

**SEGUE RESOURCES LIMITED**  
**ACN 112 609 846**

**NOTICE OF GENERAL MEETING**  
**AND**  
**EXPLANATORY STATEMENT**

For the General Meeting to be held  
on 29 November 2013 at 9.30am (Western Standard Time) at  
The Amberley Business Centre, 3/1060 Hay St, West Perth WA 6005

This is an important document. Please read it carefully.

Please speak to your professional advisers if you have any questions about this document or  
how to vote at the Meeting.

## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

### **Venue**

The General Meeting of Segue Resources Limited will be held at:

The Amberley Business Centre  
3/1060 Hay St  
West Perth, WA 6005

Commencing  
at 9.30am (WST)  
on 29 November 2013.

### **How to Vote**

You may vote by attending the meeting in person, by proxy or authorised representative.

### **Voting in Person**

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 9.30am WST).

### **Voting by Proxy**

To vote by proxy, please complete and sign the enclosed proxy form and return by:

- post to Segue Resources Limited, PO Box 7653 Cloisters Square, Perth, WA, 6850;
- deliver by hand to the Company's office at Office J, Level 2, 1139 Hay Street, West Perth, WA, 6005;
- facsimile to facsimile number +61 8 9486 4799; or
- email to [info@segueresources.com](mailto:info@segueresources.com).

so that it is received not later than 4pm (WST) on 27 November 2013.

**Your proxy form is enclosed.**

**SEGUE RESOURCES LIMITED**  
**ACN 112 609 846**  
**NOTICE OF GENERAL MEETING**

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Notice is hereby given that the General Meeting of the Shareholders of Segue Resources Limited will be held at the Amberley Business Centre, 3/1060 Hay St, West Perth WA 6005 on 29 November 2013 at 9.30am (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

**AGENDA**

**BUSINESS**

**RESOLUTION 1 - APPROVAL TO CHANGE OF ACTIVITIES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 2, 3 and 4, for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to change the nature and scale of its activities on completion of the Acquisition Transaction on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** The Company wishes to undertake the Acquisition Transaction and acquire companies holding 12 exploration licences located in the Fraser Range, Western Australia. ASX requires the Company to obtain Shareholder approval to the proposed change to the Company's activities.

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if this Resolution is passed and any associate of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**RESOLUTION 2 - APPROVAL TO ISSUE SHARES TO N & J MITCHELL AND FOR THE N&J MITCHELL PARTIES TO INCREASE THEIR VOTING POWER IN THE COMPANY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1, 3 and 4, for the purposes of item 7 in the table in section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 125,500,00 Shares to N & J Mitchell and for the NJ Mitchell Parties to acquire a relevant interest in these Shares and increase their voting power in the Company up to a maximum of 28.80% on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** The Company seeks approval to issue Shares to N & J Mitchell as part of the Acquisition Transaction under item 7 in the table in section 611 of the Corporations Act. Shareholder approval is required because the N & J Mitchell Parties will acquire a relevant interest in the Shares and their voting power in the Company will increase to 28.80%, which is more than the 20% threshold prescribed by the Corporations Act.

Shareholders should carefully consider the Independent Expert Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of this Resolution. The Report comments on the fairness and reasonableness of the Acquisition Transaction to non-associated Shareholders in the Company. The Report has determined that the Acquisition Transaction is fair and reasonable to the non-associated Shareholders of the Company.

**Voting exclusion:** The Company will disregard any votes cast on this resolution by the N & J Mitchell Parties, and any of their associates. However, the Company need not disregard a vote cast if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

### **RESOLUTION 3 - APPROVAL TO ISSUE SHARES TO MIMO AND FOR THE MIMO PARTIES TO INCREASE THEIR VOTING POWER IN THE COMPANY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1, 2 and 4, for the purposes of item 7 in the table in section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 237,000,000 Shares to Mimo and for the Mimo Parties to acquire a relevant interest in these Shares and increase their voting power in the Company up to a maximum of 24.91% on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** The Company seeks approval to issue Shares to Mimo as part of the Acquisition Transaction under item 7 in the table in section 611 of the Corporations Act. Shareholder approval is required because the Mimo Parties will acquire a relevant interest in the Shares and their voting power in the Company will increase to 24.91%, which is more than the 20% threshold prescribed by the Corporations Act.

Shareholders should carefully consider the Independent Expert Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of this Resolution. The Report comments on the fairness and reasonableness of the Acquisition Transaction to non-associated Shareholders in the Company. The Report has determined that the Acquisition Transaction is fair and reasonable to the non-associated Shareholders of the Company.

**Voting exclusion:** The Company will disregard any votes cast on this resolution by the Mimo Parties and any of their associates. However, the Company need not disregard a vote cast if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

## RESOLUTION 4 - APPROVAL TO ISSUE SHARES TO OTHER VENDORS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1, 2 and 3, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 187,500,000 Shares to the Other Vendors on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** The Company seeks approval under Listing Rule 7.1 to issue Shares to the Other Vendors as part of the Acquisition Transaction. The Company will thereby retain its 15% placement capacity under Listing Rule 7.1.

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 27 November 2013 at 4pm (WST).
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

## By order of the Board

MATTHEW FOY  
Director and Secretary

Dated: 28 October 2013

**SEGUE RESOURCES LIMITED**

**ACN 112 609 846**

**EXPLANATORY STATEMENT**

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This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

An Independent Expert's Report has been prepared by BDO Corporate Finance (WA) Pty Ltd to comment on whether the issue of Shares to the Vendors under the Acquisition Transaction is fair and reasonable to non-associated Shareholders. Shareholders should note that the Independent Expert has concluded that the Acquisition Transaction is fair and reasonable to non-associated Shareholders.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

**PART A – INFORMATION ABOUT THE ACQUISITION TRANSACTION**

**1. INTRODUCTION**

The Company currently has a 100% interest in two exploration tenements in the Pilbara region of Western Australia, which together make up the Pardoo Project. The Pardoo Project is prospective for nickel and copper.

As part of the Company's strategy to expand its resource projects, the Company announced on 9 October 2013 that it has entered into agreements to acquire all the shares in Fraser Range Resources, Becrux and Distant Island. These companies have interests in 12 exploration licences in the Fraser Range region of Western Australia (**Acquisition Tenements**). Relevant information as to the Acquisition Transaction is set out below.

**1.1 Change in activities**

The Acquisition Transaction will result in an expansion of the Company's activities. Resolution 1 seeks Shareholder approval to the Acquisition Transaction, which is required by ASX under Listing Rule 11.1.2 (change to activities).

**1.2 Vendors and increase in voting power in the Company**

Under the Acquisition Transaction the Company is required to issue Shares to the shareholders of Fraser Range Resources, Becrux and Distant Island (the **Vendors**). The Vendors include N&J Mitchell and Mimo, who are both substantial shareholders in the Company. The N&J Mitchell Parties have an existing relevant interest in 9.31% of the Shares of the Company and the Mimo Parties have an existing relevant interest in 6.29% of the Shares of the Company. The N&J Mitchell Parties and the Mimo Parties are independent and not associated with each other.

If the Acquisition Transaction is completed then the N&J Mitchell Parties will increase their voting power in the Company to 28.80% and the Mimo Parties will increase their voting power in the Company to 24.91%.

Resolutions 2 and 3 seek Shareholder approval to allow the Company to issue Shares under the Acquisition Transaction and for the N&J Mitchell Parties and the Mimo Parties to acquire a relevant interest in Shares, which will increase their respective voting power in the Company above 20%, which is above the permitted takeover threshold in the Corporations Act. Section 5.3 sets out the Vendors' relevant interest in Shares of the Company (current and post-Acquisition

Transaction). Shareholders are referred to the Independent Expert Report annexed as Annexure 2.

Resolution 4 seeks Shareholder approval to allow the Company to issue Shares to the Other Vendors, whose relevant interest in Shares will not exceed the takeover threshold.

## 2. ACQUISITION TENEMENTS

The Acquisition Tenements cover approximately 3,538km<sup>2</sup> in the Albany-Fraser Range Province of Western Australia. Details of the Acquisition Tenements are set out in Annexure 1.

An Independent Technical Report has been prepared by CSA Global Pty Ltd which contains information about the Company's existing Pardoo Project and the Acquisition Tenements. The report includes information about the geology and mineralisation and previous exploration and development. This Independent Technical Report has been prepared for the purposes of this Meeting and is annexed to the Independent Expert Report.

The Acquisition Tenements lie in the prospective but underexplored Albany-Fraser Orogen of Western Australia. The Acquisition Tenements have potential for the discovery and development of mineral deposits of several different types and varying geological settings, but most notably of gold and nickel-copper.

### 2.1 Deralinya Project

As part of the acquisition of Fraser Range Resources, the Company will gain access to substantial exploration databases, which have cost in the order of \$8 million to collect. There is a wealth of information in the databases including a number of defined drill targets as well as geophysical and geochemical data that has largely only been assessed at the time of the initial collection and is therefore amenable to delivering more information, understanding and targets with further processing and interpretation.

Historically the Albany-Fraser Orogen has only been subject to limited exploration due to its relatively remote location, lack of water for early prospectors and most importantly a paucity of outcrop. However, the discoveries of the Tropicana gold deposits and the recent Nova nickel-copper deposits have led to a re-assessment of the geology and prospectivity of the belt.

### 2.2 Plumridge Project

Fraser Range Resources is a party to a farm-in and joint venture agreement ("**Joint Venture Agreement**") with Plumridge Resources Pty Ltd ("**Plumridge Resources**"). Plumridge Resources has a 100% interest in the Plumridge tenements as identified in Annexure 1. Under the Joint Venture Agreement, Fraser Range Resources has the right to earn a 60% interest in the Plumridge tenements by undertaking expenditure of at least \$1 million by 31 January 2015. On earning the interest, an unincorporated joint venture will be formed.

The Plumridge Project on its north western side covers high grade metasediments and granitoids of the Eastern Biranup Zone, potentially including reworked Archaean material. On the south eastern portion of the Plumridge Project, it overlies mafic/ultramafic granulites from the Fraser Zone.

Gold mineralisation has been found in the Plumridge Project at the Corvette area. The gold mineralisation maybe similar in character to the Tropicana area gold deposits located 80km north of the Plumridge area, but there is also evidence to suggest that the style of mineralisation is thus far unique in the Albany Fraser Orogen.

The Plumridge Project covers large areas of Fraser Zone rocks that have been highlighted as prospective for nickel-copper mineralisation by the recent discovery of the Nova deposit further southwest along the Fraser from the Plumridge Project. The Fraser Zone is a complex zone of mafic and ultramafic rocks. Recent air core drilling in the north eastern part of the Plumridge Project encountered rocks interpreted to be ultramafic in character, supporting the aeromagnetic interpretation of this area.

The Company is proposing a staged exploration strategy, re-evaluating the significant Plumridge Project database, flying airborne electromagnetic surveys to generate new targets (particularly for massive sulphide Nova-style mineralisation) and targeted air core and diamond core drilling programmes.

The information in the report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Howard Carr (Technical Director), who is a Member of The Australian Institute of Geoscientists. Dr Carr has more than five years' experience which is relevant to the style of 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 Reporting of Exploration Results, Minerals Resources and Ore Reserves. Dr Carr consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **2.3 Initial Exploration Programme**

### **(a) Plumridge Project**

The initial exploration programme at the Plumridge Project will take approximately six months and be funded out of existing cash reserves. The Company is planning a phased geophysics programme to evaluate all of its Fraser Range tenements and to develop a manageable suite of nickel sulphide prospective drill targets. Interpretation of previously acquired aeromagnetic and VTEM data over the Plumridge Project area has identified a large number of "Eye" type targets for more detailed geophysical surveys and analysis.

The exploration programme will include a significant programme of ground EM, bedrock drill sampling, multi-element geochemistry and down-hole EM to systematically reduce the number of targets whilst increasing the nickel sulphide prospectivity. "Eye" targets with coincident ground EM conductors and anomalous nickel (and pathfinder elements) will be drill tested during the third quarter of 2014.

### **(b) Deralinya Project**

The Company is currently reviewing available exploration data to define the most appropriate exploration model to pursue at the Deralinya Project. The Company has already identified a number of radiometric uranium/thorium anomalies on the margins of salt lakes which are readily accessible and easy to test.

## **2.4 Funding**

The Company intends to fund initial exploration and work upon the Projects for a period of approximately 6 months out of existing cash reserves. Thereafter, the Company will consider its funding alternatives.

## **3. ACQUISITION TRANSACTION AGREEMENTS**

The Acquisition Transaction consists of three transactions being the Fraser Range Resources Transaction, the Becrux Transaction and the Distant Island Transaction. Separate agreements

have been entered into with each of the Fraser Range Resources Vendors, the Becrux Vendors and the Distant Island Vendors. It is a condition precedent in each of the respective agreements that completion is conditional upon Shareholder approval to the Acquisition Transaction (being Shareholder approval to all three transactions).

A summary of the respective transaction documents is set out below.

### 3.1 Acquisition of Fraser Range Resources

The Company has entered into a share purchase deed to acquire, subject to shareholder approval, 100% of the issued share capital of Fraser Range Resources from its shareholders (**Fraser Range Resources Vendors**).

Fraser Range Resources' assets comprise the 4 exploration licences in the Fraser Range South region and its interest in the Joint Venture Agreement.

The key terms of the Fraser Range Resources Transaction are:

- (a) **Consideration** – The consideration for 100% of the issued share capital of Fraser Range is the issue of 350,000,000 Shares to the Fraser Range Resources Vendors at completion. In addition, the Company has paid a non-refundable cash sum of \$200,000 to Fraser Range Resources, which is to be used to reduce its existing liabilities.
- (b) **Condition precedent** - Completion of the Fraser Range Resources Transaction is subject to the Company obtaining shareholder approval under Listing Rule 11.1.2 and section 611 item 7 of the Corporations Act to complete the Acquisition Transaction.
- (c) **Access to the Joint Venture Tenements** - The Company has agreed to keep the Plumridge tenements under the Joint Venture Agreement in good standing and Fraser Range Resources must provide the Company with all rights of access to the tenements to carry out work.
- (d) **Covenants and warranties** - The Company, Fraser Range Resources and the Fraser Range Resources Vendors have provided covenants, warranties and representations normally found in transactions of this nature.

### 3.2 Acquisition of Becrux

The Company has entered into share purchase deeds to acquire, subject to shareholder approval, 100% of the issued share capital of Becrux from its shareholders (**Becrux Vendors**).

Becrux's assets comprise the two exploration licences in the Plumridge region.

The key terms of the Becrux Transaction are:

- (a) **Consideration** – The consideration for 100% of the issued share capital of Becrux is the issue of 100,000,000 Shares to the Becrux Vendors at completion.
- (b) **Condition precedent** - Completion of the Becrux Transaction is subject to the Company obtaining shareholder approval under Listing Rule 11.1.2 and section 611 item 7 of the Corporations Act to complete the Acquisition Transaction.
- (c) **Covenants and warranties** - The Company, Becrux and the majority Becrux Vendors have provided covenants, warranties and representations normally found in transactions of this nature.

### 3.3 Acquisition of Distant Island

The Company has entered into share purchase deeds to acquire, subject to shareholder approval, 100% of the issued share capital of Distant Island from its shareholders (**Distant Island Vendors**).

Distant Island's assets comprise the 2 exploration licences in the Plumridge region.

The key terms of the Distant Island Transaction are:

- (a) **Consideration** – The consideration for 100% of the issued share capital of Distant Island is the issue of 100,000,000 Shares to the Distant Island Vendors at completion.
- (b) **Condition precedent** - Completion of the Distant Island Transaction is subject to the Company obtaining shareholder approval under Listing Rule 11.1.2 and section 611 item 7 of the Corporations Act to complete the Acquisition Transaction.
- (c) **Covenants and warranties** - The Company, Distant Island and the majority Distant Island Vendors have provided covenants, warranties and representations normally found in transactions of this nature.

## 4. EFFECT OF THE TRANSACTION ON THE COMPANY

### 4.1 Pro forma statement of financial position

An unaudited pro forma statement of financial position of the Company following completion of the Acquisition Transaction is set out below.

|                                  | AUDITED<br>30-Jun-13 | Note              | PRO-FORMA<br>ADJUSTMENTS | UN-AUDITED<br>PROFORMA<br>30-Jun-13<br>(Completion of<br>Disposal) |
|----------------------------------|----------------------|-------------------|--------------------------|--------------------------------------------------------------------|
| <b>CURRENT ASSETS</b>            |                      |                   |                          |                                                                    |
| Cash                             | 34,858               | (2)<br>(3)<br>(4) | 1,062,893                | 1,097,751                                                          |
| Other current assets             | 12,930               |                   |                          | 12,930                                                             |
| Assets held for sale             | 2,136,460            | (1)               | (2,136,460)              | -                                                                  |
|                                  |                      |                   |                          |                                                                    |
| <b>TOTAL CURRENT ASSETS</b>      | <b>2,184,248</b>     |                   |                          | <b>1,110,681</b>                                                   |
|                                  |                      |                   |                          |                                                                    |
| <b>NON-CURRENT ASSETS</b>        |                      |                   |                          |                                                                    |
| Property, plant and equipment    | 520,000              |                   |                          | 520,000                                                            |
| Exploration and evaluation costs | 2,009                | (4)               | 1,300,000                | 1,302,009                                                          |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>522,009</b>       |                   |                          | <b>1,822,009</b>                                                   |
|                                  |                      |                   |                          |                                                                    |
| <b>TOTAL ASSETS</b>              | <b>2,706,257</b>     |                   |                          | <b>2,932,690</b>                                                   |
|                                  |                      |                   |                          |                                                                    |
| <b>CURRENT LIABILITIES</b>       |                      |                   |                          |                                                                    |

|                                  |                  |     |           |                  |
|----------------------------------|------------------|-----|-----------|------------------|
| Trade and other payable          | 157,002          |     |           | 157,002          |
| Interest bearing liabilities     | 873,567          | (3) | (873,567) | -                |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>1,030,569</b> |     |           | <b>157,002</b>   |
|                                  |                  |     |           |                  |
| <b>TOTAL LIABILITIES</b>         | <b>1,030,569</b> |     |           | <b>157,002</b>   |
|                                  |                  |     |           |                  |
| <b>NET ASSETS (LIABILITIES)</b>  | <b>1,675,688</b> |     |           | <b>2,775,687</b> |
|                                  |                  |     |           |                  |
| <b>EQUITY</b>                    |                  |     |           |                  |
| Issued capital                   | 18,533,731       | (5) | 1,100,000 | 19,633,731       |
| Reserves                         | 167,446          |     |           | 167,446          |
| Accumulated losses               | (17,025,490)     |     |           | (17,025,490)     |
| <b>TOTAL EQUITY</b>              | <b>1,675,687</b> |     |           | <b>2,775,687</b> |

Notes:

Pro-Forma Adjustments

1. Allocate available for sale assets to P&L AUD2,136,460
2. Cash received on disposal of Emang Manganese project AUD2,136,460
3. Repayment of borrowings AUD873,567
4. Part consideration for the purchase of the Fraser Range suite of tenements AUD200,000
5. Scrip acquisition costs for Fraser Range assets AUD1,100,000

#### 4.2 Pro forma capital structure

The proposed capital structure post completion of the Acquisition Transaction will be as follows:

| <b>SHARES</b>                                                       | <b>Number</b>        |
|---------------------------------------------------------------------|----------------------|
| Existing                                                            | 536,912,798          |
| Issued under the Fraser Range Resources Transaction                 | 350,000,000          |
| Issued under the Becrux Transaction                                 | 100,000,000          |
| Issued under the Distant Island Transaction                         | 100,000,000          |
| <b>Total</b>                                                        | <b>1,086,912,798</b> |
| <b>OPTIONS</b>                                                      |                      |
| Existing (exercise price 5.1 cents and expiry date 8 November 2014) | 11,800,000           |
| Existing (exercise price 1 cent and expiry date 18 February 2018)   | 25,000,000           |
| <b>Total</b>                                                        | <b>36,800,000</b>    |

#### 4.3 Vendors

The table below lists the Vendors of the Acquisition Transaction and any current (if any) and post-transaction relevant interest in Shares in the Company.

### Vendor interests in Segue shares

|                              | Existing Relevant Interest | Acquisition Transaction            |                    |                            | Post Acquisition Transaction |
|------------------------------|----------------------------|------------------------------------|--------------------|----------------------------|------------------------------|
| Vendors                      |                            | Fraser Range Resources Transaction | Becrux Transaction | Distant Island Transaction |                              |
| N&J Mitchell                 | 49,997,500                 | 87,500,000                         | 19,000,000         | 19,000,000                 | 175,497,500                  |
| Ascent Capital               | -                          | 87,500,000                         | 25,000,000         | 25,000,000                 | 137,500,000                  |
| Mimo                         | 33,750,944 <sup>1</sup>    | 175,000,000                        | 31,000,000         | 31,000,000                 | 270,750,944                  |
| Ranchland Holdings           | -                          | -                                  | 12,500,000         | 12,500,000                 | 25,000,000                   |
| Talltree Holdings            | -                          | -                                  | 12,500,000         | 12,500,000                 | 25,000,000                   |
| <i>Total acquisitions</i>    |                            | 350,000,000                        | 100,000,000        | 100,000,000                |                              |
| <b>Other</b>                 |                            |                                    |                    |                            |                              |
| Current Shareholders         | 453,164,354                |                                    |                    |                            | 453,164,354                  |
| <b>Total Shares on issue</b> | <b>536,912,798</b>         |                                    |                    |                            | <b>1,086,912,798</b>         |

### Vendors' Relevant Interest in Segue Shares

|                    | Existing | Post Acquisition Transaction                                        |
|--------------------|----------|---------------------------------------------------------------------|
| N&J Mitchell       | 9.31%    | 28.80%<br>(16.15% direct and 12.65% by Ascent Capital) <sup>2</sup> |
| Ascent Capital     | 0.00%    | 12.65%                                                              |
| Mimo               | 6.29%    | 24.91%                                                              |
| Ranchland Holdings | 0.00%    | 2.30%                                                               |
| Talltree Holdings  | 0.00%    | 2.30%                                                               |

#### Notes to Tables:

1. The relevant interest of Mimo includes 5,200,000 Shares held by its subsidiary, 6466 Investments Pty Ltd. A further 20,000 Shares are held by Jane Whiddon (sole director and shareholder of Mimo).
2. The relevant interest the N&J Mitchell Parties will include Shares held by Ascent Capital (because N&J Mitchell holds more than 20% of shares in Ascent Capital it is deemed to have a relevant interest in these Shares under the Corporations Act). On completion of

the Acquisition Transaction, the relevant interest of N&J Mitchell will comprise a 16.15% direct interest (as registered holder) and a 12.65% indirect interest (via Ascent Capital).

3. ASX may require the Shares issued to those Vendors who will have a relevant interest in the Company of 20% or greater (N&J Mitchell and Mimo) to be subject to escrow for 12 months from the date of issue. The Company has made escrow submissions in respect of the Shares to be issued to the Vendors.

## 5. **RISKS**

The Company is a resource exploration company with its existing Pardoo nickel-copper project in Western Australia. Given the Acquisition Transaction will result in the Company holding an indirect interest in a number of Western Australian exploration tenements, a number of the risks factors below are not new to the Company.

If the Acquisition Transaction is completed, some of the material risk factors include:

- (a) Exploration and development – by its nature, the exploration and development of a resource project is a high risk undertaking with no assurance of the economic exploitation of mineral resources.
- (b) Resource estimation – resource estimations are expressions of judgment which are imprecise.
- (c) Commodity price volatility – an adverse fall in the prices of commodities including nickel may adversely affect the development of the projects.
- (d) Future capital needs – there is no assurance that future funding will be available to the Company to further develop the projects. Depending on further exploration success, significant further development funding may be required.
- (e) Other factors – there are other risk factors including environmental laws and regulations, reliance on key personnel and title.

## 6. **BOARD OF DIRECTORS**

It is not intended that a change in the Board of Directors will occur by reason of the Acquisition Transaction.

## 7. **OTHER INFORMATION**

### 7.1 **Conditionality of Resolutions**

Resolutions 1, 2, 3 and 4 are conditional upon the passing of each other, so that each will not have effect unless and until the other is passed.

## **7.2 Plans for the Company if the Resolutions are not passed**

If the Resolutions are not passed and the Acquisition Transaction is not completed, the Company will continue to focus on exploration of its Pardoo Project and look for other projects for investment with the potential to enhance Shareholder value.

## **7.3 Directors' recommendation**

The Acquisition Transaction constitutes a significant increase in the scale of activities undertaken by the Company.

The Board considers that the Acquisition Tenements are strategically located within the Fraser Range province of Western Australia. The Company will seek to evaluate the new tenement portfolio.

The current directors (Steven Michael, Howard Carr, Nicholas Ong and Matthew Foy) are independent of the Vendors of the Acquisition Transaction. The Directors consider that acquiring the projects the subject of the Acquisition Transaction is in the best interests of the Company and recommend that Shareholders vote in favour of all Resolutions.

Each of the Directors intend to vote their Shares in favour of each of the Resolutions.

# **PART B – RESOLUTIONS AND REGULATORY REQUIREMENTS**

## **8. RESOLUTION 1 – APPROVAL TO CHANGE ACTIVITIES**

The completion of the Acquisition Transaction will constitute a change in the scale of the Company's activities. Shareholders should refer to the information at sections 1 to 8 for information about the Acquisition Transaction and its impact on the Company.

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

The ASX has advised the Company that it must seek Shareholder approval for this change in scale. Accordingly, Resolution 1 seeks Shareholder approval for the Acquisition Transaction under Listing Rule 11.1.2.

The ASX has advised the Company that the change in the nature and scale of the Company's activities does not require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

The Company intends to continue to explore and, if exploration results warrant it, seek to develop, or otherwise realise value from, the Company's existing Pardoo Project if the Acquisition Transaction proceeds.

9. **RESOLUTION 2 – APPROVAL TO ISSUE SHARES TO N&J MITCHELL AND FOR THE N&J MITCHELL PARTIES TO INCREASE VOTING POWER IN THE COMPANY**

9.1 **Corporations Act requirements – section 611 item 7**

(a) Prohibition on certain acquisitions of relevant interests in voting shares

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition that person's or someone else's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

Section 608 of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities; or
- (ii) have power to exercise, or control the exercise of, a right to vote attached to securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

The voting power of a person is determined under section 610 of the Corporations Act. It involves calculating the number of voting shares in the company in which the person and the person's associates have a relevant interest.

A person ("second person") will be an "associate" of the other person ("first person") if:

- (i) the first person is a body corporate and the second person is:
  - (A) a body corporate the first person controls;
  - (B) a body corporate that controls the first person; or
  - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second has entered or proposed to enter into a relevant agreement with the first person for the purposes of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
- (iii) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

By section 11 of the Corporations Act where a primary person is a body corporate, the "associate" reference includes a reference to a director or secretary of the body corporate, a related body corporate and a director or secretary of a related body corporate.

(b) Exceptions to the section 606 prohibition

There are various exceptions to the prohibition in section 606. Section 611 contains a table setting out circumstances in which acquisitions of relevant interests are exempt from the prohibition. Item 7 of this table provides an exemption where a resolution is passed at

a general meeting of the company before the acquisition is made. The parties involved in the acquisition and their associates are not able to cast a vote on the resolution.

Under the Acquisition Transaction, the Company has agreed to issue 125,500,000 Shares to N&J Mitchell and 137,500,000 Shares to Ascent Capital, which will result in the N&J Mitchell Parties' voting power in the Company increasing from 9.31% to a maximum of 28.80%.

The purpose of Resolution 2 is to seek Shareholder approval to the issue of Shares to N&J Mitchell and the acquisition of a relevant interest in Shares by the N&J Mitchell Parties pursuant to item 7 in the table in section 611. By passing Resolution 2, the N&J Mitchell Parties will not be prohibited from acquiring a relevant interest in Shares in excess of the takeover threshold of 20% in the Corporations Act.

## 9.2 Information required to be given under the Corporations Act

The following paragraphs set out information required to be provided to Shareholders under item 7 in the table in section 611 of the Corporations Act and ASIC Regulatory Guide 74.

Shareholders are also referred to the Independent Expert's Report attached to this Explanatory Statement as Annexure 2.

### (a) *Identity of the persons proposing to make the acquisition and their associates*

The persons making the acquisition are the N&J Mitchell Parties. The N&J Mitchell Parties and their associates are:

- N&J Mitchell;
- Linda Steinepreis (a director and sole shareholder of N&J Mitchell);
- David Steinepreis (a director of N&J Mitchell).

Linda Steinepreis is one of two directors of N&J Mitchell and the sole registered shareholder of N&J Mitchell. Linda Steinepreis has a relevant interest in the Shares held or controlled by N&J Mitchell because she has power to control the voting rights attached to the Shares held or controlled by N&J Mitchell.

At the date of this Notice, David Steinepreis does not have an existing relevant interest in Shares in the Company and will not have a relevant interest in the Shares to be issued to N&J Mitchell.

### (b) *Maximum extent of increase in voting power in the Company resulting from the acquisition*

- (i) At the date of this Notice, N&J Mitchell holds 49,997,500 Shares and each of the N&J Mitchell Parties have voting power of 9.31% in the Company.
- (ii) By reason of the Acquisition Transaction, the voting power of the N&J Mitchell Parties in the Company will increase from 9.13% to a maximum of 28.80%:
  - N&J Mitchell will be issued with 125,500,000 Shares, which will increase the voting power of the N&J Mitchell Parties to 16.15%.
  - Ascent Capital will be issued with 137,500,000 Shares, which will increase its relevant interest from 0% to 12.65%. N&J Mitchell is deemed to have a

relevant interest in all the Shares to be issued to Ascent Capital under the Corporations Act. By reason of this deeming provision, the relevant interest and voting power of the N&J Mitchell Parties will increase to 28.80%.

- The voting power of the N&J Mitchell Parties is calculated by reference to the total number of voting shares that they or their associates hold.
  - The maximum extent of the increase in the voting power of the N&J Mitchell Entities (which includes its associate's voting power) that will result from the issue of Shares under the Acquisition Transaction is 19.49% (being from an existing voting power of 9.31% to 28.80%).
- (iii) The voting power that N&J Mitchell and Linda Steinepreis will have by reason of the Acquisition Transaction is 28.80%.
- (iv) The voting power of David Steinepreis will not change by reason of the Acquisition Transaction. David Steinepreis will not acquire a relevant interest in Shares under the Acquisition Transaction and his voting power will remain at 0%.

(c) *Identity, associations and qualifications of proposed directors*

No person is intended to become a Director if the Shares the subject of Resolution 2 are issued under the Acquisition Transaction.

(d) *Intentions regarding the future of the Company*

The N&J Mitchell Parties have informed the Company that, as at the date of this Explanatory Statement and on the basis of facts and information available to it, if Shareholders approve Resolutions 1, 2, 3 and 4 (so that the Acquisition Transaction proceeds), they:

- (i) have no intention to change the existing business of the Company other than the scale of its activities will change following the completion of the Acquisition Transaction so that it will have acquired interests as set out in sections 1 to 8 above;
- (ii) have no current intention to inject further capital into the Company (other than is permitted under the Corporations Act);
- (iii) intend to continue the future employment of the present employees of the Company;
- (iv) do not propose that any assets be transferred between the Company and them or any person associated with them;
- (v) have no current intention to otherwise redeploy the fixed assets of the Company; and
- (vi) have no current intention to change the Company's existing financial or dividend policies.

(e) *The terms of the proposed acquisition*

The Shares are to be issued as part consideration payable by the Company to N&J Mitchell under the Acquisition Transaction. Information regarding the Acquisition Transaction and the terms of the acquisition are set out in section 3 above.

(f) *Timing of the proposed acquisition*

The Shares will be issued on completion of the Acquisition Transaction which will be no later than three months after the date of this Meeting (unless a later date is permitted by ASX waiver).

(g) *Reasons for the acquisition*

The Shares will be issued as part consideration for the Acquisition Transaction. Details about the Acquisition Transaction are set out in section 3 above.

(h) *Directors' interests and Recommendations*

The Board (who are all independent of the Acquisition Transaction) recommends that Shareholders not associated with the Acquisition Transaction vote in favour of Resolution 2. The reasons for the Directors' recommendations are set out at section 7.3 above.

(i) *Independent Expert Report as to whether the issue of Shares is fair and reasonable*

The Directors of the Company have commissioned the Independent Expert to prepare a report on whether the issue of Shares the subject of the Acquisition Transaction is fair and reasonable to the Shareholders not associated with the proposals. The Independent Expert Report is attached to this Explanatory Statement at Annexure 2.

The Independent Expert concludes that the issue of Shares to the Vendors under the Acquisition Transaction is fair and reasonable to Shareholders not associated with the proposals. Shareholders are urged to read the Independent Expert's Report.

(j) *Impact on the Company if Shareholders do not approve the issue of Shares*

The issue of Shares the subject of Resolution 2 is part consideration for the Acquisition Transaction. If Shareholders do not approve the Acquisition Transaction, this transaction will not proceed. The impact on the Company if the Acquisition Transaction does not proceed is set out in section 7.2 above.

10. **RESOLUTION 3 – APPROVAL TO ISSUE SHARES TO MIMO FOR THE MIMO PARTIES TO INCREASE VOTING POWER IN THE COMPANY**

10.1 **Corporations Act requirements – section 611 item 7**

Information about the prohibition on acquisition of relevant interests in voting shares and above the takeover threshold of 20% is set out in section 9.1 above.

The purpose of Resolution 3 is to seek Shareholder approval to the issue of Shares to Mimo and the acquisition of a relevant interest in those Shares by the Mimo Parties pursuant to item 7 in the table in section 611. By passing Resolution 3, the Mimo Parties will not be prohibited from acquiring a relevant interest in Shares in excess of the takeover threshold of 20% in the Corporations Act.

The following paragraphs set out information required to be provided to Shareholders under item 7 in the table in section 611 of the Corporations Act and ASIC Regulatory Guide 74.

Shareholders are also referred to the Independent Expert's Report attached to the Explanatory Statement as Annexure 2.

(a) *Identity of the persons proposing to make the acquisition and their associates*

The persons making the acquisition are the Mimo Parties. The Mimo Parties and their associates are:

- Mimo;
- 6466 Investments (a subsidiary of Mimo);
- Jane Whiddon (sole director/secretary of Mimo and 6466 Investments).

Jane Whiddon is the sole director and shareholder of Mimo and therefore controls Mimo. As the controller of Mimo, Jane Whiddon has the same relevant interest in securities that Mimo has.

Mimo controls 6466 Investments. As the controller of 6466 Investments, Mimo has a relevant interest in the securities held by 6466 Investments.

At the date of this Notice, Mr Glenn Whiddon holds approximately 12,201,647 Shares on behalf of his private superannuation fund. He is independent of the Mimo Related Entities and is not an Associate of the Mimo Related Entities.

(b) *Maximum extent of increase in voting power in the Company resulting from the acquisition*

- (i) At the date of this Notice, the Mimo Parties have a relevant interest in 33,750,944 Shares and the Mimo Parties each have voting power of 6.29% in the Company.
- (ii) At the date of this Notice, Mimo holds 28,550,994 Shares, 6466 Investments holds 5,200,000 Shares and Jane Whiddon holds 20,000 Shares. The Mimo Parties currently have voting power of 6.29% in the Company.
- (iii) By reason of the Acquisition Transaction, the voting power of the Mimo Parties will increase from 6.29% to a maximum of 24.91%:
  - Mimo will be issued with 237,000,000 Shares.
  - The voting power of the Mimo Parties is calculated by reference to the total number of voting shares that they or their associates hold.
  - The maximum extent of the increase in the voting power of the Mimo Parties (which includes their associate's voting power) that will result from the issue of Shares under the Acquisition Transaction is 18.62% (being from an existing voting power of 6.29% to 24.91%).
- (iv) The voting power that each of Mimo, 6466 Investments and Jane Whiddon will have by reason of the Acquisition Transaction is 24.91%.

(c) *Identity, associations and qualifications of proposed directors*

No person is intended to become a Director if the Shares the subject of Resolution 3 are issued under the Acquisition Transaction.

(d) *Intentions regarding the future of the Company*

The Mimo Parties have informed the Company that, as at the date of this Explanatory Statement and on the basis of facts and information available to it, if Shareholders approve Resolutions 1, 2, 3 and 4 (so that the Acquisition Transaction proceeds), they:

- (i) have no intention to change the existing business of the Company other than the scale of its activities will change following the completion of the Acquisition Transaction so that it will have acquired interests as set out in sections 1 to 8 above;
- (ii) have no current intention to inject further capital into the Company (other than is permitted under the Corporations Act);
- (iii) intend to continue the future employment of the present employees of the Company;
- (iv) do not propose that any assets be transferred between the Company and them or any person associated with them;
- (v) have no current intention to otherwise redeploy the fixed assets of the Company; and
- (vi) have no current intention to change the Company's existing financial or dividend policies.

(e) *The terms of the proposed acquisition*

The Shares are to be issued as part consideration payable by the Company to Mimo for the Acquisition Transaction. Information regarding the Acquisition Transaction and the terms of the acquisition are set out in section 3 above.

(f) *Timing of the proposed acquisition*

The Shares will be issued on completion of the Acquisition Transaction which will be no later than three months after the date of this Meeting (unless a later date is permitted by ASX waiver).

(g) *Reasons for the acquisition*

The Shares will be issued as part consideration for the Acquisition Transaction. Details about the Acquisition Transaction are set out in section 3 above.

(h) *Directors' interests and Recommendations*

The Board (who are all independent of the Acquisition Transactions) recommends that Shareholders not associated with the Acquisition Transaction vote in favour of Resolution 3. The reasons for the Directors' recommendations are set out at section 7.3 above.

- (i) *Independent Expert Report as to whether the issue of Shares is fair and reasonable*

The Directors of the Company have commissioned the Independent Expert to prepare a report on whether the issue of Shares the subject of the Acquisition Transaction is fair and reasonable to the Shareholders not associated with the proposals. The Independent Expert Report is attached to this Explanatory Statement at Annexure 2.

The Independent Expert concludes that the issue of Shares to the Vendors under the Acquisition Transaction is [*fair and reasonable to Shareholders not associated with the proposals*]. Shareholders are urged to read the Independent Expert's Report.

- (j) *Impact on the Company if Shareholders do not approve the issue of Shares*

The issue of Shares the subject of Resolution 3 is part consideration for the Acquisition Transaction. If Shareholders do not approve the Acquisition Transaction, this transaction will not proceed. The impact on the Company if the Acquisition Transaction does not proceed is set out in section 7.2 above.

## 11. **RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO OTHER VENDORS**

Resolution 4 seeks Shareholder approval for the issue of up to 187,500,000 Shares to the Other Vendors under the Acquisition Transaction. Neither of the Other Vendors acquires a sufficient relevant interest in voting shares in the Company so as to require takeover threshold approval under the Corporations Act. Approval is sought under Listing Rule 7.1.

### **Listing Rule 7.1**

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

The Company seeks to have the flexibility to issue securities to allow the 50,000,000 Shares to not be included in the calculation under Listing Rule 7.1. This will enable the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

Listing Rule 7.3 sets out the matters which must be included in a notice of meeting convened to seek Shareholder approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 4.

- (a) The maximum number of securities to be issued by the Company is 137,500,000 Shares to Ascent Capital, 25,000,000 Shares to Talltree Holdings and 25,000,000 Shares to Ranchland Holdings.
- (b) The Shares will be issued no later than three months after the date of this Meeting (unless a later date is permitted by ASX waiver).
- (c) The Shares are issued for nil consideration and as part of the Acquisition Transaction.
- (d) The Shares will be issued to Ascent Capital, Talltree Holdings and Ranchland Holdings, who are not related parties of the Company.
- (e) The Shares to be issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.

- (f) No funds will be raised from the issue of the Shares.
- (g) It is intended that the Shares will be issued on one date.

SEGUE RESOURCES LIMITED

ACN 112 609 846

GLOSSARY

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In the Notice and this Explanatory Statement the following expressions have the following meanings:

**"Acquisition Transaction"** means the Fraser Range Resources Transaction, Becrux Transaction and Distant Island Transaction.

**"Ascent Capital"** means Ascent Capital Holdings Pty Ltd (ACN 118 292 238).

**"ASX"** means ASX Limited (ACN 008 624 691).

**"ASX Listing Rules"** or **"Listing Rules"** means the Listing Rules of the ASX.

**"Becrux"** means Becrux Resources Pty Ltd (ACN 159 554 748).

**"Becrux Transaction"** means the transaction by which the Company acquires all the shares in Becrux.

**"Becrux Vendors"** means Mimo, N&J Mitchell, Ascent Capital, Talltree Holdings and Ranchland Holdings.

**"Board"** means the Board of Directors of the Company.

**"Chairman"** means the chairman of the Company.

**"Company"** or **"Segue"** means Segue Resources Limited (ACN 112 609 846).

**"Constitution"** means the Constitution of the Company.

**"Corporations Act"** means the Corporations Act 2001 (Cth).

**"Directors"** mean the directors of the Company from time to time.

**"Distant Island"** means Distant Island Pty Ltd (ACN 159 624 094).

**"Distant Island Transaction"** means the transaction by which the Company acquires all the shares in Distant Island.

**"Distant Island Vendors"** means Mimo, N&J Mitchell, Ascent Capital, Talltree Holdings and Ranchland Holdings.

**"Explanatory Statement"** means this Explanatory Statement.

**"Fraser Range Resources"** means Fraser Range Resources Pty Ltd (ACN 153 379 974).

**"Fraser Range Resources Transaction"** means the transaction by which the Company acquires all the shares in Fraser Range Resources.

**"Fraser Range Resources Vendors"** means Mimo, N & J Mitchell and Ascent Capital.

**"General Meeting"** means this meeting.

**"Independent Expert"** means BDO Corporate Finance (WA) Pty Ltd (ABN 27 124 031 045).

**"Independent Expert's Report"** means the Independent Expert's report prepared by the Independent Expert and which constitutes Annexure 2 to this Notice.

**"Meeting"** means the meeting convened by this Notice.

**"Mimo"** means Mimo Strategies Pty Ltd (ACN 140 796 112).

**"Mimo Parties"** means Mimo, 6466 Investments and Jane Whiddon.

**"N&J Mitchell"** means N&J Mitchell Holdings Pty Ltd (ACN 008 756 483).

**"N&J Mitchell Parties"** means N&J Mitchell and Linda Steinepreis.

**"Notice"** means the notice of meeting that accompanies this Explanatory Statement.

**"Other Vendors"** means Ascent Capital, Talltree Holdings and Ranchland Holdings.

**"Pardoo Project"** means the Company's Pardoo nickel and copper project in the Pilbara region of Western Australia.

**"Ranchland Holdings"** means Ranchland Holdings Pty Ltd (ACN 060 696 639).

**"Resolution"** means a resolution referred to in the Notice.

**"Share"** means a fully paid ordinary share in the capital of the Company.

**"Shareholder"** means a registered holder of Shares in the Company.

**"Talltree Holdings"** means Talltree Holdings Pty Ltd (ACN 068 107 433).

**"Vendors"** means the Fraser Range Resources Vendors, Becrux Vendors and Distant Island Vendors.

**"WST"** means Western Standard Time in Australia.

**"6466 Investments"** means 6466 Investments Pty Ltd (ACN 151 780 540).

**ANNEXURE 1**  
**ACQUISITION TENEMENTS**

| Owner                  | Interest                | Location  | Tenement | Area (km <sup>2</sup> ) |
|------------------------|-------------------------|-----------|----------|-------------------------|
| Fraser Range Resources | 100%                    | Deralinya | E63/1521 | 571                     |
|                        | 100%                    | Deralinya | E63/1522 | 147                     |
|                        | 100%                    | Deralinya | E63/1523 | 115                     |
|                        | 100%                    | Deralinya | E63/1524 | 465                     |
|                        |                         |           |          | <b>1,298</b>            |
|                        | Right to earn up to 60% | Plumridge | E28/1475 | 208                     |
|                        | Right to earn up to 60% | Plumridge | E39/1084 | 208                     |
|                        | Right to earn up to 60% | Plumridge | E39/1117 | 208                     |
|                        | Right to earn up to 60% | Plumridge | E39/1118 | 208                     |
|                        |                         |           |          | <b>832</b>              |
| Becrux                 | 100%                    | Plumridge | E28/2267 | 385                     |
|                        | 100%                    | Plumridge | E39/1710 | 313                     |
|                        |                         |           |          | <b>698</b>              |
| Distant Island         | 100%                    | Plumridge | E28/2266 | 397                     |
|                        | 100%                    | Plumridge | E39/1709 | 313                     |
|                        |                         |           |          | <b>710</b>              |

**ANNEXURE 2**  
**INDEPENDENT EXPERT'S REPORT**



SEGUE RESOURCES LIMITED  
Independent Expert's Report

24 October 2013



## Financial Services Guide

24 October 2013

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Segue Resources Limited ('Segue') to provide an independent expert's report on the proposal to acquire three unlisted companies for cash and scrip consideration. You will be provided with a copy of our report as a retail client because you are a shareholder of Segue.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

#### Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$20,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

#### Other Assignments

BDO Corporate Tax (WA) Pty Ltd has provided tax advice in relation to the consequences of this Transaction.

#### Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Segue for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

#### Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

#### Complaints resolution

##### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

#### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

#### Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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24 October 2013

The Directors  
Segue Resources Limited  
Level 2  
1139 Hay Street  
WEST PERTH WA 6005

Dear Sirs

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 9 October 2013, Segue Resources Limited ('Segue' or 'the Company') announced that it has entered into agreements to acquire three private companies that together hold (or have rights to) 12 exploration licences ('the Transaction'). The 12 exploration licences total 3,538 km<sup>2</sup> and are located in the Albany-Fraser Range Province of Western Australia. The three private companies subject to the Transaction are Fraser Range Resources Pty Ltd ('Fraser Range'), Becrux Resources Pty Ltd ('Becrux') and Distant Island Pty Ltd ('Distant Island'). The acquisition of each company is contingent on Shareholder approval to the Transaction. The shareholders of the three private companies are referred to collectively as ('the Vendors').

The Transaction consideration for the acquisition of all three private companies consists of:

- 550 million Segue shares ('Share Consideration').

