

13 April 2017

Dear Shareholder

**Notification of underwritten non-renounceable entitlement issue – ineligible to participate**

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.

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.

**The Company has determined that you are an Ineligible Shareholder given that you reside outside of Australia and New Zealand. This letter constitutes the notice that the Company is required to give each Ineligible Shareholder under ASX Listing Rule 7.7.1(b).**

For your information, details of the Entitlement Offer are as follows:

<b>Type of issue</b>	Pro-rata non-renounceable entitlement issue of fully paid ordinary shares ( <b>Shares</b> ) of 1 Share for each 2 Shares held.
<b>Issue price</b>	\$0.012 (1.2 cents) per Share.
<b>Number of shares to be issued</b>	Up to 175,811,251 Shares.
<b>Amount to be raised</b>	Up to \$2,109,735.
<b>Rights trading</b>	Rights cannot be traded or sold.
<b>Additional Shares and shortfall</b>	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.
<b>Shortfall</b>	The Company has entered into an underwriting agreement with

ACN: 051 212 429

Level 4, 100 Albert Road, South Melbourne, VIC 3205, Australia

Telephone: (03) 9692 7222 Facsimile: (03) 9077 9233

[www.strategicenergy.com.au](http://www.strategicenergy.com.au)

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\***

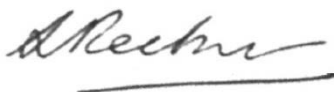
<b>Announcement of Offer</b>	12 April 2017
<b>Lodgement of cleansing notice, Offer Document and Appendix 3B with ASX</b>	12 April 2017
<b>Notice sent to shareholders</b>	13 April 2017
<b>Ex Date</b>	18 April 2017
<b>Record Date for determining entitlements</b>	19 April 2017
<b>Offer Document despatched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

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.

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](http://www.strategicenergy.com.au) by searching under the ASX Code "SER."

Yours faithfully



**Stuart Rechner**  
**Director**  
**Strategic Energy Resources Limited**