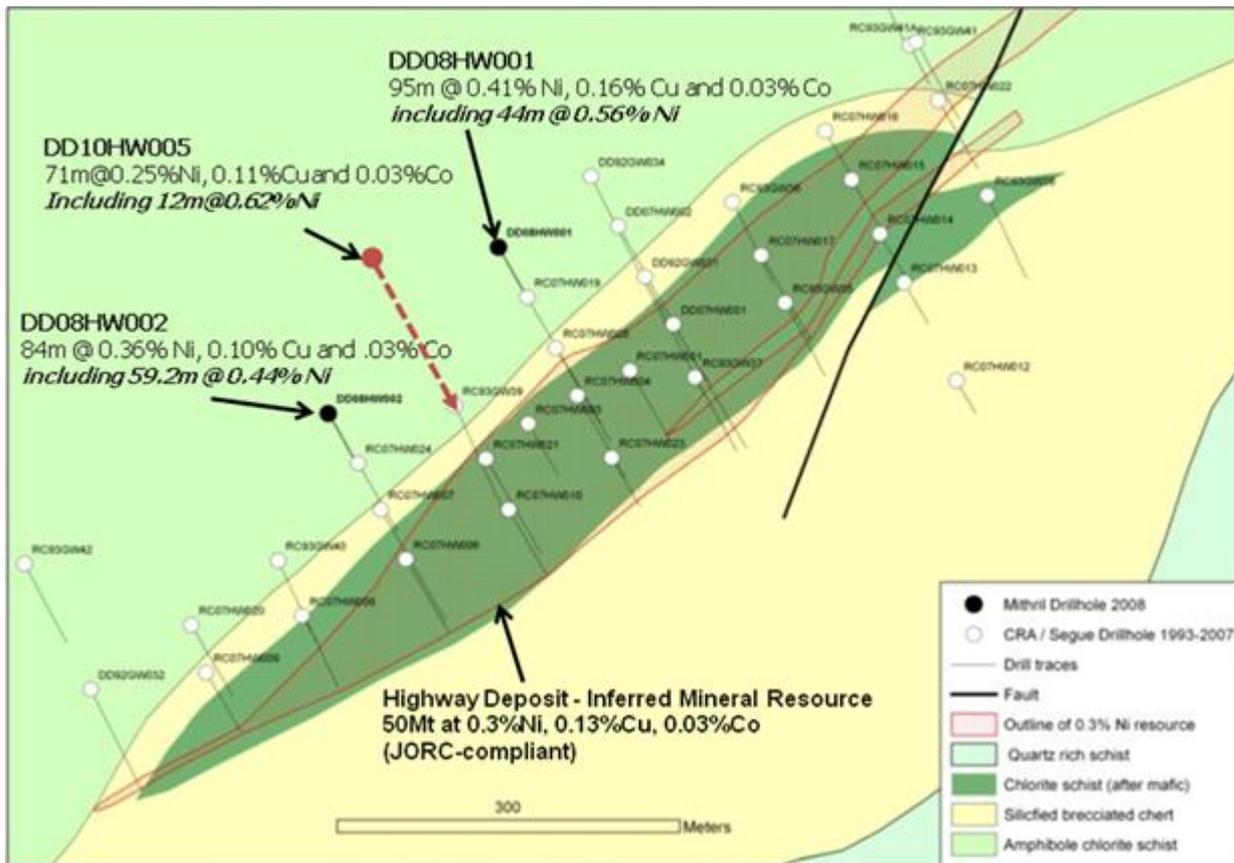
Hole ID	Easting GDAz50	Northing GDAz50	From (m)	To (m)	Interval (m)	Nickel (%)	Copper (%)	Cobalt (%)
DD10HW005	764454	7756231	329m	400m	71m	0.25	0.11	0.02
including			353m	368m	12m	0.62	0.21	0.04



Further work on the project is in the planning stages and a review of all available information has identified five regional drill targets outside the Highway resource area.

A review of results from drill holes being completed by Segue Resources testing iron-ore targets will be completed in the next quarter ahead of finalising a decision on future programs at Pardoo.

Figure 1: Drilling at the Highway Resource showing location of recent drill hole.



Corporate Activity & Strategy

The Company is assaying and conducting metallurgical testing on samples from historical core and the recent drilling program at Pardoo. This work forms part on the exploration program at the Pardoo Iron project and will allow the Company to better understand what the next steps are with this project. Segue is also actively reviewing additional projects to expand and diversify its portfolio.

As at 30 September 2010, the Company's cash position was \$1,288,000.