In addition, Segue has paid a cash sum of \$200,000 to Fraser Range, which is to be used to repay its existing liabilities ('Cash Sum')

As a result of the Transaction some of the Vendors will exceed a 20% interest in Segue's share capital. Accordingly this report is subject to shareholder approval in accordance with section 611 of the Corporations Act 2001 (Cth) ('the Act').

### 2. Summary and Opinion

#### 2.1 Purpose of the report

The directors of Segue have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Transaction is fair and reasonable to the non-associated shareholders of Segue ('Shareholders').

Our Report is prepared pursuant to section 611 of the Act and is to be included in a Notice of Meeting for Segue in order to assist the Shareholders in their decision whether to approve the Transaction.

## 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC'), Regulatory Guide 111 ('RG 111'), 'Content of Expert's Reports' and Regulatory Guide 112 ('RG 112') 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of a Segue share pre-Transaction compares to the value of Segue share post-Transaction;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

## 2.3 Opinion

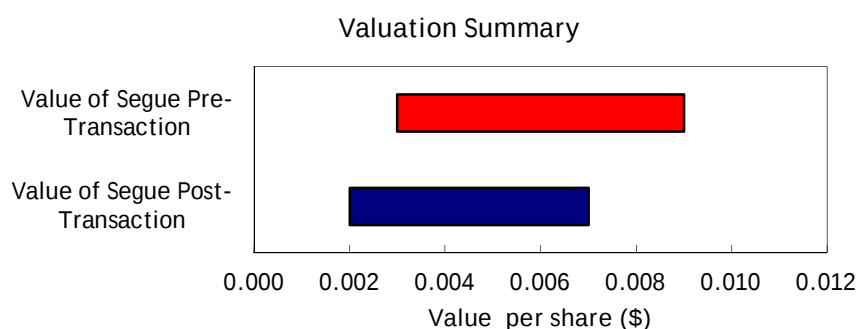
We have considered the terms of the Transaction as outlined in the body of this Report and have concluded that the Transaction is fair and reasonable to Shareholders.

## 2.4 Fairness

In section 12 we determined how the value of a Segue share pre-Transaction on a control basis compares to the value of a Segue share post-Transaction on a minority basis, as detailed below:

|                                                         | Ref | Low<br>\$ | Preferred<br>\$ | High<br>\$ |
|---------------------------------------------------------|-----|-----------|-----------------|------------|
| Valuation of Segue Pre-Transaction on a control basis   | 10  | 0.003     | 0.004           | 0.009      |
| Valuation of Segue Post-Transaction on a minority basis | 11  | 0.002     | 0.004           | 0.007      |

The above valuation ranges are shown graphically below:



We note from the table above that the value of a Segue share post-Transaction is within the range of values of a Segue share pre-Transaction. Therefore, we consider that the Transaction is fair for Shareholders.

## 2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both:

- The advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

| ADVANTAGES AND DISADVANTAGES |                             |         |                                             |
|------------------------------|-----------------------------|---------|---------------------------------------------|
| Section                      | Advantages                  | Section | Disadvantages                               |
| 13.4                         | The Transaction is fair     | 13.5    | Dilution of existing shareholders' interest |
| 13.4                         | Diversification of assets   |         |                                             |
| 13.4                         | Potential to access capital |         |                                             |

Other key matters we have considered include:

| Section | Description                                   |
|---------|-----------------------------------------------|
| 13.1    | Alternative proposal                          |
| 13.2    | Practical level of control                    |
| 13.3    | Consequences of not approving the Transaction |

## 3. Scope of the Report

### 3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Under the Transaction the Company is required to issue Shares to the shareholders of Fraser Range Resources, Becrux and Distant Island. The Vendors include N&J Mitchell and Mimo, who are both significant shareholders in Segue. As at the date of this Report, N&J Mitchell (including any associated parties) have an existing relevant interest in 9.31% of the shares of the Company and Mimo (including any associated parties) have an existing relevant interest in 6.29% of the Shares of the Company.

If the Transaction is completed then N&J Mitchell will increase their voting power in the Company to 28.80% and Mimo will increase their voting power in the Company to 24.91%.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with 'Acquisitions Agreed to by Shareholders'. It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Segue, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Segue have commissioned this Independent Expert's Report to satisfy this obligation.

### 3.2 Regulatory guidance

Neither the Listing Rules nor the Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Segue share pre-Transaction on a control basis and the value of a Segue share post-Transaction on a minority basis (Fairness – section 12 'Is the Transaction fair'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (Reasonableness – section 13 'Is the Transaction reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the transaction

On 9 October 2013, Segue announced that it has entered into agreements to acquire three unlisted companies who hold (or have rights to) 12 exploration licences totalling 3,538 km<sup>2</sup> in the Albany-Fraser Range Province of Western Australia. The three private companies subject to the Transaction are Fraser Range, Becrux and Distant Island. The acquisition of each company is contingent on Shareholder approval to the Transaction. The shareholders of the three private companies are collectively referred to as the Vendors.

The details of the Transaction, separated into each private company being acquired, have been shown below:

### Acquisition of Fraser Range Resources Pty Ltd

The Company has entered into a share purchase deed to acquire, subject to shareholder approval, 100% of the issued share capital of Fraser Range from its shareholders ('Fraser Range Agreement'). Fraser Range's assets comprise of four exploration licences in the Deralinya region and its interest in the Joint Venture Agreement, which it can earn up to 60% interest in an additional four projects.

The key terms of the Fraser Range Agreement are:

- The consideration for 100% of the issued share capital of Fraser Range is the issue of 350 million Segue shares at completion. In addition, the Company has paid a cash sum of \$200,000 (which is not refundable) to Fraser Range, which is to be used to reduce its existing liabilities;
- Completion is subject to the Company obtaining shareholder approval under Listing Rule 11.1.2 and section 611 item 7 of the Act to complete Transaction; and
- The Company has agreed to keep the tenements under the Joint Venture Agreement in good standing and Fraser Range Resources must provide the Company with all rights of access to the tenements to carry out work.

### Acquisition of Becrux Resources Pty Ltd

The Company has entered into share purchase deeds to acquire, subject to shareholder approval, 100% of the issued share capital of Becrux from its shareholders ('Becrux Agreement'). Becrux's assets comprise of two exploration licences in the Plumridge region.

The key terms of the Becrux Agreement are:

- The consideration for 100% of the issued share capital of Becrux is the issue of 100 million Segue shares at completion; and
- Completion is subject to the Company obtaining shareholder approval under Listing Rule 11.1.2 and section 611 item 7 of the Act to complete the Transaction.

#### Acquisition of Distant Island Pty Ltd

The Company has entered into share purchase deeds to acquire, subject to shareholder approval, 100% of the issued share capital of Distant Island from its shareholders ('Distant Island Agreement'). Distant Island's assets comprise of two exploration licences in the Plumridge region.

The key terms of the Distant Island Agreement are:

- The consideration for 100% of the issued share capital of Distant Island is the issue of 100 million Segue shares at completion; and
- Completion is subject to the Company obtaining shareholder approval under Listing Rule 11.1.2 and section 611 item 7 of the Act to complete the Transaction.

#### The Vendors relevant shareholdings in the Company

Under the Transaction the Company is required to issue Shares to the shareholders of Fraser Range, Becrux and Distant Island. The Vendors include N&J Mitchell and Mimo, who are both significant shareholders in Segue. N&J Mitchell (including any associated parties) has an existing relevant interest in 9.31% of the shares of the Company and Mimo (including any associated parties) has an existing relevant interest in 6.29% of the Shares of the Company.

If the Transaction is completed then the N&J Mitchell parties will increase their voting power in the Company to 28.80% and the Mimo parties will increase their voting power in the Company to 24.91%. These potential changes in shareholding are summarised in the table below.

|                                                | Existing Interest  | Transaction        |                    |                    | Post Acquisition Interest | Post Acquisition Interest (%) |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------------|-------------------------------|
| Vendors                                        |                    | Fraser Range       | Becrux             | Distant Island     |                           |                               |
| N&J Mitchell*                                  | 49,997,500         | 87,500,000         | 19,000,000         | 19,000,000         | 175,497,500               | 16.15%                        |
| Ascent Capital Holdings Pty Ltd*               | -                  | 87,500,000         | 25,000,000         | 25,000,000         | 137,500,000               | 12.65%                        |
| Mimo                                           | 33,750,944         | 175,000,000        | 31,000,000         | 31,000,000         | 270,750,944               | 24.91%                        |
| Ranchland Holdings Pty Ltd                     | -                  | -                  | 12,500,000         | 12,500,000         | 25,000,000                | 2.30%                         |
| Talltree Holdings Pty Ltd                      | -                  | -                  | 12,500,000         | 12,500,000         | 25,000,000                | 2.30%                         |
| <b>Total shares issued under Transaction</b>   | <b>83,748,444</b>  | <b>350,000,000</b> | <b>100,000,000</b> | <b>100,000,000</b> | <b>633,748,444</b>        |                               |
| Current shareholders                           | 453,164,354        | -                  | -                  | -                  | 453,164,354               | 41.69%                        |
| <b>Total shares on issue after Transaction</b> | <b>536,912,798</b> |                    |                    |                    | <b>1,086,912,798</b>      | <b>100.00%</b>                |

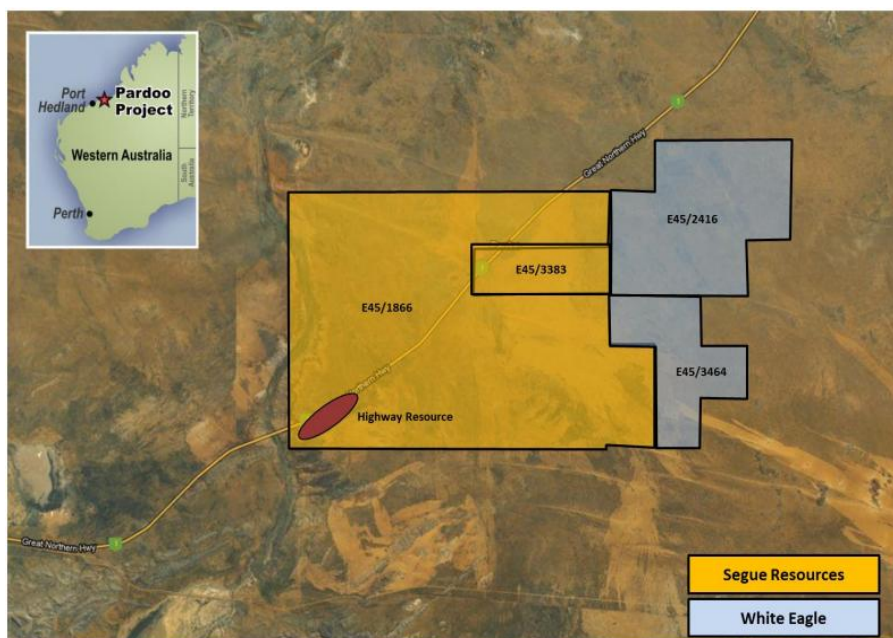
\*The relevant interest of N&J Mitchell (including any associated parties) includes shares held by Ascent Capital. On completion of the Transaction, the relevant interest of N&J Mitchell will comprise a 16.15% direct interest and a 12.65% indirect interest via Ascent Capital.

## 5. Profile of Segue

### 5.1 History

Segue is a mineral exploration company listed on the Australian Securities Exchange ('ASX') with a focus on nickel-copper exploration in Western Australia. Segue is domiciled in Australia with its corporate head office in Perth. The Pardoo nickel-copper Project ('Pardoo Project'), located in the Pilbara is the current focus of Segue. Segue's Pardoo Project is located 100 km east of Port Hedland and 15 km from the west coast. The Pardoo Project is close to key infrastructure including an open railway, gas and electric power as well as ground water available from the Canning Basin.

On 28 August 2013, Segue announced that it had entered into an agreement, subject to shareholder approval, to sell two of its four Pardoo Project exploration tenements to White Eagle Resources Limited ('White Eagle'). The two tenements to be sold to White Eagle are located on the eastern province as shown below:



Source: Segue Resources Limited website

The Segue Board of Directors comprises of the following members:

- Mr Steven Michael - Managing Director
- Dr Howard Carr - Technical Director
- Mr Matthew Foy - Non Executive Director
- Mr Nicholas Ong - Non Executive Director

Segue has historically been funded via equity, however as at 30 June 2013 there was an \$873,567 interest bearing loan. This loan was a reflection of the need for additional working capital as Segue is still in the exploration phase and is not generating any operating income.

## 5.2 Historical Balance Sheet

| Statement of Financial Position     | Audited as at<br>30-Jun-13<br>\$ | Audited as at<br>30-Jun-12<br>\$ |
|-------------------------------------|----------------------------------|----------------------------------|
| <b>CURRENT ASSETS</b>               |                                  |                                  |
| Cash and cash equivalents           | 34,858                           | 233,354                          |
| Trade and other receivables         | 5,425                            | 177,043                          |
| Prepayments                         | 7,505                            | 43,976                           |
| Asset held for sale                 | 2,136,460                        | 33,333                           |
| <b>TOTAL CURRENT ASSETS</b>         | <b>2,184,248</b>                 | <b>487,706</b>                   |
| <b>NON-CURRENT ASSETS</b>           |                                  |                                  |
| Exploration and evaluation assets   | 520,000                          | 7,427,180                        |
| Property, plant and equipment       | 2,009                            | 26,008                           |
| Available-for-sale financial assets | -                                | -                                |
| <b>TOTAL NON-CURRENT ASSETS</b>     | <b>522,009</b>                   | <b>7,453,188</b>                 |
| <b>TOTAL ASSETS</b>                 | <b>2,706,257</b>                 | <b>7,940,894</b>                 |
| <b>CURRENT LIABILITIES</b>          |                                  |                                  |
| Trade and other payables            | 157,002                          | 329,349                          |
| Interest bearing liabilities        | 873,567                          | -                                |
| <b>TOTAL CURRENT LIABILITIES</b>    | <b>1,030,569</b>                 | <b>329,349</b>                   |
| <b>TOTAL LIABILITIES</b>            | <b>1,030,569</b>                 | <b>329,349</b>                   |
| <b>NET ASSETS</b>                   | <b>1,675,688</b>                 | <b>7,611,545</b>                 |
| <b>EQUITY</b>                       |                                  |                                  |
| Issued Capital                      | 18,533,731                       | 18,500,731                       |
| Reserves                            | 167,446                          | 364,136                          |
| Accumulated losses                  | (17,025,489)                     | (11,253,322)                     |
| <b>TOTAL UNIT HOLDERS EQUITY</b>    | <b>1,675,688</b>                 | <b>7,611,545</b>                 |

Source: 30 June 2013 audited financial statements

In June 2013 Segue entered into an agreement with Emang Mmogo Mining Resources Ltd to sell its 30% share in the Emang Manganese Project for consideration of approximately \$2.14 million. The sale was approved in July 2013 and settled in August 2013. The sale of the Emang Manganese Project resulted in a classification transfer in the balance sheet for previously capitalised exploration expenditure to assets held for sale for the consideration amount.

The carrying value of exploration assets was reduced as at 30 June 2013 due to an impairment of the Pardoo Project by \$1.8 million and an agreement to sell its 30% share in the Emang Manganese Project, which saw approximately \$2.14 million transfer from exploration and evaluation assets to assets held for sale.

The Segue cash balance also fell between 30 June 2012 and 30 June 2013. To meet increasing working capital obligations Segue entered into an unsecured interest bearing loan agreement and had \$0.87 million owing as at 30 June 2013.

### 5.3 Historical Statement of Comprehensive Income

| Statement of Comprehensive Income                                            | Audited<br>30-Jun-13<br>\$ | Audited<br>30-Jun-12<br>\$ |
|------------------------------------------------------------------------------|----------------------------|----------------------------|
| Continuing Operations                                                        |                            |                            |
| Finance income                                                               | 5,207                      | 25,583                     |
| Employee benefits expense                                                    | (464,516)                  | (1,529,642)                |
| Occupancy costs                                                              | (63,795)                   | (47,474)                   |
| Impairment of exploration expenditure                                        | (1,855,502)                | (3,120,754)                |
| Finance costs                                                                | (86,072)                   | (63,520)                   |
| Profit/ (loss) on disposal of non-current assets                             | (21,699)                   | -                          |
| Share based payments expense                                                 | (33,000)                   | -                          |
| Administration and other expenses                                            | (307,984)                  | (982,181)                  |
| Loss before tax from continuing operations                                   | (2,827,361)                | (5,717,988)                |
| Income tax expense                                                           | -                          | -                          |
| Loss after tax from continuing operations                                    | (2,827,361)                | (5,717,988)                |
| Discontinued operations                                                      |                            |                            |
| Loss from continued operations, net of tax                                   | (2,944,806)                | (134,667)                  |
| Loss for the year attributable to members of the company                     | (5,772,167)                | (5,852,655)                |
| Other Comprehensive Income                                                   |                            |                            |
| <i>Items that may be classified subsequently to profit and loss</i>          |                            |                            |
| Movements in foreign currency translation reserve                            | (209,190)                  | (350,141)                  |
| Other comprehensive loss for the year                                        | (209,190)                  | (350,141)                  |
| Total Comprehensive loss for the year attributable to members of the company | (5,981,357)                | (6,202,796)                |

Source: 30 June 2013 audited financial statements

Share based payments expense reduced between the years ended 30 June 2012 and 30 June 2013. This decrease was due to a large number of equity based compensation benefits that were issued to directors and consultants during 2012 which were not repeated in 2013.

The impairment expense of \$1.86 million was required on the Pardoo Project after Segue entered into a contract to sell two of the exploration licences for \$20,000. Previously capitalised exploration expenditure that related to these two licences in excess of \$20,000 was therefore considered impaired. The remaining two exploration licences were deemed to have a carrying value of \$0.5 million. Any previously capitalised expenditure relating to these two exploration licences in excess of this was also considered impaired.

The 30 June 2013 financial statements were issued with an unqualified audit opinion.

## 5.4 Capital Structure

The share structure of Segue as at the date of this Report is outlined below:

|                                            | Number      |
|--------------------------------------------|-------------|
| Total ordinary shares on issue             | 536,912,798 |
| Top 20 shareholders                        | 274,819,579 |
| Top 20 shareholders - % of shares on issue | 51.19%      |

Source: Segue share registry

The ordinary shares held by the most significant shareholders as at the date of this Report are detailed below:

| Name                           | Number of Ordinary Shares Held | Percentage of Issued Shares (%) |
|--------------------------------|--------------------------------|---------------------------------|
| N & J MITCHELL HOLDINGS        | 49,997,500                     | 9.31%                           |
| NIGEL TARRATT PTY LTD          | 42,233,899                     | 7.87%                           |
| HSBC CUSTODY NOMINEES          | 31,481,777                     | 5.86%                           |
| MIMO STRATEGIES PTY LTD        | 28,550,944                     | 5.32%                           |
| BREAMLINE INVESTMENTS LIMITED  | 27,200,000                     | 5.07%                           |
| Total top 5                    | 179,464,120                    | 33.43%                          |
| Others                         | 357,448,678                    | 66.57%                          |
| Total ordinary shares on Issue | 536,912,798                    | 100.00%                         |

Source: Segue share registry

The range of shares held in Segue as at the date of this Report is as follows:

| Range of Shares Held | Number of Ordinary Shareholders | Number of Ordinary Shares | Percentage of Issued Shares (%) |
|----------------------|---------------------------------|---------------------------|---------------------------------|
| 1 - 1,000            | 42                              | 5,106                     | 0.00%                           |
| 1,001 - 5,000        | 28                              | 90,947                    | 0.02%                           |
| 5,001 - 10,000       | 11                              | 87,071                    | 0.02%                           |
| 10,001 - 100,000     | 250                             | 10,065,333                | 1.87%                           |
| 100,001 - and over   | 406                             | 526,664,341               | 98.09%                          |
| TOTAL                | 733                             | 536,912,798               | 100.00%                         |

Source: Segue share registry

## 6. Profile of the Vendors and associated assets

If the Transaction is approved Segue will be acquiring three private companies which hold large, contiguous exploration tenements in the Fraser Range Province.

### Fraser Range Resources Pty Ltd

Fraser Range is an Australian proprietary company incorporated in 2011 with its registered office located in West Perth. The directors of the company are Glenn Whiddon, David Steinepreis and Benjamin Bussel.

| Statement of Financial Position      | Unaudited as at<br>30-Sep-13<br>\$ |
|--------------------------------------|------------------------------------|
| <b>CURRENT ASSETS</b>                |                                    |
| Cash assets                          | 64,046                             |
| GST Receivable                       | 3,855                              |
| Trade debtors                        | 2,335                              |
| <b>TOTAL CURRENT ASSETS</b>          | <b>70,236</b>                      |
| <b>NON-CURRENT ASSETS</b>            |                                    |
| Geological assets                    | 281,295                            |
| <b>TOTAL NON-CURRENT ASSETS</b>      | <b>281,295</b>                     |
| <b>TOTAL ASSETS</b>                  | <b>351,531</b>                     |
| <b>CURRENT LIABILITIES</b>           |                                    |
| Trade creditors                      | 59,448                             |
| Accrued expense                      | 6,250                              |
| Payroll Liabilities                  | 10,238                             |
| <b>TOTAL CURRENT LIABILITIES</b>     | <b>75,936</b>                      |
| <b>NON-CURRENT LIABILITIES</b>       |                                    |
| Loan - N&J Mitchell Holdings         | 100,000                            |
| Loan - MIMO Strategies Pty Ltd       | 100,000                            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>200,000</b>                     |
| <b>TOTAL LIABILITIES</b>             | <b>275,936</b>                     |
| <b>NET ASSETS</b>                    | <b>75,595</b>                      |
| <b>EQUITY</b>                        |                                    |
| Issued capital                       | 100,000                            |
| Retained Earnings                    | (40,149)                           |
| Current year earnings                | 15,744                             |
| <b>TOTAL UNIT HOLDERS EQUITY</b>     | <b>75,595</b>                      |

Source: Fraser Range's unaudited management accounts as at 30 September 2013

### Becrux Resources Pty Ltd

Becrux is an Australian proprietary company incorporated in 2012 with its registered office located in West Perth. The director of the company is Samuel Edis.

| Statement of Financial Position  | Unaudited as at<br>30-Sep-13<br>\$ |
|----------------------------------|------------------------------------|
| <b>CURRENT ASSETS</b>            |                                    |
| GST receivables                  | 43                                 |
| Cash assets                      | 6,445                              |
| <b>TOTAL CURRENT ASSETS</b>      | <b>6,488</b>                       |
| <b>NON-CURRENT ASSETS</b>        |                                    |
| Geological assets                | 40,137                             |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>40,137</b>                      |
| <b>TOTAL ASSETS</b>              | <b>46,625</b>                      |
| <b>CURRENT LIABILITIES</b>       |                                    |
| Trade creditors                  | 7,291                              |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>7,291</b>                       |
| <b>TOTAL LIABILITIES</b>         | <b>7,291</b>                       |
| <b>NET ASSETS</b>                | <b>39,334</b>                      |
| <b>EQUITY</b>                    |                                    |
| Issued capital                   | 40,000                             |
| Current year earnings            | (666)                              |
| <b>TOTAL UNIT HOLDERS EQUITY</b> | <b>39,334</b>                      |

Source: Becrux's unaudited management accounts as at 30 September 2013

### Distant Island Pty Ltd

Distant Island is an Australian proprietary company incorporated in 2012 with its registered office located in West Perth. The director of the company is Samuel Edis.

| Statement of Financial Position  | Unaudited as at<br>30-Sep-13<br>\$ |
|----------------------------------|------------------------------------|
| <b>CURRENT ASSETS</b>            |                                    |
| GST receivables                  | 239                                |
| Cash assets                      | 9,254                              |
| <b>TOTAL CURRENT ASSETS</b>      | <b>9,493</b>                       |
| <b>NON-CURRENT ASSETS</b>        |                                    |
| Geological assets                | 32,235                             |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>32,235</b>                      |
| <b>TOTAL ASSETS</b>              | <b>41,728</b>                      |
| <b>CURRENT LIABILITIES</b>       |                                    |
| Trade creditors                  | 2,398                              |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>2,398</b>                       |

|                           |        |
|---------------------------|--------|
| TOTAL LIABILITIES         | 2,398  |
| NET ASSETS                | 39,330 |
| EQUITY                    |        |
| Issued capital            | 40,000 |
| Current year earnings     | (670)  |
| TOTAL UNIT HOLDERS EQUITY | 39,330 |

Source: Distant Island's unaudited management accounts as at 30 September 2013

The Vendors are all newly incorporated exploration companies with assets in the same region of Western Australia. There has been minimal expenditure in the period since incorporation. There are also limited assets on the balance sheet. The value of the companies is essentially derived from the underlying tenements held. As such, an independent technical expert has been appointed to value the underlying assets and a copy of their report has been included in Appendix 3.

Details of the exploration assets owned by all three private companies are noted below:

| Tenement                                 | Owner          | Interest        | Size                 | Granted  | Expiry   |
|------------------------------------------|----------------|-----------------|----------------------|----------|----------|
| E28/1475                                 | Fraser Range   | 0% <sup>1</sup> | 208km <sup>2</sup>   | 17/11/04 | 16/11/13 |
| E39/1084                                 | Fraser Range   | 0% <sup>1</sup> | 208km <sup>2</sup>   | 11/01/06 | 10/01/15 |
| E39/1117                                 | Fraser Range   | 0% <sup>1</sup> | 208km <sup>2</sup>   | 25/11/05 | 24/11/14 |
| E39/1118                                 | Fraser Range   | 0% <sup>1</sup> | 208km <sup>2</sup>   | 11/01/06 | 10/01/15 |
| E28/2267                                 | Becrux         | 100%            | 385km <sup>2</sup>   | 23/04/13 | 22/04/18 |
| E39/1710                                 | Becrux         | 100%            | 313km <sup>2</sup>   | 09/04/13 | 08/04/18 |
| E28/2266                                 | Distant Island | 100%            | 397km <sup>2</sup>   | 25/07/13 | 24/07/18 |
| E39/1709                                 | Distant Island | 100%            | 313km <sup>2</sup>   | Pending  |          |
| Total Plumridge Nickel and Gold Projects |                |                 | 2,240km <sup>2</sup> |          |          |
| E63/1521                                 | Fraser Range   | 100%            | 571km <sup>2</sup>   | 28/06/12 | 27/06/17 |
| E63/1522                                 | Fraser Range   | 100%            | 147km <sup>2</sup>   | 28/06/12 | 27/06/17 |
| E63/1523                                 | Fraser Range   | 100%            | 115km <sup>2</sup>   | 28/06/12 | 27/06/17 |
| E63/1524                                 | Fraser Range   | 100%            | 465km <sup>2</sup>   | 28/06/12 | 27/06/17 |
| Total Deralinya Project                  |                |                 | 1,298km <sup>2</sup> |          |          |

1. Fraser Range Resources Pty Ltd can earn a 60% interest in the Plumridge Joint Venture by spending \$1.0m by 31 January 2015.

Segue is to acquire rights over eight tenements in the northern portion of the Fraser Range Province totalling 2,240km<sup>2</sup>, which together form the Plumridge Project. Four of the tenements are owned 100% and the remaining four tenements are subject to the Plumridge Joint Venture ("Joint Venture"). Under the Joint Venture Agreement, Fraser Range can earn a 60% interest in the Joint Venture by spending \$1.0 million by 31 January 2015. Following completion of the farm-in, standard dilution provisions will apply.

The Plumridge Project is located in the Albany-Fraser region on the eastern margin of the Yilgarn Craton of Western Australia and is located 260 km north-east of Kalgoorlie.

The southern extent of the Plumridge Project is approximately 80 km from a major rail link to Kalgoorlie which further connects to the port of Esperance. The Plumridge Project covers a region of anomalous gold in calcrete and is located 90 km to the south of the Tropicana Gold Project.

The Plumridge Project forms part of an extensive region of geochemical anomalism that was initially delineated by a regional gold-in-calcrete auger geochemical programme and extensive aircore drilling predominantly completed between 2007 and 2009.

Segue is also acquiring rights over four 100% owned tenements in the southern portion of the Fraser Range Province totalling 1,298km<sup>2</sup>.

Refer to the CSA independent technical independent report in Appendix 3 for further details regarding the projects being acquired.

## 7. Economic analysis

Recent information is consistent with global growth running a bit below average this year, with reasonable prospects of a pick-up next year. Commodity prices have declined from their peaks, but generally remain at high levels by historical standards. Inflation in most countries remains well contained.

Overall, global financial conditions remain very accommodative. Changes in the outlook for US monetary policy have increased volatility in financial markets, but long-term interest rates remain very low and there is ample funding available for creditworthy borrowers.

In Australia, the economy has been growing a bit below trend over the past year. This is expected to continue in the near term as the economy adjusts to lower levels of mining investment. The unemployment rate has edged higher. There has been an improvement in indicators of household and business sentiment recently, though it is too soon to judge how persistent this will be. Inflation has been consistent with the medium-term target. With growth in labour costs moderating, this is expected to remain the case over the next one to two years, even with the effects of the lower exchange rate.

The easing in monetary policy since late 2011 has supported interest-sensitive spending and asset values. The full effects of these decisions are still coming through, and will be for a while yet. The pace of borrowing has remained relatively subdued to date, though recently there have been signs of increased demand for finance by households. There is also continuing evidence of a shift in savers' behaviour in response to declining returns on low-risk assets.

The Australian dollar rose recently, but is still about 10% below its level in April 2013. A lower level of the currency than seen at present would assist in rebalancing growth in the economy.

At the meeting on 1 October 2013, the Reserve Bank of Australia's ('RBA') Board judged that the setting of monetary policy remained appropriate. The RBA Board will continue to assess the outlook and adjust policy as needed to foster sustainable growth in demand and inflation outcomes consistent with the target.

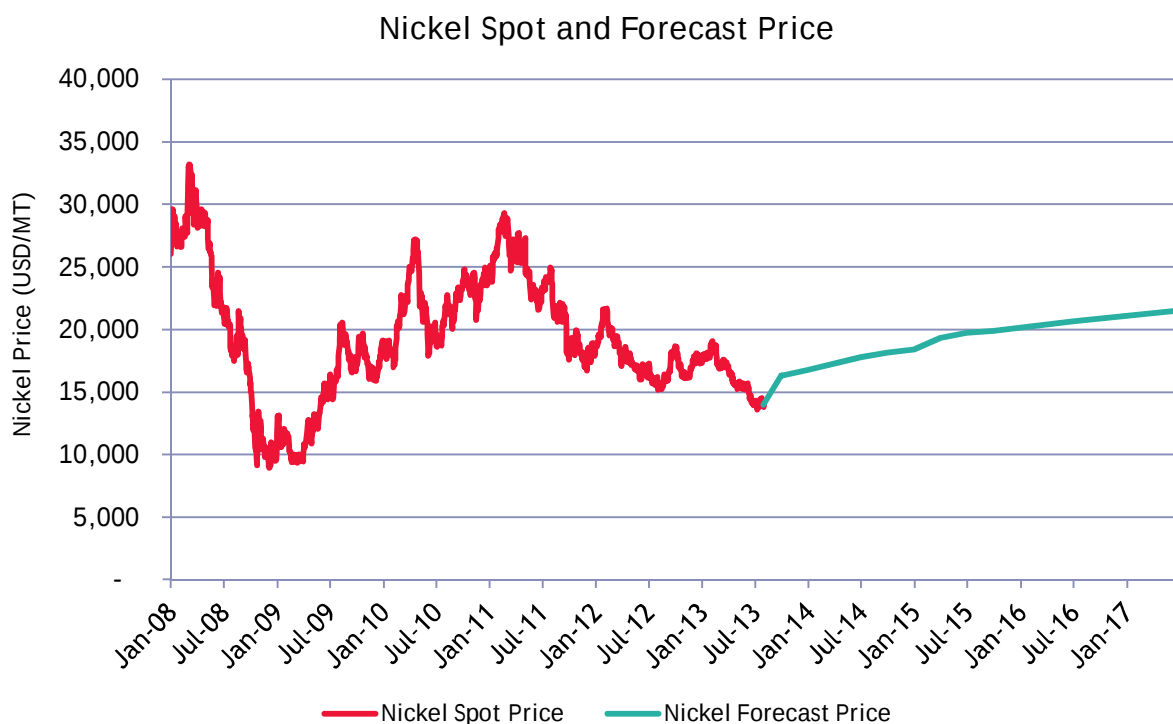
Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 October 2013

## 8. Industry analysis

### 8.1 Nickel

The success of the nickel mining industry in Australia is dependent upon the prices of nickel, the USD/AUD exchange rate, nickel output and general demand and supply for the metal. Nickel is primarily used in the manufacturing of stainless steel products. Stainless steel accounts for nearly two-thirds of the consumption of nickel worldwide.

The global demand for stainless steel is currently being driven by the economic conditions in China. The figure below describes the fluctuations in nickel spot prices from 1 January 2008 through until 31 July 2013. It also shows Consensus forecasts for nickel prices through to 2017.



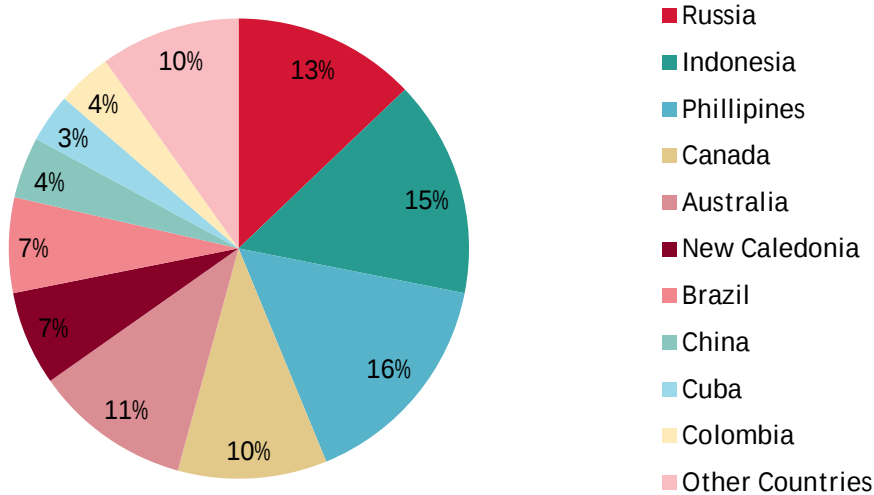
Source: Bloomberg and Consensus Economics

The figure above illustrates that nickel prices did not respond well during the economic recession that occurred as a result of the global financial crisis. Since then there has been a general improvement in the health of the economy, which has seen the demand for nickel as well as prices increase. Nickel prices are expected to marginally increase in the next few years, although not to the heights seen in 2007.

Nickel can be found in two different geological states, nickel sulphide and nickel laterite. The latter is associated with more complex mining processes and is therefore generally mined at newer mining sites. In Australia, approximately 80% of nickel is mined from its nickel sulphide geological state.

Total world production for nickel increased from 2011 to 2012. According to the US Geological Survey, nickel production in Australia increased from 215,000 to 230,000 metric tonnes over this period, making it the fourth largest producer in the world. This is reflected in the figure below, which provides a breakdown of total world production by country in 2012.

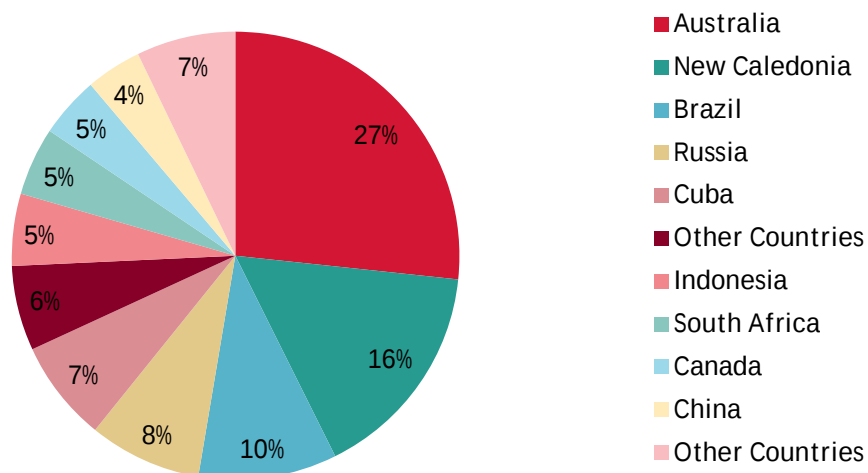
## Nickel Global Production 2012



Source: US Geological Survey

The potential output and rate of production of nickel are key factors in deciding whether or not Australian nickel mining companies will be able to compete globally. The figure below indicates the nickel resource potential in Australia. Australia has the largest nickel reserve holding approximately 27% of the world's total nickel reserves.

## Global Nickel Reserves 2012

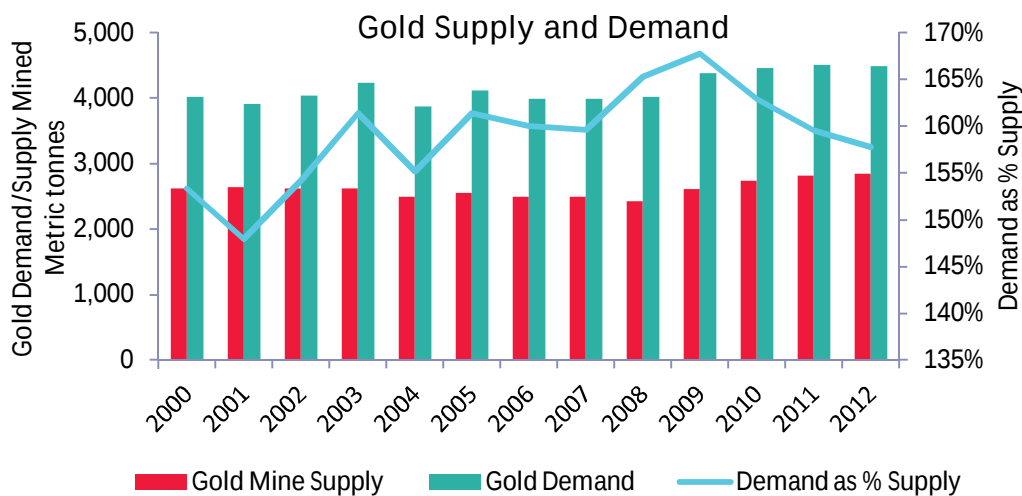


Source: US Geological Survey

## 8.2 Gold

Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

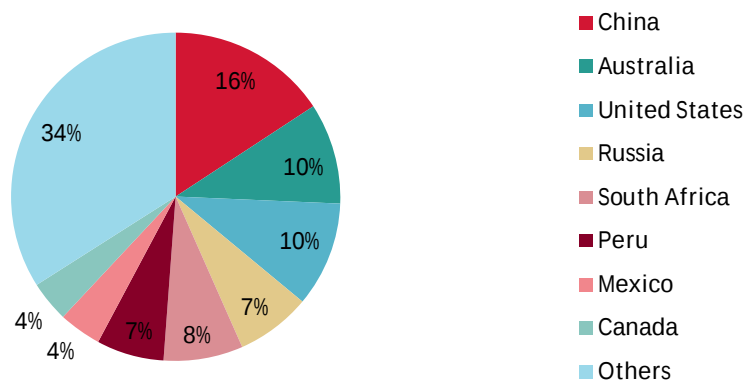
As illustrated in the chart below, gold mine production was approximately 2,842 metric tonnes in 2012 and gold consumption was 4,484 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during recent years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by approximately 12% between 2008 and 2012, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China, Australia and the United States.

**Production by Country - 2012**



Source: Bloomberg and BDO Analysis

## Gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand. As can be seen in the graph below, the value of gold peaked at US\$1,900 per ounce on 5 September 2011. This peak was largely caused by the debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US\$1,545 per ounce; however 2012 a recovery of the gold price with it reaching US\$1,790 per ounce on 4 October 2012, before declining to US\$1,675 per ounce at 31 December 2012. Gold prices have declined in 2013 and most recently was US\$1,286 per ounce on 16 October 2013.

According to Bloomberg forecasts, although gold prices are forecast to increase in the short term, there appears to be a gradual decline in the three year period following, with the gold price forecast to settle just below US\$1,400 per ounce in 2016. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.



Source: Bloomberg and BDO Analysis

## Recent gold transactions

The emergence of a new generation of mid-tier miners and the resurgent gold price in 2012 drove the increase in the number of announced gold acquisitions in 2012. In the last half of 2012, several large deals have been announced to the market involving gold companies:

- On 29 June 2012 it was announced that Allied Gold Mining Plc and St Barbara Ltd had reached an agreement in which the two companies would merge, worth \$594 million. This deal was completed on 7 September 2012.

- In August 2012, Zijin Mining Group announced that it had made a cash offer to acquire its remaining 83.02% share in Norton Gold Fields Ltd for \$198 million. This deal was completed on 21 August 2012.
- On 6 August 2012, Silver Lake Resources announced it planned to merge with Integra Mining Ltd in a deal worth \$417 million. The merger between Integra and Silver Lake was completed on 11 January 2013.
- On 9 August 2012, Regis Resources Limited announced it had executed a letter of agreement to acquire the McPhillamys Gold Project from joint venture owners, Newmont Exploration Pty Ltd and Alkane Resources Limited. The consideration to be paid is \$150 million to be satisfied by the issue of Regis shares based on an issue price of \$4.20 per share.
- On 19 September 2012, CGA Mining Limited and B2Gold Corp announced they had entered into a Merger Implementation Agreement to combine the two companies. The transaction was valued at \$939 million.
- On 27 September 2012, Noble Mineral Resources Ltd announced that a major non-government Chinese mining and investment group, Zhongrun, will invest A\$84.7 million in Noble Mineral Resources Ltd via a placement of shares.
- On 28 September 2012, Cortona Resources Ltd and Unity Mining Ltd announced they had agreed to a merger via a Scheme of Arrangement in which Cortona Resources Limited shareholders will receive 0.734 Unity Mining Ltd shares for every one share they hold.
- On 24 October 2012, Resolute Mining Ltd announced it executed conditional share sale agreements to acquire 19.99% of Noble Mineral Resources Ltd, in competition with Zhongrun, in a A\$85 million financing offer.
- On 13 December 2012, Primero Mining Corp, a Canada based mining corporation announced that it had signed a definitive agreement to acquire Cerro Resources, an Australian based mining company that specialises in global gold and silver exploration in a deal worth \$111 million.

The decline in gold prices in 2013 has also lead to a decline in the number of transactions involving gold companies, with only a limited number of transactions announced in the first half of 2013:

- On 30 January 2013, Kumarina Resources Limited, a Western Australian based gold and base metals explorer, announced that it had signed a merger implementation agreement with Zeta Resources Limited which has seen the two companies merge. The value of this deal was approximately \$37.8 million.
- On 28 March 2013, Troy Resources Ltd (dual listed on the ASX and TSX) announced that it had signed a Takeover Bid Implementation Deed under which Troy Resources Ltd will acquire all of the issued capital of ASX-listed gold explorer Azimuth Resources Ltd by way of an off-market takeover offer. The deal value was approximately \$216 million.
- On 8 April 2013 it was announced that Polymetals Mining Limited and Southern Cross Goldfields Limited had entered into an agreement to merge the two companies. The deal worth \$14.3 million. This deal was completed on 20 August 2013.

## 9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

### 9.1 Valuation of a Segue share pre-Transaction

In our assessment of the value of a Segue share pre-Transaction we have chosen to employ the following methodologies:

- Net asset value ('NAV') – primary methodology
- Quoted market price basis ('QMP') – secondary methodology

We have chosen these methodologies for the following reasons:

- Segue's most significant assets are the exploration rights to the two 100% owned Pardoo Project tenements. As such we have instructed CSA Global Pty Ltd ('CSA') to provide an independent market valuation of these exploration assets in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 ('the Valmin Code'). CSA's full report may be found in Appendix 3;
- Segue is listed on the ASX. This provides an indication of the market value where an observable market for the securities exists;
- Segue does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Segue has no foreseeable future net cash inflows and therefore the application of DCF is not possible. Under RG111, it is only considered appropriate to use a DCF where Reserves are present.

### 9.2 Valuation of a Segue share post-Transaction

We have assessed the value of a Segue share post-Transaction using the NAV of Segue pre-Transaction and the NAV of the private companies being acquired. The number of shares on issue post-Transaction will increase as a result of the Share Consideration and a minority discount is applied to arrive at the value of a Segue share post-Transaction on a minority interest basis.

The three private companies are all recently incorporated exploration companies with exploration assets in the Fraser Range region of Western Australia. In our assessment of the NAV of the three private companies to be used in the post-Transaction value of a Segue share we have instructed CSA to provide an independent market valuation of the exploration assets in accordance with the Valmin Code. CSA's full report may be found in Appendix 3.

