

13 April 2017

Dear Shareholder

Notification of underwritten non-renounceable entitlement issue

On 12 April 2017, Strategic Energy Resources Limited (**Company**) announced a non-renounceable entitlement issue of fully paid ordinary shares (**Entitlement Offer**). An offer document setting out the terms and conditions of the Entitlement Offer was lodged with ASX Limited (**ASX**) on 12 April 2017 (**Offer Document**) and will be sent to all eligible shareholders together with a personalised Entitlement and Acceptance Form on 21 April 2017.

This letter gives shareholders brief details of the Entitlement Offer, certain information required under the ASX Listing Rules, proposed use of funds and the important dates of the Entitlement Offer. The Entitlement Offer is non-renounceable which means that rights cannot be traded or sold.

The Entitlement Offer is only open to eligible shareholders, being shareholders whose registered address is in Australia or New Zealand at 7.00pm on AEST on 19 April 2017.

The Company has determined that it would be unreasonable to make offers under the Entitlement Offer to all shareholders with addresses outside of Australia or New Zealand (**Ineligible Shareholders**) having regard to the Company's current shareholding and the costs of complying with legal and regulatory requirements in those jurisdictions. Accordingly, the Entitlement Offer is not being extended to Ineligible Shareholders. Any entitlements to such shares will lapse and the relevant shares will form part of the additional shares and shortfall under the Entitlement Offer.

If you hold shares in the Company as nominee or custodian of an Ineligible Shareholder(s), the Company requests you not to:

- (a) send any Offer Document to Ineligible Shareholders; and
- (b) submit any Entitlement or Acceptance Form for the Entitlement Offer or otherwise purchase shares under the Offer Document on behalf of any such Ineligible Shareholder.

Funds raised under the Entitlement Offer may be used to fund drilling at the Saxby Gold Project, investigate the feasibility of mining at Ambergate and our other Heavy Mineral Sands projects, on-going working capital requirements and costs associated with the Entitlement Offer.

Details of the Entitlement Offer are as follows:

Type of issue	Pro-rata non-renounceable entitlement issue of fully paid ordinary shares (Shares) of 1 Share for each 2 Shares held.
Issue price	\$0.012 (1.2 cents) per Share.

Number of shares to be issued	Up to 175,811,251 Shares.
Amount to be raised	Up to \$2,109,735.
Rights trading	Rights cannot be traded or sold.
Additional Shares and shortfall	Eligible shareholders can apply for additional Shares in excess of their entitlement. Additional Shares will be allocated in accordance with the allocation policy set out in the Offer Document. Any entitlement and additional Shares not taken by eligible shareholders will form part of the shortfall. The directors of the Company reserve the right to place the shortfall Shares at their absolute discretion subject to the Corporations Act and the ASX Listing Rules.
Shortfall	The Company has entered into an underwriting agreement with KSLcorp Pty Ltd ACN 009 115 440 under which KSLcorp Pty Ltd has agreed to partially underwrite any shortfall of the Entitlement Offer up to a minimum subscription level of \$1,200,000, subject to terms and conditions which are customary for agreements of this kind.
Listing	The Company has applied to ASX for quotation of the Shares.

Key indicative dates*

Announcement of Offer	12 April 2017
Lodgement of cleansing notice, Offer Document and Appendix 3B with ASX	12 April 2017
Notice sent to shareholders	13 April 2017
Ex Date	18 April 2017
Record Date for determining entitlements	19 April 2017
Offer Document despatched to eligible shareholders and Company announces despatch has been completed	21 April 2017
Closing Date	5 May 2017
Issue date	12 May 2017

**The above timetable is indicative only and subject to change. Subject to the ASX Listing Rules, the directors of the Company reserve the right to vary these dates, including the Closing Date, without notice. The directors may extend the period of the Entitlement Offer or bring forward the Closing Date at their discretion.*

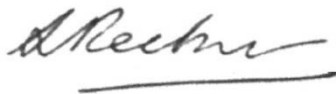
Actions required by Eligible Shareholder

As an Eligible Shareholder, you may:

- (a) take up your entitlement in full;
- (b) take up your entitlement in full and apply for shortfall securities;
- (c) take up part of your entitlement; or
- (d) do nothing and allow your entitlement to lapse

Full details of the terms and conditions of the Entitlement Offer are contained in the Offer Document which is available on the ASX website www.strategicenergy.com.au by searching under the ASX Code "SER."

Yours faithfully



Stuart Rechner
Director
Strategic Energy Resources Limited