Board Changes

During the quarter, Mr Jurgen Hendrich resigned as a Non-Executive Director and Simon Fleming, an experienced exploration professional, joined the board as Executive Director. Mr Fleming is a geologist with almost 30 years experience in exploration for gold, base metals and uranium in numerous geographical locations including China,



Brazil and South Korea. Mr Fleming is a Fellow of the AusIMM and holds a Bachelor of Science (Geology) with Honours from the University of Western Australia. Mr Fleming previously held senior technical and management positions with China Metals Limited, Summit Resources Limited, Paladin Energy Limited and Energy and Minerals Australia Limited.

On 24 August 2010 Cr Eric Lilford was also appointed to the Segue board as a Non-Executive Director. Immediately prior to his appointment, Dr Lilford, PhD (Mineral Economics), NHD (Coal Mining), BSc and MSc Eng (Mining) held the positions of National Head of Mining for Deloitte Touche Tohmatsu and Partner of Deloitte Corporate Finance. He has over 23 years operational and investment experience across the global resources sector.

Dr Lilford has mine production experience at multi-billion dollar underground gold, platinum, copper and coal mines. Specifically Dr Lilford was Director of Project and Business Development at Beny Steinmetz Group Resources where he managed aspects of a copper-cobalt mine and refinery in Zambia producing 30,000tpa of copper and 6,500tpa of special grade cobalt metal. In addition Dr Lilford was a Mine Overseer for Randcoal Limited's Rietspruit and Khutala coal mines where he was responsible for producing over 3Mtpa of coal from three operating sections in the underground coal mine.

Dr Lilford's experience includes the completion of both pre feasibility (PFS) and bankable feasibility studies (BFS) in numerous jurisdictions including the Democratic Republic of Congo, Zambia and Macedonia. Dr Lilford jointly managed the full BFS of the Nikanor copper and cobalt project in the DRC and was appointed Non-Executive Director of Nikanor plc, a role he relinquished on emigration to Australia. Dr Lilford is also currently the Managing Director of ASX listed ZYL Limited.

Capital Raising:

During the quarter, on 18 August 2010, the Company advised that it has agreed to place 26,496,221 new shares at a price of 1.8 cents per share to sophisticated investors, through a private placement to raise the sum of \$476,932. This placement is part of a total equity raising package of \$1.39M (before costs) which also included a fully underwritten non-renounceable Rights Issue. The Company therefore also advised that it was proceeding with a fully underwritten non-renounceable Rights Issue to raise approximately \$914,120 before costs ("Rights Issue"). The Rights Issue offered, to eligible shareholders, one (1) new fully paid ordinary share in the Company for every four (4) shares held on the Record Date, at an issue price of 1.8 cents per share.

The placement shares were subsequently issued on 23 August 2010.

On 24 September 2010 the Company advised that the rights issue had closed with valid applications for 17,241,459 shares and a shortfall of 33,542,965 shares. The shortfall was placed via the underwriter (Patersons Securities Limited) with the rights issue and shortfall shares (50,784,424 new SEG shares) being issued on 29 September 2010.

The funds raised will be used to continue exploration at the Company's Pardoo Iron Project whilst enabling the Company to continue to fund the evaluation of new project opportunities and for general working capital.

For further information contact Mr Glenn Whiddon on + 61 8 9486 4699 or email admin@segueresources.com

Glenn Whiddon
Chairman
Segue Resources Limited

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



Segue Tenement Schedule

Project	Manager	Tenement No.	Interest	Commencement	Expiry
Pardoo (i)	Mithril Resources Ltd	E45/2146-I	100%	5/10/2044	4/10/2011
Pardoo (i)	Mithril Resources Ltd	E45/1866-I	100%	9/02/2004	8/02/2011
Pardoo (i)	Mithril Resources Ltd	E45/3383	100%	20/10/2009	19/10/2014
Pardoo (i)	Mithril Resources Ltd	E45/3464	100%	14/04/2010	13/04/2015
Pardoo (i)	Mithril Resources Ltd	P45/2753	100%	16/04/2010	15/04/2014

Competent Persons Statement:

The information in this report relating to iron ore exploration and results is based on information compiled by Mr S Fleming who is a Fellow of the AusIMM. Mr Fleming acts as Exploration Manager 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, Mineral Resources and Ore Reserves".

The information in this report relating to exploration results for minerals other than iron ore is based on information compiled by Mr G L Ascough, who is managing Director of Mithril Resources Limited (ASX Code: MTH "Mithril"), and otherwise sourced from an ASX disclosure made by Mithril Resources Limited on 30 July 2010. Mithril's ASX release dated 30 July 2010 outlines Mr Ascough's qualifications as a Competent Person, as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".