## 10. Valuation of a Segue share pre-Transaction

### 10.1 Net Asset Valuation of Segue

The value of Segue assets on a going concern basis is reflected in our valuation below:

|                                   | Note | 30-Jun-13<br>\$  | Low value<br>\$  | Preferred value<br>\$ | High value<br>\$ |
|-----------------------------------|------|------------------|------------------|-----------------------|------------------|
| <b>CURRENT ASSETS</b>             |      |                  |                  |                       |                  |
| Cash and cash equivalents         | 1    | 34,858           | 1,971,318        | 1,971,318             | 1,971,318        |
| Trade and other receivables       |      | 5,425            | 5,425            | 5,425                 | 5,425            |
| Prepayments                       |      | 7,505            | 7,505            | 7,505                 | 7,505            |
| Asset held for sale               | 1    | 2,136,460        | -                | -                     | -                |
| <b>TOTAL CURRENT ASSETS</b>       |      | <b>2,184,248</b> | <b>1,984,248</b> | <b>1,984,248</b>      | <b>1,984,248</b> |
| <b>NON-CURRENT ASSETS</b>         |      |                  |                  |                       |                  |
| Exploration and evaluation assets | 2    | 520,000          | 500,000          | 1,200,000             | 4,000,000        |
| Property, plant and equipment     |      | 2,009            | 2,009            | 2,009                 | 2,009            |
| <b>TOTAL NON-CURRENT ASSETS</b>   |      | <b>522,009</b>   | <b>502,009</b>   | <b>1,202,009</b>      | <b>4,002,009</b> |
| <b>TOTAL ASSETS</b>               |      | <b>2,706,257</b> | <b>2,486,257</b> | <b>3,186,257</b>      | <b>5,986,257</b> |
| <b>CURRENT LIABILITIES</b>        |      |                  |                  |                       |                  |
| Trade and other payables          | 3    | 157,002          | 157,002          | 157,002               | 157,002          |
| Interest bearing liabilities      | 3    | 873,567          | 873,567          | 873,567               | 873,567          |
| <b>TOTAL CURRENT LIABILITIES</b>  |      | <b>1,030,569</b> | <b>1,030,569</b> | <b>1,030,569</b>      | <b>1,030,569</b> |
| <b>TOTAL LIABILITIES</b>          |      | <b>1,030,569</b> | <b>1,030,569</b> | <b>1,030,569</b>      | <b>1,030,569</b> |
| <b>NET ASSETS</b>                 |      | <b>1,675,688</b> | <b>1,455,688</b> | <b>2,155,688</b>      | <b>4,955,688</b> |
| Number of shares on issue         |      |                  | 536,912,798      | 536,912,798           | 536,912,798      |
| Value per share                   |      |                  | \$0.003          | \$0.004               | \$0.009          |

Based on results above we consider the NAV of a Segue share pre-Transaction on a control basis to be between \$0.003 and \$0.009, with a preferred value of \$0.004.

We have been advised that there has not been a significant change in the net assets of Segue since 30 June 2013 other than those noted below.

#### Note 1- Cash and assets held for sale

In June 2013 Segue entered into an agreement to sell its 30% share in the Emang Manganese Project for total cash consideration of \$2,136,460. The sale was approved in July 2013 and settled in August 2013. Therefore the asset held for sale at 30 June 2013 has been reduced by \$2,136,460 and cash increased by the same amount. Subsequent to 30 June 2013, Segue paid a Cash Sum of \$200,000 (which is non-refundable) to Fraser Range, to be used to reduce its existing liabilities. As such the 30 June 2013 cash balance has been adjusted by the \$200,000.

#### Note 2- Mineral Assets

We instructed CSA to provide an independent market valuation of the Pardoo Project tenements E45/1866 and E45/3383 in which Segue holds a 100% interest. CSA considered a number of different valuation

methods when valuing these tenements. CSA applied the market approach, which utilises transactions between 2006 and 2013 to obtain an implied cash-equivalent value per square kilometre and the Kilburn Method which defines a value based on geological prospectivity. We are satisfied with the valuation methodologies adopted by CSA are in accordance with industry practices and compliant with the requirements of the Valmin Code. The range of these tenements as calculated by CSA is set out below:

| Segue Resources Limited<br>Mineral Asset Valuation | Ownership<br>interest | Low value<br>\$ | Preferred value<br>\$ | High value<br>\$ |
|----------------------------------------------------|-----------------------|-----------------|-----------------------|------------------|
| Pardoo Project tenements                           | 100%                  | 500,000         | 1,200,000             | 4,000,000        |
|                                                    |                       | 500,000         | 1,200,000             | 4,000,000        |

The table above indicates a range of values for the 100% owned Pardoo Project tenements of between \$0.5 million and \$4 million, with a preferred value of \$1.2 million.

### Note 3- Current liabilities

We have been advised that amounts noted as current liabilities (such as trade creditors) have reduced since 30 June 2013 after the receipt of cash from the sale of the Emang Project. The effect on Segue's net asset position is not considered material as a reduction in the current liability balance is offset by an equivalent reduction in cash. As such, we have not adjusted the current liabilities balance as at 30 June 2013.

## 10.2 Quoted Market Prices for Segue securities

To provide a comparison to the valuation of a Segue share in section 10.1, we have also assessed the quoted market price for a Segue share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under item 7 of section 611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

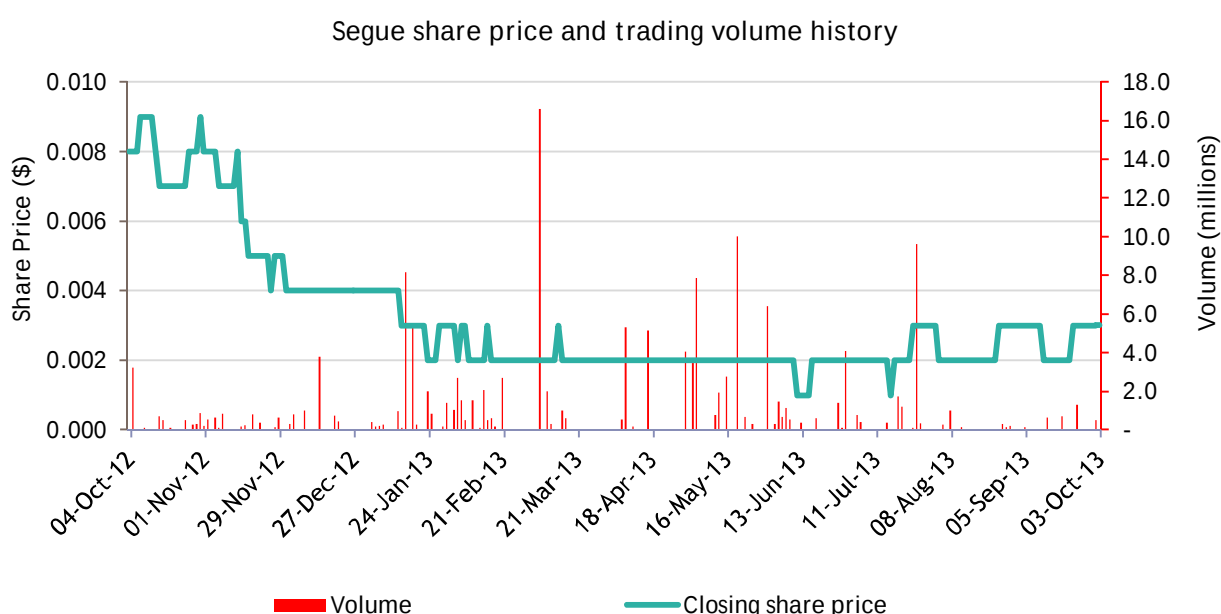
Whilst the Vendors will not be obtaining 100% of Segue, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in section 13.

Therefore, our calculation of the quoted market price of a Segue share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

## Minority interest value

Our analysis of the quoted market price of a Segue share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Segue share after the announcement may include the affects of any change in value as a result of the Transaction. However, we have considered the value of a Segue share following the announcement when we have considered reasonableness in section 13.

Information on the Transaction was announced to the market on 9 October 2013. Prior to this Segue was in a voluntary trading halt entered into on 4 October 2013. Therefore, the following chart provides a summary of the share price movement over the 12 months to 3 October 2013 which was the last trading day prior to the announcement and trading halt.



Source: Bloomberg and BDO Analysis

The daily price of Segue shares for the 12 months prior to 4 October 2013 has ranged from a low of \$0.001 in July 2013 to a high of \$0.009 in November 2012. The share price showed a relatively consistent downward trend over the review period and volume was sporadic with many days of no trading noted. The most significant trading volumes were experienced in the six months between January 2013 and June 2013.

During this period a number of announcements were made to the market. The key announcements are set out below:

| Date       | Announcement                                              | Closing Share Price Following Announcement |   |      | Closing Share Price Three Days After Announcement |   |       |
|------------|-----------------------------------------------------------|--------------------------------------------|---|------|---------------------------------------------------|---|-------|
|            |                                                           | \$ (movement)                              |   |      | \$ (movement)                                     |   |       |
| 10/09/2013 | Pardoo Exploration Update                                 | 0.0030                                     | ▶ | 0.0% | 0.0020                                            | ▼ | 33.3% |
| 28/08/2013 | Sale of Pardoo Tenements to White Eagle                   | 0.0030                                     | ▶ | 0.0% | 0.0030                                            | ▶ | 0.0%  |
| 30/07/2013 | Quarterly Activities and Cashflow Report                  | 0.0030                                     | ▶ | 0.0% | 0.0030                                            | ▶ | 0.0%  |
| 26/06/2013 | Revised Agreement for the Sale of Emang Manganese Project | 0.0020                                     | ▶ | 0.0% | 0.0020                                            | ▶ | 0.0%  |
| 24/06/2013 | Trading Halt                                              | 0.0020                                     | ▶ | 0.0% | 0.0020                                            | ▶ | 0.0%  |
| 30/04/2013 | Quarterly Activities and Cashflow Report                  | 0.0020                                     | ▶ | 0.0% | 0.0020                                            | ▶ | 0.0%  |
| 30/04/2013 | Sale of Emang Manganese Project                           | 0.0020                                     | ▶ | 0.0% | 0.0020                                            | ▶ | 0.0%  |
| 26/04/2013 | Trading Halt and Request                                  | 0.0020                                     | ▶ | 0.0% | 0.0020                                            | ▶ | 0.0%  |
| 19/03/2013 | Reinstatement to Official Quotation: 20/03/2013           | 0.0020                                     | ▶ | 0.0% | 0.0020                                            | ▶ | 0.0%  |
| 18/03/2013 | Suspension from Official Quotation                        | 0.0020                                     | ▶ | 0.0% | 0.0020                                            | ▶ | 0.0%  |
| 11/03/2013 | Segue Corporate Update                                    | 0.0020                                     | ▶ | 0.0% | 0.0030                                            | ▲ | 50.0% |
| 1/02/2013  | Quarterly Activities Report                               | 0.0030                                     | ▶ | 0%   | 0.0030                                            | ▶ | 0%    |
| 1/02/2013  | Quarterly Cashflow Report                                 | 0.0030                                     | ▶ | 0%   | 0.0030                                            | ▶ | 0%    |
| 1/02/2013  | Additional Working Capital Facility Secured               | 0.0030                                     | ▶ | 0%   | 0.0030                                            | ▶ | 0%    |
| 9/01/2013  | Financing Facility Extended                               | 0.0040                                     | ▶ | 0%   | 0.0040                                            | ▶ | 0%    |
| 28/11/2012 | Stockpile Sampling Results and Processing Testwork        | 0.0050                                     | ▲ | 25%  | 0.0040                                            | ▼ | 20%   |
| 1/11/2012  | Quarterly Activities Report                               | 0.0080                                     | ▼ | 11%  | 0.0080                                            | ▶ | 0%    |
| 1/11/2012  | Quarterly Cashflow Report                                 | 0.0080                                     | ▼ | 11%  | 0.0080                                            | ▶ | 0%    |

Source: Bloomberg and BDO Analysis

On 28 November 2012, Segue announced the results of stockpile sampling and processing test work undertaken. The share price increased 25% on the day of the announcement. On 10 September 2013, Segue announced an exploration update on its Pardoo Project. The share price was unchanged on the day of the announcement, but fell by 33% in the three days following the announcement.

To provide further analysis of the market prices for a Segue share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 3 October 2013 which was the day before a trading halt pending the announcement of the Transaction on 9 October 2013.

|                  | 3 October 2013 | 10 Days | 30 Days | 60 Days | 90 Days |
|------------------|----------------|---------|---------|---------|---------|
| Closing Price    | \$0.003        |         |         |         |         |
| Weighted Average |                | \$0.003 | \$0.003 | \$0.003 | \$0.002 |

Source: Bloomberg and BDO Analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of Segue shares that has occurred since the Transaction was

announced. An analysis of the volume of trading in Segue shares for the twelve months to 3 October 2013 is set out below:

| Trading days | Share price low | Share price high | Cumulative Volume traded | As a % of Issued capital |
|--------------|-----------------|------------------|--------------------------|--------------------------|
| 1 Day        | \$0.003         | \$0.003          | -                        | 0.00%                    |
| 10 Days      | \$0.002         | \$0.003          | 1,792,340                | 0.33%                    |
| 30 Days      | \$0.002         | \$0.003          | 3,959,323                | 0.72%                    |
| 60 Days      | \$0.001         | \$0.003          | 18,727,122               | 3.42%                    |
| 90 Days      | \$0.001         | \$0.003          | 30,641,122               | 5.59%                    |
| 180 Days     | \$0.001         | \$0.003          | 116,029,679              | 21.19%                   |
| 1 Year       | \$0.001         | \$0.009          | 153,587,005              | 28.04%                   |

Source: Bloomberg and BDO Analysis

This table indicates that Segue's shares display a low level of liquidity, with 28.04% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Segue, we do not consider the market to be deep. Segue only traded 28.04% of its shares on issue over the last twelve months. There were also large fluctuations in the volume of securities traded with numerous days of nil trades. Our assessment is that a range of values for Segue shares based on market pricing, after disregarding post announcement pricing, is between \$0.002 and \$0.003.

## Control Premium

We have reviewed the announced control premiums paid by acquirers of mining companies listed on the ASX. We have summarised our findings below:

| Year   | Number of Transactions | Average Deal Value (A\$m) | Average Control Premium (%) |
|--------|------------------------|---------------------------|-----------------------------|
| 2013   | 2                      | 111.16                    | 52.06                       |
| 2012   | 19                     | 530.16                    | 46.01                       |
| 2011   | 20                     | 704.22                    | 24.42                       |
| 2010   | 25                     | 852.68                    | 42.10                       |
| 2009   | 30                     | 86.32                     | 38.05                       |
| 2008   | 9                      | 519.95                    | 36.50                       |
| 2007   | 26                     | 553.91                    | 28.47                       |
| 2006   | 22                     | 66.05                     | 25.53                       |
|        |                        |                           |                             |
| Median |                        | 525.06                    | 37.28                       |
| Mean   |                        | 428.06                    | 36.64                       |

Source: Bloomberg

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets
- Nature and magnitude of discretionary expenses
- Perceived quality of existing management
- Nature and magnitude of business opportunities not currently being exploited
- Ability to integrate the acquiree into the acquirer's business
- Level of pre-announcement speculation of the transaction
- Level of liquidity in the trade of the acquiree's securities.

The average and median announced control premium paid by acquirers of general mining companies from 2006 to 2012 has been 36.64% and 37.28% respectively. Due to a small amount of completed transactions 2013 has not been included in the calculation.

In determining what premium for control should be paid by N&J Mitchell and Mimo we have taken into account Segue's current circumstances. Prior to the Transaction, Segue only holds 2 exploration tenements with minimal other assets and liabilities after the sale of its 30% interest in the Emang Manganese Project. The purpose of the Transaction is to acquire further tenements to expand its resource projects and if the Transaction is successful a further 12 exploration licences will be acquired. We do not consider that an investor would pay a full control premium to acquire a controlling stake in a company which only holds 2 exploration tenements. Therefore, we consider an appropriate control premium to be applied in this instance to be between 20% and 30%.

### Quoted market price including control premium

Applying a control premium to Segue's quoted market share price results in the following quoted market price value including a premium for control:

|                                               | Low   | Midpoint | High  |
|-----------------------------------------------|-------|----------|-------|
|                                               | \$    | \$       | \$    |
| QMP value                                     | 0.002 | 0.0025   | 0.003 |
| Control premium                               | 20%   | 25%      | 30%   |
| QMP valuation including a premium for control | 0.002 | 0.003    | 0.004 |

Therefore, our valuation of a Segue share based on the quoted market price method and including a premium for control is between \$0.002 and \$0.004, with a midpoint value of \$0.003.

### 10.3 Assessment of the value of a Segue share pre-Transaction

The results of the valuations performed are summarised in the table below:

|                                | Low   | Preferred | High  |
|--------------------------------|-------|-----------|-------|
|                                | \$    | \$        | \$    |
| NAV methodology (Section 10.1) | 0.003 | 0.004     | 0.009 |
| QMP methodology (Section 10.2) | 0.002 | 0.003     | 0.004 |

We consider that due to Segue's low level of liquidity that the QMP methodology is not appropriate as a primary valuation technique. Therefore we have adopted the valuation range derived under the NAV methodology. Based on the results above we consider the value of a Segue share to be between \$0.003 and \$0.009, with a preferred value of \$0.004.

## 11. Valuation of a Segue share post-Transaction

|                                            | Note         | Low value<br>\$ | Preferred value<br>\$ | High value<br>\$ |
|--------------------------------------------|--------------|-----------------|-----------------------|------------------|
| NAV of Segue pre-Transaction               | Section 10.1 | 1,455,688       | 2,155,688             | 4,955,688        |
| <u>Adjustments post acquisition:</u>       |              |                 |                       |                  |
| Net Assets: Distant Island                 | 1            | 7,095           | 7,095                 | 7,095            |
| Net Assets: Becrux                         | 2            | (803)           | (803)                 | (803)            |
| Net Assets: Fraser Range                   | 3            | (5,700)         | (5,700)               | (5,700)          |
| Value of the tenements acquired            | 4            | 1,450,000       | 3,000,000             | 4,500,000        |
| NAV of Segue post-Transaction              |              | 2,906,280       | 5,156,280             | 9,456,280        |
| Number of shares on issue post-Transaction | 5            | 1,086,912,798   | 1,086,912,798         | 1,086,912,798    |
| Value per share (\$)                       |              | 0.003           | 0.005                 | 0.009            |
| Minority interest discount                 | 6            | 23%             | 20%                   | 17%              |
| NAV of a Segue share post-Transaction (\$) |              | 0.002           | 0.004                 | 0.007            |

Based on results above we consider the value of a Segue share following the Transaction to be between \$0.002 and \$0.007, with a preferred value of \$0.004.

#### Note 1 - Net assets of Distant Island

The net assets of Distant Island per section 6 are \$39,330. We have excluded \$32,235 relating to capitalised exploration expenditure. Per Note 5, an independent technical valuation has been used to replace the capitalised exploration expenditure figure.

| Distant Island                                      |  | \$       |
|-----------------------------------------------------|--|----------|
| Net assets                                          |  | 39,330   |
| Less geological assets                              |  | (32,235) |
| Net assets less capitalised exploration expenditure |  | 7,095    |

#### Note 2 - Net assets of Becrux

The net assets of Becrux per section 6 are \$39,334. We have excluded \$40,137 relating to capitalised exploration expenditure. Per Note 5, an independent technical valuation has been used to replace the capitalised exploration expenditure figure.

| Becrux                                              |  | \$       |
|-----------------------------------------------------|--|----------|
| Net assets                                          |  | 39,334   |
| Less geological assets                              |  | (40,137) |
| Net assets less capitalised exploration expenditure |  | (803)    |

#### Note 3 - Net assets of Fraser Range

The net assets of Fraser Range per section 6 are \$75,595. We have excluded \$281,295 relating to capitalised exploration expenditure. Per Note 5, an independent technical valuation has been used to replace the capitalised exploration expenditure figure. Subsequent to 30 September 2013 Segue paid the Cash Sum of \$200,000 to Fraser Range, which was to be used to reduce its existing liabilities.

| Fraser Range                                        |  | \$        |
|-----------------------------------------------------|--|-----------|
| Net assets                                          |  | 75,595    |
| Less geological assets                              |  | (281,295) |
| Cash Sum received                                   |  | 200,000   |
| Net assets less capitalised exploration expenditure |  | (5,700)   |

#### Note 4- Mineral assets acquired

We instructed CSA to provide an independent market valuation of the Plumridge and Deralinya Projects to be acquired by Segue. CSA considered a number of different valuation methods when valuing the projects. CSA applied the market approach, which utilises transactions between 2006 and 2013 to obtain an implied cash-equivalent value per square kilometre and the Kilburn Method which defines a value based on geological prospectivity. We are satisfied with the valuation methodologies adopted by CSA which are in accordance with industry practices and compliant with the requirements of the Valmin Code. The range of values for the projects as calculated by CSA is set out below:

| Mineral Asset Valuation                | Ownership interest | Low value \$ | Preferred value \$ | High value \$ |
|----------------------------------------|--------------------|--------------|--------------------|---------------|
| Plumridge (Distant Island)             | 100%               | 150,000      | 400,000            | 500,000       |
| Plumridge (Becrux)                     | 100%               | 200,000      | 700,000            | 1,000,000     |
| Plumridge (Fraser Range)               | 60%                | 500,000      | 900,000            | 1,200,000     |
| Plumridge Project Subtotal             |                    | 850,000      | 2,000,000          | 2,700,000     |
| Deralinya (Fraser Range)               | 100%               | 600,000      | 1,000,000          | 1,800,000     |
| Total value of Plumridge and Deralinya |                    | 1,450,000    | 3,000,000          | 4,500,000     |

The table above indicates a range of values projects of between \$1.45 million and \$4.5 million, with a preferred value of \$3 million. The ownership interest of Fraser Range in the Plumridge Project (60%) assumes that Fraser Range has met the farm-in commitment under the Joint Venture Agreement.

#### Note 5- Shares on issue

| Share on issue post-Transaction                | Number        |
|------------------------------------------------|---------------|
| Number of share pre-Transaction                | 536,912,798   |
| Number of shares issued as Share Consideration | 550,000,000   |
| Total shares on issue post-Transaction         | 1,086,912,798 |

#### Note 6- Minority interest discount

The value of a Segue share post-Transaction derived from the NAV method is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. Therefore, if the Transaction is approved Shareholders will become minority interest shareholders in Segue as N&J Mitchell and Mimo will both hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company.

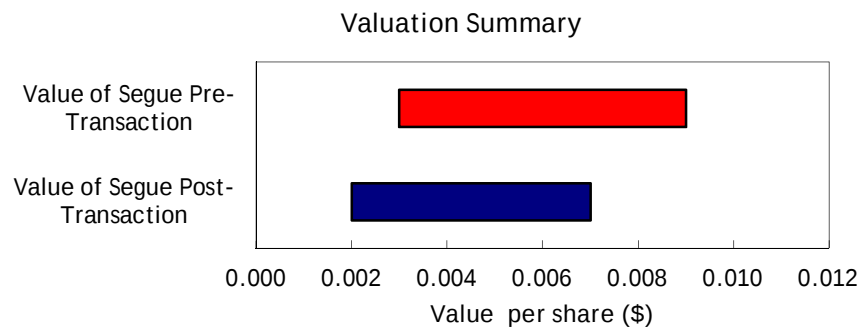
Therefore, we have adjusted our valuation of a Segue share post-Transaction, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control. As discussed in section 10.2, we determined that an appropriate premium for control, based on our analysis, is within the range of 20% - 30%. We therefore consider that a reasonable range for a minority interest discount to be between 17% - 23%.

## 12. Is the Transaction fair?

The value of a Segue share pre-Transaction on a control basis is compared to the value of a Segue share post-Transaction on a minority basis, as shown below:

|                                             | Ref | Low<br>\$ | Preferred<br>\$ | High<br>\$ |
|---------------------------------------------|-----|-----------|-----------------|------------|
| Valuation of a Segue share pre-Transaction  | 10  | 0.003     | 0.004           | 0.009      |
| Valuation of a Segue share post-Transaction | 11  | 0.002     | 0.004           | 0.007      |

The above valuation ranges are shown graphically below:



We note from the table above that the value of a Segue share post-Transaction is within the range of values of a Segue share pre-Transaction. Therefore, we consider that the Transaction is fair for Shareholders.

## 13. Is the Transaction reasonable?

### 13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Segue a premium over the value resulting from the Transaction.

### 13.2 Practical Level of Control

If the Transaction is approved then N&J Mitchell (including any associated parties) will hold an interest of approximately 28.80% in Segue and Mimo (including any associated parties) will hold an interest of approximately 24.91% in Segue.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved then N&J Mitchell will be able to block special resolutions.

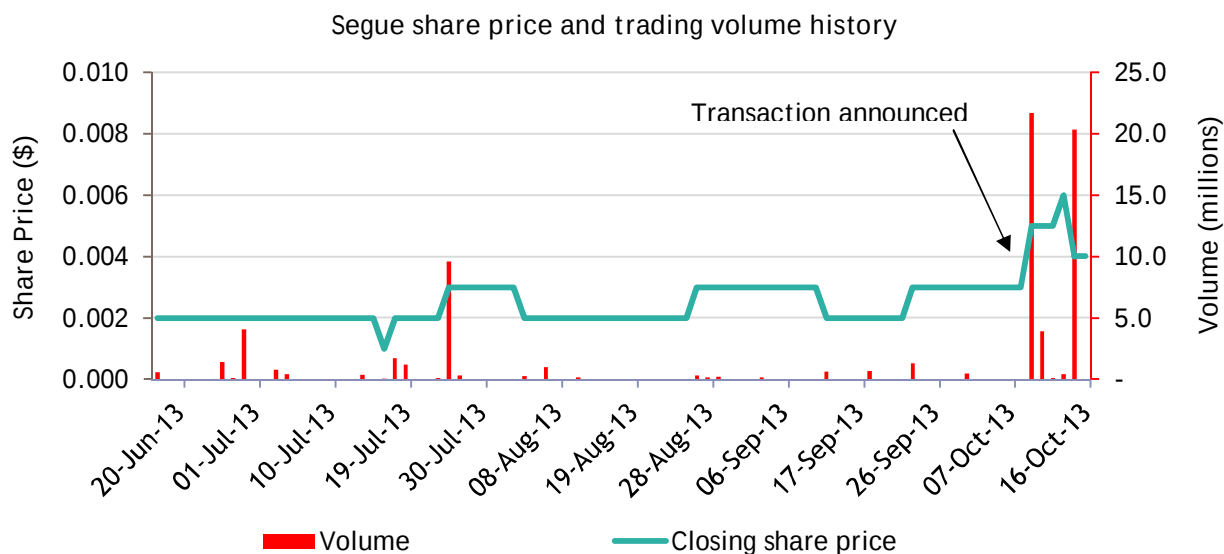
Both N&J Mitchell and Mimo have informed the Company that, as at the date of this Report and on the basis of facts and information available to them, if Shareholders approve the Transaction, they:

- have no intention to change the existing business of the Company other than the scale of its activities that will change following the completion of the Transaction;
- have no current intention to inject further capital into the Company (other than is permitted under the Corporations Act);
- intend to continue the future employment of the present employees of the Company;
- do not propose that any property be transferred between the Company and them or any person associated with them;
- have no current intention to otherwise redeploy the fixed assets of the Company; and
- have no current intention to change the Company's existing financial or dividend policies.

### 13.3 Consequences of not Approving the Transaction

#### Potential decline in share price

We have analysed movements in Segue's share price since the Transaction was announced. A graph of Segue's share price since the announcement is set out below.



Source: Bloomberg and BDO Analysis

On the day prior to the announcement, Segue's share price closed at \$0.003. On the day of the announcement the share price increased by approximately 67% and closed at \$0.005 and continued to rise to \$0.006 on 14 October 2013 before closing at \$0.004 on 16 October 2013. We note that in the three months prior to the announcement of the Transaction the Company's shares did not trade above \$0.003. This demonstrates that the market considers that the Transaction increases the value of the Company and that the market believes that it will proceed.

Given the above analysis it is possible that if the Transaction is not approved then Segue's share price may decline.

### 13.4 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

| Advantage                                                                    | Description                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Transaction is fair                                                      | As set out in section 12, the Transaction is fair. RG 111 states that an offer is reasonable if it is fair.                                                                                                                                   |
| Creation of a company with a larger and more diversified portfolio of assets | If the Transaction is approved, the Company will hold various exploration assets in Plumridge Nickel and Gold and Fraser Range South. Segue may benefit from project diversification and the potential upside of the projects being acquired. |
| Greater potential to access required capital for continued exploration       | With a diversified portfolio of assets, Segue may be more successful in raising required funds to conduct exploration activities over its assets.                                                                                             |

### 13.5 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

| Disadvantage                                | Description                                                                                                                                                                                                      |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dilution of existing Shareholders' interest | Under the Transaction, Segue will issue a total of 550 million shares. Existing Shareholders' interests following the Transaction will be reduced to approximately 41.69% (this excludes all Vendors interests). |

## 14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is fair and reasonable to the Shareholders of Segue.

## 15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Segue for the years ended 30 June 2013 and 30 June 2012;
- Unaudited management accounts of Fraser Range Resources Pty Ltd for the period ended 30 September 2013;
- Unaudited management accounts of Becrux Resources Pty Ltd for the period ended 30 September 2013;
- Unaudited management accounts of Distant Island Pty Ltd for the period ended 30 September 2013;
- Independent Valuation Report of Segue's and the Vendor's mineral assets dated October 2013 performed by CSA;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Segue.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$20,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Segue in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Segue, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to the Vendors and Segue and any of their respective associates with reference to ASIC

Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Segue and the Vendors and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Segue, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Segue and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

## 17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 15 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

## 18. Disclaimers and consents

This report has been prepared at the request of Segue for inclusion in the Notice of Meeting which will be sent to all Segue Shareholders. Segue engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed acquisition of the Vendors for cash and scrip consideration.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Vendors acquired. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances.

Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Segue, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon existing independent valuations for mineral assets held by Segue as well as mineral assets being acquired.

The valuer engaged for the mineral asset valuation, CSA Global Pty Ltd possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Adam Myers

Director



Sherif Andrawes

Director

# Appendix 1 – Glossary of Terms

| Reference               | Definition                                                                                            |
|-------------------------|-------------------------------------------------------------------------------------------------------|
| The Act                 | The Corporations Act 2001 (Cth)                                                                       |
| APES 225                | Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' |
| ASIC                    | Australian Securities and Investments Commission                                                      |
| ASX                     | Australian Securities Exchange                                                                        |
| Becrux                  | Becrux Resources Pty Ltd                                                                              |
| BDO                     | BDO Corporate Finance (WA) Pty Ltd                                                                    |
| Cash Sum                | The cash payment of \$200,000 to Fraser Range                                                         |
| The Company             | Segue Resources Limited                                                                               |
| CSA                     | CSA Global Pty Ltd                                                                                    |
| DCF                     | Discounted Future Cash Flows                                                                          |
| Distant Island          | Distant Island Pty Ltd                                                                                |
| EBIT                    | Earnings before interest and tax                                                                      |
| EBITDA                  | Earnings before interest, tax, depreciation and amortisation                                          |
| Fraser Range            | Fraser Range Resources Pty Ltd                                                                        |
| FME                     | Future Maintainable Earnings                                                                          |
| Joint Venture Agreement | Joint Venture Agreement for the Plumridge Joint Venture                                               |
| JORC Code               | The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves        |
| Mimo                    | Mimo Strategies Pty Ltd                                                                               |
| NAV                     | Net Asset Value                                                                                       |
| N & J Mitchell          | N & J Mitchell Holdings Pty Ltd                                                                       |

|                         |                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pardoo Project          | Pardoo Project                                                                                                                                                                                                                                                                                                                                                                               |
| Plumridge Joint Venture | The joint venture between Plumridge Resources Pty Ltd and Fraser Range                                                                                                                                                                                                                                                                                                                       |
| Our Report              | This Independent Expert's Report prepared by BDO                                                                                                                                                                                                                                                                                                                                             |
| RG 111                  | Content of expert reports (March 2011)                                                                                                                                                                                                                                                                                                                                                       |
| RG 112                  | Independence of experts (March 2011)                                                                                                                                                                                                                                                                                                                                                         |
| Segue                   | Segue Resources Limited                                                                                                                                                                                                                                                                                                                                                                      |
| Share Consideration     | The Transaction share consideration of 550 million Segue shares                                                                                                                                                                                                                                                                                                                              |
| The Transaction         | The proposal to acquire three private companies that together hold 12 exploration licences in consideration for cash and Segue shares.                                                                                                                                                                                                                                                       |
| Shareholders            | Shareholders of Segue not associated with the Vendors                                                                                                                                                                                                                                                                                                                                        |
| the Valmin Code         | Code for the Technical Assessment and valuation of Mineral Petroleum Assets and Securities for Independent Expert Reports                                                                                                                                                                                                                                                                    |
| The Vendors             | The shareholders of Fraser Range, Becrux and Distant Island                                                                                                                                                                                                                                                                                                                                  |
| RBA                     | Reserve Bank of Australia                                                                                                                                                                                                                                                                                                                                                                    |
| VWAP                    | Volume Weighted Average Price                                                                                                                                                                                                                                                                                                                                                                |
| Valuation Engagement    | An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time. |
| White Eagle             | White Eagle Resources Limited                                                                                                                                                                                                                                                                                                                                                                |

## Appendix 2 – Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4**     *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

#### **5**     *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

## Appendix 3 – Independent Specialist Valuation

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17<sup>th</sup> October 2013

The Directors  
BDO Corporate Finance (WA) Pty Ltd  
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Dear Board members,

**Re: Valuation of Eastern Albany Fraser Orogen Projects (Plumridge and Deralinya) and of the Pardoo Project**

CSA Global Pty Ltd ("CSA") has been commissioned by BDO Corporate Finance (WA) Pty Ltd ("BDO") to provide an independent technical valuation on a series of Exploration Licences ("the Projects"), covering the Plumridge, Deralinya and Pardoo Projects ("the Projects"), in which Segue Resources Ltd ("Segue") has a controlling interest.

Segue has engaged BDO Corporate Finance (WA) Pty Ltd ("BDO") to prepare an Independent Expert's Report ("IER") for inclusion with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Segue. The IER is being prepared for inclusion in a Notice of Meeting seeking shareholder approval for the transactions. This Report is for inclusion in the IER.

CSA has based its valuation of the Projects on information available to the principal author and by investigations of published and unpublished data as well as on information provided by Segue. CSA has relied upon discussions with Segue management as well as recent company exploration reports for information contained within this valuation. A site visit has not been made to the Projects as CSA is satisfied that there is sufficient information available to allow an informed appraisal to be made without an inspection. However, CSA has visited parts of the projects previously. The early stage of exploration and very limited outcrop mean that a site visit would provide little useful information.

This Independent Technical Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the "VALMIN Code"), which is binding upon Members of the Australian Institute of Geoscientists ("AIG") and the Australasian Institute of Mining and Metallurgy ("AusIMM").

This Independent Technical Report is complete up to and including 16th October 2013. CSA has provided and not withdrawn written consent for the inclusion of the valuation of the Projects in the Report, and to the inclusion of statements made by CSA and to the references to its name in other sections of the document, in the form and context in which the Report and those statements appear.

CSA accepts responsibility for this report for the purposes of an Independent Expert's Report under the ASX Listing Rules. Having taken all reasonable care to ensure that such is the case, CSA and the authors confirm that, to the best of their knowledge, the information contained in the Independent Technical Report is in accordance with the facts, contains no omission likely to affect its import, and no change has occurred from 16th October 2013 to the date hereof that would require any amendment to the Independent Technical Report.

The principal authors of this report are CSA's Principal Geologists Mr Graham Jeffress and Mr Craig Hall.

Mr Graham Jeffress BSc. (Hons), a Member of the AIG ("MAIG") and a Registered Professional Geologist ("RPGeo"), has over 20 years' experience in the exploration and evaluation of mineral properties, within Australia and overseas, which includes experience with uranium exploration in various parts of Australia.

Mr Craig Hall BSc. (Hons), a Member of the AIG ("MAIG") and a Member of the AusIMM ("MAusIMM") has over 25 years' experience in the exploration and evaluation of mineral properties, in grass roots to advanced exploration; near-mine and resource definition with associated management skills, within Australia and overseas.

Mr Jeffress and Mr Hall each have the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

Peer review of this report has been undertaken by CSA's Director of Operations Mr Daniel Wholley, BSc. (Geology) who is a geologist with over 20 years' experience in the international minerals industry. Mr Wholley is a Member of the AIG and has been involved in numerous consulting assignments during his 8 years with CSA including many expert reports.

Neither CSA nor any of the CSA staff or the author of this Report have or have previously had any material interest in Segue, or the mineral properties which are the subject of this report. CSA, Graham Jeffress, Craig Hall and Daniel Wholley are independent of the Company, the Directors, senior management of the Company and its other advisers. The relationship with Segue is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of those fees is in no way contingent on the results of this Report.

Yours faithfully

CSA Global Pty Ltd

Yours faithfully,

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CSA Global Pty Ltd



Date: 17<sup>th</sup> October 2013  
Report No: R325.2013

*Independent Technical Valuation Report*

**SEGUE RESOURCES LTD**

**Plumridge, Deralinya and Pardoo Projects  
Western Australia**

**by**

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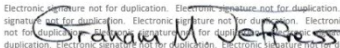
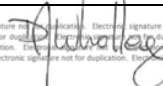
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**Daniel Wholley**  
Director

## Author and Reviewer Signatures

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|                            |                                                | <b>Date</b>       |                                                                                                                                                                            |

## Executive Summary

Segue Resources Ltd (“Segue”) is undertaking a transaction, whereby it intends to acquire three private companies with mineral exploration projects in the prospective but underexplored Albany-Fraser Orogen of Western Australia (Figure 1). The portfolio of tenements in the Albany-Fraser project areas has potential for the discovery and development of mineral deposits of several different types and varying geological settings, but most notably of gold and nickel + copper ± PGE. Segue already holds the Pardoo Project, located near Port Hedland in Pilbara region of Western Australia.

As part of the acquisition of the Plumridge and Deralinya Projects (“the Projects”), Segue will gain access to substantial exploration databases, which they estimate to have cost in the order of \$15 million to collect. There is a wealth of information in the database including a number of defined drill targets as well as geophysical and geochemical data that has (largely) only been assessed at the time of the initial collection and is therefore amenable to delivering more information, understanding and targets with further processing and interpretation.

The Plumridge and Deralinya Project tenements (“Tenements”) collectively cover an aggregate area of 3,537.5 km<sup>2</sup>, and are located within the Proterozoic Albany-Fraser Orogen on the eastern edge of the Yilgarn Craton.

Historically the Albany-Fraser Orogen has only been subject to limited exploration due to its relatively remote location, lack of water for early prospectors and most importantly a paucity of outcrop. However, the discoveries of the Tropicana gold deposits and the recent Nova-Bollinger nickel-copper discovery have led to a re-assessment of the geology and prospectivity of the belt.

The Plumridge Project on its northwestern side covers high grade metasediments and granitoids of the Eastern Biranup Zone, potentially including reworked Archaean material. On the southeastern portion of the Plumridge Project, it overlies mafic/ultramafic granulites from the Fraser Zone.

Gold mineralisation has been found in the Plumridge Project in the Corvette area. The gold mineralisation may be similar in character to the Tropicana area gold deposits located 80 km north of the Plumridge area, but there is also evidence to suggest that the style of mineralisation is thus far unique in the Albany Fraser Orogen.

The Plumridge Project covers large areas of Fraser Zone rocks that have been highlighted as prospective for nickel-copper mineralisation by the recent discovery of the Nova Deposit further southwest along the Fraser from the Plumridge Project. The Fraser Zone is a complex zone of mafic and ultramafic rocks. Recent aircore drilling in the northeastern part of the Plumridge Project encountered rocks interpreted to be ultramafic in character, supporting the aeromagnetic interpretation of this area.

Segue has developed a new exploration model for nickel based on a modified Ural-Alaskan model that provides a sound targeting model and exploration work flow. A large number of

targets compatible with this model, including high priority VTEM conductors, have already been identified.

The Plumridge Project area is also considered prospective for heavy mineral sands (within the young cover sequences), graphite (within bedrock) and regolith-hosted uranium mineralisation (current drainages and palæodrainages). The tenements in the Plumridge Project (“Plumridge Tenements”) have had little exploration targeting these mineral commodities.

Segue is proposing a staged exploration strategy, re-evaluating the significant Plumridge Project database, flying airborne electromagnetic surveys to generate new targets (particularly for massive sulphide Nova-style mineralisation) and targeted aircore and diamond core drilling programmes.

The Deralinya Project is a conceptual, grassroots, exploration play in an area with limited data available. The Deralinya Project area straddles a complex structural zone interpreted to bridge both Proterozoic and Archaean rocks in a major crustal suture zone. To the northwest the Deralinya Project covers rocks interpreted to be part of the Biranup Zone, comprising mostly garnet bearing gneiss. It may include remnants of Archaean rocks and also intrusions of Recherche and Esperance Supersuite granites. In some places amphibolite (either remnants of Archaean rocks or related to the Fraser Zone) are interpreted. To the southeast the Deralinya Project covers interpreted Recherche Supersuite. This is a moderately to strongly deformed and recrystallized metagranite.

The Deralinya Project tenements are considered prospective for a range of base metal and precious metal deposit styles, ranging from Archaean greenstone-hosted gold and base metal mineralisation to Proterozoic Tropicana-style gold mineralisation and also uranium, lignite and mineral sands hosted in the younger cover sequences. New interpretation by Segue has recognised a possible large mafic-ultramafic body within the project area with potential for feeder zone nickel sulphides and the modified Ural-Alaskan model provides another nickel targeting approach applicable to Deralinya.

Of particular interest are anomalous gold-in-calcrete results from the northwestern part of the Deralinya Project area, which are in the vicinity of interpreted re-worked Archaean rocks favourable for hosting gold mineralisation – potentially of the Tropicana-type.

Segue has proposed reconnaissance aircore drilling and pedogenic calcrete geochemical programmes to advance exploration at the Deralinya Project. Review of the geophysical data is planned to focus base metal exploration using airborne electromagnetic surveys. The proposed budget allocations are considered consistent with the exploration potential of both the Plumridge and the Deralinya Projects and are considered adequate to cover the costs of the proposed programmes. The budgeted expenditures are also considered sufficient to meet the minimum statutory expenditure on the Tenements.

Segue has a 100% interest in the Pardoo Nickel-Copper Project, located on the Great Northern Highway, some 100 km east-northeast of Port Hedland in the Pilbara region of Western Australia. The project area is 15 km from the coast and sits in close proximity to power, rail and port facilities. Access to the Pardoo Project is via the Great Northern Highway, which cuts through the project area. The project comprises two exploration leases covering around 118 km<sup>2</sup> in the Pilbara Mineral Field.

Nickel-copper mineralisation at the Highway Deposit is present as disseminated and semi-massive sulphides within heavily altered meta-sedimentary rocks, and has been outlined by drilling along approximately 1,200 m of strike; with disseminated and semi-massive nickel and copper sulphide system containing approximately 5–30% sulphide minerals by volume. The mineralisation has been interpreted as being hydrothermally re-mobilised from a primary magmatic source. The most recent 2010 Mineral Resource estimate<sup>1</sup> is classified in the Inferred category and comprises 50.0 Mt at an average grade of 0.30% Ni, 0.13% Cu, 0.03% Co and 2.65% S; reported above a 0.1% Ni cut-off grade (Table 10 summarises the resource along with values at a higher cut-off grade of 0.3% Ni). At the higher cut-off of 0.3% Ni, the contained metal is 94kt Ni, 30kt Cu, and 7kt Co, for a reported 98kt of nickel equivalent<sup>2</sup>. The current Highway Ni-Cu resource can potentially be expanded to the north-east, but gains are likely to be incremental and not material to the economics of the project. The current resource is relatively low-grade in comparison to other undeveloped Ni-Cu resources in Australia.

Iron ore potential within the package has been reviewed with variable success; in 2010 Segue noted both surface detrital iron and magnetite resource opportunities within its tenure. The surface detrital potential is limited in scale in terms of size and grade, whilst the magnetite encountered thus far is relatively deep (>100m) despite showing encouraging signs for both beneficiation and low impurity levels.

A large mafic to ultramafic layered intrusion is present in the north-west of the project area. This has been interpreted by Segue as a target for nickel, copper and platinum group element (“PGE”) mineralisation. Recent geological review of the project by Segue and their consultants highlighted the potential of this intrusive complex, to be possibly analogous to Sirius Resources’ Nova deposit, where a mineralised magma pulse is interpreted (by Segue) within a larger complex of magmatic pulses. Newly proposed work by Segue intends to focus on this potential.

CSA has not made site visits to Segue’s Albany Fraser Orogen Projects since CSA considers them all to be at an early stage of exploration and evaluation, in areas with only very limited outcrop, and it is therefore CSA’s opinion that no significant additional benefit would be gained from a visit to the site. In addition, CSA is satisfied that there is sufficient information available to allow an informed appraisal to be made without site inspections. For the Pardoo Project, CSA also has not made a site inspection, however a recent site visit was made by another consulting group to the project area and CSA has relied on their report and our discussions with them as the basis for our comments.

It is the professional opinion of CSA that further exploration work is warranted for all of the Projects. Whilst there has been work completed thus far at each tenement group, further work is required to improve the geological understanding, to generate new exploration targets, to fully test identified targets, assess new targets and to consider the commercial viability of the mineral assets.

The valuation presented in this Report was completed on behalf of BDO using information provided by and with the full support of Segue. The applicable valuation date is 17<sup>th</sup> October 2013. The Report has been prepared in accordance with the Code and Guidelines for

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<sup>1</sup> Details in the body of the report

<sup>2</sup> Details of the metal equivalence calculations are provided in the body of the report

Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (“VALMIN Code”). Table 1 presents the Preferred Values for the various projects.

Valuation of the Albany-Fraser projects has chiefly relied on the Market Approach (Comparable Transactions) method; the Geoscience Factor method was used for comparison with the Market Approach results for the Albany-Fraser projects. For the Pardoo Project, CSA elected to use the Appraised Value method with cross checking by the Market Approach. Different Implied Values were applied to the Plumridge and Deralinya Project packages reflecting the varying degree of perceived prospectivity, market focus on the Fraser Zone and Nova discovery and extent of exploration completed. Based on a series of comparable transactions dating back to 2006, it is estimated that the value of Segue’s interests in the Plumridge Project lies between \$0.9M and \$2.7M with a Preferred Value of \$2.0M. The value of Segue’s interest in the Deralinya Project lies between \$0.6M and \$1.8M, with a Preferred Value of \$1.0M. **Overall, the Preferred Value for the Segue interests in the Albany-Fraser projects is \$3.0M, from a range of \$1.5M to \$4.5M.**

In relation to the Pardoo Project, by using the Appraised Value and Market Approach methods, and by considering the exploration potential of the tenements as well as the presence of a substantial, though likely sub-economic Inferred Mineral Resource, a **Preferred Value for the Segue interests in its Pardoo Project of \$1.2M, from a range of \$0.5M to \$4.0M**, was derived.

**Table 1: Summary of Preferred Valuations**

| Project/Holder                         | Mineral Asset                 | Ownership | Granted Area    | Preferred Valuations (\$M) |            |            |
|----------------------------------------|-------------------------------|-----------|-----------------|----------------------------|------------|------------|
|                                        |                               |           | km <sup>2</sup> | Low                        | High       | Preferred  |
| Plumridge Distant Island               | Exploration Area              | 100%      | 397             | 0.15                       | 0.50       | 0.40       |
| Plumridge Becrux                       | Exploration Area              | 100%      | 698             | 0.20                       | 1.00       | 0.70       |
| Plumridge Fraser Range Resources       | Exploration Area              | 60%       | 832             | 0.50                       | 1.20       | 0.90       |
| <i>Plumridge project Subtotal</i>      |                               |           | <i>1927</i>     | <i>0.9</i>                 | <i>2.7</i> | <i>2.0</i> |
| Deralinya Fraser Range Resources       | Exploration Area              | 100%      | 1298            | 0.6                        | 1.8        | 1.0        |
| <i>Albany-Fraser projects Subtotal</i> |                               |           | <i>3225</i>     | <i>1.5</i>                 | <i>4.5</i> | <i>3.0</i> |
| Pardoo Segue Resources                 | Pre-Development & Exploration | 100%      | 118             | 0.5                        | 4.0        | 1.2        |
| <b>Totals</b>                          |                               |           | <b>3343</b>     | <b>2.0</b>                 | <b>8.5</b> | <b>4.2</b> |

- Only granted tenements have been considered – the uncertainty of grant for applications means that they are not considered for valuation purposes.
- The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.
- The 60% interest assumes the Farm in conditions are satisfied

There is significant range in the values derived for Segue’s Projects. CSA has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the projects, given the uncertainties inherent in valuing early-stage exploration

projects and pre-development opportunities, and recognises both the potential upside from exploration success while also reflecting recent costs to acquire similar projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

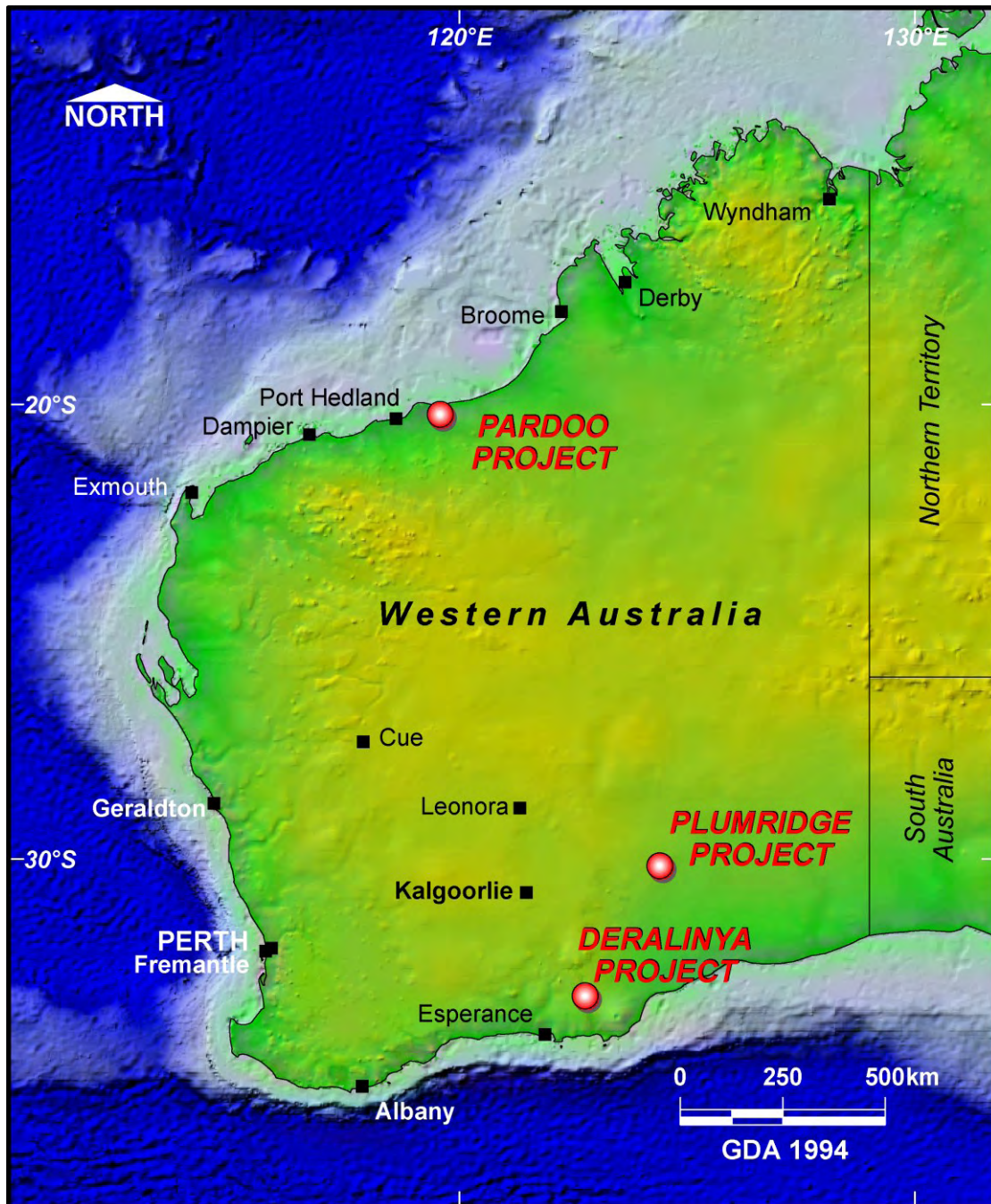


Figure 1: Projects Location Map

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# 1 Introduction

## 1.1 Context, Scope and Terms of Reference

Segue Resources Ltd (“Segue” or “The Company”, ASX:SEG) is a public company listed with the Australian Securities Exchange (“ASX”). Segue announced on the 9<sup>th</sup> October 2013 the signing of agreements with three unlisted companies to acquire 12 exploration licences totalling 3,538 km<sup>2</sup> in the highly prospective Albany-Fraser Orogen of Western Australia (“the Transactions”) covering the Plumridge and Deralinya Projects. Segue already has 100% interest in its Pardoo Nickel-Copper Project.

Eight of the tenements are owned 100% by the respective companies, and four tenements in the Plumridge Nickel and Gold project area are subject to a farm-in joint venture with International Goldfields Ltd (“the Plumridge Joint Venture”). Under the joint venture agreement, Segue can earn a 60% interest in the Plumridge Joint Venture by spending \$1.0 million by 31<sup>st</sup> January 2015. Following completion of the farm-in, standard dilution provisions will apply.

Following completion of the Transactions, Segue will issue 550 million new shares to the Vendors’ shareholders. Total deemed consideration \$1.3 million with \$0.2 million being paid in cash (as a non-refundable deposit).

The Company has engaged BDO Corporate Finance (WA) Pty Ltd (“BDO”) to prepare an Independent Expert’s Report (“IER”) for inclusion with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Segue. The IER is being prepared for inclusion in a Notice of Meeting seeking shareholder approval for the transactions.

The Transactions are conditional on approval by Segue shareholders under ASX Listing Rule 11.1.2. In addition, certain Vendors’ shareholders will acquire an interest in more than 20% of the share capital of Segue. Accordingly, Segue will seek approval from shareholders for an exemption under section 611 of the Corporations Act which relates to takeovers.

BDO has in turn commissioned CSA Global Pty Ltd (“CSA”) to prepare an Independent Technical Assessment and Valuation of the Plumridge, Deralinya and Pardoo Projects (“Report” or the “Valuation”) for inclusion in the IER. The Report, or a summary of it, is to be appended to the IER, and as such, will become a public document.

## 1.2 Compliance with the VALMIN Code 2005

This Valuation has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the “VALMIN Code”), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”), and the Australian Institute of Geoscientists (“AIG”).

The authors have taken due note of the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (“ASIC”) and the ASX, including ASIC

Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

### **1.3 Principal Sources of Information**

This Report has been based upon information available up to and including 17<sup>th</sup> October 2013 (the “Valuation Date”). CSA has based its review of the Tenements on information provided by Segue, or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants, government agencies and previous tenement holders, and other data relevant to the project area.

CSA has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based.

Segue and BDO were provided a final draft of this Report and requested to identify any material errors or omissions prior to its lodgement.

Where appropriate, and in accordance with ASIC Regulatory Guide 111, consent has been obtained to quote opinions expressed in unpublished reports prepared by other professionals on the properties concerned.

A site visit was not made to the Plumridge Project, as CSA considers it to be at an early stage of exploration and evaluation, with only very limited outcrop, outcrop and it is CSA’s opinion that no significant additional benefit would be gained from a visit to the site. A site visit has been made to the Deralinya area for a former holder of the Deralinya Tenements in 2011. A new visit was not deemed necessary because there has been no new work completed and no material changes. In addition, CSA is satisfied that there is sufficient information available to allow an informed appraisal to be made without an inspection.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 17<sup>th</sup> October 2013 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

### **1.4 Author of the Report**

This Report has been prepared by CSA Global Pty Ltd, a privately-owned consulting company that has been operating from Perth, Western Australia for over 25 years.

CSA provides multi-disciplinary services to clients in the global resources industry. CSA services include project generation, exploration, resource estimations, project evaluation, development studies, operations assistance and corporate advice, such as valuations and independent technical documentation. CSA has worked for major clients globally and many junior resource companies. CSA has been involved in the preparation of independent reports for Canadian, Australian, United States and United Kingdom listed companies.

The principal authors of this report are CSA’s Principal Geologists Mr Graham Jeffress and Mr Craig Hall.

Mr Graham Jeffress BSc. (Hons), a Member of the AIG (“MAIG”) and a Registered Professional Geologist (“RPGeo”), has over 20 years’ experience in the exploration and evaluation of mineral properties, within Australia and overseas, which includes experience with uranium exploration in various parts of Australia.

Mr Craig Hall BSc. (Hons), a Member of the AIG (“MAIG”) and a Member of the AusIMM (“MAusIMM”) has over 25 years’ experience in the exploration and evaluation of mineral properties, in grass roots to advanced exploration; near-mine and resource definition with associated management skills, within Australia and overseas.

Mr Jeffress and Mr Hall each have the relevant qualifications, experience, competence and independence to be considered an “Expert” under the definitions provided in the VALMIN Code and a “Competent Person” as defined in the JORC Code.

Peer review of this report has been undertaken by CSA’s Director of Operations Mr Daniel Wholley, BSc. (Geology) who is a geologist with over 20 years’ experience in the international minerals industry. Mr Wholley is a Member of the AIG and has been involved in numerous consulting assignments during his 8 years with CSA including many expert reports.

## **1.5 Independence**

Neither CSA, nor the authors of this report, has or has had previously, any material interest in Segue or the Tenements. CSA’s relationship with Segue is solely one of professional association between client and independent consultant.

CSA has previously undertaken a number of consulting roles for different entities associated with various of the mineral properties, including preparing draft valuations and draft independent geologist’s reports; however these reports were never used in public documents.

CSA is an independent geological consultancy. Fees are being charged to Segue at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. The fee for the preparation of this report is approximately \$20,000.

No member or employee of CSA is, or is intended to be, a director, officer or other direct employee of Segue. No member or employee of CSA has, or has had, any shareholding in Segue.

There is no formal agreement between CSA and Segue as to Segue providing further work for CSA.

## **1.6 Declarations**

This Report has been prepared by CSA at the request of, and for the sole benefit of BDO. Its purpose is to provide an independent technical assessment and valuation of the Plumridge East, Plumridge West and Deralinya Projects. The Report is to be included in its entirety or in summary form within a prospectus to be prepared by Segue.

It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The information in this report that relates to Exploration Results at the Plumridge and Deralinya Projects is based upon information compiled by Graham M. Jeffress, RPGeo, who is a Member of the Australian Institute of Geoscientists. Mr Jeffress is employed by CSA Global Pty Ltd, independent resource industry consultants. Mr Jeffress has sufficient experience which is relevant to the style of 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 Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jeffress consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. All parties have consented to the inclusion of their work for the purposes of this announcement.

CSA has consented to the inclusion of the Report within the IER in the form and context in which it is to appear. Neither the whole nor any part of the Report, nor any reference to it, may be included in or with, or attached to any other documents, circular, resolution, letter or statement without the prior written consent of CSA as to the form and context in which it is to appear.

## **1.7 Exploration Database**

Segue through its agreements to acquire the Plumridge and Deralinya Projects has acquired an extensive geological database from the relevant vendors. These databases include data from extensive drilling campaigns, diamond drill core and percussion drill chips, surface geochemical samples, geophysical data and imagery, together with geological mapping.

CSA has not validated the database and therefore cannot comment on the quality of the data; however CSA notes that based on the data seen by CSA, the development of the database by the vendors is considered to be of a high quality using standard industry practices.

## **1.8 About this Report**

This technical report describes the prospectivity of the Tenements to host a range of different mineralisation types. Gold mineralisation has been located on the Plumridge Project, and there is evidence to support the potential for massive nickel-copper sulphides as well as lignite, uranium, graphite and base metals. At the Deralinya Project, there has been relatively little work completed thus far, but historical exploration activities in the district and public domain information for the Deralinya Project area supports the potential of the area to host similar mineralisation types similar to that at the Plumridge Project.

The geology and mineralisation are discussed, as well as the exploration work done and the results obtained there from. A great wealth of data pertains to the work done on the Projects and an effort was made to summarise this so as to contain the size and readability of the report. Maps of the areas are presented and statistics on the drilling are provided.

## 2 Geology of the Albany Fraser Orogen

### 2.1 Regional Geology

#### 2.1.1 Phanerozoic Geology

The youngest geological units on the Project are the widespread weakly vegetated aeolian dunes and intervening alluvial and colluvial deposits. These longitudinal dunes have been produced by an arid climate and presence of generally westerly winds during periods of aridity in the Quaternary.

Underlying the most recent unconsolidated surficial sediments is a sequence of essentially flat-lying Cainozoic sediments deposited in the Eucla Basin. In recent times, these sediments have been reviewed following extensive exploration and drilling for mineral sands in the eastern section of the Eucla basin.

**Table 2: Summary of the stratigraphic units described by Bunting and van der Graff (1976) with recent nomenclature updates from Clarke et al. (2003)**

| Aeon        | Era         | Period     | Epoch     | Formation                                                         | Lithologies                                         |
|-------------|-------------|------------|-----------|-------------------------------------------------------------------|-----------------------------------------------------|
| Phanerozoic | Cainozoic   | Quaternary |           |                                                                   | Sand, clay, evaporite                               |
|             |             | Neogene    | Miocene   |                                                                   | Calcrete, silcrete                                  |
|             |             |            |           | Plumridge Beds – now referred to as the Yarle Sandstone           | Calcrete, sandstone, limestone, siltstone           |
|             |             |            |           | Nullarbor Limestone                                               | Calcarenite                                         |
|             |             | Palaeogene | Eocene    | Princess Royal Member – (now the Pallinup Formation)              | Spongolite                                          |
|             |             |            |           | Toolinna Limestone – (now a facies of the Wilson Bluff Limestone) | Bryozoan limestone                                  |
|             |             |            |           | Wilson Bluff Limestone                                            | Chalky limestone                                    |
|             |             |            |           | Hampton Sandstone                                                 | Sandstone                                           |
|             | Mesozoic    | Cretaceous |           | Madura Formation                                                  | Sandstone, mudstone                                 |
|             |             |            | 140-130Ma | Loongana Formation                                                | Sandstone, conglomerate                             |
|             | Palaeozoic  | Permian    |           | Paterson Formation                                                | Sandstone, conglomerate, claystone with drop-stones |
| Precambrian | Proterozoic |            |           | Northern Foreland, Biranup Zone, Fraser Zone, Nornalup Zone       | Granulites, gneisses, ultramafic rocks, granitoids  |

Unconformably underlying the Cainozoic sediments are Cretaceous-age sediments of the Loongana and Madura Formations. These comprise conglomerates, sandstones, siltstones and mudstones, with the finer-grained rocks being characterised by glauconitic and

carbonaceous material. The Permian-age sediments of the Patterson Formation are dominated by poorly-sorted conglomerates, sandstones and claystones of glaciogene or fluvioglacial origin.

### 2.1.2 Precambrian Geology

Unconformably underlying the Phanerozoic cover sediments are crystalline Proterozoic rocks that were subjected to the Albany-Fraser Orogen. This arcuate belt of rocks extends along the southern and south-eastern margin of the Yilgarn Craton, which is part of the West Australian Craton. It is characterised by high-grade mafic and felsic gneisses together with granites produced in the collision of the Yilgarn and the East Antarctic Cratons between 1345 and 1100 Ma (Ma -million years before present).

Spaggiari et al. (2009) divided the Albany–Fraser Orogen into:

1. a foreland component (the Northern Foreland);
2. a younger, pre-Stage I amalgamation basement component (the Kepa Kurl Booya Province, which is further divided into the fault-bound tectonic units of the Biranup Zone, the Fraser Zone, and the Nornalup Zone);
3. the Recherche and Esperance Supersuites; and
4. Three later basins.

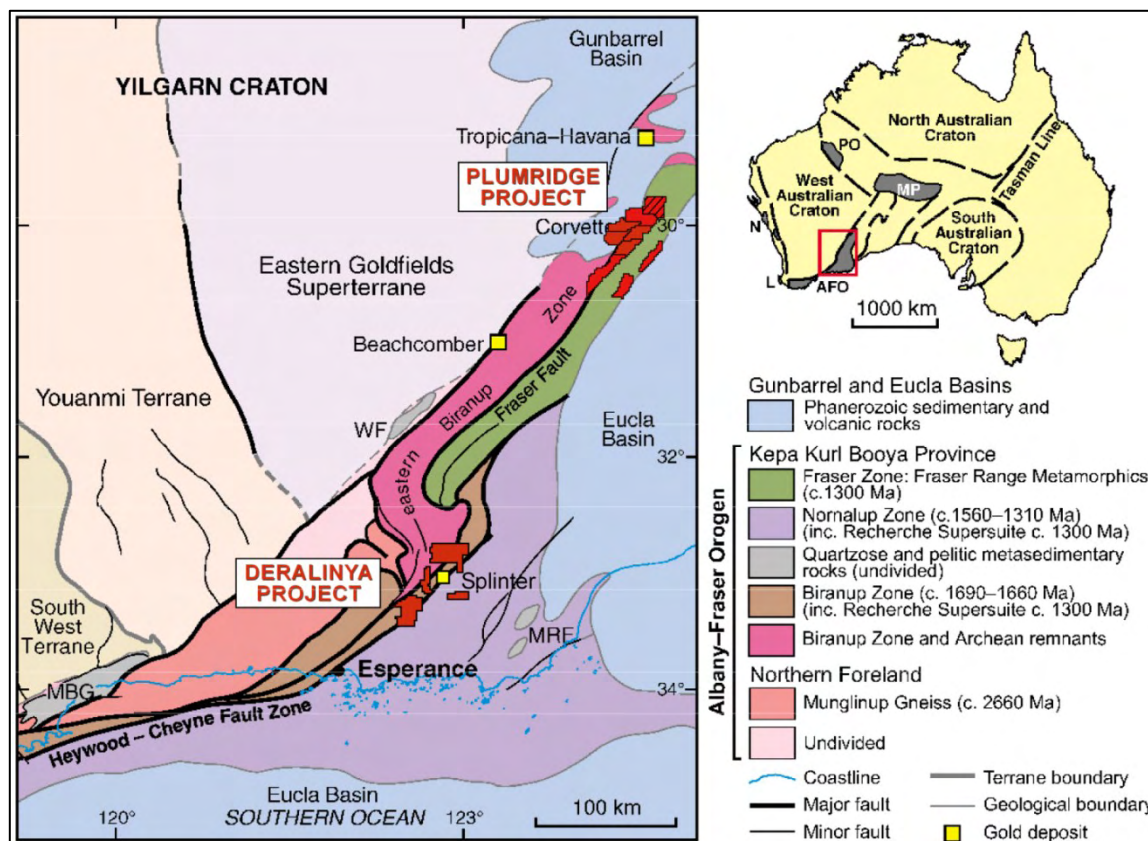
The *Northern Foreland* is defined as the portion of the Yilgarn Craton reworked during the Albany–Fraser Orogeny. It includes the dominantly granitic rocks of the Munglinup Gneiss. The Munglinup Gneiss is interpreted as a higher-grade, more strongly reworked component of the Northern Foreland, bound by major faults.

The Jerdacuttup and Cundeelee Faults are two anastomosing, major, thrust faults separating Archaean rocks of the Yilgarn Craton that show very minor to no Albany–Fraser Orogeny - related deformation effects, from the more strongly deformed, mixed Archaean and Proterozoic rocks of the Northern Foreland.

The southeastern part of the Biranup Zone and most of the Nornalup Zone contain granitic intrusions of the 1330–1280 Ma aged *Recherche Supersuite* and the 1200–1140 Ma aged *Esperance Supersuite*. Various Mesoproterozoic cover rocks also locally overlie the Nornalup Zone.

The *Biranup Zone* is a belt of predominantly mid-crustal rocks that lies along the entire southern and southeastern margin of the Yilgarn Craton. In the eastern part of the orogen, the Biranup Zone is in fault contact to the southeast with the Mesoproterozoic Fraser and Nornalup Zones. In an area denoted the 'S-bend' (near the Deralinya Project area), it is tectonically interlayered with reworked rocks of the Yilgarn Craton within the Northern Foreland (Figure 13).

The Biranup Zone is dominated by intensely deformed orthogneiss, metagabbro, and paragneiss, with ages ranging from c. 1800–1625 Ma. There are fragments of Archaean granite, and possibly greenstones within the Biranup Zone. These fragments occur in the 'S-bend' area around, and to the southwest of, Mount Andrew, and possibly include rocks associated with the Splinter prospect (i.e. around the Deralinya Project area).



**Figure 2: Regional Tectonic Summary/Interpreted pre-Mesozoic Bedrock Geology of the Eastern Albany–Fraser Orogen and Tectonic Subdivisions of the Yilgarn Craton (from Spaggiari et al., 2011)**

(Abbreviations used: AFO = Albany–Fraser Orogen; L = Leeuwin Province; MBG = Mount Barren Group; MP = Musgrave Province; MRF = Mount Ragged Formation; N = Northampton Province; PO = Paterson Orogen; WF = Woodline Formation.)

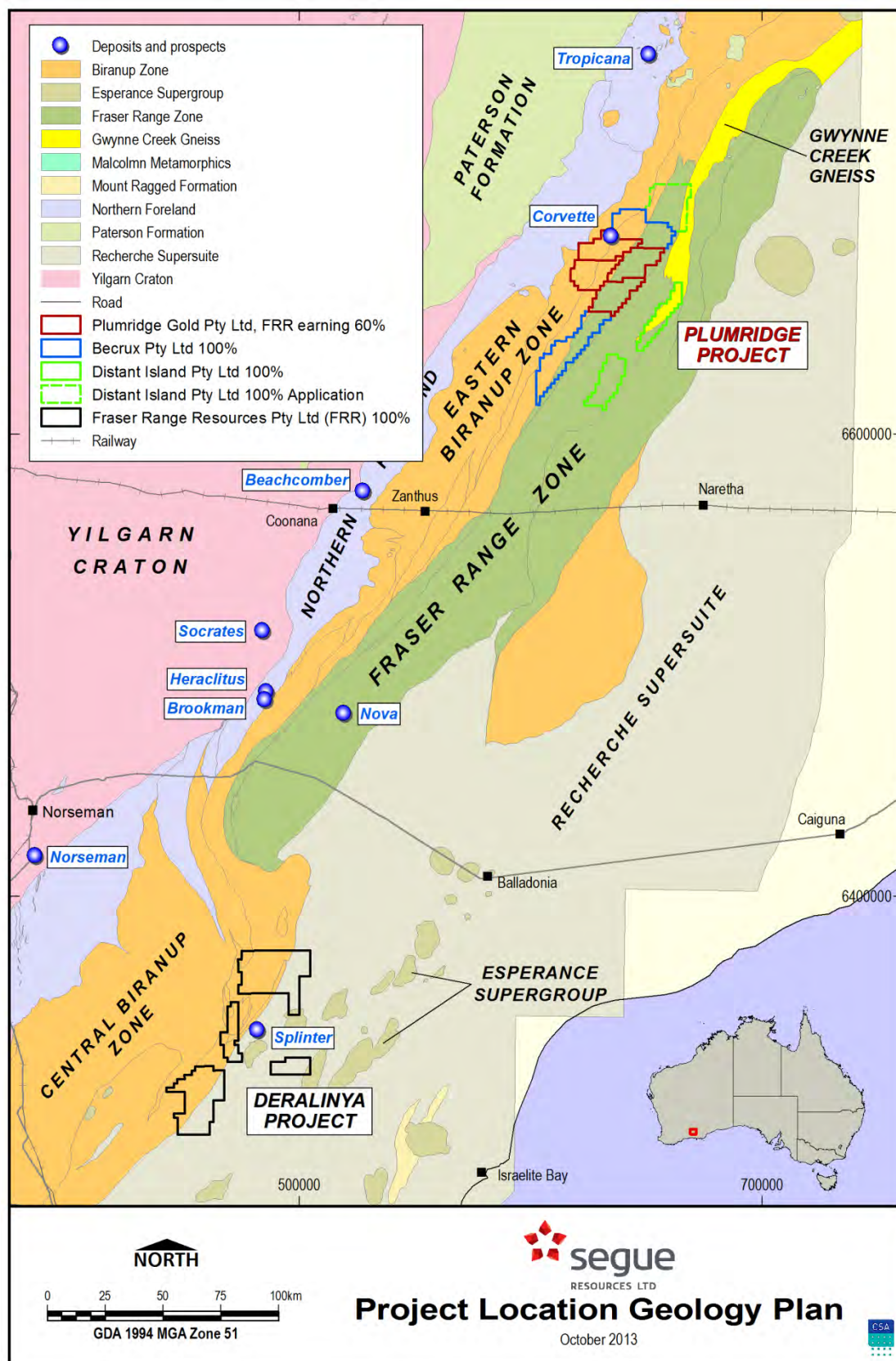
The *Fraser Zone* is bounded by the Fraser Fault Zone along its northwestern edge and southern tip, and by the Newman Shear Zone and Boonderoo Fault along its southeastern edge (Figure 3). It is dominated by high-grade metagabbroic rocks that have a strong, distinct, geophysical signature in both aeromagnetic and gravity data. Most of the northeastern part of the Fraser Zone is obscured by younger rocks of the Eucla Basin, but geophysical data show that it is a northeasterly trending, fault-bounded unit that is approximately 425 km long and up to 50 km wide.

The Fraser Zone contains the 1305–1290 Ma *Fraser Range Metamorphics* (Spaggiari et al., 2009), which are dominated by sheets of metagabbroic rocks, interlayered with sheets of granitic material, and layers or slivers of pelitic, semi-pelitic, and calcic metasedimentary rocks of the Arid Basin. The metasedimentary rocks were deposited just prior to the intrusion of the mafic and felsic magmatic rocks, and all have been metamorphosed at high temperatures (granulite facies), with some locally retrogressed to amphibolite facies. The metasedimentary rocks mostly occur along the northwestern side of the Fraser Zone, and are typically intercalated with layers of mafic granulite or amphibolite that were probably originally dykes, sills, or sheets related to the main gabbroic intrusions.

The 1330–1280 Ma *Recherche Supersuite* and the 1200–1140 Ma *Esperance Supersuite* mark two major magmatic events that coincided with Stages I and II of the Albany–Fraser Orogeny, respectively. Igneous rocks belonging to the Recherche Supersuite are generally metamorphosed to amphibolite or granulite conditions, contain a gneissic fabric, and include synmagmatic mafic rocks. Deformation and metamorphism occurred during Stages I, II, or both.

Igneous rocks belonging to the Esperance Supersuite are generally metamorphosed up to greenschist or amphibolite facies, and are generally less pervasively deformed than rocks of the Recherche Supersuite, but may locally contain a foliation or be mylonitic.

Strongly magnetic, variably deformed granitic bodies in aeromagnetic images are correlated with the Esperance Supersuite.



**Figure 3: Simplified Regional Geology of the Eastern Albany Fraser Orogen (after Spaggiari 2009, 2011); shows better known deposits and identified prospects in the region around the Projects.**

## 2.2 Prospectivity

As noted in Spaggiari et al. (2011), the Albany-Fraser Orogen lies along the southern and southeastern margins of the West Australian Craton. The orogen is dominated by Palaeoproterozoic and Mesoproterozoic rocks that formed along, or close to, the margin of the Yilgarn Craton, resulting in successive episodes of reworking of that margin.

Fragments of Archaean crust, interpreted to be remnants of the Yilgarn Craton, are preserved within the Proterozoic crust that forms the bulk of the orogen. These fragments, present at the kilometre- to grain-scales, may have contained sources of economic minerals or elements, such as gold. In addition, Palaeoproterozoic and Mesoproterozoic events are likely to have provided opportunities for focusing or concentrating Yilgarn-sourced components into economic deposits, as well as enabling access to new magmatic sources during orogenic processes.

The crystalline rocks in the basement are considered prospective for gold and base-metal mineralisation - as demonstrated by the discoveries at Tropicana (gold) and Nova (nickel-copper) as well as graphite in the high-grade metasediments, while the younger sediments have the potential to host deposits of heavy minerals and palaeovalley-hosted uranium deposits.

As summarised in Spaggiari et al. (2010), The Tropicana-Havana gold Deposit lies just east of a major northeast-trending fault marking the edge of the Yilgarn Craton (Figure 3). The deposit lies within a zone of dominantly northwest-trending magnetic highs cut by northeast- to east-trending shear zones and mafic dykes, and within a northwest-trending, moderate gravity anomaly. The gold is reported to be hosted by Archaean garnetiferous gneiss and K-feldspar-rich quartzofeldspathic gneiss. However, on a regional scale, the surrounding lithologies are dominated by northeast-trending Biranup Zone metagranitic rocks mingled with metagabbro. Minor occurrences of metamorphosed mafic to ultramafic rocks and banded iron-formation are suggestive of Archaean greenstones, although other interpretations are feasible.

Gold mineralisation is hosted in sheared and altered granitic, granodioritic and dioritic rocks. Other host rocks have also been identified and these include hydrothermally altered biotite-sericite with 5% to 10% disseminated pyrite in banded feldspathic and garnet-bearing gneiss of possible Proterozoic age.

Recent exploration success by Sirius Resources in discovering the Nova nickel-copper deposit, has led to revised assessments of the prospectivity of the Fraser Range Metamorphics, but as with the Tropicana deposits, there still remains significant uncertainty about the setting and controls on mineralisation. The Nova discovery is a strong electromagnetic conductor that was found using ground EM following soil geochemistry. The massive high-grade nickel and copper sulphides at Nova are described by the company as a "modified mafic/ultramafic associated magmatic sulphide deposit" Bennett (2012). The deposit style, age and tectonic setting resemble the 'Proterozoic circumcratonic' deposits such as the Thompson mine in the Cape Smith belt of Canada.

A review of the regional geophysical data by Isles and Dorling (2009) assessed the inter-relationships between the crustal architecture of the Yilgarn Block and the 'Fraser' section of

the Albany-Fraser Orogen. A key feature highlighted by Isles and Dorling (2009) is the presence of northwest trending structural corridors (Figure 4), though they comment that the 'underlying' controls on the granite greenstone architecture are northwesterly and north-south and that these features are not explicitly expressed in the patterns of near surface exposure and interpreted, major near-surface faults. Three of the northwesterly structural corridors identified are of particular interest in this study.

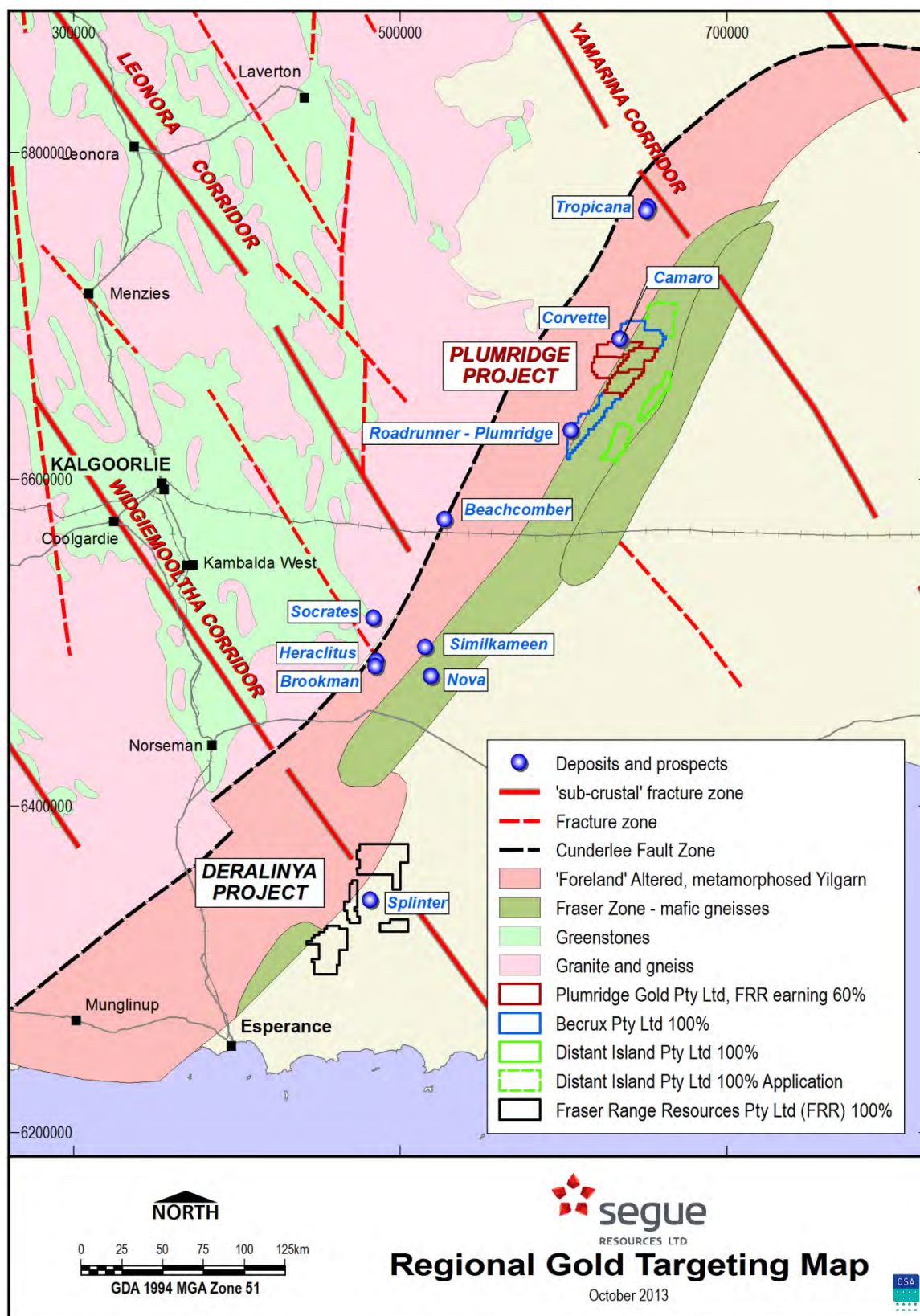
- The 'Yamarna Corridor' transects the general 'Tropicana' district and appears to continue beneath the younger metamorphic rocks to the SE.
- The 'Leonora Corridor' has a potential link to the 'Beachcomber' group of gold occurrences.
- The Widgiemooltha Corridor is inferred to be the major fracture ('transfer') zone controlling the southern limit of the Fraser Zone. The Deralinya Project tenements lie within this broad corridor.

These major regional, sub-crustal, fracture zones are considered to be long lived and episodically re-activated structures that have an important localising influence on mineralisation.

The Cundeelee Fault and Northern Foreland are recognised as important features in the vicinity of the Projects. Although unquestionably a fault in many localities, the Cunderlee Fault is often only evident as a weak change in the magnetisation of rocks. In many areas, Yilgarn Block granite-greenstone trends are continuous across the 'fault' and these often persist for large distances southeast into the 'Northern Foreland/ Munglinup Gneiss. Isles and Dorling (2009) suggest that the 'fault' represents the limit of alteration/metamorphism inflicted on the Yilgarn during the Fraser orogenic event. Southeast from the 'Cundeelee Fault' deformation and metamorphism appear to increase but for the most part, the Munglinup zone appears to be reworked Yilgarn rocks. Nearly all of the mineralisation discovered to date in the Fraser Orogen lies within the author's version of the 'Munglinup Zone'. In the Tropicana district a broad magnetic high associated with Yilgarn granitoid rocks shows apparent continuity across the Cundeelee Fault.

In the vicinity of Segue's northern Deralinya Project ELs, the northwest-trending 'Widgiemooltha Corridor' is interpreted as a deep seated 'transfer fault', which has caused around 50 km of dominantly left lateral displacement on the leading edge of the 'Fraser Zone'. At a local scale this translates into some most interesting structural scenarios (refer notes by S Dorling, CSA). As mentioned, the northern group of ELs lies predominantly within the inferred zone of reworked Yilgarn material (Northern Foreland), and straddles the contact (Coramup Fault Zone) between the Munglinup and the younger Proterozoic metamorphics.

The southern ELs are located within these younger and much more highly deformed Proterozoic metamorphic rocks.



**Figure 4:** Regional Gold Targeting Map showing interpreted sub-crustal structures that may be responsible for grossly controlling mineralisation (after Isles & Dorling 2009)

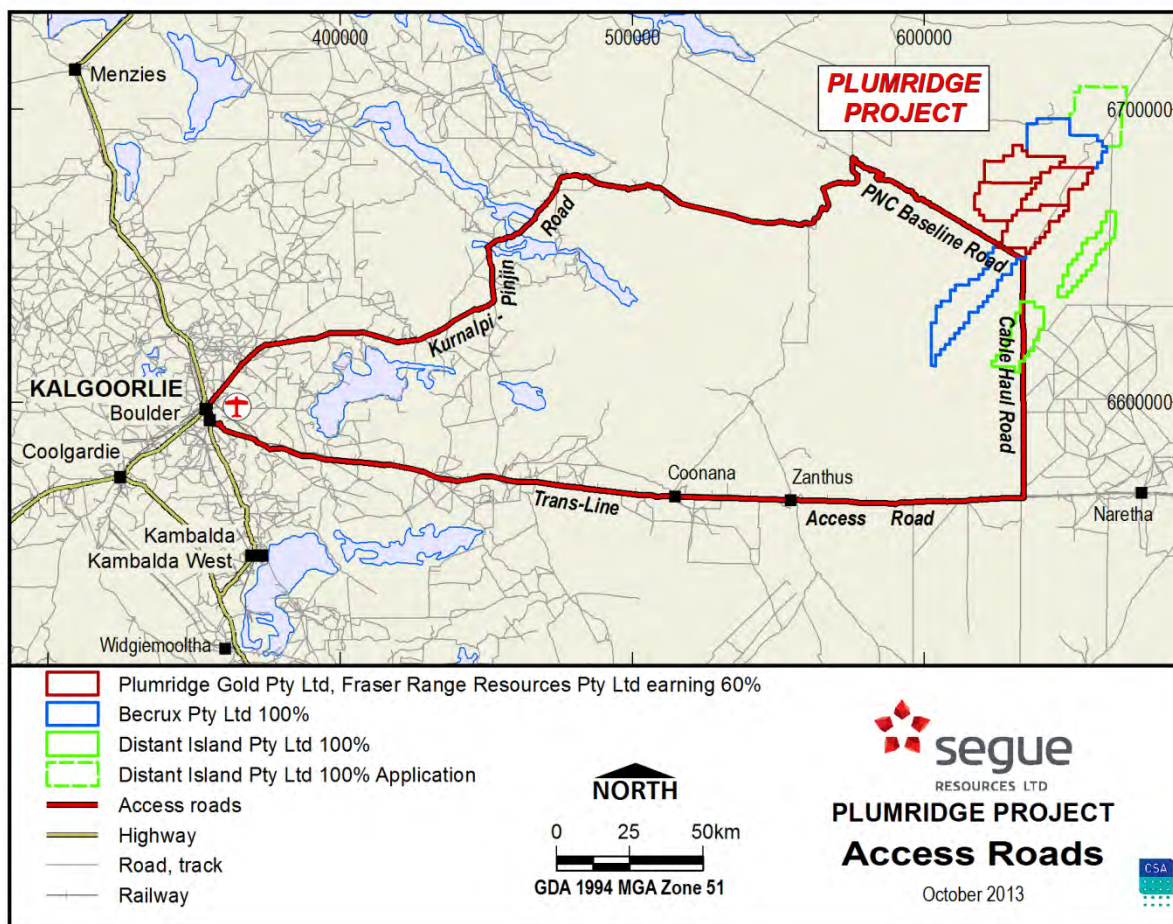
## 3 Plumridge Project

### 3.1 Property Location, Access and Infrastructure

#### 3.1.1 Location

The Plumridge Tenements are situated approximately 280 km east-northeast of Kalgoorlie (Figure 5).

Primary access is via an unsealed access road along the Trans Australian Railway for about 280 km east from Kalgoorlie, then north along the narrower and unsealed Cable Haul Road for about 80 km to the southern boundary of the Plumridge Project (Figure 5).



**Figure 5: Regional Location and Road Access for Plumridge and Plumridge East Projects**  
During the 2006 exploration programme, several unsealed exploration tracks were established throughout the Plumridge tenement area, greatly improving access.

#### 3.1.2 Climate, Topography and Vegetation

The Plumridge Project is located on the western margin of the Nullarbor which has a semi-arid to arid climate where the average rainfall is typically 180-200 mm per annum. Summer

temperatures are high and typically average 28–35°C with many days above 40°C, while winter temperatures are milder in the 16–20°C range.

The topography is characterised by gentle rolling relief with the elevation decreasing from around 300 m (above sea level) in the west to around 200 m in the east. The more elevated area in the west represents the eastern extent of the Yilgarn Plateau with the lower region in the east representing the transition into the Eucla Basin/Nullarbor Plain (de Broekert and Sandiford, 2005). No incised drainage systems are present in the Plumridge Project area.

The north western Plumridge Tenements encroach into the Great Victoria Desert, characterised by east–west trending vegetated aeolian sand dunes. The sand dunes are at their thickest on Plumridge Tenements E39/1117 and E39/1118; however, these dunes do occur sporadically throughout the Plumridge Project area.

Vegetation is dominated by 3–4 m high, open woodland of scattered Eucalyptus species. This has an understorey of scattered 1–2 m tall woody shrubs with a more continuous lower 0.2–0.5 m tall cover of spinifex.

### **3.2 Plumridge Project Tenements**

In the Plumridge area, Segue is acquiring the assets of three unlisted companies comprising seven granted exploration licences and one application for an exploration licence, as shown in Table 3. The Plumridge Tenements have an aggregate area of 2239 km<sup>2</sup>.

Four tenements in the Plumridge Project are owned 100% by the respective vendor companies, the other four tenements in the Plumridge Project are subject to a farm-in agreement between unlisted Fraser Range Resources Pty Ltd (“FRR”) and International Goldfields Ltd (“IGS”). Under the agreement Segue, through its acquisition of FRR, can earn a 60% interest in the Plumridge Joint Venture by spending \$1.0 million by 31<sup>st</sup> January 2015. Following completion of the farm-in, standard dilution provisions will apply.

The Plumridge exploration licences are held under the Western Australian Mining Act (1978).

CSA reviewed the status of all eight tenements comprising the Plumridge Project using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 3<sup>rd</sup> October 2013. Licences are in different years of their first and later terms. Based CSA’s enquiries all licences appear to be in good standing; all licences are reported by the holding companies to have met or exceeded their expenditure commitments and to be on track to do so again in this current year; similarly, rents for each licence have also been paid in full for the current licence terms.

Tenements to the north prefixed with 39 are situated in the Mt Margaret mineral field, while the southern Plumridge Tenements prefixed with 28 are situated within the North East Coolgardie mineral field.

**Table 3: Plumridge Project Tenements**

| Holder/s                 | Project   | Tenement ID | Blocks | km <sup>2</sup> | Current Status | Grant Date | Expiry    | Next Rent \$ | Minimum Expenditure for next Year \$ |
|--------------------------|-----------|-------------|--------|-----------------|----------------|------------|-----------|--------------|--------------------------------------|
| Plumridge Gold Pty Ltd * | Plumridge | E28/1475    | 70     | 207.8           | Live           | 17-Nov-04  | 16-Nov-13 | \$33,285     | \$210,000                            |
| Plumridge Gold Pty Ltd * | Plumridge | E39/1084    | 70     | 208.1           | Live           | 11-Jan-06  | 10-Jan-15 | \$33,285     | \$210,000                            |
| Plumridge Gold Pty Ltd * | Plumridge | E39/1117    | 70     | 208.0           | Live           | 25-Nov-05  | 24-Nov-12 | \$33,285     | \$210,000                            |
| Plumridge Gold Pty Ltd * | Plumridge | E39/1118    | 70     | 208.2           | Live           | 11-Jan-06  | 10-Jan-15 | \$33,285     | \$210,000                            |
| Subtotals                |           |             | 280    | 832.1           |                |            |           | \$133,140    | \$840,000                            |
| Becrux Pty Ltd           | Plumridge | E39/1710    | 105    | 312.5           | Live           | 09-Apr-13  | 08-Apr-18 | \$12,254     | \$105,000                            |
| Becrux Pty Ltd           | Plumridge | E28/2267    | 130    | 385.1           | Live           | 23-Apr-13  | 22-Apr-18 | \$15,470     | \$130,000                            |
| Distant Island Pty Ltd   | Plumridge | E28/2266    | 128    | 396.9           | Live           | 25-Jul-13  | 24-Jul-18 | \$15,232     | \$128,000                            |
| Subtotals                |           |             | 363    | 1094.5          |                |            |           | \$42,956     | \$363,000                            |
| Distant Island Pty Ltd   | Plumridge | E39/1709    | 105    | 312.8           | Pending        | N/A        | N/A       | N/A          | N/A                                  |
| TOTALS                   |           |             | 748    | 2239.4          |                |            |           | \$176,096    | \$1,203,000                          |

\* SEG Farming in to earn 60% & Manager



All Plumridge Tenements are on Vacant Crown Land.

There are neither claims for, nor recognised Native Title over any of the Plumridge Project area.

### **3.3 Project Details**

The Plumridge Project area is considered prospective for the following:

- Gold, base-metals (Cu-Pb-Zn-Ag), nickel, platinum group elements (PGE) and graphite in crystalline rocks of the Proterozoic basement.
- Mineral sands (zircon, rutile, ilmenite) and detrital gold in Miocene or Eocene unconsolidated sediments.
- Uranium and other chemically precipitated elements (e.g. vanadium) associated with redox boundaries in palaeovalleys where oxidised water is in contact with reduced sediments or lignitic coal.

Past work has identified evidence of gold mineralising systems active in the Plumridge Project area capable of producing significant gold intercepts (as detailed below).

There is a railway line within 75 km of the Plumridge Project area and Kalgoorlie is 250 km away.

Due to recent discoveries, the orogen is now an emerging focus for multi commodity exploration.

Segue will, following completion of the acquisition of Plumridge Gold, acquire major interests in a substantial tenement package to become a major strategic player in the province.

#### **3.3.1 Local Geology**

Significant areas of the tenements are covered in Quaternary aged Aeolian dunes which obscure most of the crystalline basement rocks which are the main target of exploration for the project. Underlying the unconsolidated Quaternary cover are Palaeogene and Neogene aged sediments of the Eucla basin.

In the northwestern part of the Plumridge Project area, tenements E39/1117 and E39/1118 are interpreted by GSWA to be mostly underlain by the Eastern Biranup Complex, which comprises intensely deformed, tectonically interleaved, mafic granulites, quartzofeldspathic gneisses and granitic gneisses. In all these rocks, the gneissic banding generally shows a strong north-easterly trend which is reflected in the aeromagnetic trends.

The rest of the southeasternmost licences cover interpreted Fraser Zone lithologies, principally metagabbroic and mafic rocks (including medium to coarse grained amphibolite and pyroxene-rich mafic granulites); but may also include metagranite and metasedimentary rocks, mafic and felsic granulites.

The mafic/ultramafic rocks are interpreted to be part of a large layered mafic intrusion or intrusions. The intrusions crystallised in the lower crust and were then tectonically emplaced

(obducted) into the upper crust during the continental collision that formed the Albany Fraser Orogen. The likely age of these layered intrusions (1.3Ga) is broadly synchronous with a period of global nickel formation that includes Nova, the Thompson belt and Voisey's Bay in Canada as well as Nebo-Babel in Australia.

Structural mapping by the GSWA suggest that the northern half of the Fraser Zone has been thrust over the southern half of the complex, with the deeper basal parts – more likely to contain the feeder zones to the intrusions – present in the north.

Further evidence for the presence of layered mafic intrusives is present in the Plumridge Lakes area where ultramafic outcrops containing chromitite seams are reported in association with gabbroic and noritic rocks.

Late stage mafic/ultramafic pipes/plugs have been recognised both to the west of the Plumridge Project in the belt of intrusions known as the Salt Creek complex, but also to the immediate northeast of the project, where work by Western Areas in the early 2000's mapped concentrically zoned magnetic alkaline mafic bodies with anomalous nickel concentrations.

### 3.3.2 *Historical Exploration*

The Albany-Fraser Orogen has been subject to limited exploration historically due to its remote location, lack of water for early prospectors and most importantly the paucity of outcrop.

Work completed prior to the acquisition of the Plumridge Project area by IGS comprised:

- Magnet Metals Ltd during the 1970's for uranium associated with palaeodrainage systems in the sediments overlying the crystalline basement.
- Griffin Coal Mining Company in the early 1980's investigated the quality and extent of carbonaceous sediments overlying the crystalline basement (Denman and Fewster, 1982).
- Ramsgate Resources Ltd during the late 1980's exploring for mineral sands directly to the west of the Plumridge Tenements.
- In 1981 and then again in 1994–95, WMC Ltd completed mapping, regional geochemical sampling and geophysical surveys.
- Eucla Mining NL (in JV with BHP Minerals, Placer and Consolidated Rutile Ltd) undertook mapping and regional aircore drilling during 1988–1993.
- A Sabminco/Eaglefield Ltd JV also completed mapping, regional aircore drilling for montan wax, lignite, gold and mineral sands (2,000m) during 1989–1993.
- Emina NL explored for PGEs and HM using RC percussion drilling (708m) in 1989-1990.
- Mithril Resources from 2002–2004 tested the Salt Creek Complex mafic-ultramafic intrusive for magmatic Ni-Cu-PGE mineralisation.

### 3.3.3 Recent Exploration

Schwertfeger (2012) summarises the work done on the Plumridge area Tenements.

Exploration by Plumridge Gold (a wholly owned subsidiary of International Goldfields Ltd, formerly Corvette Resources Ltd, Minerals Sands Ltd and NiPlats Australia Ltd) comprised auger geochemical sampling, aircore, RC and diamond drilling, and airborne EM and magnetic surveys.

#### *Drilling*

Originally in 2005, NiPlats undertook reconnaissance aircore drilling for mineral sands in the Plumridge Gold Tenements. In 2006, then renamed Mineral Sands Ltd, the company's aircore drilling intersected gold results up to 20ppb Au. They followed this work with an extensive regional auger calcrete sampling programme. Calcrete samples were only analysed for gold. The calcrete sampling returned results up to 40ppb gold – which in this geological setting is considered a significantly anomalous result warranting further follow-up.

Later aircore drilling showed that most of the auger geochemistry was likely ineffective due to the thickness of cover to Precambrian bedrock.

A total of 2,475 aircore holes totalling 97,085 m were drilled across the original twelve tenements in the group prior to the 2011 reporting period. This work included some early regional scale reconnaissance lines across all tenements focused on mineral sands exploration, and a significant proportion of the drilling focused on the northern Corvette Gold Anomaly (located on the northern boundary of E39/1118) and the southern gold anomaly identified in the auger calcrete sampling (though this latter feature is of uncertain significance as discussed below).

Aircore is an effective tool for exploring in the Plumridge area providing not only geochemical data but also lithological information. For example, drilling in 2011 identified possible ultramafic lithologies which support the interpreted presence of Fraser Range Metamorphics in the Plumridge Project area.

A total of 221 RC holes totalling 35,973 m have been drilled to investigate aircore geochemical anomalies on the Corvette anomaly, and confirmed the presence of bedrock gold mineralisation (Figure 8). Table 4 lists selected better intersections from the RC percussion drilling.

**Table 4: Selected better RC percussion drilling results - Corvette Project**

| Hole    | Prospect | From (m) | To (m) | Interval (m) | Au (g/t) |
|---------|----------|----------|--------|--------------|----------|
| CVRC058 | Stingray | 119      | 129    | 10           | 8.32     |
| CVRC060 | Stingray | 52       | 55     | 3            | 4.66     |
| CVRC061 | Stingray | 70       | 71     | 1            | 2.97     |
| CVRC061 | Stingray | 114      | 115    | 1            | 1.32     |
| CVRC061 | Stingray | 121      | 122    | 1            | 1.9      |
| CVRC061 | Stingray | 145      | 147    | 2            | 5.82     |
| CVRC061 | Stingray | 159      | 160    | 1            | 1.3      |

| Hole    | Prospect | From (m) | To (m) | Interval (m) | Au (g/t) |
|---------|----------|----------|--------|--------------|----------|
| CVRC062 | Stingray | 10       | 11     | 1            | 0.77     |
| CVRC062 | Stingray | 41       | 44     | 3            | 1.68     |
| CVRC062 | Stingray | 80       | 83     | 3            | 5.68     |
| CVRC062 | Stingray | 87       | 88     | 1            | 6.45     |
| CVRC078 | Mustang  | 122      | 125    | 3            | 4.62     |
| CVRC088 | Camaro   | 97       | 100    | 3            | 40.33    |

The RC percussion drilling prior to 2010 was primarily drilled on 270° azimuths, sub-perpendicular to the local bedding orientation, which is interpreted as a west-northwest trend. A portion of the 2011 drilling was devoted to re-drilling some prospects in a more favourable orientation, and highlights several other auger and aircore anomalies that had previously been untested in the unweathered bedrock profile.

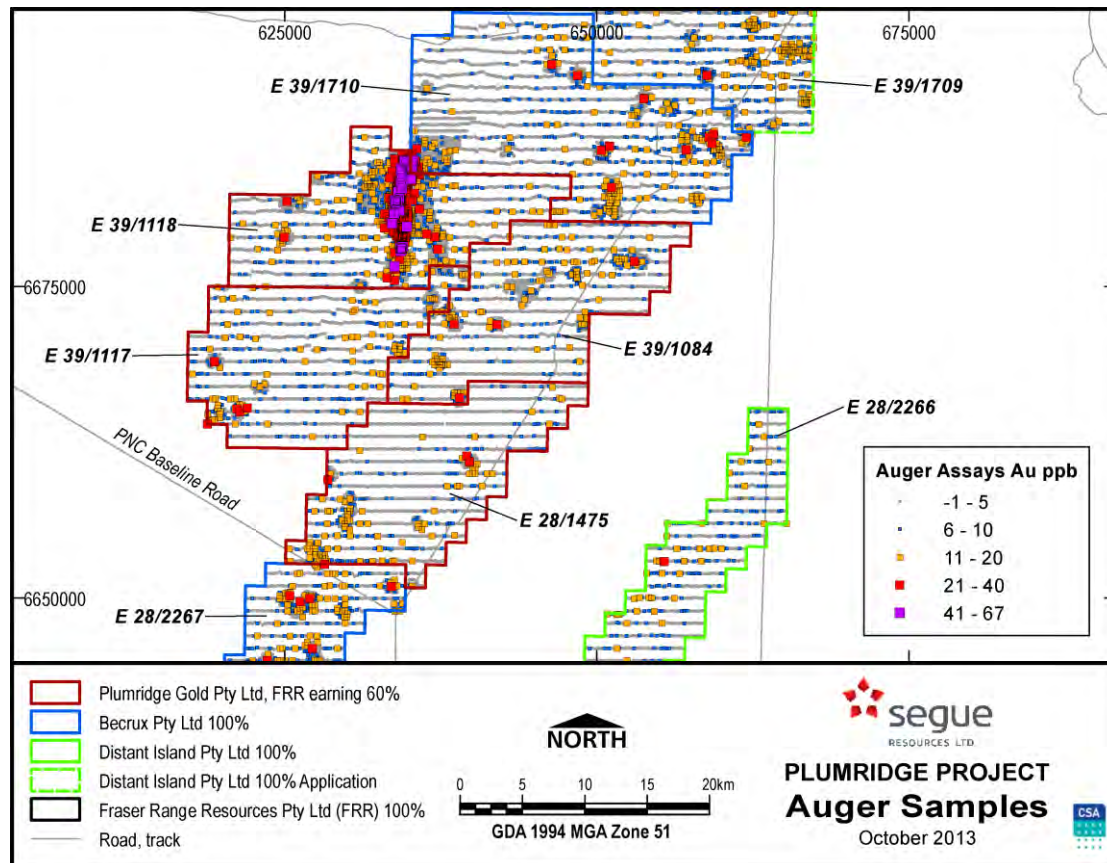
A total of five diamond holes for 1,201.3 metres were drilled in 2009 to better define the geometry, character, and style of the mineralisation in the Corvette anomaly.

Holes CVDD001, CVDD002 and CVDD003 were drilled as a fence of overlapping holes at the Camaro prospect, whereas CVDD004 was drilled at the nearby Cobra prospect. CVDD005 was drilled at the Stingray prospect.

Analysis of diamond drill core has shown that the initial 120 RC holes drilled on the Plumridge Project were likely drilled obliquely to the ESE-trending quartz-sulphide veinlets that host gold mineralisation and were thus not a very effective test for quantifying gold mineralisation in bedrock.

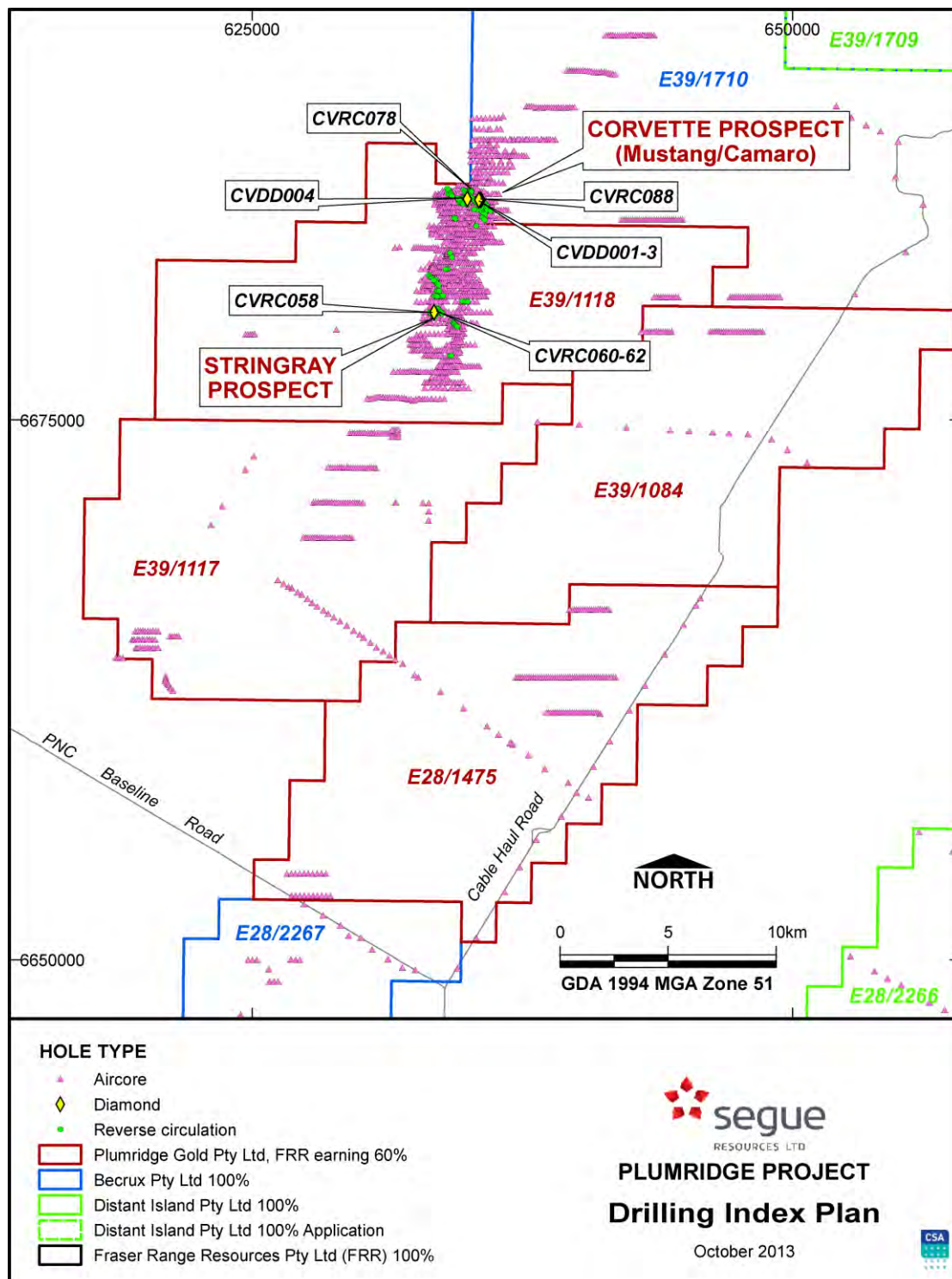
Better intercepts from the drilling include:

- CVDD001 1.1m at 11.7 g/t from 153.9m.
- CVDD003 1.1m at 1.48 g/t from 37.54m.
- CVDD003 4.5m at 10.2 g/t from 69m.
- CVDD003 1.0m at 0.54 g/t from 164m.
- CVDD004 2.55m at 0.23 g/t from 97.65m.
- CVDD004 2.55m at 1.01 g/t from 154m.



**Figure 7: Gold results from Auger Calcrete Geochemistry.**

Detailed structural analysis of the Plumridge diamond core holes provided important insights to the structural controls on the mineralisation (Standing 2010), as discussed below in the Prospectivity section.



**Figure 8: All Drilling at the Plumridge Project**

### *Regolith Re-interpretation*

A significant re-logging campaign that covered all twelve former tenements in the Plumridge Project resulted in a more consistent interpretation of the lithologies drilled at the Plumridge Project that provided better mappable units at a more regional scale. This work also

produced a model for the base of the Permian Paterson formation, which is interpreted to be post mineralisation cover. From this study, auger and calcrete sampling across significant areas of the Plumridge Project area have been determined to be ineffective.

Note however that this regolith study adds significantly more potential to the area than it subtracts. The study led to renewed lithostructural interpretation of geophysical data to generate conceptual structural targets for “blind” mineralisation at the Plumridge Project potentially located beneath the transported cover.

### *Geophysical Activities*

A range of geophysical surveys have been completed over the Plumridge Project area (Figure 9) including:

- Airborne magnetics and radiometrics seeking to elucidate structure over the northern Plumridge Project area;
- Wide-spaced REPTM electromagnetic traverse targeting palaeodrainage hosted uranium similar to the nearby Mulga Rocks deposits;
- An Induced Polarisation & chargeability survey at the Corvette Prospects;
- A small gravity survey in the northern area of the Plumridge Project; and, most recently,
- A VTEM survey over a substantial portion of the Plumridge Project area.

The recently completed VTEM survey was commissioned to explore the Fraser Zone rocks for anomalous EM responses that may be caused by accumulations of massive sulphide similar to the Nova deposit; graphite in metasediments of the Biranup Zone was a secondary target of the survey.

The survey was flown with a line spacing of 300m to evaluate a large area of the Fraser Zone mafic/ultramafic rocks situated in the south eastern portion of the Plumridge Project (Figure 10). A belt of mafic/ultramafic intrusions in the northwest of the Plumridge Project area was also being surveyed. A number of major faults are also present within the survey area.

Interpretation of the VTEM data has highlighted many target responses associated with the highly prospective Fraser Zone, as well as within the Salt Creek intrusives to the northwest. A significant number of these are associated with higher magnetic responses interpreted to be due to mafic/ultramafic lithologies analogous to those hosting the Nova prospect to the southwest along the Fraser Zone (Stannard and Meyers 2013).

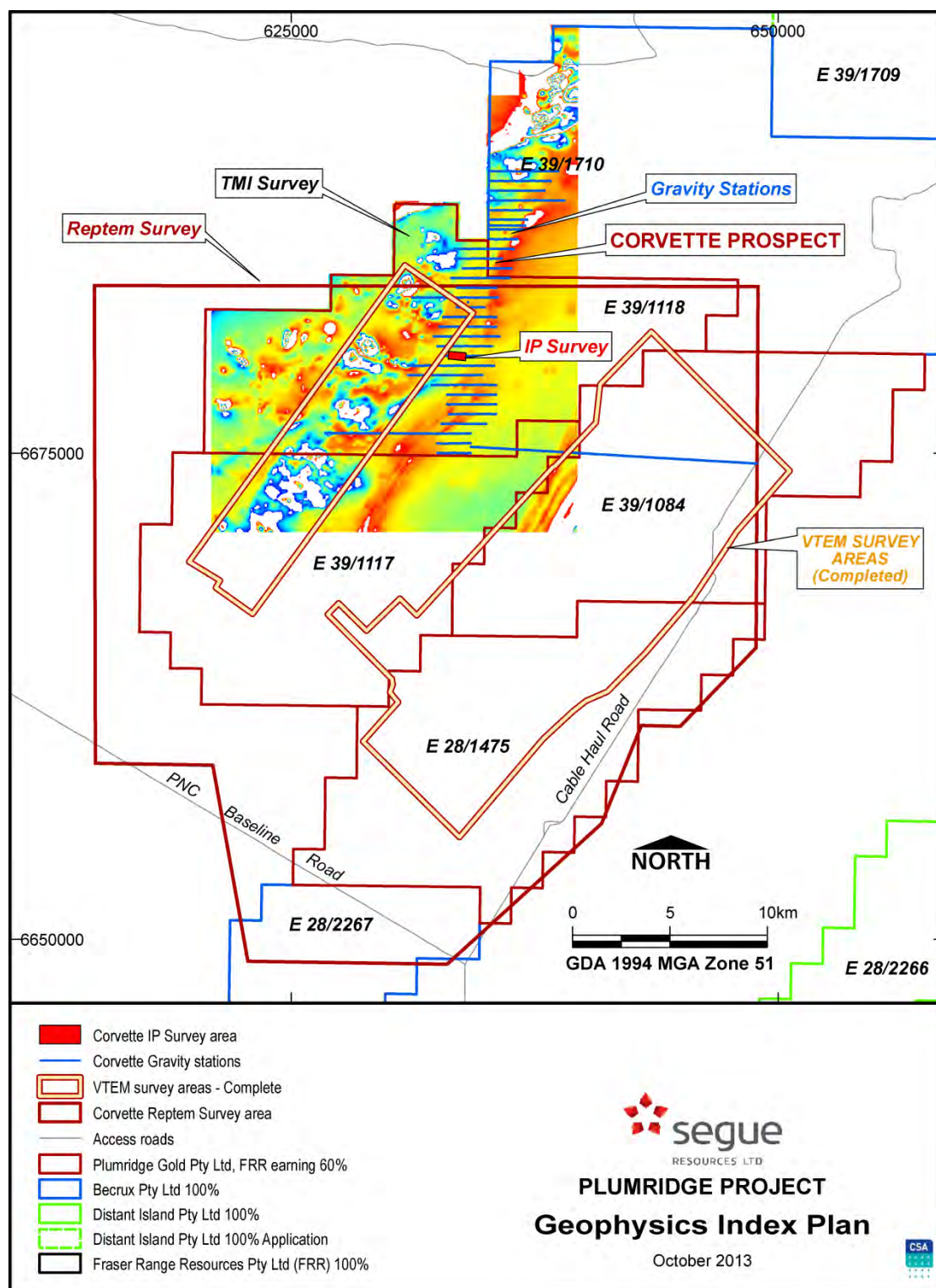
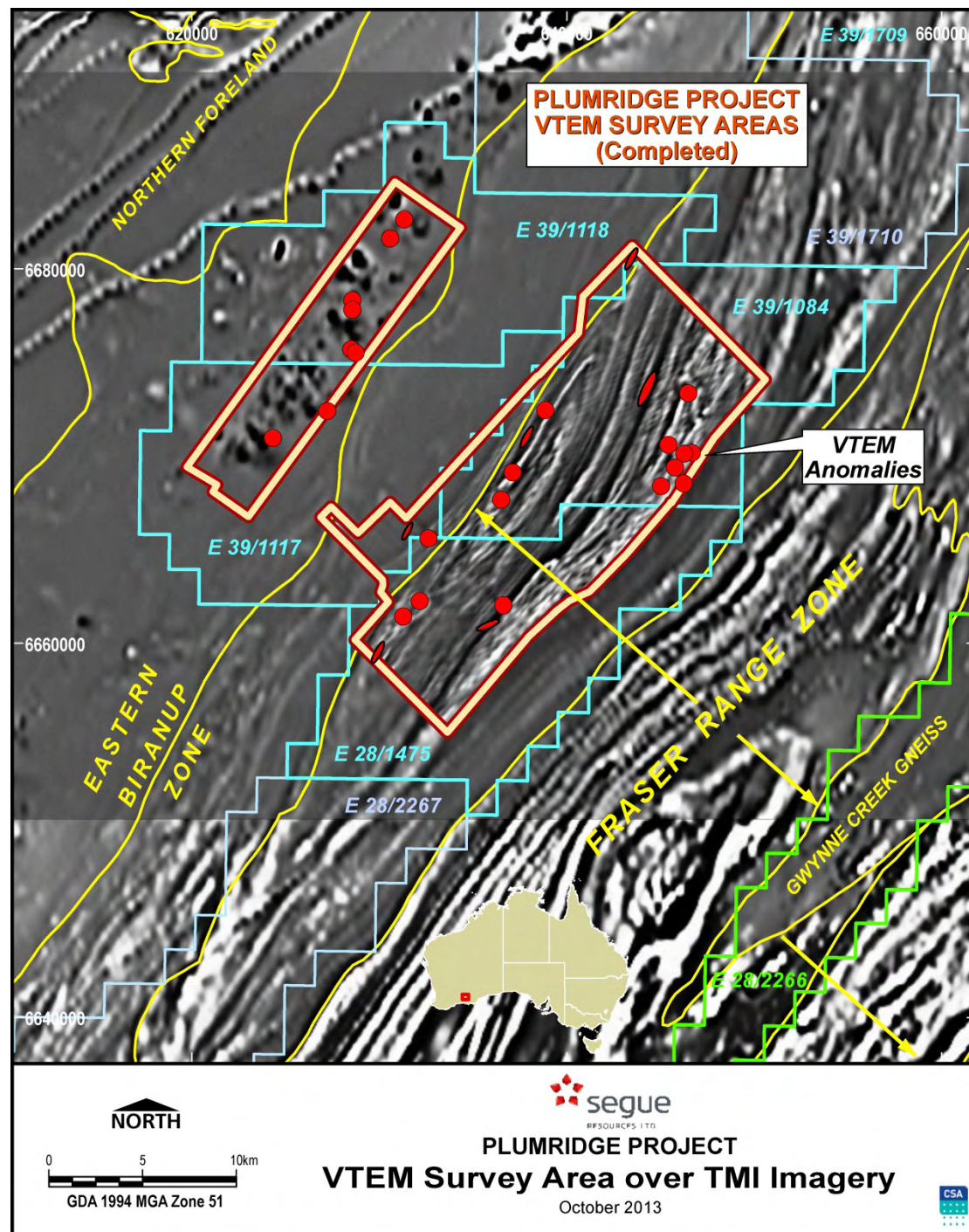


Figure 9: Location of Geophysical Surveys at Plumridge



**Figure 10: Areas of VTEM survey, showing EM anomalies picked from the preliminary data.**

### 3.3.4 Plumridge Project Prospectivity

Segue intends to acquire a major interest in a large tenement package in the underexplored, mineralised and prospective Plumridge Project. The Company believes the Plumridge Tenements are prospective for gold, nickel-copper and other commodities.

As part of the Plumridge Project acquisition, Segue is gaining access to a substantial exploration database, which they estimate to have cost in the order of \$15 million to collect. The information in the database includes a number of defined drill targets as well as

geophysical and geochemical data that has (largely) only been assessed at the time of the initial collection and is therefore amenable to delivering more information, understanding and targets with further re-processing and re-interpretation.

#### 3.3.4.1 Gold

Aircore drilling to test for heavy mineral sands mineralisation led to the identification of anomalous gold in weathered bedrock (saprolite) within the general area now partially covered by the Plumridge Tenements.

This initial discovery led to an extensive auger calcrete sampling program over the former Plumridge Project tenement package. The more significant and larger coherent auger geochemical gold anomalies were followed up initially by aircore drilling and the more isolated anomalies by infill auger geochemical sampling.

Follow up reverse circulation drilling led to the discovery of bedrock gold mineralisation at several localities. The discovery of significant gold grades in drilling at Corvette (Camaro/Mustang) and Stingray demonstrates that gold mineralising systems are active in the Plumridge Project area.

A structural study of core from diamond drilling has provided valuable information on the controls of the gold mineralisation intersected so far. This structural work indicates that the Corvette gold mineralisation is mostly associated with steeply-dipping, late/brittle, structures that trend west-southwest/east-northeast and which are sub-parallel to much of the previous east-west orientated drilling. This means that it is difficult, because of the existing drill spacing, to correlate the gold mineralised structures from drill section to section and it is likely many of the gold mineralized structures have not been intersected. The optimal direction for future drilling is to drill to the northwest which should maximise the intersection of the gold mineralized structures and allow improved correlation of mineralisation between drill sections.

An assessment of the effectiveness of the auger calcrete geochemical data using the drilling data indicates that the distribution of known zones of bedrock gold mineralisation tested by drilling is most likely fortuitously related to the shallow depth of cover, rather than an indication of the real distribution of bedrock gold mineralisation. The drilling undertaken so far has shown that around 60% of the Plumridge Project area has cover sequences that are too deep for calcrete geochemistry to be effective and that many of the gold anomalies detected by the auger calcrete sampling are most likely false (that is they do not reflect underlying bedrock mineralisation) or, if sourced from the underlying bedrock are displaced due to groundwater movement.

Re-evaluation of the exploration database by International Goldfields concluded that the drilling has also shown depletion of gold values in the oxide zone (upper saprolite) and the larger and more robust gold anomalies are located within the lower saprolite and saprock. This supports the information indicating that much of the auger geochemical (calcrete)

sampling is most likely ineffective. Thus the only method available to effectively screen the Plumridge Tenement areas is by drilling to bedrock (though some geochemical tools such as partial extraction soil geochemistry may offer some possibilities too), and aircore drilling is the preferred method to do this work in the Plumridge area, which has deep younger cover rock sequences.

Geophysical data provides an invaluable tool to guide future drilling to more favourable areas within the Plumridge Project area, both by directly targeting anomalies (magnetic features or conductors) and also by providing valuable information on cover thickness. Recent studies by Geoscience Australia (e.g. Roach, 2012) provide excellent examples of how airborne electromagnetic data can be used in this way.

#### 3.3.4.2 *Nickel*

Work recently completed by Segue (pers. comm. Carr, 2013) has synthesised a new comprehensive exploration model for nickel exploration in the eastern Albany-Fraser Orogen. Most of the Plumridge Project area is considered prospective for nickel, with multiple exploration models applicable to the project area – the standard feeder zone model (as typified by Voisey's Bay, Nova-Bollinger and Nebo-Babel) as well as the new Segue model.

In summary, the new nickel exploration model proposed by Segue for the Plumridge region comprises a number of factors.

1. An alternative interpretation of the geology of the Nova-Bollinger system as a late-stage, largely undeformed, concentrically-zoned mafic 'pipe' that intruded up a deep, steep, strike-slip dominated fault, with sulphide mineralisation triggered by sulphur saturation from assimilation of host rock metasediments, and high-grade Ni/Cu sulphides developed on the margins of the intrusions in the zone of maximal sulphur saturation.

In essence this is a modified Ural-Alaskan model. Elsewhere in the world these types of intrusive systems are characterised by dozens of intrusions per belt (Hemly and El Mahallawi, 2003). The pipe-like magma chambers are focussed along deeply penetrating steep structures, and distinctively have sulphides developed on their outer margins due to assimilation of sulphur from country rocks.

2. Recognition of the tectonic setting and history of the region, in particular recognition of the significance of step back in subduction (Spaggiari et al. 2011) which could lead to melting of un-depleted mantle and generation of nickel-enriched magmas late in the evolution of the eastern Albany-Fraser Orogen.
3. The late nickel-enriched magmas intrude along major structures within the obducted layered mafic intrusions that form the Fraser Zone as late/undeformed concentrically zoned bodies ("Ural-Alaskan-style"). These bodies commonly appear as magnetic 'eyes', as knots within otherwise strongly linear magnetic fabrics.

The Company's licenses have a number of geological and geophysical features consistent with this model (and also seen at Nova-Bollinger), including:

- a) Their location is towards the centre of the Fraser Complex and adjacent to the Fraser Complex's gravity ridge. Both factors suggest that the tenements likely straddle the thickest part of the layered intrusion where (Voisey's Bay-style nickel sulphide-bearing feeder zones are also most likely to occur).
- b) The project straddles major strike-slip structures which transect the entire Fraser Complex (e.g. the Fraser, Newman and 'Nova' structures). Such structures are interpreted to be steeply dipping and primary conduits for magmatic feeders or late stage intrusions such as that which hosts Nova-Bollinger;
- c) The identification of a number of magnetic "eyes" of the same style represented by the Nova-Bollinger feeder or late stage intrusion. Importantly, E39/1731 hosts a suite of "eye" features of varying sizes, including some of a similar scale to Nova-Bollinger, though they are present throughout the Plumridge project area. The best VTEM response located from the recent survey is associated with one of these eye features.

Staged exploration programmes focused on testing the nickel exploration models offer a risk managed approach to drive exploration.

The Plumridge Project area is also considered prospective for heavy mineral sands (within the young cover sequences), graphite (within bedrock), lignite (within overlying Permian rocks), and regolith-hosted uranium mineralisation (current drainages and palæodrainages). The Plumridge Tenements have had little exploration targeting these mineral commodities.

### **3.4 Plumridge Project Programme & Cost Estimates**

At the Plumridge Project, Segue plans to initially undertake the following exploration programmes targeting gold and nickel-copper mineralisation:

- Segue is planning a staged geophysics programme to evaluate all of its Fraser Range tenements and to develop a manageable suite of nickel sulphide prospective drill targets. Interpretation of previously acquired aeromagnetic and VTEM data over the Plumridge Project area has identified a large number of "Eye" type targets for more detailed geophysical surveys and analysis.
- The exploration programme will include a significant programme of bedrock drill sampling, multi-element geochemistry and ground EM to systematically reduce the number of targets whilst increasing the nickel sulphide prospectivity. "Eye" targets with coincident ground EM conductors and anomalous nickel (and pathfinder elements) will be drill tested
- Segue already has access to untested VTEM anomalies over some portions of the Plumridge Tenement package containing interpreted mafic-ultramafic rocks.
- Segue has completed a review of previous bedrock drilling and oriented diamond drill-core which has allowed for the Company to better understand the local to district-scale structural controls on gold mineralisation in the Corvette area. To further improve targeting Segue are currently re-analysing over 16,000 drill-chip samples for gold-associated alteration mineralogy using hyperspectral analysis.

- The integration of the alteration and structural studies may result in the definition of a number of new targets proximal to areas of known mineralisation.
- Segue plans to drill these targets after the initial nickel sulphide exploration programme is complete.
- Focussed aircore drilling programs to test areas of the Plumridge Tenement package where previous auger geochemical sampling is known to be ineffective due the depth of cover. This work will be guided by the distribution of existing gold mineralisation in conjunction with the regional structural study.

In the proposed exploration budget outlined below, a substantial portion of funds are allocated to drilling. Segue believes that to rapidly advance the Plumridge Nickel Project the key tools to maximise the likelihood of successful mineralisation-targeted drilling success are airborne aeromagnetics, ground EM, bedrock drill sampling and multi-element geochemistry.

#### *Nickel Exploration*

Based on this strategy, Segue have prepared detailed exploration programmes for the nickel exploration of the Plumridge Project. Planned work (subject to capital raising) includes:

- Acquisition of high resolution (100 m-line spacing) aeromagnetic data to infill gaps within the existing aeromagnetic coverage of the most prospective geological domains of the tenements. Re-processing and re-interpretation of combined magnetic data to identify a suite of Nova-style “eye” targets for follow-up work.
- Ground EM traverses across each of the “eye” targets to identify those with Nova-style – predominantly homogeneous mafic signatures (i.e. without felsic intercalations) for follow-up work. Nova-style bedrock conductors may also be intersected by these traverses.
- Drill lines of 50 m-spaced, bedrock-sampling, aircore drill holes across the set of mafic / conductor “eye” targets. Multi-element (nickel-pathfinder) geochemical analysis of these samples will identify Nova-prospective zones within the selected mafic / conductor “eye” bodies for follow-up work.
- Repetition of short ground EM and aircore drill traverses adjacent to zones with the best geochemical and geophysical (EM conductor) signatures to identify strike continuous targets.
- Reverse Circulation percussion and minor diamond core drilling of the highest priority strike-continuous zones, targeting well-defined conductive plate models underlying ‘nickeliferous’ signature geochemical targets in bedrock.
  - 45,000m of aircore drilling (1000 holes);
  - 9000m RC percussion drilling 50 holes)
  - 800m Diamond core (4holes); and,

The cost estimates are summarised in Table 5.

**Table 5: Two-year Exploration Budget Breakdown for the Plumridge Project nickel programme**

| Activity                         | Year 1       |              | Year 2       |              |
|----------------------------------|--------------|--------------|--------------|--------------|
|                                  | Min          | Max          | Min          | Max          |
| Aircore/RAB                      | 350,000      | 450,000      | 350,000      | 450,000      |
| RC percussion                    | 130,000      | 150,000      | 750,000      | 850,000      |
| Diamond Core                     | 40,000       | 50,000       | 80,000       | 100,000      |
| Surface geochemical Sampling     | \$ -         | \$ -         | \$ -         | \$ -         |
| Assays and other analytical work | \$ 100,000   | \$ 110,000   | \$ 140,000   | \$ 150,000   |
| Geophysics                       | \$ 100,000   | \$ 150,000   | \$ 100,000   | \$ 150,000   |
| Staffing/Consultants/Contractors | \$ 100,000   | \$ 120,000   | \$ 100,000   | \$ 120,000   |
| Field Support                    | \$ 200,000   | \$ 22,000    | \$ 200,000   | \$ 22,000    |
| Technical studies                | \$ 25,000    | \$ 35,000    | \$ 25,000    | \$ 35,000    |
| Native Title                     | \$ -         | \$ -         | \$ -         | \$ -         |
| Tenement Rent                    | \$ 131,000   | \$ 131,000   | \$ 131,000   | \$ 131,000   |
| Administration & overheads       | \$ 200,000   | \$ 220,000   | \$ 200,000   | \$ 220,000   |
| TOTALS                           | \$ 1,376,000 | \$ 1,438,000 | \$ 2,076,000 | \$ 2,228,000 |

### *Gold Exploration*

Segue believes that to rapidly advance the gold exploration on the Plumridge Project the key tools to maximise the likelihood of successful mineralisation-targeted drilling success are the integration of structural and alteration mineral/geochemistry studies to identify new brittle/ductile drill targets.

To implement this approach, Segue have prepared detailed exploration programmes for gold exploration on the Plumridge Project. Planned work includes:

- New structural interpretation of existing oriented diamond drill core to identify new brittle/ ductile zones gold mineralisation oriented E to ENE.
- Alteration mapping by analysis of historical drilling chip samples (>16,000) samples for white mica/chlorite mineralogy by reflectance spectroscopy to identify zones of enhanced, gold-related fluid migration, zones of maximum chemical gradient and vectors to mineralisation.
- Integration of the alteration mapping with new lithostructural interpretation of geophysical datasets to identify brittle/ductile structural architecture and thereby identify zones with the highest likelihood of hosting economic gold mineralisation.
- Reverse Circulation percussion and minor diamond core drilling of the highest priority targets.
  - 3000m RC percussion drilling (30 holes)
  - 800m Diamond core (4 holes); and,

The cost estimates are summarised in Table 6.

**Table 6: Two-year Exploration Budget Breakdown for the Plumridge Project gold exploration**

| Activity                         | Year 1     |            | Year 2     |            |
|----------------------------------|------------|------------|------------|------------|
|                                  | Min        | Max        | Min        | Max        |
| Aircore/RAB                      | -          | -          | -          | -          |
| RC percussion                    | 130,000    | 150,000    | 130,000    | 150,000    |
| Diamond Core                     | 40,000     | 50,000     | 80,000     | 100,000    |
| Surface geochemical Sampling     | \$ -       | \$ -       | \$ -       | \$ -       |
| Assays and other analytical work | 25,000     | 35,000     | 25,000     | 35,000     |
| Geophysics                       |            |            |            |            |
| Staffing/Consultants/Contractors | \$ 25,000  | \$ 35,000  | \$ 25,000  | \$ 35,000  |
| Field Support                    | \$ 200,000 | \$ 220,000 | \$ 200,000 | \$ 220,000 |
| Technical studies                | \$ 25,000  | \$ 35,000  | \$ 25,000  | \$ 35,000  |
| Native Title                     | \$ -       | \$ -       | \$ -       | \$ -       |
| Tenement Rent                    | \$ 131,000 | \$ 131,000 | \$ 131,000 | \$ 131,000 |
| Administration & overheads       | \$ 200,000 | \$ 220,000 | \$ 200,000 | \$ 220,000 |
| TOTALS                           | \$ 776,000 | \$ 876,000 | \$ 816,000 | \$ 926,000 |

CSA has reviewed the proposed exploration program and budget and considers the exploration approach to be consistent with the exploration potential of the Plumridge Project, and the proposed expenditure justified on the basis of the results, prospects and targets identified by Segue's and earlier work. Additionally, the budgeted expenditure is considered sufficient to meet the minimum statutory expenditure on the Plumridge East Tenements.

## 4 Deralinya Project

The Deralinya Project area comprises four exploration licenses (E63/1521–24) that straddle the Proterozoic and Archaean stratigraphy across a major crustal suture. This structural zone separates the Proterozoic Albany-Fraser Orogen from the Archaean Yilgarn Province. The Deralinya Project Tenements are prospective for a range of base metal and precious metals, ranging from Archaean greenstone-hosted gold and base metal mineralisation to Proterozoic Tropicana-style gold mineralisation and also uranium, lignite and mineral sands hosted in the younger cover sequences.

### 4.1 Property Location, Access and Infrastructure

#### 4.1.1 Location

The Deralinya Project is roughly centred on a point approximately 100 km northeast of Esperance and 175 km southeast of Norseman (Figure 11, Figure 1) and covers an area of 1298 km<sup>2</sup> in four separate Deralinya Project Tenements.

Access to these Deralinya Project Tenements is generally poor, relying on abandoned exploration tracks or rarely used bushfire fighting tracks in heavily vegetated crown land south of the Dundas Nature Reserve.

The northern Deralinya Project Tenements are reached via the sealed Fisheries Road from Esperance to Condingup and thence via the multilane sheeted gravel Parmango Road that runs northeasterly past the heritage site of Deralinya and joins up with the Balladonia Road. Tracks running off the Parmango Road see very occasional recreational use and are significantly overgrown and commonly blocked by fallen timber. Tracks were mainly created by coal explorers in the early 1980's.

The southern Deralinya Project Tenements can be reached, with difficulty, from the Parmango Road, but are better accessed from the long northeast-trending Mount Ney Road, which runs up to the old Splinter Project area.

#### 4.1.2 Climate, Topography and Vegetation

The Deralinya Project area experiences a Mediterranean climate with warm, dry summers and cool, wet winters. It is subject to broad variations in the weather; with hot summer days driven by northerly winds, and cold, wet, winter days with southerly winds.

The area covered by the Deralinya Project Tenements comprises flat to gently undulating ground with occasional isolated rocky granitic hills (e.g. Mounts Heywood, Ney and Andrew), low sand dunes and numerous small clay pans.

Dense mallee scrub covers most of the area apart from the clay pans and areas cleared by fires. The composition of the woodlands varies from place to place but essentially comprises mallee species with an extensive understorey. The far southern portions of the Deralinya Project area are covered by agricultural paddocks.

Regions of clay pans and salt lakes are interpreted as remnant palæodrainage systems and, in the south, the former near shore/estuarine areas.

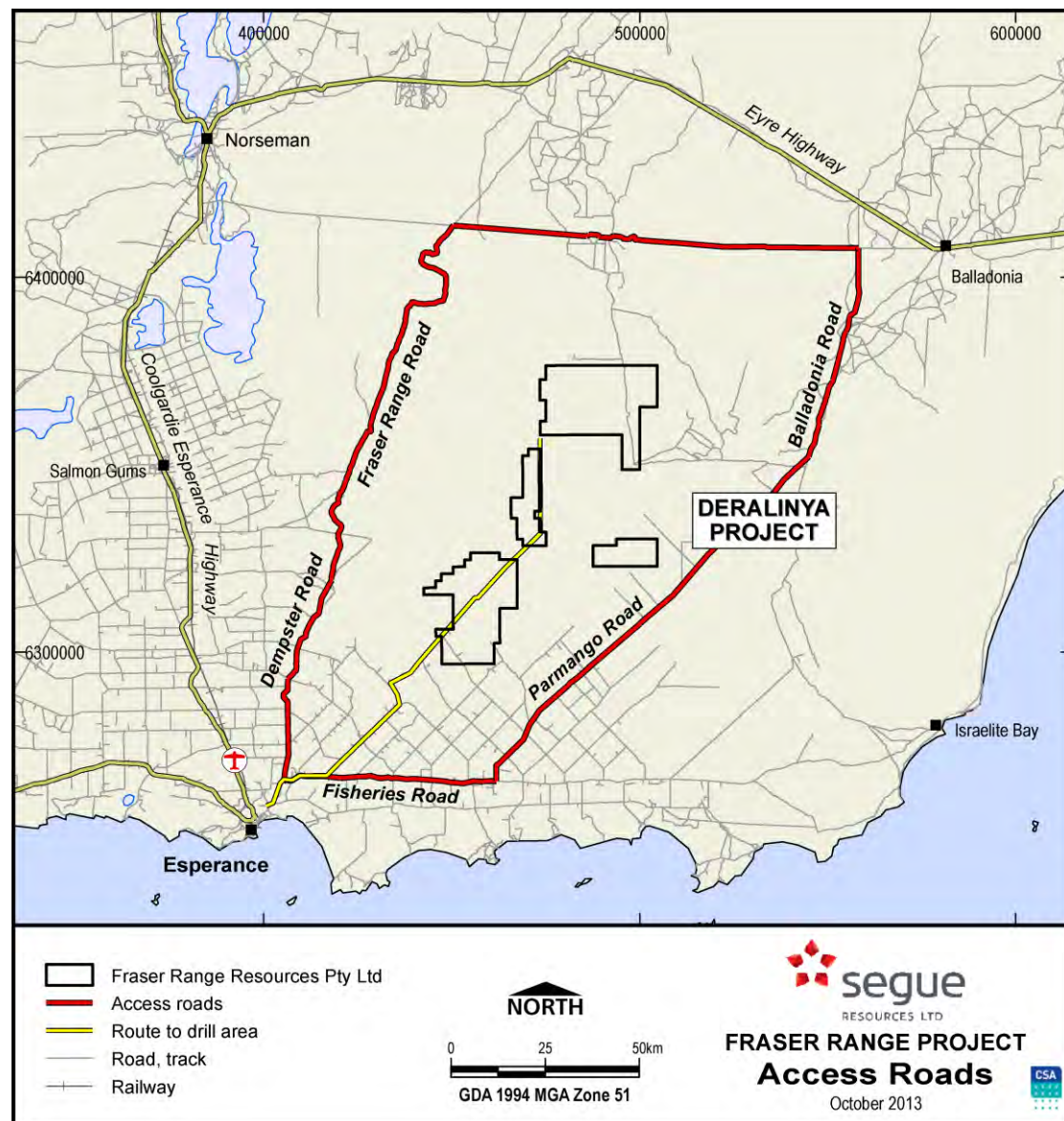


Figure 11: Road Access Routes to the Deralinya Project

## 4.2 Deralinya Project Tenements

Segue will acquire a 100% interest in four exploration licences through the acquisition of Fraser Range Resources Pty Ltd ("FRR").

The Mineral Assets comprise four exploration licences, E63/1521, E63/1522, E63/1523 and E63/1524 (Table 7 and Figure 12) that have been granted under the Western Australian Mining Act (1978) ("Mining Act"). Full Tenement details are presented in Table 7. The Mineral Assets have an aggregate area of 1298.1 km<sup>2</sup>.

**Table 7: Deralinya Project Tenement Schedule**

| Holder/s                       | Project   | Tenement ID | Blocks     | km <sup>2</sup> | Current Status | Grant Date | Expiry    | Next Rent \$    | Minimum Expenditure for next Year \$ |
|--------------------------------|-----------|-------------|------------|-----------------|----------------|------------|-----------|-----------------|--------------------------------------|
| Fraser Range Resources Pty Ltd | Deralinya | E63/1521    | 198        | 571.4           | Live           | 28-Jun-12  | 27-Jun-17 | \$23,562        | \$198,000                            |
| Fraser Range Resources Pty Ltd | Deralinya | E63/1522    | 51         | 146.8           | Live           | 28-Jun-12  | 27-Jun-17 | \$6,069         | \$51,000                             |
| Fraser Range Resources Pty Ltd | Deralinya | E63/1523    | 40         | 115.0           | Live           | 28-Jun-12  | 27-Jun-17 | \$4,760         | \$40,000                             |
| Fraser Range Resources Pty Ltd | Deralinya | E63/1524    | 162        | 464.9           | Live           | 28-Jun-12  | 27-Jun-17 | \$19,278        | \$162,000                            |
|                                |           |             | <b>451</b> | <b>1298.1</b>   |                |            |           | <b>\$53,669</b> | <b>\$451,000</b>                     |

The map displays the Deralinya Project area, showing various tenement blocks and native title claims. A legend in the top left corner identifies the following:

- Fraser Range Resources Pty Ltd tenements**: Represented by black outlines.
- NATIVE TITLE CLAIM**:
  - Ngadju**: Shaded orange.
  - The Esperance Nyungars**: Shaded light yellow.
  - Other holders**: White areas.

Key features include:

- Tenement Blocks**: Labeled with IDs such as E 63/1521, E 63/1522, E 63/1523, E 63/1524, E 63/1003, E 63/1004, E 63/1005, E 63/1376, E 69/2760, E 69/2954, E 69/2783-I, E 69/2784-I, E 69/2944-I, E 69/2953-I, E 69/2993-I, E 69/2951, E 63/1411, E 63/1496, E 63/1415-I, E 63/1582, E 63/1595, E 63/1525, E 63/1564, E 63/1547, E 63/1585-I, E 63/1469-I, E 69/3010-I, E 63/1271, E 63/1617, E 63/1272, E 63/1004, E 63/1005, E 63/1376, E 69/2760, E 69/2954, E 69/2783-I, E 69/2784-I, E 69/2944-I, E 69/2953-I, E 69/2993-I, E 69/2951.
- Native Title Groups**: "Ngadju People" and "The Esperance Nyungars" are labeled in orange text.
- Scale and Orientation**: A north arrow points upwards, and a scale bar indicates distances from 0 to 20 km.
- Coordinate System**: GDA 1994 MGA Zone 51.
- Company Logo**: The logo for segue resources ltd is located at the bottom center.
- Project Information**: The text "DERALINYA PROJECT" and "Project Tenements and Native Title" is prominently displayed at the bottom.
- Date**: October 2013.
- CSA Logo**: Located in the bottom right corner.

The Deralinya Project Tenements are situated in the Mt Margaret and north-east Coolgardie mineral fields.

A “Block” in Table 7 refers to a graticular block (known elsewhere as a sub-block), which is one minute of latitude by one minute of longitude. The area of a block varies with latitude, progressively decreasing with increasing latitude due to the convergence of the lines of longitude toward the earth’s poles.

Most of licences are on Vacant Crown Land. However the southernmost licence E63/1524 covers around 88 km<sup>2</sup> of agricultural land.

It is a requirement that the consent of Native Title claimants be obtained before a Tenement can be granted. This has been obtained by way of Agreements for Heritage Protection with the three Native Title claimant groups – the Ngadju, The Esperance Nyungars and the Narnoonbinya Family Group – affected by the grant of the Tenements that were executed by the Vendors and the Native Title claimants during 2012. The claims for Native Title over the Deralinya Project are shown in Figure 12. The Narnoonbinya claim has been dropped, leaving only the Ngadju and the Esperance Nyungar claims.

## **4.3 Project Details**

### **4.3.1 Local Geology**

The Albany-Fraser Terrane consists of two Proterozoic mobile belts that flank the southern margins of the Archaean Southwest Gneiss Terrane and southern and eastern margins of the Yilgarn block. The two Proterozoic mobile belts are Palaeo-Meso Proterozoic in age and are characterised by high grade gneisses and granulites, granitoid intrusions and polyphase deformation.

The geology of the Albany-Fraser orogen has recently been described by Spaggiari et al. (2009, 2010, and 2011).

The Deralinya Project area straddles a complex structural zone interpreted to bridge both Proterozoic and Archaean rocks in major crustal suture zone.

The Deralinya Project mostly lies within the Biranup Complex (1600-1700Ma). To the northwest the Deralinya Project covers rocks interpreted to be part of the Biranup Zone, comprising dominant migmatitic gneiss (mostly garnet-bearing) as well as granitic and metasedimentary gneiss. These rocks are considered strongly deformed Palaeo–Mesoproterozoic high-grade metasediments. They may include remnants of Archaean rocks and also intrusions of Recherche and Esperance Supersuite granites.

In some places amphibolite (either remnants of Archaean rocks or related to the Fraser Zone) is interpreted, for example in the Splinter area.

To the southeast the Deralinya Project covers interpreted Recherche Supersuite. This is a moderately to strongly deformed and recrystallized metagranite. It is heterogeneous, even grained or porphyritic, with possible intrusions of later lesser deformed Esperance Supersuite granitoids.

A new interpretation of the pre-Mesozoic bedrock geology using new magnetic and gravity data has recently been completed by Stannard and Meyers (2013) as shown in Figure 13. This interpretation of the geology is broadly similar to previous interpretations, albeit with significantly more detail, and a great deal of structural information has been identified. However, of particular significance is the recognition of a large (20 km by 4 km) lozenge of interpreted mafic/ultramafic rock in the centre of the project area. There are number of eye-like features (or fold closures) recognisable within the unit.

The potential for nickel-copper mineralisation is thus significantly enhanced within the project area. The likelihood of such mafic units in the project area is underpinned by the recognition of similar rocks elsewhere in the district, locally at the Splinter area, to the northwest in the nearby Ausquest tenements where a series of EM conductors associated with geochemical anomalism have been interpreted as mafic-hosted sulphide targets, and to the west at Mount Ridley where BHP drilled a layered mafic body.

#### 4.3.2 *Historical Exploration*

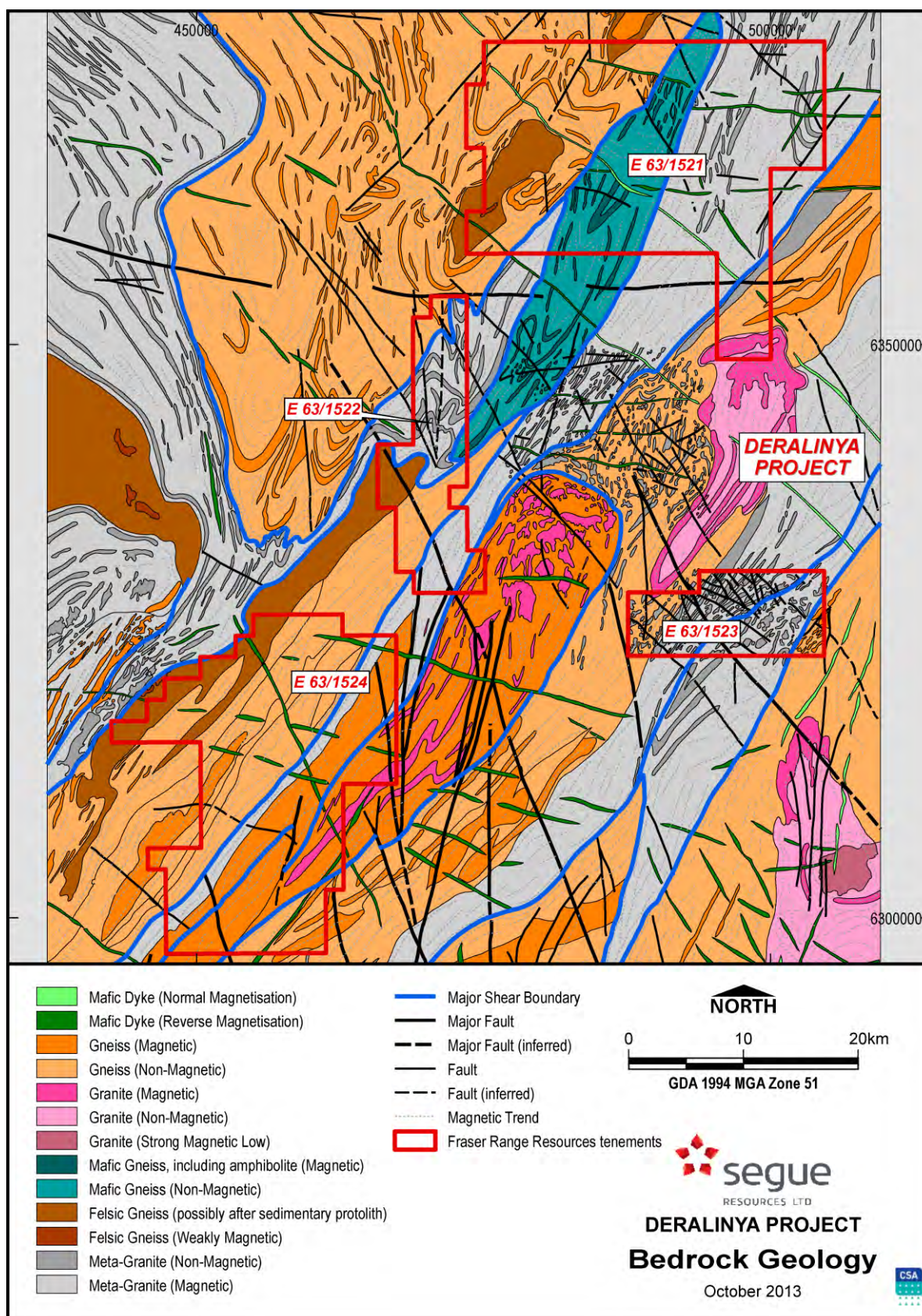
There has been very limited exploration in Fraser Range Licence areas. Thick scrub, lack of water and no surface drainage severely limited early prospecting. The same factors inhibited modern era mapping and the poorly known geology was perceived to be of limited prospectivity.

- CRA Exploration (CRAE) undertook regional exploration in the early 1980's searching for lignite/coal. CRAE flew INPUT airborne Electromagnetic surveys to define palaeochannels and cut access tracks to drill a number of stratigraphic wells.
- Griffin Coal also explored for coal in the same period. They targeted Eocene fluvial/marine sediments at the western margin of the Eucla Basin, south of Harms Lake. Exploration was based on recorded occurrences in the Kalgoorlie-Norseman area and on previous work by Griffin. Geological reconnaissance and a gravity survey were followed by drilling. No Eocene sediments were encountered above shallow granitic basement.
- Uranium was the focus of exploration by Noranda in 1986 in the Lake Steel area.
- Eucla Mining undertook exploration for heavy mineral sands during the early 1990's, but with limited success.
- Pecan Resources undertook loam sampling in 1996 to the northwest of Fraser Range that were found to contain gahnites in three of the samples collected. This finding was interpreted to support the potential for Broken Hill type zinc mineralisation in the high-grade metasediments. Age dating on a number of samples was also completed.
- Pan Australian completed exploration in the late 1990's testing for an extension of the Archaean Yilgarn Craton into a regional formerly interpreted as Albany-Fraser Province. World Geoscience completed aeromagnetics over the area on 400m spaced E-W orientated lines at a flight height of 60m. 45 magnetic target areas were identified.
- BHP Billiton – Discovery Nickel JV looked for Broken Hill type (BHT) Ag-Pb-Zn, and polymetallic VMS type mineralisation in 2004-2004. Calcrete geochemical sampling highlighted an area of Cu-Au-Zn-Ni anomalism, called Zone B, measuring 3 km by 1 km. They drilled 39 RAB holes along two lines, 500m apart, measuring 900 m by 1200 m, to blade refusal with depths ranging from 9–56 m. This geochemical exploration identified a large 3 km by 1 km Cu + Au ± Zn ± Ni anomaly on the contact between the Archaean domain and Palaeo-Meso Proterozoic Fraser Mobile Belt.

- Azure Minerals completed a range of exploration activities over the Splinter project area, located centrally (but not included) within the Deralinya Project Tenements in the period 2004 to 2008. Work comprised airborne aeromagnetic/radiometric, ground gravity and IP surveys and their interpretation, calcrete, soil and rockchip sampling, aircore, RC percussion and diamond core drilling. The RC percussion and core drilling tested magnetic and gravity anomalies for iron-oxide Cu-Au deposits and magnetite mineralisation. No significant Cu-Au-(U) mineralisation was identified, but hole SRC002 returned a best intercept of 24 m at 30.8% iron from E63/868. Azure's calcrete sampling returned a maximum assay of 7ppb Au, but most samples were around the 1ppb level. Given the thickness of cover revealed in the drilling at Splinter – cover is commonly >20m thick – these low results are not surprising, and are considered a poor test of basement mineralisation.
- In 2005-2006, Nickel Australia completed exploration at Splinter prospect and to the west, in the area partly overlapping E63/1522. Exploration activities comprised ground EM and gravity surveys, aircore and RAB drilling, petrology, surface sampling (calcrete, soil, and rock-chip) and re-analysis of previous years samples. A number of soil samples returned assays greater than 1 ppm U. Drilling did not return any significant intersections. Whilst gold and nickel based exploration has failed to define any anomalous zones gravity and surface geochemistry has defined an anomaly which has a potential to host the Olympic Dam/Carrapateena style iron-oxide Cu-Au mineralisation. Further drilling, geochemistry and IP was required to fully define this northeast-striking 4 km long zone.
- Goldport Pty Ltd carried out exploration for Au and Cu in the area partly overlapping the current E63/1522 in 2006-2009. They completed a ground gravity survey on 1 km spaced stations and reprocessed the existing aeromagnetic data. A number of auger calcrete and soil samples were collected within the top metre of surface cover. Anomalous Cu and Au with lesser Mo and W have been identified largely in the northern part of the survey area. Two gravity highs within the anomalous areas were selected for further drill testing.
- In 2008-2010, Norseman Gold PLC compiled and reviewed all available information, and completed a regional scale litho-structural and aeromagnetic data interpretation. The company generated a number of exploration (predominantly for gold) targets and assessed available geochemical sampling strategies. A reconnaissance trip was also completed to the Fraser Range Project area. First pass drilling program was planned to assess cover thickness and validate the appropriateness of calcrete sampling, when a change in corporate priorities lead to the suspension of the regional exploration work in the Fraser Range area.
- In 2011, Buxton Resources completed a number of exploration activities in the area west of E63/1522 and north of E63/1524. Exploration involved a VTEM survey and rock-chip and calcrete geochemistry to test for gold and nickel mineralisation. VTEM results indicated complex EM responses due to a variety sources including conductive cover, deeper weathering zones and bedrock sources. Calcrete sampling has identified low-order Au and Ni anomalies. The results were considered encouraging, further calcrete sampling was recommended.



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- Ausquest Ltd carried out exploration in the Dundas project area, located north and northwest of E63/1521. In 2009 to 2012 activities comprised an airborne magnetic/radiometric survey and collecting 172 calcrete and 166 soil samples.



**Figure 13: Interpreted bedrock (pre-Mesozoic) Geology of the Deralinya Project Area (Meyers and Stannard 2013).**

#### 4.3.3 *Recent Exploration*

The Deralinya Project area was held by Norseman Gold PLC immediately preceding the grant to Fraser Range Resources Pty Ltd.

Work completed comprised compilation and review of all available data, a regional and Deralinya Project specific litho-structural interpretation and targeting exercise of aeromagnetic data (predominantly for gold), an assessment of regolith and geochemical sampling options and a reconnaissance visit made to the Deralinya Project areas.

Drill planning to assess cover thickness in areas of interest and validate the appropriateness of calcrete sampling was permitted and access tracks constructed, when a change in corporate priorities lead to the suspension of the regional exploration work in the Fraser Range area.

FRR applied for essentially the same tenement areas, plus an extra one west of the Splinter area, when they were surrendered by Norseman Gold.

#### 4.3.4 *Deralinya Project Prospectivity*

Segue intends to acquire a 100% indirect interest in the large Deralinya Project Tenement package which lies in an underexplored, mineralised and prospective region. The Company believes the Deralinya Project Tenements are prospective for gold, nickel-copper and other commodities including mineral sands, palaeochannel uranium, magnetite iron ore, graphite and lead-zinc-silver.

Further exploration is warranted in the Deralinya Project Tenement package.

However, physical access in the region is constrained by thick woodland and scrub dominated by mallee and understory species.

##### 4.3.4.1 *Gold*

A lithomagnetic and structural interpretation completed for the Deralinya Project area by Isles and Dorling (2009) and Spaggiari et al. (2011) concluded that the “Munglinup Gneiss/Biranup Zone/Northern Foreland” terrane represents a metamorphically and structurally reworked margin of the Yilgarn Craton rather than an exotic accreted terrane. This terrane is recognised as the host rocks for most of the important gold systems so far recognised in the Albany-Fraser Orogen, including Tropicana-Havana. This terrane is the preferred target for basement-hosted gold exploration in the Deralinya Project area.

An additional or parallel exploration model for gold is structurally driven. The Deralinya Project tenements are located in an area of high structural complexity, known as the ‘S-bend’, a zone of major deformation related to the structural emplacement of the Fraser Zone to the north. Furthermore a number of major faults and shears cross cut the area – providing numerous locations for structural and rheological gold traps – and the whole region lies on the Widgemooltha trend (Figure 4).

New interpretations of the bedrock geology (Meyers and Stannard, 2013, Figure 13) detail both this structural complexity as well as flag the presence of many probably more ‘mafic’

units that provide potential chemical trap for gold particularly where they are in proximity to the structures.

There has been limited surface geochemical sampling in the Deralinya Project area by past explorers. The northwestern corner of the Deralinya Project area was tested partly by a calcrete sampling program conducted by BHP looking for BHT deposits, and 100 calcrete samples were collected in the Splinter project area by Azure Minerals; no other surface geochemical sampling was found in the WAMEX data.

The BHP calcrete sampling covers part of the reworked Archaean zone identified by Isles and Dorling (2009) and is of particular interest. There are two samples that are greater than the 98th percentile for gold (actual values 13 ppb and 12 ppb) in the calcrete data. However they are single point anomalies and their calcium contents are also the highest calcium values – levelling gold by calcium reduces the significance of these samples, but flags four other samples as anomalous. The low levels of calcium and gold recorded for some of these samples means that these results need to be used with caution.

However, the presence of anomalous gold, whether or not it can be directly related to underlying mineralisation, in the area of interest highlighted by Isles and Dorling (2009), provides encouragement for the prospectivity of this area.

Azure's calcrete sampling returned a maximum assay of 7 ppb Au, but most samples were around the 1ppb level. Given the thickness of cover revealed in the drilling at Splinter – cover is commonly >20 m thick – these low results are not surprising, and are considered a poor test of basement mineralisation.

The Deralinya Project area is covered by a complex regolith with multiple episodes of lateritisation and stripping of saprolite profiles that have developed on both the Precambrian rocks as well as Cainozoic sediments. This means that low-level gold anomalies are likely to be more significant than areas with more intact regolith profiles.

Palæoshoreline/s and inset palæovalleys eroded during regressions complicate the regolith story but also provide opportunities for mineral sands, sandstone hosted uranium and possibly lignite. The potential is greatest in the southern licences.

There is the possibility of gold in the palæochannels, either placer or chemically transported.

A reasonably ubiquitous pedogenic calcrete is reported by past explorers developed at around 0.5-1.5m depth in the surficial sandy soils (æolian). This calcrete is considered to be the best surface geochemical sampling medium in those areas where the cover sequence is thin enough.

Mallee is the predominant flora in the region – the root systems of mallee reportedly extend to 10-20m depth, so that calcrete is likely to have captured metals transported by the plants from this depth range.

Another exploration tool being investigated by Segue is using the ubiquitous woodland as a sampling medium via biogeochemical sampling of plant materials.

The southern licence group is less prospective for gold in the basement and has thicker regolith. Surface sampling is suggested for the lower priority lithomagnetic zones that lie in the interpreted shallow basement areas.

#### 4.3.4.2 *Nickel*

The recognition of a possible large lozenge of mafic/ultramafic rock within the project area has important ramifications for the nickel potential of the area. The new nickel model discussed in Section 3.3.4.2 is also relevant in this situation because the Urals-Alaskan style zoned ultramafic pipes are controlled more by structure than by host rock. If a subduction step-back generated more fertile magmas, then any steep, deep-rooted, structure is a potential locus for intrusion of these pipes. The presence of eye structures within the project area present additional nickel targets.

#### 4.3.4.3 *Uranium*

A series of major palaeovalley systems that drain the Yilgarn craton traverse the Deralinya Project area. Lines of playa lakes, commonly with anomalous uranium radiometric channel signatures, define the locations of many of these palaeovalleys. While these surficial uranium anomalies provide a target for uranium in their own right – similar to the deposits at Lake Way and Lake Maitland near Wiluna, it is the major palaeovalleys that represent the principal uranium targets. These palaeodrainages tap significant catchment areas of weathered, uranium-enriched, granitoids in the adjacent Yilgarn Craton and transport oxidised groundwater capable of carrying uranium in solution. Redox traps within the palaeochannels, either reduced sediments of Mulga Rocks style lignite bodies, can then capture and concentrate this mobile uranium.

The presence of up to 500ppm U over a single 1m sample (from an 11 hole programme) at nearby Lake Steel was the focus of exploration by Noranda in 1986 shows that uranium concentrations of potentially economic interest can form in this region.

Exploration by defining palaeovalleys and the redox conditions within them are relatively straightforward exploration plays.

#### 4.3.4.4 *Base Metals*

The base metal potential of the rock packages to the southeast of the “reworked Archaean” remains untested and conceptually valid. High-grade metamorphic rocks with ages from Palaeo- to Neoproterozoic are known globally to host a range of Pb-Zn deposits types of economic interest, for example:

- Classic Broken Hill style (including Cannington) deposits with significant silver contents;
- Balmat Edwards-style, a Neoproterozoic zinc-lead deposit in the Grenville orogen in New York State, age 1000Ma; it is a possibly a metamorphosed carbonate hosted (MVT-style); and,
- Rampura Agucha-style, from Rajasthan, where it is hosted by granulite facies rocks of Palaeoproterozoic to Mesoproterozoic age; it is considered to be a metamorphosed SEDEX zinc deposit characterised by high zinc-lead grades and excellent milling properties; probably about 120 million tonnes at approximately 13% combined Zn-Pb.

All of these deposit styles have different regional and local host rock packages and geochemical signatures and affinities.

The presence of gahnite (an alteration product of zinc mineralisation) in loam samples to the west north west of the project area is a significant clue that BHT-type mineralisation might be present within the high-grade metasediments in the project area.

The key to targeting these mineralisation styles is to better define the rock packages at the Deralinya Project and then to focus on a possible style of target and final exploration pathway. BHT is probably the most attractive with high grades of Ag, but the others would also be worthwhile.

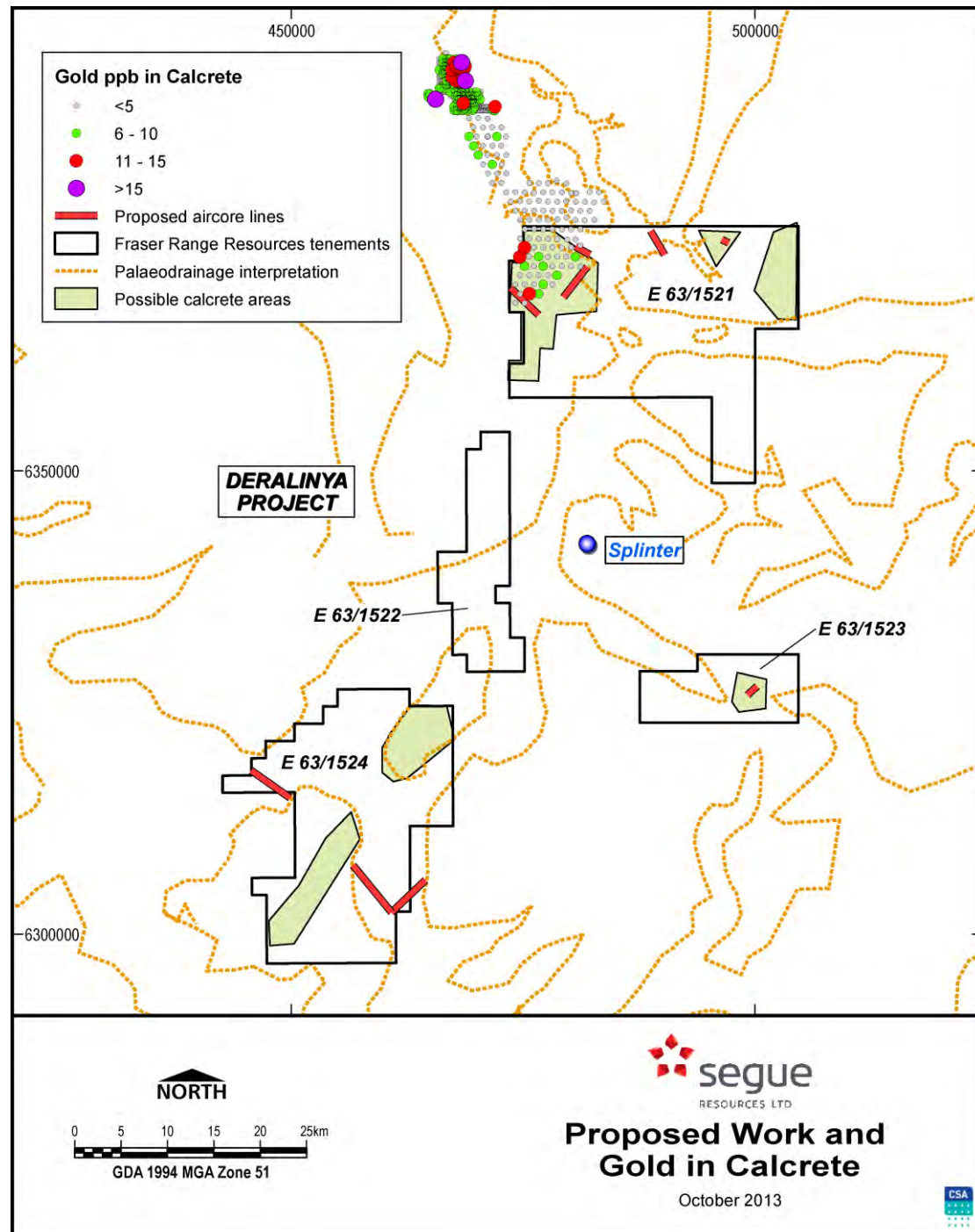


Figure 14: Proposed aircore traverses and areas for calcrete sampling

#### 4.4 Deralinya Project Programme & Cost Estimates

The Deralinya Project is a conceptual, grassroots, exploration play in an area with very limited data available. Segue has provided CSA with a clear exploration strategy to further test the mineral potential of the Deralinya Project.

The following work programmes are planned by Segue:

- Infill and repeat calcrete sampling will be undertaken around the anomalous samples collected by BHP. The initial 1 km spaced samples will be infilled with 200m-spaced samples around the anomalous samples with two repeats taken at and near the original anomalous samples.
- This orientation work is designed to check the reliability of the calcrete sampling in this area and provide confidence in the suitability of this approach.
- If the follow-up samples repeat the anomalous results then calcrete sampling will be completed on 800m x 200m lines across the areas interpreted as shallow basement in Figure 14.
- Complete a series of aircore traverses across the prospective units identified on the lithomagnetic interpretation – this will provide basement samples, information on lithologies to truth the interpretation and also geochemical samples and material for hyperspectrally assessing alteration assemblages present. Additionally, this approach will provide unequivocal evidence on the regolith upon which to base exploration decisions elsewhere in this area.
- Complete a series of aircore traverses across the interpreted palaeodrainages to assess the location and thickness of the drainages, observe the redox state of the sediments and the amount of sands present, test for mineral sands, lignite and uranium (on site checks with scintillometer and handheld XRF instruments are recommended). Any basal sands/gravels should also be assayed for gold. Figure 14 shows the areas of proposed calcrete sampling and possible aircore lines.
- Undertake airborne geophysics (EM or aeromagnetics) to screen portions of the Tenements following targeting interpretations of the public domain data. The newly recognised mafic zone in E63/1521 is a key area for this approach.

Segue intends to undertake an aircore drilling programme to both test areas identified as prospective for gold mineralisation and in parallel to assess the suitability of pedogenic calcrete as a geochemical sample medium in the Deralinya Project area.

The rationale for reconnaissance aircore drilling is to map the bedrock geology – lithology, alteration (both visually and spectrally) and geochemistry (thereby validating the lithomagnetic interpretation); and, to assess the depth of cover and the nature of regolith. This latter information will provide an insight into the applicability of surface geochemistry (calcrete sampling); as well as assessing the Heavy Mineral Sands (HMS), lignite & uranium potential of the test area.

Should the suitability of calcrete be confirmed then Segue propose to undertake broad regional calcrete soil sampling to locate gold anomalies, to be followed with infill calcrete sampling over higher tenor anomalies and subsequent drill testing. Samples will be assayed for a multi-element suite that targets gold and base metals related to VMS and nickel.

A two year programme budget of \$0.45 million has been outlined and is summarised in Table 8 below. The budget provides for geochemical sampling in Year 1 to define targets, followed by infill/additional sampling, reconnaissance drilling and target testing RC percussion drilling in Year 2.

**Table 8: Two-year Exploration Budget Breakdown for Deralinya Project**

| Activity                         | Year 1     |            | Year 2     |            |
|----------------------------------|------------|------------|------------|------------|
|                                  | Min        | Max        | Min        | Max        |
| Aircore/RAB                      | \$ 80,000  | \$ 150,000 | \$ 50,000  | \$ 50,000  |
| RC percussion                    |            | \$ 100,000 | \$ 90,000  | \$ 100,000 |
| Diamond Core                     | \$ -       | \$ -       | \$ 50,000  | \$ 100,000 |
| Surface geochemical Sampling     | \$ 50,000  | \$ 100,000 | \$ 50,000  | \$ 100,000 |
| Assays and other analytical work | \$ 63,000  | \$ 150,000 | \$ 79,000  | \$ 105,000 |
| Geophysics                       | \$ 80,000  | \$ 150,000 | \$ 75,000  | \$ 150,000 |
| Staffing/Consultants/Contractors | \$ 20,000  | \$ 45,000  | \$ 40,000  | \$ 50,000  |
| Field Support                    | \$ 10,000  | \$ 22,500  | \$ 20,000  | \$ 25,000  |
| Technical studies                | \$ 5,000   | \$ 20,000  | \$ 5,000   | \$ 20,000  |
| Native Title                     | \$ 30,000  | \$ 60,000  | \$ 40,000  | \$ 60,000  |
| Tenement Rent                    | \$ 53,000  | \$ 53,000  | \$ 53,000  | \$ 53,000  |
| Administration & overheads       | \$ 33,000  | \$ 79,000  | \$ 49,000  | \$ 76,000  |
| TOTALS                           | \$ 424,000 | \$ 929,500 | \$ 601,000 | \$ 889,000 |

The proposed budget is considered consistent with the exploration potential of the Deralinya Project and is considered adequate to cover the costs of the proposed programme. The budgeted expenditure is also considered sufficient to meet the minimum statutory expenditure on the Deralinya Project Tenements.

## 5 Pardoo Project

### 5.1 Property Location, Access and Infrastructure

The Pardoo Project is located on the Great Northern Highway, some 100 km east-northeast of Port Hedland and 17 km north-northwest of Mt Goldsworthy (refer Figure 15) in the Pilbara region of Western Australia. The project area is 15 km from the coast and sits in close proximity to power, rail and port facilities. Access to the Pardoo Project is via the Great Northern Highway, which cuts through the project area. A number of station and exploration tracks off the Great Northern Highway provide access within the project area.

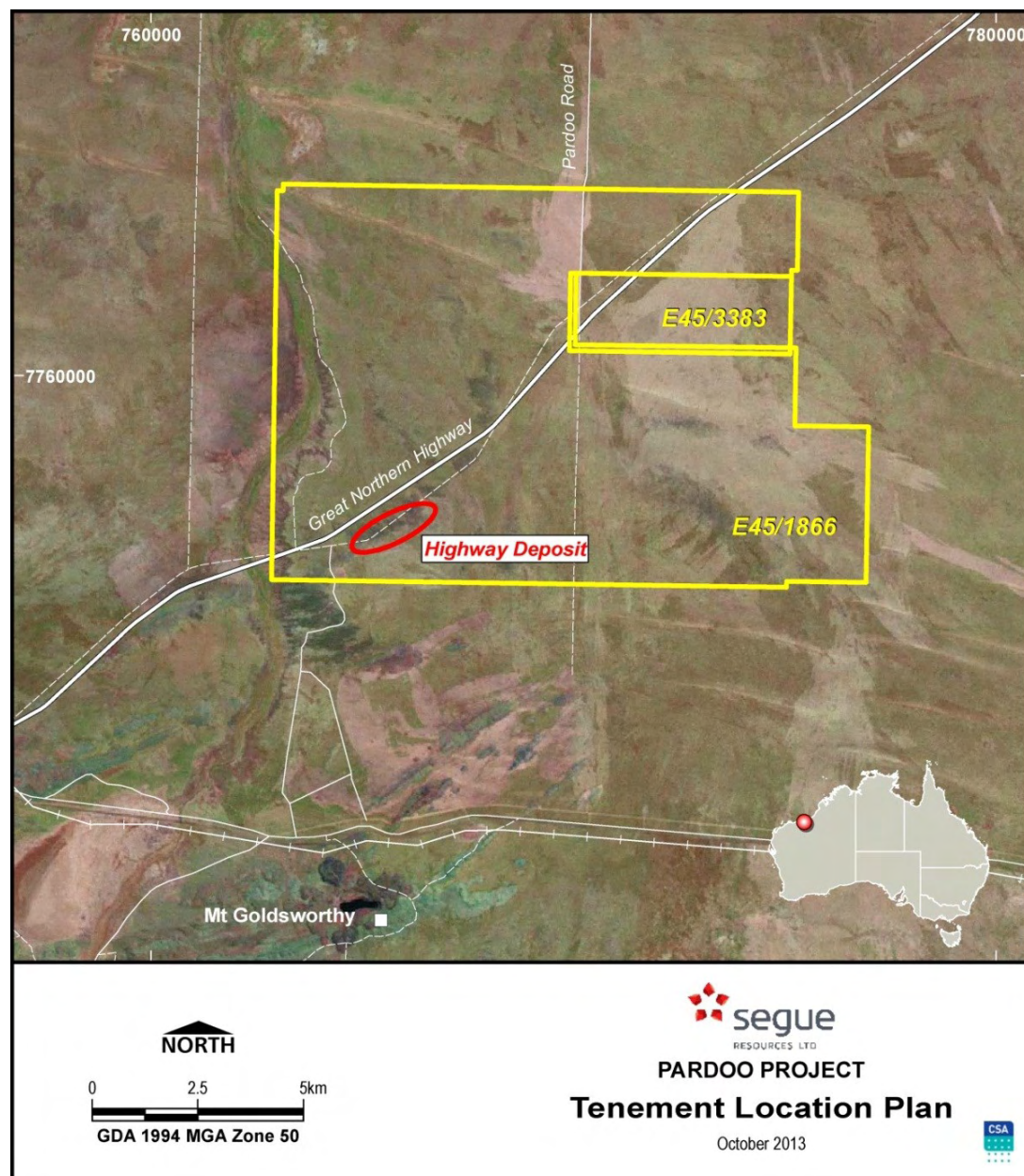


Figure 15: Location Plan of Segue's Pardoo Nickel-Copper Project

The project area lies within a coastal sand plain, sparsely vegetated with mainly spinifex grass and scattered acacia bushes. This coastal region has an arid to semi-arid climate. The average rainfall is approximately 250mm, with most rainfall related to tropical cyclones and thunderstorms occurring in the summer months between December and March. Rainfall during the remainder of the year is light and irregular. Drainage in the region forms a north to northwesterly network flowing towards the Indian Ocean.

## 5.2 Pardoo Project Tenements

The Pardoo Nickel-Copper Project comprises 2 exploration leases covering around 118 km<sup>2</sup> in the Pilbara Mineral Field. Segue Resources Ltd holds a 100% interest in its Pardoo project tenements.

**Table 9: Tenement Details, Segue Pardoo Project**

|        | Tenement ID   | Status | Block s | Area km <sup>2</sup> | Grant Date | Expiry Date | Next Rent          | Expenditure Commitment |
|--------|---------------|--------|---------|----------------------|------------|-------------|--------------------|------------------------|
| Pardoo | E45/1866      | Live   | 34      | 109.4                | 9-Feb-04   | 8-Feb-14    | \$16,167.00        | \$102,000              |
|        | E45/3383      | Live   | 3       | 8.6                  | 20-Oct-09  | 19-Oct-14   | \$555.30           | \$20,000               |
|        | <b>Totals</b> |        |         | <b>118.0</b>         |            |             | <b>\$16,722.30</b> | <b>\$122,000</b>       |

Both Licences are held 100% by Segue Resources.

CSA reviewed the status of the licences using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 10<sup>th</sup> October 2013. The larger tenement (E45/1866) has always exceeded its expenditure commitment; whilst the smaller tenure (E45/3383) has not, with exploration being a subset of the larger project expenditure, though exemptions have been granted. Rents for each licence have been paid in full for the current licence terms.

CSA notes that the tenements overlap in tenure due to the use of an earlier datum for E45/1866 (originally pegged in 1997), and have calculated areas in respective of the precedence of the tenure. If E45/1866 was to expire, E45/3383 would increase to 9.7 km<sup>2</sup> in accordance with condition no.3 on the endorsement of the tenement; namely "the grant of this licence does not include the land the subject of prior Exploration Licence E45/1866. If the prior licence expires, is surrendered or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining regulations 1981 titled 'Transitional provisions relating to the Geocentric Datum of Australia'".

CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

Total recorded expenditure to the latest anniversary date for each tenement was

- \$3.84M expenditure against a commitment of \$0.53M for E45/1866; and
- \$10.9k expenditure versus \$45k commitment for E45/3383.

## 5.3 Project Details

### 5.3.1 Regional Geology

The project is located on the northern edge of the Achaean East Pilbara Granite-Greenstone terrane. The De Grey structural zone (known at a project scale as the Pardoo Fault), a large regionally pervasive structure, runs through the project and is believed to be integral to mineralisation at the Highway Deposit (refer Figure 16). The relatively thin (0-100m), flat lying, Mesozoic-aged Callawa Formation covers nearly all prospective stratigraphy, and tends to thicken towards the north.

The project area is centred on the northern, faulted limb of the Goldsworthy Syncline, with the oldest rocks at the base of the Syncline being volcanoclastic sandstones and cherts of the Warrawoona Group. The Highway Deposit sits within a sequence of schists and cherts of the Gorge Creek Group.

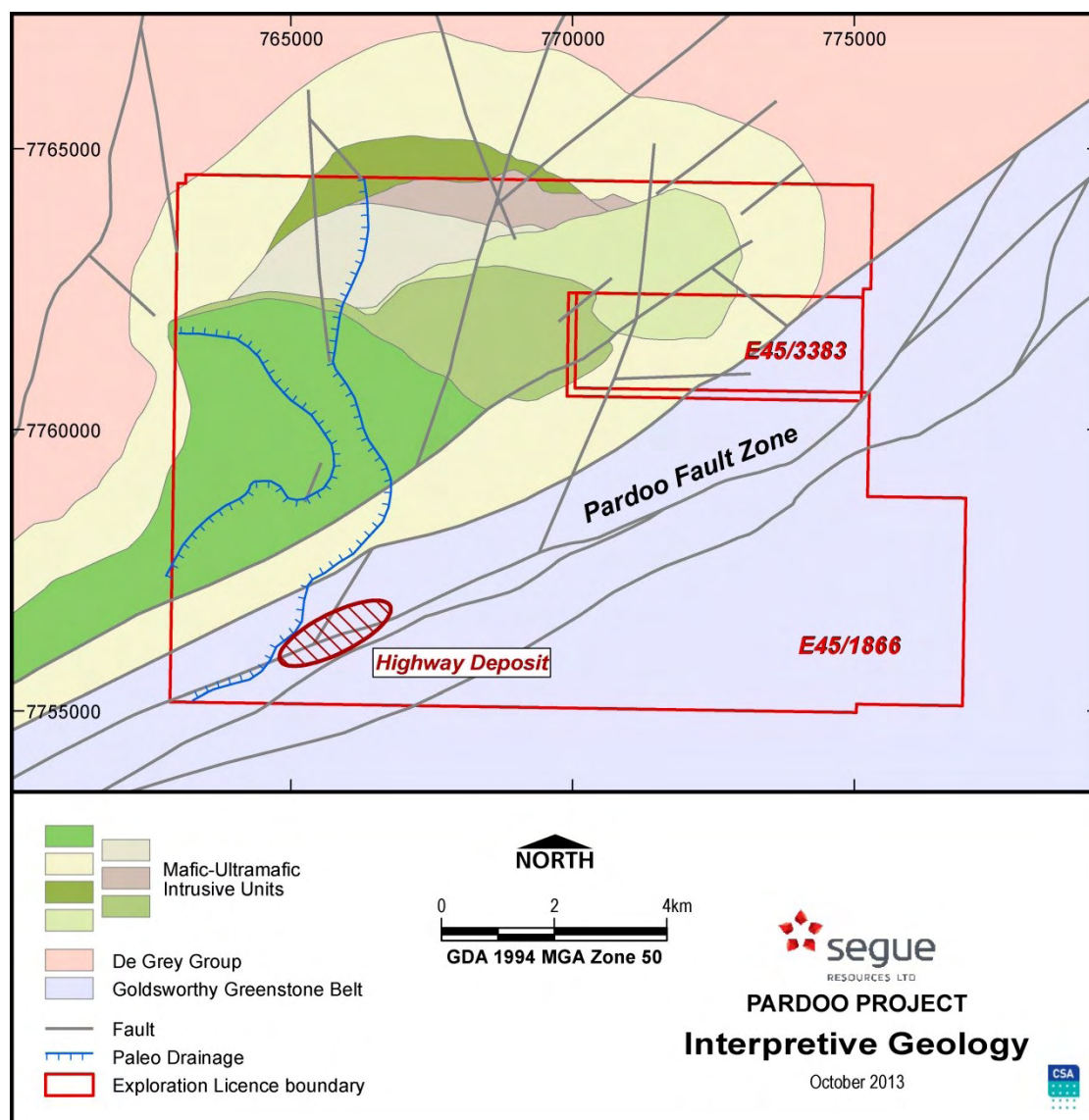
### 5.3.2 Local Geology and Mineralisation

Mineralisation at the Highway Deposit is present as disseminated and semi-massive sulphides within heavily altered meta-sedimentary rocks of the Gorge Creek Group within the Goldsworthy Greenstone Belt. The host rocks consist of a schistose package comprising biotite, chlorite, quartz, feldspar and carbonate schists with accessory carbonate, magnetite and ilmenite. Chert lithologies occur above and below the schists and consist of grey, white and translucent, banded and occasionally brecciated chert.

Mineralisation at the Highway Deposit has been outlined by drilling along approximately 1,200 m of strike with disseminated and semi-massive nickel and copper sulphide system containing approximately 5% to 30% sulphide minerals by volume. The mineralisation has been interpreted as being hydrothermally re-mobilised from a primary magmatic source.

The mineralised zone dips steeply to the north-northwest, and is stratabound and largely discordant to the prevailing lithology, which dips 70° to 85° to the north, suggesting it is influenced by faulting or shearing. The hanging and footwall chert appear to merge along strike to become a single unit and the mineralised metasedimentary host appears to pinch out.

Previous project operators CRA and Mithril Resources Ltd. had noted the significance of a large gravity anomaly to the north of the Pardoo fault. This was speculated to be a large mafic-ultramafic intrusive and a probable source for the primary magmatic sulphide that has later been hydrothermally re-mobilised into the major shear zone. From the gravity, magnetics and limited drilling within the intrusive, a geological interpretation has been recently completed on behalf of Segue, and the newly-interpreted local geology is depicted below in Figure 16.



**Figure 16: Interpreted geology of Segue's Pardoo tenure (after Judd, 2013)**

### 5.3.3 Historical Exploration

The region is largely covered by sediments and windblown sands and was not generally recognised as a prospective Archaean greenstone belt until the late 1980's. Following the completion of regional aeromagnetic surveys large areas of exploration licenses were taken up in 1988 by CRA Exploration (CRAE) targeting Witwatersrand style gold-uranium mineralisation. Initial work in early 1989 by CRAE revealed the presence of base metals including nickel, zinc, lead and copper. Consequently CRAE's exploration work in the area shifted to nickel, copper and some separate zones of sediment-hosted zinc mineralisation. Airborne magnetic and radiometric surveys were flown that enabled the detection and interpretation of the basement stratigraphy leading to the delineation of a major structural feature, the-then De Grey Structural zone, largely hidden under sedimentary cover.

Ground follow-up of magnetics and IP along this zone identified several IP anomalies over 8 km of strike. Testing of the IP anomalies intersected some 50-100m widths of >10%

pyrrhotite/pyrite mineralisation particularly in two holes at the Supply Well prospect (14 km northeast of the then undiscovered Highway Deposit). Due to the presence of massive sulphides, a trial GEOTEM survey was flown in 1990, which outlined the known sulphide mineralisation, and was expanded over the then De Grey Structural Zone. In 1992, further drill testing of identified GEOTEM anomalies located several new areas of sulphides at the Highway prospect (14 km to the south west of Supply Well). SIROTEM was completed firstly using 400m; then 200m spaced lines. Drilling of one conductor intersected a pyrite/pyrrhotite zone containing 113m at 0.31% Ni and 0.31%Cu. A second drill hole 100m away intersected 90m at 0.35%Ni and 0.14%Cu. Subsequent broad spaced drilling at the Highway prospect outlined an 800m long by 50-75m wide, disseminated nickel-copper sulphide resource.

Until 1995, CRAE undertook detailed ground magnetic surveys, ground geophysical IP and EM surveys, broad regional airborne EM surveys and limited follow-up diamond, RC and RAB drilling over a large area known as the Worthy Project. CRAE drilled 693 holes totalling 22,355m during their period of exploration. The drilling included 632 RAB holes totalling 10,910m, 42 RC holes totalling 6,400m and 19 diamond drill holes totalling 5,045m.

CRAE eventually dropped the ground, and Westralian Resources was granted exploration licences over the Highway Prospect in 2004. In October 2004 the first round of ground moving loop transient electromagnetic surveying (MLTEM) was conducted on a 200m line spacing, followed by a more detailed round of MLTEM in June 2005 surveying on 100m line spacing with 50m stations. These surveys delineated fourteen electromagnetic anomalies. In June 2005 an airborne geophysical survey was flown to collect magnetic, radiometric and elevation data over a large portion of the project area. A heritage survey was completed and an 18 person camp was established on site in June 2005 broadly covering the historical CRAE grid. This camp was maintained until May 2006 when it was sold and removed from site.

Historical diamond drill core from the Highway Prospects was re-examined in an attempt to relate higher grade nickel sulphide mineralisation to host rock and adjacent lithological units. Closer spaced re-sampling revealed the presence of high grade nickel sulphide in the mineralised system.

Segue took control of the Pardoo Project from Westralian in November 2006. Work completed by Segue included:

- Geophysical modelling of Westralian electromagnetic data;
- Helicopter-based VTEM geophysical survey;
- Diamond core drilling;
- RC percussion drilling;
- Density determinations;
- Aeromagnetic surveying;
- Ground TEM Surveying; and
- Metallurgical Test Work.
- Resource Estimation

Mithril Resources entered into a farm in arrangement (the Pardoo Nickel JV) with Segue, agreeing to spend \$5.5M over 4 years to earn 51%. Mithril became the project manager of the Pardoo Project from Segue in December 2007 until it withdrew in January 2011. At the formation of the JV Pardoo had an inferred Resource of 44.7Mt @ 0.3% Ni and 0.1 % Cu at a 0.1% Ni cut-off, based primarily on the drilling completed by CRAE and limited work by Segue to confirm CRAE's work. Work completed during the period of the JV included:

- Ground EM surveying;
- Diamond core drilling;
- Re-assaying of historic sample pulps;
- Specific Gravity Determinations;
- Downhole EM surveying;
- A range of metallurgical testwork;
- Review of iron ore potential.
- Re-estimation of Highway Nickel-Copper Deposit Resource; and
- Rehabilitation.

**Table 10: Exploration history, Pardoo Nickel-Copper Project**

| Years     | Company          | Commodity    | Exploration                                                                |
|-----------|------------------|--------------|----------------------------------------------------------------------------|
| 1988-95   | CRAE             | U, Au, Ni-Cu | Aeromagnetics, ground geophysics, Significant RAB, RC and Diamond drilling |
| 2004-06   | Westralia        | Ni-Cu        | Aeromagnetic, Radiometrics, MLTEM, Core review and resampling              |
| 2006-2007 | Segue            | Ni-Cu        | RC and Diamond Drilling, VTEM, Resource calculation                        |
| 2007-2011 | Mithril/Segue JV | Ni-Cu        | RC and Diamond Drilling, Ground EM, Resource calculation                   |
| 2011-     | Segue            | Ni-Cu; Fe    | Limited Diamond Drilling, Metallurgical testwork, Geological review        |

#### 5.3.3.1 Recent Exploration

Since 2011 Segue have completed a small diamond drill programme to test the iron ore potential of the Highway Deposit as well as analysing samples from previous holes drilled by Mithril as part of an ongoing review of iron ore potential. This has included Davis Tube Recovery tests on five metre composite samples of magnetic gabbro; and preliminary flotation testwork.

In 2012 Segue entered into JV arrangement with Red October Resources. Under the agreement, Red October could earn a 30% interest in the nickel and non-iron ore rights over Segue's then four tenements in the Pilbara region by spending \$1.0 million within two years. Red October could then increase its interest by a further 20% (to a total of 50%) by spending a further \$2.0 million on the Project.

On the 28th August 2013 Segue Resources announced that it has entered into an agreement to sell two of its Pardoo iron and nickel exploration tenements (E45/2146 and E45/3464) to White Eagle Resources (Previously Red October Resources) for a cash consideration of \$20,000, subject to approval by White Eagle shareholders. The tenements contained the Supply Well Ni-Cu prospect. Segue was to retain a 100% interest in E45/1866 and E45/3383 which contain the Highway nickel/copper resource

A review of historical exploration data on Segue's two remaining tenements has been recently completed, with the aim of identifying new exploration targets in the under-explored northern portion of the tenure. The most recent interpretation by Segue and their consultants highlights the potential of the large mafic-ultramafic complex in that area, which consists of a number of phases/pulses of magma that is interpreted as being somewhat analogous to Sirius Resources' Nova deposit, where a mineralised pulse exists within a larger complex of magmatic pulses. Newly proposed work intends to focus on this potential.

#### 5.3.4 Mineral Resource Estimates

A Mineral Resource estimate for the Highway Deposit was prepared by Snowden Mining Industry Consultants in 2007 and updated in 2010 (as announced in the Segue Quarterly Activities Report for the period ending 31<sup>st</sup> March 2010). The 2007 Inferred Mineral Resource Estimate was 44.7Mt @ 0.3% Ni and 0.1 % Cu at a 0.1% Ni cut-off, and incorporated CRAE and Segue drilling. Earlier CRAE drilling had generated a historical estimate of 37Mt @ 0.3% Ni and 0.12% Cu using a 0.1% Ni cut-off.

For the 2010 update, Mithril/Segue provided all historical and recent input data to the resource estimate including the drilling and sampling information; a preliminary geological interpretation of the nickel grade shell at a nominal 0.1% Ni lower cut-off grade and *in situ* density values.

The most recent 2010 Mineral Resource estimate is classified in the Inferred category and comprises 50.0Mt at an average grade of 0.30% Ni, 0.13% Cu, 0.03% Co and 2.65% S; reported above a 0.1% Ni cut-off grade. Table 11 summarises the resource along with values at a higher cut-off grade of 0.3% Ni.

At the higher cut-off of 0.3% Ni, the contained metal is 94kt Ni, 30kt Cu, and 7kt Co. CSA have calculated a Nickel Equivalent ("NiEq") metal content for the 'fresh only' component of this resource at 98kt of NiEq. This is based on 95% recoveries for Ni and Cu (based on comparisons with recent public announcements of similar deposit types), with no Co contribution; and Ni pricing of AUD\$14,900 per tonne, and Cu pricing of AUD\$7,700 per tonne, which are the rounded spot prices at the time of writing. The calculation formula was  $95\% \times (\text{Ni tonnes} + ((\text{Cu price}/\text{Ni price}) \times \text{Cu tonnes}))$ .

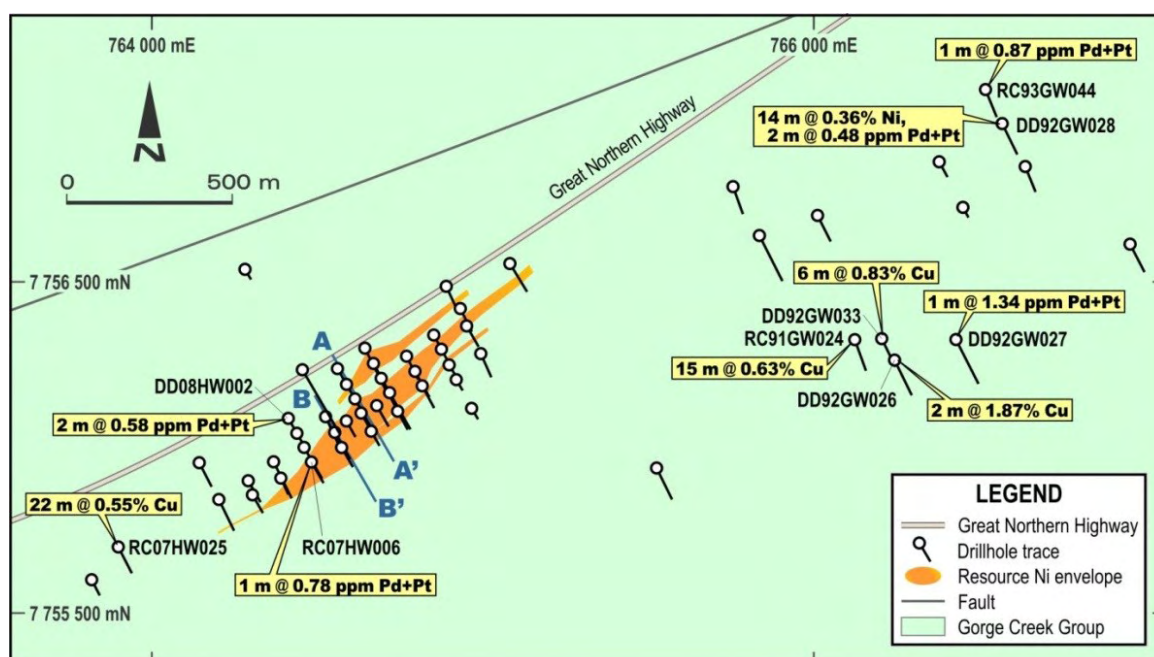
**Table 11: Highway Deposit 2010 Resource**

| Cut-off<br>Ni % | Material     | Million<br>tonnes | Ni %        | Cu %        | Co %        | S %         |
|-----------------|--------------|-------------------|-------------|-------------|-------------|-------------|
| 0.1             | Weathered    | 5.5               | 0.25        | 0.18        | 0.03        | 0.10        |
|                 | Fresh        | 44.5              | 0.31        | 0.12        | 0.03        | 2.96        |
|                 | <b>Total</b> | <b>50.0</b>       | <b>0.30</b> | <b>0.13</b> | <b>0.03</b> | <b>2.65</b> |
| 0.3             | Weathered    | 1.4               | 0.38        | 0.22        | 0.04        | 0.11        |
|                 | Fresh        | 21.7              | 0.41        | 0.12        | 0.03        | 3.37        |
|                 | <b>Total</b> | <b>23.0</b>       | <b>0.41</b> | <b>0.13</b> | <b>0.03</b> | <b>3.18</b> |

The 2010 Mineral Resource model is based on data from 38 diamond and RC drillholes, with an average drill spacing of approximately 50 m on section by 100 m along strike (Figure 17), and included both historical CRAE drilling and Segue and Mithril drilling of the Highway deposit. All drilling is oriented to the south (approximately 150°) at an average dip of 60° and all drillhole collar elevations in the database have a constant value of 100mRL.

Nickel, copper, cobalt and sulphur block grades were estimated into parent cells of 25 mE by 25 mN by 15 mRL using Ordinary Kriging. Based on statistical analysis no top-cuts were applied to the drillhole composite data for grade estimation. Block grade estimation of nickel and cobalt included data from both the oxide and sulphide domains and block estimation of copper and sulphur into the oxide and sulphide domains used only data from the corresponding domain. Figure 18 provides a schematic diagram of mineralised envelopes through the central part of the deposit.

A bulk density value of 3.0 t/m<sup>3</sup> was applied to the sulphide mineralisation and a bulk density of 2.65 t/m<sup>3</sup> was applied to the oxide mineralisation, based on 38 measurements taken by Mithril.



**Figure 17: Drill plan of Segue's Highway Ni-Cu Project. Section lines refer to cross-sections in Figure 18**

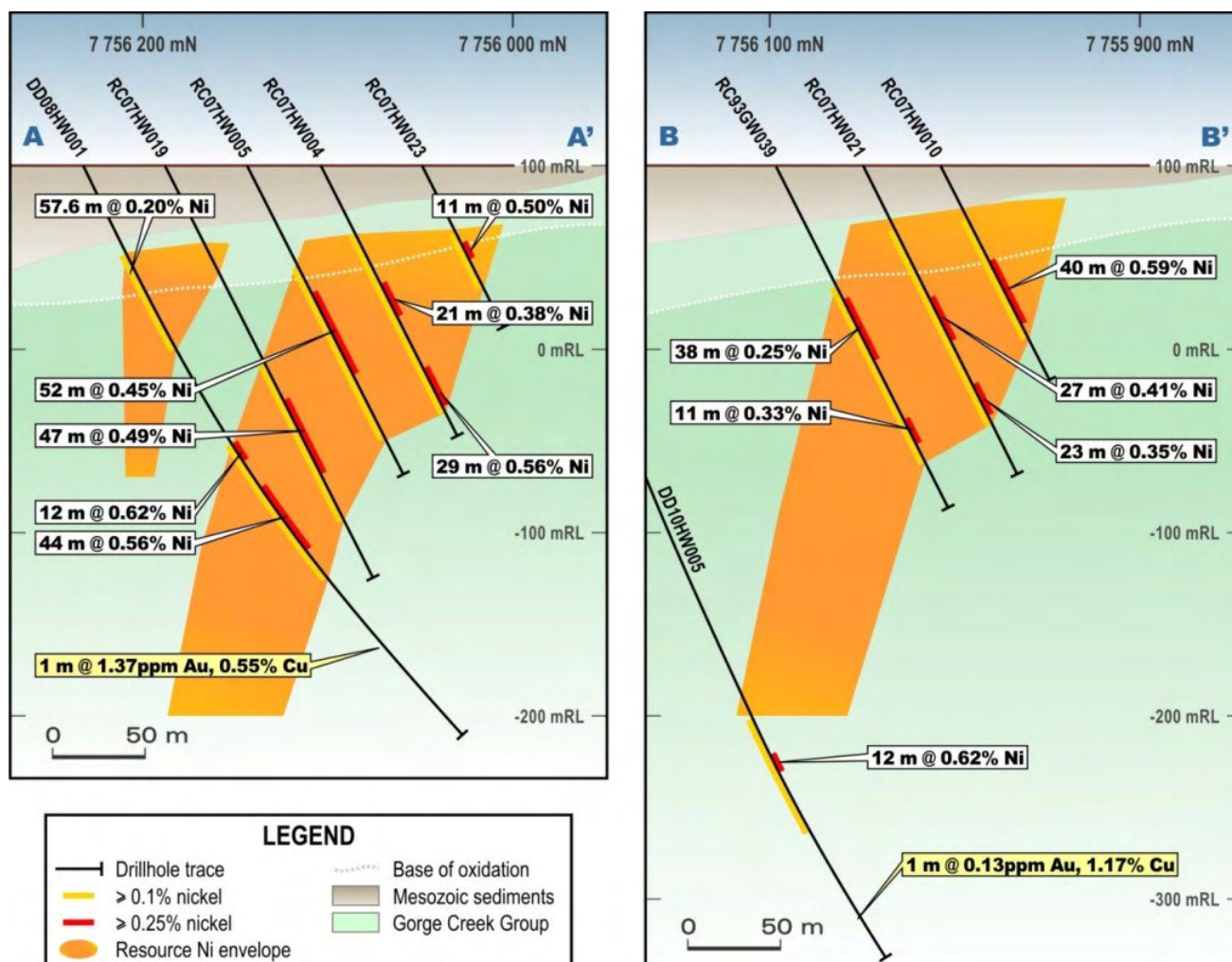


Figure 18: Examples of Cross Sections from Segue's Highway Ni-Cu Project.

### 5.3.5 Mineral Prospectivity

The current Highway Deposit nickel/copper resource can potentially be expanded to the north-east, but gains are likely to be incremental and therefore not material to the overall economics of the project. The current resource is relatively low grade in comparison to other undeveloped Ni-Cu resources in Australia.

Iron ore potential within the package has been reviewed with variable success; in 2010 Segue noted both surface detrital iron and magnetite resource opportunities within its tenure. The surface detrital potential is limited in scale in terms of size and grade, whilst the magnetite encountered thus far is relatively deep (>100m) despite showing encouraging signs for both beneficiation and low impurity levels.

Previous workers CRAE, Westralian and Mithril all recognised a strong gravity anomaly in the order of 8 km by 5 km situated in the northern part of the Pardoo tenure, now believed to represent a large mafic to ultramafic layered intrusion. This has been interpreted by Segue as a target for nickel, copper and platinum group element (PGE) mineralisation. Recent

geological review of the project by Segue and their consultants highlights the potential of this complex, to be possibly analogous to Sirius Resources' Nova deposit, where a mineralised pulse exists within a larger complex of magmatic pulses. Newly proposed work intends to focus on this potential.

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## 6 Potential Liabilities/Risks

The Schedule of Endorsements attaching to each of the exploration licences stipulate that the grant of the licence does not infer automatic approval to mine or the subsequent grant of a mining lease in accordance with Section 75 of the Mining Act. This is a standard condition of grant for exploration licences.

The overall potential for substantive liabilities to arise, and the risk attaching to security of tenure is assessed as low.

## 7 Valuation

### 7.1 Valuation Methodology and Assumptions

Mineral Assets are defined in the VALMIN Code as all property including, but not limited to real property, intellectual property, and/or mining and exploration tenements held or acquired in connection with the exploration, development and/or production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Business valuers typically define market value as “The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm’s length.” The accounting criterion for a market valuation is that it is an assessment of “fair value”, which is defined in the accounting standards as “the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.” The VALMIN Code defines the Value of a Mineral Asset as its Fair Market Value, which is the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Expert or Specialist reached in accordance with the provisions of the VALMIN Code, the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

Fair Market Value usually consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most likely Value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

The concept of Fair Market Value hinges upon the notion of an asset changing hands in an arm’s length transaction. Fair Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to “comparable transactions”. Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of Value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any “cash equivalent of some other consideration”. Whilst acknowledging these limitations, CSA has identified what it considers to be comparable transactions that have been used in assessing the Values to be attributed to the Mineral Assets.

CSA’s Valuations are based on information provided by Segue and public domain information. This information has been supplemented by independent enquiries, but has not

been independently verified. No audit of any financial data has been conducted. The Valuations discussed in this Report have been prepared at a Valuation Date of 16<sup>th</sup> October 2013. It is stressed that the Values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

## 7.2 Valuation Methods for Exploration Projects

The choice of valuation methodology applied to mineral assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies mineral assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed below:

- **“Exploration Areas”** – properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.
- **“Advanced Exploration Areas”** – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on, at least, one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the projects to the resource category.
- **“Pre-Development Projects”** – properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made.
- **“Development Projects”** – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.
- **“Operating Mines”** - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived “fair market valuation”.

The Fair Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by four general approaches: Cost; Market; Geoscience Factor or Income:

- ***Appraised Value or Exploration Expenditure Method*** considers the costs and results of historical exploration.

The Appraised Value Method utilises a Multiple of Exploration Expenditure (“MEE”) which involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier (“PEM”). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM value have been proposed by several authors in the field of mineral asset valuation. Some of these guidelines are as follows:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration (but where past expenditure may have discounted some of the property's mineral potential);
  - 1.0 to 2.0 where strong indications of potential for economic mineralisation have been identified; and
  - 2.0 to 3.0 where ore grade intersections or exposures indicative of economic resources are present." (Onley, 1994).
- **Market Approach Method or Comparable Transactions** looks at prior transactions for the property and recent arm's length transactions for comparable properties.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the value of the tenements concerned. To determine a value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood those commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50/50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except

perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality mineral assets are likely to trade at a premium over the general market. On the other hand exploration tenements that have no defined attributes apart from interesting geology or a “good address” may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

- **Geoscience Factor Method** seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought.

The Geoscience Factor (or Kilburn) method provides an approach for the technical valuation of the exploration potential of mineral properties, on which there are no defined resources.

Valuation is based upon a calculation in which the geological prospectivity, commodity markets, and mineral property markets are assessed independently. The Kilburn method is essentially a technique to define a value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies:

Location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralisation known to exist on the property being valued:

- Number and relative position of anomalies on the property being valued;
- Geological models appropriate to the property being valued.
- The Kilburn method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table 12).

The Basic Acquisition Cost (“BAC”) is an important input to the Kilburn Method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environmental etc.) and statutory expenditure for a period of 12 months. This has been established at \$300 to \$350 per square kilometre for Exploration Licences in Western Australia. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

- The ***Income Approach*** is relevant to exploration properties on which undeveloped mineral resources have been identified by drilling. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit and discounting to the present day ('DCF') and determining a Net Present Value ('NPV').

The Income Approach is not appropriate for properties without Mineral Resources.

**Table 12: Kilburn Geoscientific Ranking**

| Rating | Off Property Factor                                            | On Property Factor                                             | Anomaly Factor                                           | Geological Factor                                                           |
|--------|----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|
| 0.1    |                                                                |                                                                |                                                          | Generally unfavourable lithology                                            |
| 0.2    |                                                                |                                                                |                                                          | Generally unfavourable lithology with structures                            |
| 0.3    |                                                                |                                                                |                                                          | Generally favourable lithology (10%-20%)                                    |
| 0.4    |                                                                |                                                                |                                                          |                                                                             |
| 0.5    |                                                                |                                                                | Extensive previous exploration with poor results         | Alluvium covered, generally favourable lithology (50%)                      |
| 0.6    |                                                                |                                                                |                                                          |                                                                             |
| 0.7    |                                                                |                                                                |                                                          |                                                                             |
| 0.8    |                                                                |                                                                |                                                          |                                                                             |
| 0.9    |                                                                |                                                                |                                                          | Generally favourable lithology (50%)                                        |
| 1      | No known mineralisation                                        | No known mineralisation                                        | No targets outlined                                      | Generally favourable lithology (70%)                                        |
| 1.5    | Minor Workings                                                 | Minor Workings                                                 |                                                          | Generally favourable lithology                                              |
| 2      | Several Old Workings                                           | Several Old Workings                                           | Several well defined targets                             | Generally favourable lithology with structures                              |
| 2.5    | Abundant Workings                                              | Abundant Workings                                              |                                                          |                                                                             |
| 3      |                                                                |                                                                | Several significant sub-economic intersections           | Generally favourable lithology with structures along strike of a major mine |
| 3.5    | Abundant Workings/mines with significant historical production | Abundant Workings/mines with significant historical production |                                                          |                                                                             |
| 4      |                                                                |                                                                |                                                          |                                                                             |
| 4.5    |                                                                |                                                                |                                                          |                                                                             |
| 5      | Along strike from major mine(s)                                | Major mine with significant historical production              | Several significant ore grade co-relatable intersections |                                                                             |
| 10     | Along strike from major world class mine(s)                    |                                                                |                                                          |                                                                             |

### **7.3 Technical Valuation of the Albany-Fraser ( Plumridge and Deralinya) Projects**

Following a review of publicly available information, and technical data as provided by Segue, The Geoscience Factor Approach, Income Approach, Appraised Value and the Market Approach Methods were reviewed for their suitability to the Project.

Both the Plumridge Project and the Deralinya Project are classified as “Exploration Areas” by CSA.

It is the opinion of CSA that the Market Approach provides the most reliable indicator of the Technical Value for appraising mineral assets of this kind. This is because it is based on actual transactions where mineral assets have changed hands between willing sellers and willing buyers as part of an arm’s length transaction.

However, it was decided to also review the outcome of both the Geoscience Factor Method as a comparison and cross check.

There was only an applicable exploration expenditure dataset available for a limited subset of licences so the Appraised Value method was unable to be applied.

Lastly, the Income Approach Method is not considered appropriate to the Projects as Mineral Resources have not been incorporated into the detailed studies required to forecast future cashflows.

#### *7.3.1.1 Tenements included in the Valuation*

Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. While a tenement is under application there is uncertainty as to whether it will be granted or not all the area applied for will be granted due to environmental, Native Title or other reasons.

#### *7.3.1.2 Previous Valuations*

As part of the merger between Tianshan Goldfields Limited and Corvette Resources Limited in 2009 a valuation was completed on the greater Plumridge Project held by Corvette Resources (Hyde & Holdsworth 2009).

This valuation was based on the Market Approach and on Appraised Value. The valuation ranged from a low of \$10.6M to a high of \$27.9M with a preferred valuation of \$27.6M. These values were assessed for a project comprising 12 tenements covering 2,302 km<sup>2</sup>.

The differences between the earlier valuation and the current CSA valuation are interpreted to be due to strategic corporate factors, a greater contribution from comparison projects of smaller areas and relatively higher transactions (giving greater implied values) as well as methodological differences in estimating the Implied Value, and, subsequent geological understanding of the effectiveness or otherwise of some incurred expenditure (e.g. calcrete,

suboptimal RC drilling orientations, structural interpretations) that has devalued past expenditure.

### *7.3.1.3 Market Approach - Analysis of Comparable Transactions*

CSA has conducted a review of recent publicly available market transactions involving gold and nickel exploration projects located in or nearby the Albany Fraser Orogen. A total of 25 deals considered relevant to Segue's Projects were identified. The transactions were reported over the period September 2006 to August 2013. Summary information about the reviewed transactions along with the implied cash-equivalent values per square kilometre are summarised in Appendix 1.

The transactions have focussed on the eastern Albany Fraser Orogen following the discoveries of the Tropicana gold Deposit in 2006 and the Nova nickel-copper Deposit in 2012. Of the 25 transactions reviewed 13 related to gold only projects, four related to nickel projects and eight related to projects with both nickel and gold potential. There does not appear to be any significant difference in transaction values between gold dominated projects and those projects with nickel or nickel and gold potential.

Whilst most of the transactions involved consideration of shares with or without some cash component, some of the transactions are farm-ins and in these instances the value of future committed expenditure has been discounted by 50%.

The review of the relevant transactions highlights a wide range of acquisition values (\$64 per km<sup>2</sup> to \$12,000 per km<sup>2</sup>) for projects in the Albany Fraser Orogen. The large range of implied values is in part a reflection of the significant change in the market's perception of the potential of the terrane since the discovery of the Tropicana Deposit and more recently the escalation of deals following the identification of nickel sulphide mineralisation at Nova. In addition to changes in market perception of prospectivity, deal values are also affected by general market factors such as access to capital and commodity prices and other issues e.g. premiums associated with company takeovers.

The highest-value transaction of those reviewed relates to two separate valuations of the Corvette Project during a merger between Tianshan Goldfields and Corvette Resources and a prior takeover of Corvette by Cape Lambert Iron Ore (see Appendix 1). An independent valuation of the Corvette Project at the time of the Tianshan deal implied a cash equivalent value of \$12,000 per km<sup>2</sup> which is considerably higher than most of the other transactions reviewed. The Independent Expert's range of values for the Corvette Project was from \$2,400 per km<sup>2</sup> to \$12,000 per km<sup>2</sup> and the Preferred Value was at the very top of this range. Because of this wide range, and because subsequent work has downgraded the prospectivity, the gold price and market conditions are currently depressed, and in light of subsequent transaction values the Corvette implied values are considered anomalous and not used in the valuation.

Similarly the lowest value of \$64 per km<sup>2</sup> is significantly below any other transaction on the table, and is therefore also considered unrepresentative of the main population of transactions and is therefore also excluded from this valuation.

Further review of the transactions indicates that higher values were achieved on older deals (pre-2010) with the highest values during 2008–2009 (ranging from \$1,600–6,500 per km<sup>2</sup>

with an average around \$4,500 per km<sup>2</sup>). More recently (2012–2013) there appears to have been lower values achieved (ranging from \$200–1,700 per km<sup>2</sup> with an average of \$900 km<sup>2</sup>), this is may reflect a weaker market and the low commodity pricing during 2012 –2013.

Given the lower and more consistent range in recent transactions (2012-2013) and the poorer market sentiment in 2013, these latter transactions are considered more comparable to the transaction on Segue's Projects. Consequently CSA has chosen an implied value range of \$500 to 1,400 per km<sup>2</sup>.

### ***Plumridge Project***

Due to the large area, strategic location, greater ease of exploration and prospective geology, a Preferred Value of \$1,100 per km<sup>2</sup> has been chosen for the Plumridge tenements.

For the licences where Segue has a 100% interest, the tenement area is 1,094 km<sup>2</sup>; the value of the Project would lie between \$0.5M and \$1.5M, with a Preferred Value of \$1.2M. Where Segue will have a 60% interest in the projects, the tenement area is 832 km<sup>2</sup>; the implied value of the Segue's interest in the assets would lie between \$0.2M and \$0.7M, with a Preferred Value of \$0.5M.

A summary of the implied values using the Market Approach are provided in Table 13.

### ***Deralinya Project***

While the Deralinya licences also cover a large area, the geology is poorly known (though still considered prospective for a range of commodities) and access and ease of exploration is more challenging, so a Preferred Value of \$750 per km<sup>2</sup>, which is at the lower end of the range, has been chosen for the Deralinya tenements.

Segue has a 100% interest in tenements covering 1,298 km<sup>2</sup>, so the implied value of the Project would lie between \$0.6M and \$1.8M, with a Preferred Value of \$1.0M.

A summary of the implied values using the Market Approach are provided in Table 13.

**Table 13: Summary of Valuations using the Market Approach**

| Project                                        | Mineral Asset    | Ownership | Granted Area km2 | Valuation using Market Approach |            |            |
|------------------------------------------------|------------------|-----------|------------------|---------------------------------|------------|------------|
|                                                |                  |           |                  | Low                             | High       | Preferred  |
|                                                |                  |           |                  | \$M                             | \$M        | \$M        |
| Plumridge (Distant Island ELs 100%)            | Exploration Area | 100%      | 397              | 0.20                            | 0.56       | 0.44       |
| Plumridge (Becrux ELs 100%)                    | Exploration Area | 100%      | 698              | 0.35                            | 0.98       | 0.77       |
| Plumridge (Farm-in licences, rights up to 60%) | Exploration Area | 60%       | 832              | 0.25                            | 0.70       | 0.55       |
| Deralinya                                      | Exploration Area | 100%      | 1298             | 0.65                            | 1.82       | 0.97       |
| <b>Totals</b>                                  |                  |           | <b>3225</b>      | <b>1.5</b>                      | <b>4.1</b> | <b>2.7</b> |

- The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.
- The 60% interest assumes the Farm in conditions are satisfied

#### 7.3.1.4 Geoscientific Factor Analysis – “Kilburn Method”

Exploration by Plumridge Gold Pty Ltd during the period 2005 to 2011 across granted tenements has included desk-top studies of historical exploration data, field traversing and mapping, soil and calcrete sampling, geophysics. It has also included significant aircore, RC percussion and core drilling with subsequent geoscientific studies.

This work has identified significant gold mineralisation and a number of targets for further drill testing which may be considered prospective for gold mineralisation. Additionally the recent discovery of the Nova Deposit, hosted by the Fraser Range Metamorphics – which form the main lithology interpreted to underlie two of the project tenements, and the development of new nickel targeted exploration model by Segue, suggests improved prospectivity for nickel within the Plumridge tenements. VTEM has identified a number of targets and the new exploration model has also flagged a series of targets as well.

At Deralinya there is much less work completed, though interpretation of geophysics has highlighted prospective geology for a range of mineralisation types.

Based upon this work to date, the Kilburn method (Table 14) has been used to derive values for the Project tenements. Table 15 summarises the results.

**Table 14: Valuations based on Kilburn Method**

| Project Holder               | Tenement | Area  | BAC | Off Property |      | On Property |      | Anomaly |      | Geology |      | Lower \$  | Higher \$   | Preferred \$ |
|------------------------------|----------|-------|-----|--------------|------|-------------|------|---------|------|---------|------|-----------|-------------|--------------|
|                              |          |       |     | Low          | High | Low         | High | Low     | High | Low     | High |           |             |              |
| Plumridge Gold / FRR         | E28/1475 | 207.8 | 350 | 1.0          | 1.5  | 1.0         | 1.0  | 1.0     | 1.5  | 0.6     | 2.0  | \$40,000  | \$330,000   | \$190,000    |
|                              | E39/1084 | 208.1 | 350 | 1.0          | 1.5  | 1.0         | 1.0  | 1.0     | 2.0  | 0.6     | 2.0  | \$40,000  | \$440,000   | \$240,000    |
|                              | E39/1117 | 208.0 | 350 | 1.0          | 1.5  | 1.0         | 1.0  | 1.0     | 1.5  | 0.6     | 2.5  | \$40,000  | \$410,000   | \$230,000    |
|                              | E39/1118 | 208.2 | 350 | 1.0          | 1.5  | 1.5         | 2.0  | 1.0     | 2.0  | 0.6     | 2.5  | \$70,000  | \$1,090,000 | \$580,000    |
|                              | 100%     |       |     |              |      |             |      |         |      |         |      | \$190,000 | \$2,270,000 | \$1,240,000  |
|                              | 60%      |       |     |              |      |             |      |         |      |         |      | \$114,000 | \$1,362,000 | \$744,000    |
| Becrux                       | E39/1710 | 312.5 | 350 | 1.0          | 1.5  | 1.0         | 1.5  | 1.0     | 2.0  | 0.6     | 2.0  | \$70,000  | \$980,000   | \$530,000    |
|                              | E28/2267 | 385.1 | 350 | 1.0          | 1.5  | 1.0         | 1.0  | 1.0     | 1.5  | 0.6     | 2.0  | \$80,000  | \$610,000   | \$350,000    |
|                              | 100%     |       |     |              |      |             |      |         |      |         |      | \$150,000 | \$1,590,000 | \$880,000    |
| Distant Island               | E28/2266 | 396.9 | 350 | 1.0          | 1.5  | 1.0         | 1.0  | 1.0     | 1.5  | 0.6     | 1.5  | \$80,000  | \$470,000   | \$280,000    |
|                              | 100%     |       |     |              |      |             |      |         |      |         |      |           |             |              |
| Fraser Range Resources (FRR) | E63/1521 | 571.4 | 350 | 1.0          | 1.5  | 1.0         | 1.0  | 1.0     | 1.5  | 0.6     | 2.0  | \$120,000 | \$900,000   | \$510,000    |
|                              | E63/1522 | 146.8 | 350 | 1.0          | 1.5  | 1.0         | 1.0  | 1.0     | 1.5  | 0.6     | 2.0  | \$30,000  | \$230,000   | \$130,000    |
|                              | E63/1523 | 115.0 | 350 | 1.0          | 1.0  | 1.0         | 1.0  | 1.0     | 1.0  | 0.6     | 1.5  | \$20,000  | \$60,000    | \$40,000     |
|                              | E63/1524 | 464.9 | 350 | 1.0          | 1.2  | 1.0         | 1.0  | 1.0     | 1.5  | 0.6     | 2.0  | \$100,000 | \$590,000   | \$350,000    |
|                              | 100%     |       |     |              |      |             |      |         |      |         |      | \$270,000 | \$1,780,000 | \$1,030,000  |

Market Factor = 1.0; The Preferred Value is the average of the high and low cases.

For the Plumridge Project the Kilburn method derives a Preferred Value of \$1.8M, from a range of \$0.3–3.3M. This compares very well with the Market Approach method Preferred Value of \$1.7M.

At Deralinya, the Kilburn method derives a Preferred Value of \$1.0M, from a range of \$0.3–1.8M. This compares very well with the Market Approach method Preferred Value of \$1.0M.

The ranges and Preferred Values are very similar to that derived from the Market Approach, providing good support for the Preferred Value derived from the Market approach.

**Table 15: Summary of Valuations using the Kilburn Approach**

| Project                                        | Mineral Asset    | Ownership | Granted Area km <sup>2</sup> | Valuation using Geoscientific Approach |      |           |
|------------------------------------------------|------------------|-----------|------------------------------|----------------------------------------|------|-----------|
|                                                |                  |           |                              | Low                                    | High | Preferred |
|                                                |                  |           |                              | \$M                                    | \$M  | \$M       |
| Plumridge Distant Island EL 100%)              | Exploration Area | 100%      | 397                          | 0.08                                   | 0.47 | 0.28      |
| Plumridge (Becrux ELs 100%)                    | Exploration Area | 100%      | 698                          | 0.15                                   | 1.59 | 0.88      |
| Plumridge (Farm-in licences, rights up to 60%) | Exploration Area | 60%       | 832                          | 0.11                                   | 1.36 | 0.74      |
| Deralinya                                      | Exploration Area | 100%      | 1298                         | 0.27                                   | 1.78 | 1.03      |
| Totals                                         |                  |           | 3225                         | 0.6                                    | 5.2  | 2.9       |

- The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.
- The 60% interest assumes the Farm in conditions are satisfied

### 7.3.1.5 Preferred Value of Plumridge and Deralinya Projects

CSA concludes that Segue's tenement portfolio presents exposure to an attractive range of grassroots to advanced exploration plays. Further exploration work is warranted on the tenements.

It is CSA's opinion that the Technical Value of Segue's Projects is best assigned using the Market Approach based on comparable transactions.

Different Implied Values were applied to the Plumridge and Deralinya Project packages reflecting the varying degree of perceived prospectivity, market focus on the Fraser Zone and Nova discovery and extent of exploration completed.

Based on a series of comparable transactions dating back to 2006, it is estimated that the value of Segue's interests in the Plumridge Project lies between \$0.9M and \$2.7M with a Preferred Value of \$2.0M.

**Table 16: Summary of Preferred Values for Plumridge and Deralinya Projects**

| Project/Holder                   | Mineral Asset    | Ownership | Granted Area    | Preferred Valuations (\$M) |      |       |
|----------------------------------|------------------|-----------|-----------------|----------------------------|------|-------|
|                                  |                  |           | km <sup>2</sup> | Low                        | High | Pref. |
| Plumridge Distant Island EL      | Exploration Area | 100%      | 397             | 0.15                       | 0.50 | 0.40  |
| Plumridge Becrux ELs             | Exploration Area | 100%      | 698             | 0.20                       | 1.00 | 0.70  |
| Plumridge Fraser Range Resources | Exploration Area | Up to 60% | 832             | 0.50                       | 1.20 | 0.90  |
| Deralinya Fraser range Resources | Exploration Area | 100%      | 1298            | 0.60                       | 1.80 | 1.0   |
| Totals                           |                  |           | 3225            | 1.5                        | 4.5  | 3.0   |

- Only granted tenements have been considered – the uncertainty of grant for applications means that they are not considered for valuation purposes.
- The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.
- The 60% interest assumes the Farm in conditions are satisfied

The Preferred Value uses an Implied Value close to the median transaction value and is close agreement with transactions in the past 12 months.

The value of Segue's interest in the Deralinya Project lies between \$0.6M and \$1.8M, with a Preferred Value of \$1.0M.

Overall, the Preferred Value for the Segue interest in the projects is \$3.0M, from a range of \$1.5M to \$4.5M.

As a further validation of the Preferred Value, the Kilburn Geoscience Factor method was also applied to Segue's tenements. The Kilburn method indicated similar values to the Market Approach for Segue's interests in the projects, with a combined range of values from \$0.6M to \$5.2M, with a Preferred Value of \$2.9M.

There is significant range in the values derived for Segue's Projects. CSA has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the projects, given the uncertainties inherent in valuing early stage exploration projects, with the higher end of the range reflecting potential exploration upside.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

## 7.4 Technical Valuation of the Pardoo Nickel Copper Project

### 7.4.1 Previous Valuations

CSA is not aware, nor have we been made aware, of any valuations over Chrysalis's projects.

### 7.4.2 Selection of Valuation Method

The Pardoo Nickel-Copper Project, in which Segue has a 100% interest, can be classified as principally a pre-Development Project due to the Highway deposit, though the balance of the tenement area can be considered an Exploration Area.

CSA has elected to apply the Comparable Transaction method and the Appraised Value (using a MEE) to value the project after consideration of the various valuation methods outlined in Section 7.2 and the geological / exploration information outlined in this report.

### 7.4.3 Appraised Value – Multiples of Exploration Expenditure (MEE)

Reported annual exploration expenditure on the Pardoo tenements were reviewed, and relevant costs summarised in Table 17. PEM factors for the expenditure related directly to exploration (i.e. not administration cost) were generated and applied to these expenditures. Respective PEM factors reflect the relatively low exploration success of the work completed from 2007 onwards. Although the work defined resources it was not materially in excess of the work completed by CRAE during the 1990's. The Mineral Resource remained in the Inferred category, and the contributing party in the JV had elected to withdraw.

**Table 17: Relevant expenditures and PEM factors for the Pardoo Nickel-Copper Project**

| Year  | Total Form 5 Expenditure | Effective Exploration expenditure (@ 80%) | High PEM | High Exp    | Low PEM | Low Exp   | Pref. PEM | Pref. Exp   |
|-------|--------------------------|-------------------------------------------|----------|-------------|---------|-----------|-----------|-------------|
| 2013  | \$133,900                | \$107,000                                 | 1.30     | \$139,000   | 0.50    | \$54,000  | 0.60      | \$64,000    |
| 2012  | \$187,850                | \$150,000                                 | 1.00     | \$150,000   | 0.50    | \$75,000  | 0.50      | \$75,000    |
| 2011  | \$298,200                | \$239,000                                 | 1.00     | \$239,000   | 0.50    | \$120,000 | 0.50      | \$120,000   |
| 2010  | \$112,247                | \$90,000                                  | 1.00     | \$90,000    | 0.50    | \$45,000  | 0.60      | \$54,000    |
| 2009  | \$1,128,644              | \$903,000                                 | 0.90     | \$813,000   | 0.20    | \$181,000 | 0.30      | \$271,000   |
| 2008  | \$1,154,497              | \$924,000                                 | 0.90     | \$832,000   | 0.20    | \$185,000 | 0.30      | \$277,000   |
| 2007  | \$520,512                | \$416,000                                 | 1.00     | \$416,000   | 0.30    | \$125,000 | 0.50      | \$208,000   |
| 2006  | \$219,954                | \$176,000                                 | 1.00     | \$176,000   | 0.30    | \$53,000  | 0.60      | \$106,000   |
| Total | \$3,755,804              | \$3,005,000                               | 0.95     | \$2,855,000 | 0.28    | \$838,000 | 0.39      | \$1,175,000 |

Based on the recent relevant exploration expenditure during the life of the current tenure and work-related expenditure weightings of PEM ranging from 0.28-0.95, the value of the Pardoo Copper Nickel tenements would lie between \$0.8M and \$2.9M, with a Preferred Value of \$1.2M.

#### 7.4.4 Market Approach – Analysis of Comparable Transactions

CSA has conducted a review of Australian market transactions involving Pre-development stage nickel-copper projects. A range of transactions considered relevant to the Pardoo Nickel Copper Project were identified and are shown in Appendix 2. The selection was limited to Australian transactions within the past five years and due to these selection criteria it is relatively limited set of transactions, but it still provides guidance on what prices projects of this type have changed hands for

CSA has considered both the value in terms of metal content, and implied value for tenure area in this analysis. In terms of transactions for projects containing relevant resources, comparable transactions for projects in Australia range considerably from \$4.60 per tonne to \$61 per tonne; with a Preferred Value of \$10 per tonne (refer Table 18) selected to apply to the Pardoo Nickel-Copper Project tenements. To some extent the large range is the result of the limited transaction database. The preferred value is at the lower end of the range to reflect the relatively low grade of Highway Deposit, the Inferred resource category and the limited exploration upside demonstrated within the project.

**Table 18: Summary of Values for Pardoo Nickel-Copper Project, Selected for Comparable Transactions Valuations –Known Resource transactions**

|                                         | Low Value | High Value | Preferred Value |
|-----------------------------------------|-----------|------------|-----------------|
| Value per tonne                         | \$4.6     | \$61       | \$10            |
| NiEq kt based on 2010 Resource estimate | 98        | 98         | 98              |
| Valuation                               | \$0.45M   | \$6.0M     | \$1.0M          |

Based on this range, the value of the Pardoo Nickel Copper Project would lie between **\$0.5M** and **\$6.0M** with a Preferred Value of **\$1.0M**.

As a comparative check of value, CSA also reviewed recent transactions in Australia involving tenements proximal to a nickel-copper pre-development opportunity with similar tonnages and grade to the Highway Deposit.

Against such specific criteria the range of comparable transactions for projects in Australia was limited, and ranged considerably from \$400 per km<sup>2</sup> to \$10,500 per km<sup>2</sup>; and CSA applied a Preferred Value of \$3000 per km<sup>2</sup> (Table 19) selected to apply to the Pardoo Nickel-Copper Project tenements, which have an area of 118 km<sup>2</sup>.

Based on these inputs, the value of the Pardoo Nickel-Copper Project exploration would lie between **\$0.05M** and **\$0.75M** with a Preferred Value of **\$0.35M**.

**Table 19: Summary of Values for Pardoo Nickel-Copper Project, Selected for Comparable Transactions Valuations –Exploration Areas**

|                       | Low Value | High Value | Preferred Value |
|-----------------------|-----------|------------|-----------------|
| Value/Km <sup>2</sup> | \$400     | \$18,000   | \$3,000         |
| Area Km <sup>2</sup>  | 118       | 118        | 118             |
| Valuation             | \$0.05M   | \$0.75M    | \$0.35M         |



#### 7.4.5 Preferred Value of the Pardoo Project

CSA concludes that the Highway Deposit is likely sub-economic at current nickel prices, nonetheless it represents a highly anomalous concentration of nickel and copper and if it does represent remobilised metals has been postulated then the potential of the project area to host a other nickel mineralisation is supported. Thus the exploration potential of the balance of the project area, principally for magmatic nickel ( $\pm$  copper) sulphides, remains of interest. Further exploration work is warranted on the project.

By using the Appraised Value and Market approach to give implied values from both an area and a metal endowment perspective, a broad range of derived values for the Pardoo Project from \$0.05M to \$6.0M were obtained. This represents a significant variance, but the values derived for each market based approach provides a much tighter range of \$0.35M to \$1.2M.

After considering the outcomes of the different valuation methods CSA has elected to assign **a Preferred Value for the Pardoo Project of \$1.2M from within a range of \$0.5M to \$4.0M.** These values were selected to take account of the size and grade of the Highway Deposit, but also to recognise the remaining exploration upside on the project tenements as recognised recently by Segue. The preferred values reflect both the Appraised Value and Market Approach (based on the metal content of the deposit) outcomes.

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## 9 Glossary

| Term                        | Explanation                                                                                                                                                                                                                                                |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| aeolian                     | Wind-blown.                                                                                                                                                                                                                                                |
| aeromagnetic survey         | Measurement of variations in the earth's magnetic field over an area using airborne magnetic survey instruments.                                                                                                                                           |
| aircore drilling            | Slim hole drilling technique for use in relatively soft rocks or unconsolidated materials wherein an annular drilling bit set with tungsten carbide is used to cut a small core which is flushed to surface inside the drilling rods using compressed air. |
| alteration                  | A change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal fluids or weathering.                                                                                                                                |
| alteration assemblage       | Mineral assemblage characteristic of a particular style of alteration in rocks.                                                                                                                                                                            |
| amphibolite facies          | Mineral assemblage produced by medium to high grade regional metamorphism, and consisting mainly of amphibole minerals and plagioclase feldspar.                                                                                                           |
| anomaly                     | Departure from norm or background, usually evident as elevated levels or concentrations of the parameter of interest e.g. total magnetic intensity or concentrations of metals in soils or rocks.                                                          |
| Archaean                    | Meaning ancient, is applied to the oldest rocks in the Precambrian, generally considered within Australia to be older than 2,500 million years.                                                                                                            |
| arsenic                     | An element, usually occurring as arsenopyrite.                                                                                                                                                                                                             |
| assay                       | Accurate determination of metal content of ore, concentrates and metal products.                                                                                                                                                                           |
| banded iron formation (BIF) | Finely banded sedimentary rock comprised of alternating layers of silica and iron oxides and of Precambrian age.                                                                                                                                           |
| basalt                      | A fine grained, dark coloured, extrusive mafic igneous rock comprised primarily of calcic plagioclase and pyroxene minerals.                                                                                                                               |
| biotite                     | Iron mica; a common, rock forming, black platy mineral.                                                                                                                                                                                                    |
| BLEG                        | Bulk Leach Extractable Gold, a semi quantitative measure of cyanide extractable gold contained in a sample.                                                                                                                                                |
| boudinage                   | A structure developed in strongly deformed rocks in which an original competent or stronger layer lying between more easily deformed layers has been stretched and broken at regular intervals to form bodies resembling boudins or sausages.              |
| Cainozoic                   | Youngest of the four geological eras, extending from 65 million years ago to the present, and including the Tertiary and Quaternary Stages. Also known as the Cenozoic Era.                                                                                |
| calcite                     | A mineral, calcium carbonate.                                                                                                                                                                                                                              |
| calcrete                    | Arid climate, near surface secondary deposits of calcium carbonate precipitated within soils and rocks from groundwater.                                                                                                                                   |
| carbonate                   | Mineral containing CO <sub>3</sub> , most commonly calcite or dolomite; rocks composed principally of carbonates.                                                                                                                                          |
| chalcopyrite                | The principal ore mineral of copper, copper iron sulphide or copper pyrites.                                                                                                                                                                               |
| chert                       | Fine grained sedimentary rock composed of cryptocrystalline silica.                                                                                                                                                                                        |
| chlorite                    | Dark green coloured greasy, platy mineral common in metamorphic rocks.                                                                                                                                                                                     |
| colluvium                   | Loose soil or rock fragments accumulated by slow down-slope creep or rain-wash, as found at the base of slopes or hills.                                                                                                                                   |
| craton                      | Relatively immobile or stable part of the earth's crust, generally large in size.                                                                                                                                                                          |
| deformation                 | A general term for the process of folding, faulting, shearing, compression or extension of rocks as a result of stress.                                                                                                                                    |
| electrum                    | Naturally occurring alloy of gold and silver.                                                                                                                                                                                                              |

| Term               | Explanation                                                                                                                                                                              |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Eocene             | An epoch of the Tertiary era extending from 56.5 to 35.4 million years ago.                                                                                                              |
| epidote            | A group of apple green minerals.                                                                                                                                                         |
| erosion            | Physical processes occurring at the earth's surface whereby earth or rock are abraded or dissolved and removed.                                                                          |
| fabric             | Pervasive features of a rock.                                                                                                                                                            |
| fault              | Fracture in the earth's crust along which movement has generally occurred.                                                                                                               |
| feldspar           | A group of abundantly occurring potassium, sodium and calcium aluminosilicate minerals which are constituents of virtually all igneous rocks.                                            |
| felsic             | Descriptive of light coloured rocks containing an abundance of feldspars and quartz.                                                                                                     |
| fire assay         | Assay technique for precious metals in which a relatively large sample is fused with fluxes to separate the contained metals from gangue minerals.                                       |
| g/t                | grams per tonne                                                                                                                                                                          |
| gabbro             | Coarse grained, dark coloured igneous rock of similar composition to basalt and dolerite, i.e. low in silica with relatively high levels of iron and magnesium minerals.                 |
| galena             | A mineral, lead sulphide, which is the principal ore of lead.                                                                                                                            |
| gangue             | Non-valuable component of ores.                                                                                                                                                          |
| garnet             | A group of distinctive metamorphic minerals of variable composition.                                                                                                                     |
| geochemical survey | Systematic sampling of rocks, soil, soil gas and/or plants to identify areas with anomalous concentrations of metals or other elements.                                                  |
| geochemistry       | The chemistry of rocks and soils; generally focussed on the relative abundances and distribution of key elements and their various isotopes.                                             |
| geochronology      | Study of geological time, often meaning age dating of rocks.                                                                                                                             |
| geological mapping | Process of identifying and recording the surface distribution of rock types, their age relationships and the structures affecting their distribution.                                    |
| geophysical survey | Survey in which the physical characteristics of the earth, including magnetic field, gravitational field, conductivity and density are systematically measured over an area of interest. |
| GIS                | Acronym for Geographic Information Systems                                                                                                                                               |
| gneiss             | A coarse grained rock with alternating bands of granular minerals and schistose minerals.                                                                                                |
| gossan             | Hydrated iron oxides produced near surface by the oxidation and leaching of sulphide minerals.                                                                                           |
| GPS                | Acronym for Global Positioning System, a satellite-based navigation system.                                                                                                              |
| granite            | Deep seated intrusive igneous rock consisting principally of alkali feldspar and quartz, with lesser micaceous minerals.                                                                 |
| granitoid          | A granite-like rock in which the mineral crystals lack either external faces or have uncharacteristic shapes; a field term for a coarse grained felsic rock resembling granite.          |
| granodiorite       | Deep seated igneous intrusive rock consisting of quartz, calcic plagioclase and orthoclase, with biotite, hornblende or pyroxene as mafic constituents.                                  |
| granulite          | High grade metamorphic rock composed of even-sized, interlocking granular minerals. Hence granulite facies metamorphism.                                                                 |
| gravity survey     | Systematic measurement of the earth's gravitational field in order to map relative changes in the density of the earth's crust.                                                          |
| greenschist facies | Facies of weakly metamorphosed rocks produced under low temperature conditions.                                                                                                          |

| Term                      | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| greenstone                | A term commonly applied to low metamorphic grade rocks of basic composition and comprised of the minerals chlorite and amphibole. Commonly applied to Archaean rock sequences dominated by these rock types.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| greenstone belt           | Generally elongate, tightly folded sequence of Archaean volcanic and sedimentary rocks enclosed by granite.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| hanging wall              | Rock mass above a fault or ore deposit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| hematite                  | A mineral that is the principal ore of iron – $\text{Fe}_2\text{O}_3$ .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Holocene                  | Recent geological time period (epoch) since the last ice age.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| hydrology                 | Study of surface and groundwater.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| hydromorphic dispersion   | Dissolution and reprecipitation of metals by moving groundwater.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| igneous rock              | Formed from the solidification of molten magma.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| image enhancement         | Computer manipulation of two dimensional digital data such as aeromagnetic or geochemical data to give the impression of three dimensionality or topographic relief.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| induced polarisation (IP) | Geophysical survey technique in which a current is passed through the ground for the purpose of identifying conductive (chargeable) bodies and measuring the resistivity of sub-surface strata.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| iron formation            | Banded iron formation - finely banded sedimentary rock comprised of alternating layers of silica and iron oxides and of Precambrian age.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| isotope                   | Atomic weight (mass number) variant of the same element.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| JORC Code                 | Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 Edition. Prior editions (original 1989, 1992, 1996 and 1999) were also known as the JORC Code. The JORC Code sets out minimum standards, recommendations and guidelines for the public reporting within Australasia of Exploration Results, Mineral Resources and Ore Reserves wherein these terms are rigidly defined. The JORC Code is binding upon members of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, and is included in the listing rules of the Australian and New Zealand Stock Exchanges. |
| K-feldspar                | Potassium feldspar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| kimberlite                | A distinctive micaceous ultramafic rock type that is the most usual host for diamonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| komatiite                 | An ultramafic flow rock of volcanic origin with high magnesium content.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| laterite                  | Surface induration of re-precipitated iron oxides derived from tropical climate weathering of underlying bedrock.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| lamprophyre               | Small volume, intrusive ultra-potassic igneous rocks primarily occurring as dykes, lopoliths, laccoliths, stocks and small intrusions. They are alkaline, silica under-saturated, ultramafic rocks with high magnesium oxide, >3% potassium oxide, high sodium oxide and high nickel and chromium.                                                                                                                                                                                                                                                                                                                                                          |
| lithology                 | Physical character of a rock; often used as a synonym for rock type.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| loam                      | Soil containing approximately equal proportions of sand, silt and clay.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| lode                      | A mineral deposit consisting of a vein or zone of veins occurring in consolidated rocks, as opposed to alluvial or placer deposits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| mafic                     | Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| magmatism                 | Geologic processes involving molten rock or magma.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| magnetite                 | Magnetic iron oxide mineral $\text{Fe}_3\text{O}_4$ .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| magnetometer              | Geophysical instrument for measuring the earth's magnetic field.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| magnetic anomaly          | Zone where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| magnetic survey           | Measurement of variations in the earth's magnetic field over an area using                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Term                    | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         | magnetic survey instruments.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| magnetic susceptibility | Measure of the degree to which a substance is attracted to a magnet.                                                                                                                                                                                                                                                                                                                                                                                                          |
| magnetite               | Magnetic iron ore, an oxide of iron, Fe <sub>3</sub> O <sub>4</sub> .                                                                                                                                                                                                                                                                                                                                                                                                         |
| Meso-Proterozoic        | Middle Proterozoic extending from 1,600 to 1,000 million years ago.                                                                                                                                                                                                                                                                                                                                                                                                           |
| Mesozoic                | Geological era following the Palaeozoic extending from 251 million years ago to 65 million years ago.                                                                                                                                                                                                                                                                                                                                                                         |
| metamorphic grade       | The extent to which a rock has been changed from the original as a result of metamorphism; generally determined by the development of assemblages of minerals which are characteristic of the temperature and pressure attained at the peak of metamorphism.                                                                                                                                                                                                                  |
| metamorphism            | Process of change in rock composition, structure, texture and mineralogy induced by increases in temperature and pressure, other than changes resulting from progressive burial.                                                                                                                                                                                                                                                                                              |
| metamorphosed           | A rock that has been modified by the effects of pressure, heat and fluids within the earth's crust.                                                                                                                                                                                                                                                                                                                                                                           |
| metasediment            | Metamorphosed sedimentary rock.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Mineral Resource        | Concentration or occurrence of mineralised material for which there are reasonable prospects for eventual economic extraction. Within Australasia, the definition, classification and reporting of Mineral Resources is strictly governed by the JORC Code. Mineral Resources are classified as Measured, Indicated or Inferred depending upon the confidence in the estimate. Only Measured and Indicated Resources may be used as the basis for estimation of Ore Reserves. |
| mineralisation          | Naturally occurring concentration or accumulation of metals or their ore minerals.                                                                                                                                                                                                                                                                                                                                                                                            |
| minette                 | Lamprophyre composed chiefly of orthoclase and biotite.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Miocene                 | The fourth of five epochs into which the Tertiary Period is divided.                                                                                                                                                                                                                                                                                                                                                                                                          |
| mobile zone or belt     | Portion of the earth's crust, many tens of kilometres wide, that is more mobile than the adjoining stable crustal blocks. Characterised by extensive faulting and folding.                                                                                                                                                                                                                                                                                                    |
| monzodiorite            | Igneous rock intermediate in composition between monzonite and diorite.                                                                                                                                                                                                                                                                                                                                                                                                       |
| monzogranite            | Granite with equal proportions of alkali (Na, K) and plagioclase feldspars.                                                                                                                                                                                                                                                                                                                                                                                                   |
| Neo-Proterozoic         | Late Proterozoic, 1,000 million to 542 million years ago.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Oligocene               | Middle Tertiary from 35.4 to 23.3 million years ago.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| orogen                  | Total volume of rock deformed by an orogeny.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| orogeny                 | Mountain building process/event, particularly by folding and thrusting.                                                                                                                                                                                                                                                                                                                                                                                                       |
| orthogneiss             | Gneiss formed from an igneous rock parent.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| outcrop                 | Surface exposure of bedrock.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| palaeochannel           | Ancient river channel now infilled with younger sediments.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Palaeo-Proterozoic      | Early Proterozoic from 2,500 million to 1,600 million years ago.                                                                                                                                                                                                                                                                                                                                                                                                              |
| paragneiss              | Gneissic rock derived from sediments.                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| pedogenic calcrete      | A calcrete formed in soils.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| pegmatite               | Coarse grained rock formed from crystallisation of end stage volatiles from a large cooling rock mass. Generally granitic in composition, and often containing valuable, or rare and unusual minerals.                                                                                                                                                                                                                                                                        |
| peneplain               | Essentially flat land surface that has developed at the last stage of the erosional cycle.                                                                                                                                                                                                                                                                                                                                                                                    |
| perched water table     | Top of a local layer of groundwater located above the regional water table due to the presence of an underlying impermeable layer.                                                                                                                                                                                                                                                                                                                                            |
| Permian                 | The last of six periods of the Palaeozoic Era, covering the period 235 to 290 million years ago.                                                                                                                                                                                                                                                                                                                                                                              |

| Term                         | Explanation                                                                                                                                                                                                                    |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PGE                          | Platinum Group Elements, for example, platinum, palladium, rhodium and others                                                                                                                                                  |
| pH                           | Numerical measure of the degree of acidity or alkalinity (basicity) of solutions.                                                                                                                                              |
| plagioclase                  | A series of feldspar minerals ranging in composition from sodium- to calcium aluminium silicate.                                                                                                                               |
| playa or playa lake          | Shallow central basin in a desert plain in water gathers after rain and is quickly evaporated.                                                                                                                                 |
| polyphase deformation        | Multiple phases of deformation.                                                                                                                                                                                                |
| primary                      | Completely unweathered when referring to rocks.                                                                                                                                                                                |
| Proterozoic                  | The younger of the two Precambrian eras, generally considered older than about 570 million years ago to about 2,500 million years ago within Australia.                                                                        |
| protolith                    | Pre-metamorphic or original rock type.                                                                                                                                                                                         |
| pyrite                       | A mineral, non-magnetic iron sulphide or fool's gold.                                                                                                                                                                          |
| pyrrhotite                   | A mineral, magnetic iron sulphide with a variable iron to sulphur ratio.                                                                                                                                                       |
| quartz                       | A common rock forming mineral, silicon dioxide; often occurs as discrete veins or veinlets occupying fractures or openings within rocks and shears. Quartz veins are common hosts for gold mineralisation.                     |
| Quaternary                   | Post-Tertiary era from about 1.8 million years ago to the present.                                                                                                                                                             |
| RAB drilling                 | Rotary air-blast drilling.                                                                                                                                                                                                     |
| radiometric survey           | Geophysical survey that measures levels of radioactivity.                                                                                                                                                                      |
| RCP drilling                 | Reverse circulation percussion drilling.                                                                                                                                                                                       |
| Recent                       | Holocene – the youngest Epoch of the Quaternary – from 10,000 years ago to the present.                                                                                                                                        |
| reconnaissance               | A general examination or survey of a region with reference to its main features, usually preliminary to a more detailed survey.                                                                                                |
| reduced                      | Oxygen deficient.                                                                                                                                                                                                              |
| regolith                     | Mantle of weathering and erosional products covering bedrock.                                                                                                                                                                  |
| retrograde metamorphism      | Mineralogical changes to relatively high grade metamorphic rocks in response to lower temperatures than those prevailing during the original metamorphic event.                                                                |
| reverse circulation drilling | A method of drilling whereby rock chips are recovered by airflow returning inside the drill rods rather than outside, thereby [usually] providing more reliable samples.                                                       |
| rheology                     | Flow and deformation characteristics of minerals.                                                                                                                                                                              |
| saprolite                    | Clay-rich, totally decomposed rock formed in situ by chemical weathering of igneous or metamorphic rock in tropical or sub-tropical climates.                                                                                  |
| schist                       | Medium or coarse grained metamorphic rock with sub-parallel orientation of its dominantly micaceous minerals.                                                                                                                  |
| schistosity                  | Foliation in metamorphic rocks resulting from the parallel orientation of platy and ellipsoidal mineral grains.                                                                                                                |
| sediment                     | Rocks formed by the deposition of solids from water.                                                                                                                                                                           |
| sedimentary rock             | A rock generally formed from the accumulation of rock fragments either under water or deposited from air. Sedimentary rocks are generally layered or bedded, with the beds almost always horizontal at the time of deposition. |
| sericite                     | Fine grained variety of mica, usually muscovite, which occurs in small scales, especially in schists; often indicative of chemical alteration patterns known to characterise gold mineralising events.                         |
| serpentinite                 | Hydrothermally altered magnesium rich rock dominated by serpentine minerals.                                                                                                                                                   |

| Term                         | Explanation                                                                                                                                                                                                            |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| shear or shear zone          | Broad zone of dislocation within a rock mass where relative movement has been accommodated by compound slippage and plastic deformation, akin to sliding a deck of cards, resulting in the development of schistosity. |
| shear splay                  | Bifurcation or subsidiary shear from a main shear zone.                                                                                                                                                                |
| siderite                     | A mineral, iron carbonate.                                                                                                                                                                                             |
| silcrete                     | Hard, siliceous layer in the regolith profile, resulting from the precipitation of secondary silica.                                                                                                                   |
| silicate                     | Mineral containing silica, SiO <sub>2</sub> .                                                                                                                                                                          |
| siliceous                    | Very high in silica.                                                                                                                                                                                                   |
| soil sampling                | Collecting of samples of residual soil for chemical analysis for the purposes of conducting a geochemical survey.                                                                                                      |
| sphalerite                   | A mineral, zinc sulphide.                                                                                                                                                                                              |
| stratigraphy                 | The composition, sequence and correlation of stratified rocks within the earth's crust.                                                                                                                                |
| strike                       | The bearing or direction of a horizontal line in the plane of an inclined structure such as a joint, fault, cleavage or bedding plane.                                                                                 |
| strike-slip                  | Horizontal component of movement on a fault.                                                                                                                                                                           |
| structural                   | Pertaining to geological structure.                                                                                                                                                                                    |
| sub-crop                     | Rock lying just below surface.                                                                                                                                                                                         |
| sulphide                     | Mineral species comprising sulphur and a metal or metals.                                                                                                                                                              |
| surface depletion            | Process of leaching of metals above the water table by downward migrating groundwater; the metals so leached are generally re-deposited in the supergene zone.                                                         |
| surface float                | Pieces of ore or rock which have been separated from the parent by weathering.                                                                                                                                         |
| syncline                     | Fold in rocks in which the convexity is toward the older rocks in the sequence.                                                                                                                                        |
| tectonic                     | Refers to the rock structure and distribution resulting from deformation of the earth's crust.                                                                                                                         |
| tectonic zone                | Zone of structural dislocation, usually on a large scale.                                                                                                                                                              |
| tectono thermal event        | Metamorphic event involving both deformation and heat.                                                                                                                                                                 |
| tellurides                   | Tellurium oxide minerals often containing gold.                                                                                                                                                                        |
| tenement                     | Area of land to which access has been granted for mineral exploration or development under the relevant mining act or statute.                                                                                         |
| terrane or terrain           | A region of the earth's crust with well-defined margins which differs significantly in its tectonic evolution from the surrounding regions.                                                                            |
| Tertiary                     | The older of the two geological periods comprising the Cainozoic or Cenozoic Era, generally between 1.8 and 65 million years ago.                                                                                      |
| Thalweg                      | the deepest part of a river channel                                                                                                                                                                                    |
| tonalite                     | Crystalline rock usually associated with deep seated intrusions of diorite, granodiorite and/or granite.                                                                                                               |
| topography                   | Physical features of the land surface, particularly the relief and contours.                                                                                                                                           |
| ultramafic rock              | Igneous rock containing less than 45 per cent silica, composed essentially of ferromagnesian silicates and metallic oxides and sulphides, with virtually no quartz or feldspars.                                       |
| unconformity                 | An erosional surface or depositional break that separates younger strata from older rock.                                                                                                                              |
| volcano-sedimentary sequence | A sequence of volcanic and sedimentary rocks.                                                                                                                                                                          |
| weathering                   | The group of processes that change the character and composition of rocks by                                                                                                                                           |

| Term                    | Explanation                                                                                   |
|-------------------------|-----------------------------------------------------------------------------------------------|
|                         | decay.                                                                                        |
| wireframe               | Computerised representation of a 3-dimensional solid by a series of conjoined straight lines. |
| Yilgarn Craton or Block | The Archaean craton occupying the majority of the southern half of Western Australia.         |

For other terms the reader is directed to online resources such as Wikipedia ([www.wikipedia.org](http://www.wikipedia.org)).

## Appendix 1: Comparable Transactions Relating to the Plumridge and Dundas Projects.

| Project          | Metal | Date       | Transaction Details                                                                                                                                                                                                                                                                                                                                                                                                  | Asset Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Deal Value (\$M) | Area km <sup>2</sup> | Implied Value per km <sup>2</sup> (\$) |
|------------------|-------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|----------------------------------------|
| Rocky Gully      | Ni    | 19/08/2013 | 1. Non-refundable payment of \$20,000 cash for an exclusive 6 month option (with an additional payment of \$30,000 cash for a further 6 month extension) to acquire 90% interest<br>2. At any time during the option period, PLD can acquire a 90% interest by issuing Heron 28,750,000 fully paid ordinary shares in the Company at a value of \$0.008 per share or pay Heron \$230,000 in cash, at PLD's election; | The Rocky Gully Project includes 1 EL and 2 ELA in the western portion of the Albany Fraser Belt, 85km NW of Albany. The projects are underlain by the Proterozoic rocks of the Biranup Gneiss. Late stage mafic to ultramafic intrusions have been identified in the area, which are favourable hosts for Ni-Cu mineralisation. Soil sampling has defined a number of coincident Ni & Cu anomalies and previous drilling has identified primary Ni sulphide mineralisation. | 0.23             | 1018                 | 220                                    |
| Rocky Gully East | Ni    | 19/08/2013 | 1. Non-refundable payment of A\$30,000 cash for an exclusive 12 month option to acquire 100% interest<br>2. At any time during the option period, PLD can acquire a 100% interest by issuing Third Reef 5,000,000 fully paid ordinary shares at a value of \$0.01 per share or pay Third Reef \$50,000 in cash, at Third Reef's election                                                                             | Rocky Gully East Nickel-Copper Project comprising ELA70/4436 overlapping ELA (249sq km overlap) with E 70/4437                                                                                                                                                                                                                                                                                                                                                               | 0.08             | 269                  | 300                                    |
| Peninsula        | Ni    | 05/08/2013 | Orion to pay Creasy Group 15 million Orion shares (price pre-announcement was \$0.13) and 18.5 million options with various terms and exercise prices, which will result in the Creasy Group emerging with an 11 per cent stake in Orion, fully diluted after completion of the proposed \$5 million capital raising, and retaining 30% interest in the licences.                                                    | 7 ELs in northern Fraser Zone provide contiguous coverage over the Peninsula Prospect ( Ni anomalous Mafic intrusion complex, as well as other potential Nova targets that have been identified in the magnetics                                                                                                                                                                                                                                                             | 2.79             | 2628                 | 1060                                   |



| Project                                   | Metal        | Date       | Transaction Details                                                                                                                                                                                                                                                                                                                                | Asset Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Deal Value (\$M) | Area km <sup>2</sup> | Implied Value per km <sup>2</sup> (\$) |
|-------------------------------------------|--------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|----------------------------------------|
| Fraser Range North and Fraser Range South | Ni, Au       | 24/07/2013 | a 70% interest in the project areas will involve the issue of 18.8 million ordinary Windward shares (at 23.5 cents) and the payment of approximately \$3 million in reimbursements of exploration expenses and the retention of a 30% free carry interest in the projects up to the completion of any Bankable Feasibility Study                   | Very large Project area within the Albany Fraser Orogen prospective for a diverse range of commodities<br>FRN - tenement E69/2989 contiguous with (& 2 km from) Sirius' Nova Nickel/Copper Deposit<br>FRN - tenement E28/2017 directly along strike from Nova<br>FRN - western tenements E29/1713 and 1715 contain the drill-ready 10 km long "Brookman" gold anomaly - along strike from the Tropicana Belt<br>FRS – EM targets identified in HeliTEM just completed over tenement E70/4068 30 km from Heron's Rocky Gully Ni-Cu prospect | 10.60            | 9117                 | 1200                                   |
| Fraser Range (Big Red)                    | Ni, Cu       | 05/07/2013 | Rumble has paid \$15,000 for a 6 month option to purchase the Fraser Range Project. Rumble may acquire the Fraser Range Project 100% by paying the Purchase Price prior to the expiration of the option period<br>The Purchase Price shall be \$30,000 in cash and \$70,000 in listed shares with one free attaching option for each listed share. | Located on margin of the Fraser Zone<br>Previous drilling by Teck Cominco targeting a gravity & magnetic anomaly for IOCG mineralisation intersected strongly deformed and metamorphosed rocks including garnet bearing amphibolite and mafic granulites, meta gabbro and granitic gneiss; Anomalous Ni-Cu-Co-Cr geochemical signature within zones of metagabbro (BRDDH01).                                                                                                                                                               | 0.12             | 68                   | 1700                                   |
| Fraser Range & Tropicana Belts            | Nickel, Gold | 22/03/2013 | Orion Gold & Kamax<br>* Kamax shareholders will receive 86 Orion ordinary shares for every 100 Kamax ordinary shares and 86 Orion options (exercisable at 20 cents at any time until 30 April 2014) for every 100 Kamax options.<br>Shares traded at 10 cents after announcement                                                                   | The agreement, which involves Orion acquiring all the shares in Kamax Resources, covers more than 913sq km of granted tenements and 669sq km of additional applications in the two belts<br>The tenement areas cover prospective targets for both Tropicana-style gold and Nova-style nickel deposits, with historical geochemical anomalies and scout drilling identifying bedrock mineralisation of both minerals.<br>Anomalous nickel & gold in calcrete and scout drilling                                                             | 1.20             | 1582                 | 750                                    |



| Project           | Metal  | Date       | Transaction Details                                                                                                                                                                                                                                                                                                                                                                                                                      | Asset Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Deal Value (\$M) | Area km <sup>2</sup> | Implied Value per km <sup>2</sup> (\$) |
|-------------------|--------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|----------------------------------------|
| Mt Ridley         | Nickel | 05/03/2013 | <p>AXG - XTL Energy deal: An option fee of A\$35,000 in cash and A\$25,000 in Shares to XTL. The consideration payable on exercise of the Options is:</p> <ul style="list-style-type: none"> <li>o EL63/1547: 250 million AXG Shares;</li> <li>o EL63/1564: 100 million AXG Shares, and</li> <li>o EL63/1617: 100 million AXG Shares.</li> </ul> <p>· The Shares are to be issued at a deemed issue price of A\$0.002 per AXG Share.</p> | <p>The Nova Ni-Cu-Co massive sulphide discovery by SIR is ~100 kilometres to the NNE</p> <ul style="list-style-type: none"> <li>· XTL's Mt Ridley, Mt Ridley E-W and Mt Ridley North: Limited historical base metal and gold exploration has been undertaken on the project areas.</li> <li>· Substantial ground holding covering three tenements for 840 km<sup>2</sup> in an emerging greenfields nickel province.</li> <li>· Western Australia's only known analogous Proterozoic rock types to the world class Broken Hill (NSW), Mt Isa and Cannington (QLD), base metal deposits.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 0.96             | 878                  | 1000                                   |
| Southwest Yilgarn | Gold   | 23/01/2013 | <p>AMC Valuation report for the Merger of Dominion and Kingsgate</p> <p>Preferred Valuation amount used</p>                                                                                                                                                                                                                                                                                                                              | <p>Kukerin 673 km<sup>2</sup> Gold mineralisation is outlined by shallow interface drilling within a shear zone. Mineralisation of potentially economic grade so far limited to short strike length.</p> <p>Nanicup Bridge 297 km<sup>2</sup> 4 km long gold anomaly within gneiss. Geochemical drill intercepts up to 3m at 11.3 g/t Au. Deeper drilling recorded broad intercepts of 0.5 g/t Au to 0.6 g/t Au with shorter sections up to 12m grading 1.0 g/t Au to 2.3g/t Au. Follow up apparently so far unsuccessful.</p> <p>Bullock Pool 386 km<sup>2</sup> Anomalous gold geochemistry over 25 km<sup>2</sup> in mafic and ultramafic greenstones. Bedrock drilling intersected disseminated sulphides with up to 9m at 2.0 g/t Au.</p> <p>Holleton West 273 km<sup>2</sup> Nickel targets in ultramafic rocks and gold targets in BIFs in belt west of Flying Fox - Bounty line.</p> <p>Perenjori 902 km<sup>2</sup> North of Perth around Morawa, Mullewa near Youanmi. 1 km long gold anomaly and limited interface drilling intersected up to 7m at 2 g/t Au.</p> | 2.50             | 2531                 | 1000                                   |

| Project                        | Metal        | Date       | Transaction Details                                                                                                                                                                                                                                                                                                                                                                                                                                     | Asset Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Deal Value (\$M) | Area km <sup>2</sup> | Implied Value per km <sup>2</sup> (\$) |
|--------------------------------|--------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|----------------------------------------|
| Mt Andrew                      | Gold, Nickel | 13/11/2012 | Ashburton & Private holder<br>Share price after announcement was \$0.004<br>Ashburton has paid the owners an Entry Fee comprising \$20,000 in cash and the issue of 5,000,000 fully paid ordinary shares. Ashburton has to sole fund exploration to a minimum of \$100,000 at which point it can earn a 50% beneficial interest in the project by issuing to the owners 25,000,000 shares.                                                              | The project tenements, E63/1322 and E63/1375, are situated some 120 km ESE of Norseman and encompass approximately 290 km <sup>2</sup> of the Proterozoic Biranup Complex within the Albany-Fraser Orogen. The ground is deemed prospective primarily for gold mineralisation. The project area also captures approximately 20 km <sup>2</sup> of the southern extremity of the Fraser Complex, which will be targeted for nickel-copper mineralisation. The recent Nova discovery by Sirius Resources is located 75 km to the north within the Fraser Complex. | 0.28             | 290                  | 1000                                   |
| Fraser Range South (Mt Barker) | Ni, Au       | 29/10/2012 | NBX has granted to Windward the right to earn a 70% interest in the Tenements by funding expenditure of \$600,000 over two years as follows: (i) \$300,000 within one year to earn a 30% interest; and(ii) a further \$300,000 (total \$600,000) within the next year to earn an additional 40% interest (total 70%)                                                                                                                                    | The Fraser Range South Project is located approximately 30 km south and south east of Jerramungup and 40 km north west of Bremer Bay<br>Grass roots/conceptual play with prospectivity for gold, base metals and heavy mineral sands                                                                                                                                                                                                                                                                                                                            | 0.43             | 767                  | 560                                    |
| Fraser Range Project           | Nickel, Gold | 29/10/2012 | RAM - Regency<br>Ram has entered into a binding agreement to acquire an 80% interest (and an option to acquire the remaining 20%) in three granted exploration licenses from Regency Mines Australia Pty Ltd .<br>In consideration for the acquisition of an 80% interest in the Fraser Range Project, a total of 1,210 million new RMR shares are to be issued at a deemed price of \$0.015 (0.15 cents).<br>First 160 million shares for 10% executed | The tenement package is located 20 km west of Nova nickel copper massive sulphides discovery by Sirius Resources NL<br>Potential to host base metals and gold                                                                                                                                                                                                                                                                                                                                                                                                   | 22.69            | 271                  | 1100                                   |

| Project     | Metal  | Date       | Transaction Details                                                                                                                                                                                                                                                                                                                                                             | Asset Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Deal Value (\$M) | Area km <sup>2</sup> | Implied Value per km <sup>2</sup> (\$) |
|-------------|--------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|----------------------------------------|
| Fairwater   | Nickel | 01/10/2012 | PIO agreement to acquire 75% interest in the Fairwater Project from privately held National Minerals Pty Ltd. \$40,000 cash 11.5M shares (share price \$0.036 ) & 45M options (the options were not used in the Value calculation)                                                                                                                                              | Fairwater project covers 338 km <sup>2</sup> of predominantly granted tenements approx. 50 km SW of ENT's Plato Prospect and 105 km SW of Nova; with soil geochemical gold (peak ) & Ni targets (peak 250ppm Ni & 68ppm Cu)                                                                                                                                                                                                                                                                                                                                                                                                          | 0.61             | 338                  | 1350                                   |
| Salmon Gums | Ni, Au | 06/08/2012 | Matsa acquisition of Triton Gold tenements Matsa will "farm-in" earning a 55% interest on the completion of \$75,000 exploration expenditure Matsa has the option to increase to a 90% interest in the project after 12 months and further minimum \$75,000 exploration expenditure with Triton diluting to 10% free carry through to the completion of a pre-feasibility study | 5 Els 50 km north of Esperance Covering Albany Fraser Orogen rocks, prospective for Au & Ni                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.08             | 1300                 | 64                                     |
| Dundas      | Au     | 01/04/2010 | Initial acquisition of 51% of the tenements for AUD\$0.1M plus three staged options to acquire the balance of the interest in the tenements - these latter options were not used to calculate the Values                                                                                                                                                                        | 51% of three Els covering 340 sq km approx 100 km SE of Norseman in the southern Eastern Albany-Fraser Orogen in a setting similar to Tropicana                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 0.20             | 340                  | 600                                    |
| Mystique    | Gold   | 01/09/2009 | BFM may earn a 75% interest in the tenements by the expenditure of \$2.5M within 5 years, including a minimum expenditure of \$250,000                                                                                                                                                                                                                                          | In September 2009 PacMag Metals Limited entered into an agreement with Black Fire Minerals Ltd ("BFM") over applications for exploration licences covering an area of 433 km <sup>2</sup> ("Mystique Project") located about 240 km east-southeast of Kalgoorlie, 130 km north east of Dundas, 200 km south of Tropicana and about 70 km south east of the TJV's Beachcomber prospect (see CPR), which places Mystique well inside the Albany-Fraser Orogen. All previous exploration pre-dates the discovery of Tropicana. Reconnaissance soil sampling in the mid- to late 1990s identified gold-in-calcrete geochemical anomalies | 1.67             | 433                  | 3850                                   |

| Project           | Metal | Date       | Transaction Details                                                                                                                                                                                                                                                                                                                                                                                                                                  | Asset Details                                                                                                                                                                                                                                                                                                                                                                                                                   | Deal Value (\$M) | Area km <sup>2</sup> | Implied Value per km <sup>2</sup> (\$) |
|-------------------|-------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|----------------------------------------|
| Corvette          | Gold  | 21/08/2009 | Tianshan Goldfields and Corvette merger implemented by way of a Scheme of Arrangement. Under the Scheme Corvette shareholders will be entitled to 2 Tianshan shares for every 1 Corvette share. It is proposed that Corvette option holders will be entitled to 2 Tianshan share options for every 1 Corvette share option and in effect the exercise price of the Corvette share options once they become Tianshan share options is reduced by 50%. | The Plumridge Project is located approximately 250 km east-northeast of Kalgoorlie, and comprises 12 exploration licences.<br><br>Drilling has resulted in the discovery of several new zones at the Corvette Prospect and has delineated a mineralised system over considerable strike extent, with bedrock gold intercepts exceeding 1g/t gold over 8 km in strike, and anomalies from aircore drilling extending over 12 km. | 27.60            | 2302                 | 12000                                  |
| Bronco Plains     | Gold  | 01/08/2008 | Independence Gold NL and AngloGold Ashanti Ltd obtained from Image Resources NL the right to earn a 72% interest in the Bronco Plains project by spending A\$2.0 M on exploration over 4 years.                                                                                                                                                                                                                                                      | The 230 km <sup>2</sup> Bronco Plains project is located approximately 140 km east of Kalgoorlie in the "Tropicana-Beachcomber trend" of Western Australia. Previous geochemical sampling programmes identified several gold anomalies of up to 54 ppb Au compared to a background of 5 ppb Au.                                                                                                                                 | 1.39             | 230                  | 12000                                  |
| E40/212           | Gold  | 01/08/2008 | In August 2008, Lumacom Ltd acquired from an undisclosed vendor a 100% interest in E40/212 for A\$0.03 M cash and 12.0 M shares (deemed A\$0.01/share).                                                                                                                                                                                                                                                                                              | The approximate 50 km <sup>2</sup> tenement is located in the northeastern Goldfields Region of Western Australia. Lumacom Ltd reports that the project is prospective for zinc, copper and gold mineralisation.                                                                                                                                                                                                                | 0.19             | 50                   | 3700                                   |
| Dundas            | Gold  | 01/06/2008 | In June 2008, Australasia Gold Ltd obtained from a private vendor a 100% interest in the Dundas project for A\$0.03 M cash, 25 M shares (deemed A\$0.07/share), 5 M A\$0.20 options and 5 M A\$0.25 options (no timeframe identified).                                                                                                                                                                                                               | The 660 km <sup>2</sup> Dundas project is located approximately 100 km southeast of Norseman in Western Australia. The project is located within the southern boundary of the Albany-Fraser Orogen, and had only been subject to reconnaissance scale geochemical exploration programmes.                                                                                                                                       | 1.81             | 660                  | 2700                                   |
| Narnoo extentions | Gold  | 01/04/2008 | In April 2008, A1 Minerals Ltd acquired Desertex Resources Ltd for 5.5 M shares (deemed A\$0.14/share).                                                                                                                                                                                                                                                                                                                                              | The principal asset of Desertex Resources Ltd was its 470 km <sup>2</sup> tenement holding adjacent to A1 Minerals Ltd's Nanroo project located some 250 km east of Kalgoorlie in Western Australia. A1 Minerals Ltd reported that the tenement area was prospective for gold, nickel, copper and uranium mineralisation.                                                                                                       | 0.77             | 470                  | 1600                                   |

| Project           | Metal | Date       | Transaction Details                                                                                                                                                                                                                                 | Asset Details                                                                                                                                                                         | Deal Value (\$M) | Area km <sup>2</sup> | Implied Value per km <sup>2</sup> (\$) |
|-------------------|-------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|----------------------------------------|
| Mt Zephyr         | Gold  | 01/01/2008 | In January 2008, Newcrest Mining Ltd entered into an agreement to earn an 80% interest in Regal Resources Ltd's Mt Zephyr project by spending A\$0.75 M on exploration over 5 years.                                                                | The Zephyr project is located near Laverton in Western Australia. Historical exploration drilling within the project intersected anomalous gold mineralisation hosted within granite. | 0.94             | 254                  | 3700                                   |
| Dinninup E70/2955 | Gold  | 30/09/2007 | Eleckra has the right to earn a 90% interest in the tenement by spending \$500,000. The principal target is gold and copper mineralisation of similar style to the Boddington deposit.                                                              | Dinninup area about 60km south of Darkan<br>Multi-element anomalism from Government laterite sampling<br>Structural setting                                                           | 0.56             | 250                  | 2200                                   |
| Woodline          | Gold  | 01/12/2006 | Sipa Resources Ltd into a joint agreement to earn a 51% interest with Newmont Exploration Pty Ltd<br>Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$4.0M.                                     | over its Woodline gold and base metals licences located in the Albany Frazer Province.                                                                                                | 4.00             | 620                  | 6500                                   |
| Woodline          | Gold  | 01/12/2006 | Woodline Project (December 2006): Sipar Resources Ltd into a joint agreement to earn a 70% interest with Newmont Exploration Pty Ltd.<br>Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$5.4M. | over its Woodline gold and base metals licences located in the Albany Frazer Province.                                                                                                | 5.40             | 1165                 | 4700                                   |
| Utopia            | Gold  | 01/09/2006 | Sipa may earn a 70% interest in the Utopia Project from Comet by spending \$1.25M on exploration within five years, with a minimum commitment of \$100,000 to be spent in the first year.                                                           | 70% of four ELs covering 450 km <sup>2</sup> approx. 150km SE of Kalgoorlie in the southern Eastern Albany-Frazer Orogen adjacent to Sipar's existing Woodline Project.               | 1.78             | 450                  | 4000                                   |

## Appendix 2: Recent Market Transactions Involving Nickel-Copper Projects at the Pre-Development Stage within Australia

| Project    | Commodities | State | Date      | Company_1             | Company_2                  | Type        | Published Resource                                           | Transaction Details                                                                                 | Price 100% Basis (A\$/M) | Area (km2) | Implied Value/km2 (A\$) | Est \$/t NiEq |
|------------|-------------|-------|-----------|-----------------------|----------------------------|-------------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------|------------|-------------------------|---------------|
| Pardoo     | Ni & Cu     | WA    | 1/04/2012 | Segue Resources Ltd   | Red October Resources      | JV          | Inferred 23Mt@ 0.41% Ni & 0.13% Cu<br><br>98kt NiEq          | Initial 30% interest in the nickel and non-iron rights after \$1.00M exploration spend over 2 years | 3.03                     | 156.3      | 1,900                   | 15*           |
| Greenvale  | Ni & Co     | QLD   | 1/12/2009 | Straits Resources Ltd | Metallica Minerals Limited | Acquisition | 37.3Mt Ind + Inf @ 0.80% Ni, 0.05% Co<br><br>358kt NiEq      | 100% of the Greenvale Nickel project for \$1.65M in cash and shares                                 | 1.65                     | 39.2       | 42,000                  | 4.6           |
| Mt Thirsty | Co, Ni, Mn  | WA    | 18/4/2008 | Barra Resources       | Fission Energy             | JV          | Ind. & Inf. Resource of 21Mt @ 0.62% Ni, 0.14% Co & 1.01% Mn | 50% of the project for \$8M through the 100% purchase of the previous JV partner                    | 16                       | 66         |                         | 61            |

| Project  | Commodities  | State | Date      | Company_1                | Company_2           | Type        | Published Resource                                                                                           | Transaction Details                                                                           | Price 100% Basis (A\$/M) | Area (km2) | Implied Value/km2 (A\$) | Est \$/t NiEq |
|----------|--------------|-------|-----------|--------------------------|---------------------|-------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|--------------------------|------------|-------------------------|---------------|
| Pardoo   | Ni, Cu       | WA    | 1/8/2013  | White Eagle Resource Ltd | Segue Resources Ltd | Acquisition | The tenement is considered prospective for base metal mineralisation, and contains the Supply Well prospect. | Cash consideration of \$20,000 for 100% .                                                     | 0.02                     | 48.3       | \$400                   |               |
| Windarra | Ni; Cu & PGE | WA    | 1/09/2011 | Poseidon Nickel Ltd.     | Magma Metals Ltd.   | JV          | The tenement surrounds the Windarra project, and is considered prospective for Ni, Cu, and PGE's             | Initial 60% of the nickel, copper and PGE rights after \$3.00M exploration spend over 3 years | 4.33                     | 203        | \$10,500                |               |

\* 50% discount for JV or planned option note.

# SEGUE RESOURCES LIMITED

ACN 112 609 846

## PROXY FORM

### APPOINTMENT OF PROXY

Segue Resources Limited

I/We

being a Shareholder of Segue Resources Limited entitled to attend and vote at the General Meeting, hereby

Appoint

#### Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at the Amberley Business Centre, 3/1060 Hay St, West Perth WA 6005, on 29 November 2013 at 9.30am (WST) and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

|              |                                                                                                                         | FOR                      | AGAINST                  | ABSTAIN                  |
|--------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Approval to change of activities                                                                                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Approval to issue Shares to N&J Mitchell and for the N&J Mitchell Parties to increase their voting power in the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Approval to issue Shares to Mimo and for Mimo Parties to increase their voting power in the Company                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Approval to issue Shares to Other Vendors                                                                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

☐

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a Resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the Resolutions and that the votes cast by the Chair of the meeting for those Resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of all Resolutions.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on the Resolutions.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

\_\_\_\_\_ %

Signed this \_\_\_\_\_ day of

2013.

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Secretary

Signature

Sole Director and Sole Secretary

**SEGUE RESOURCES LIMITED**  
**ACN 112 609 846**

**Instructions for Completing Appointment of Proxy Form**

1. In accordance with section 249L of the Corporations Act, a shareholder of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with sections 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of sections 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. In accordance with section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

By Post: Segue Resources Limited, PO Box 7653 Cloisters Square, Perth, WA, 6850

By Hand Delivery: Office J, Level 2, 1139 Hay Street, West Perth, WA, 6005

By Facsimile: +61 8 9486 4799

By Email: [info@segueresources.com](mailto:info@segueresources.com)

by no later than 48 hours prior to the time of commencement of the Meeting.