



ASX Announcement
21 November 2013

Initial Assay Results From Spencer Project

- Textures and alteration of diamond core from Spencer shows strong similarity to geology reported throughout other Iron-Oxide Copper Gold (IOCG) targets throughout the Olympic Dam trend
- Multi-element assay suite now under technical review to assist in vectoring towards potential high grade targets
- All new data from drilling program i.e. geology, geochemistry and geophysics to be amalgamated to vector in to potential mineralization
- A number of geophysical targets remain open from the first pass program due to timing and logistical constraints

Strategic Energy Resources Limited (ASX:SER) as Operator of the 'Spencer Joint Venture' (SER 75% and Kingston Resources Ltd (ASX:KSN) 25%) announces the following exploration update.

The exploration program commenced in August 2013, a total of ten holes were drilled, 6 reverse circulation (RC) holes were completed with a further 4 RC pre collar holes completed for 3,608m of drilling (See Figure 1, Figure 2, Figure 3 and Appendix 2 for location and details of the drill holes). The four RC pre-collar holes were drilled to allow a cheaper and faster drilling method to approach geophysical anomalies at depth and were designated to have diamond tails. Three of the RC pre collar holes (SPRCD001, SPRCD002 and SPRCD004) were ultimately diamond drilled for a total of 1,113.9m, leading to a combined total of 4,721.9m. The remaining RC pre collar hole (SPRCD003) will undergo diamond drilling pending the outcome of further technical analysis.

All northern holes (SPRC001 through to SPRC006) remained within overlying Adelaidean sediments which are not known geological hosts of the IOCG style mineralization. As such these RC holes were not sent for laboratory analysis. Furthermore, the RC components of SPRCD001, SPRCD002 SPRCD003 and SPRCD004 were not sent for analysis as the RC component was completed in lower end geophysical anomalism. The diamond core drilling passed through the geophysical high and was sent for analysis.

With the completion of the diamond core logging program the geological evaluation of the core shows that there are a number of intensely altered and brecciated zones within the Hiltaba Granite Suite. Brecciation of varying intensities both pre and post the numerous generations of veining containing quartz, quartz carbonate, quartz hematite and hematite show that the Hiltaba has undergone a complex structural history. It is this brecciation and alteration that show a strong similarity to photographic evidence contained within technical work completed on IOCG style deposits throughout the Olympic Dam Trend.

SER in consultation with consultant geologists decided to utilize a multi-element suite for the assaying of the diamond cores (for the full list of assayed elements and technique used see 'Explanation of Sampling techniques' in Appendix 1). Assays reported in Table 1 cover Au, Ag, U, and Cu which are typical of IOCG style mineralization. The remaining 47 elements fall outside this mineralization style and will be utilized for vectoring purposes and hence have not been reported.

Whilst the textural evidence indicates that there is a complex history to the geology encountered in the drilling it is hoped that the use of multi-element assaying including the analysis of trace elements will assist in vectoring in on the high grade potential of the initial targets either by the extension of current holes or the planning of additional holes within the Hiltaba Granite Suite.

A strong focus for now will be the amalgamation of all data sets. Technical analysis of not only the geology but the geochemistry will be fed back to the geophysical modelling team. This will allow the refinement of current targets and the possible identification of additional targets for the next round of drilling. SER still has a number of targets which it was unable to drill during the August program due mainly to timing and logistic constraints. These targets will also be the focus of any follow up program.

The notable results from the drilling programme are summarised in Table 1 below. Whilst assay results presented in Table 1 show the low grade nature of the results, the history of IOCG discoveries in South Australia indicates persistence through several drilling programs is required to make a discovery. SER and its Joint Venture partner KSN remain focused on discovery of potential IOCG mineralizing systems within the Spencer project. The joint ventures work was an initial exploration program representing the first significant drilling in the region. The company remains confident that the forward program utilizing SER's expertise in conjunction with IOCG consultants will allow us to evaluate the current undeveloped targets and potentially define new targets through the vast amount of data acquired through this initial work.

Au_ppm 0.005 ppm cut off Max Dilution 1m				
Hole_ID	From_m	To_m	Au_ppm	
SPRCD002	387	388	0.0095	
SPRCD002	425	426	0.0142	
SPRCD002	428	429	0.0051	
SPRCD002	443	444	0.0055	
SPRCD002	453	454	0.0069	
SPRCD002	465	466	0.0073	
SPRCD002	472	474	0.0077	NOTE 2m Intersection
SPRCD002	491	492	0.0051	
SPRCD002	537	538	0.0061	
SPRCD004	653	654	0.0054	
Ag_ppm 1.00 ppm cut off Max Dilution 1m				
Hole_ID	From_m	To_m	Ag_ppm	
SPRCD004	715	716	1.49	
SPRCD004	759	760	1.355	
Cu_ppm 100ppm cutoff Max Dilution 1m				
Hole_ID	From_m	To_m	Cu_ppm	
SPRCD001	578	579	160.5	
SPRCD002	581	582	152	
SPRCD002	584	585	142.5	
U_ppm 150 cut off Max Dilution 1m with U3O8 conversion (U_ppm *1.179/10000)				
Hole_ID	From_m	To_m	U_ppm	U3O8 % Conversion
SPRCD002	537	538	250	0.029475
SPRCD004	597	598	197.5	0.02328525

Table 1: Showing significant intercepts by Element. Note: All assays reported above show cut off grades and have maximum internal dilution of 1m. All intersections are 1m intersection down hole unless stated (where multiple meters of significant mineralization have been reported the grades are averaged for the intersection). Note that the table is compiled only for Au, Cu, U and Ag. An assessment of the remainder of the elements assayed (see 'Sampling Techniques' explanation in Appendix 1 for remaining elements) in regards to geochemical vectoring is ongoing.

Please note that additional information relating to sampling techniques and data relevant to the exploration programme is set out in Appendix 1.

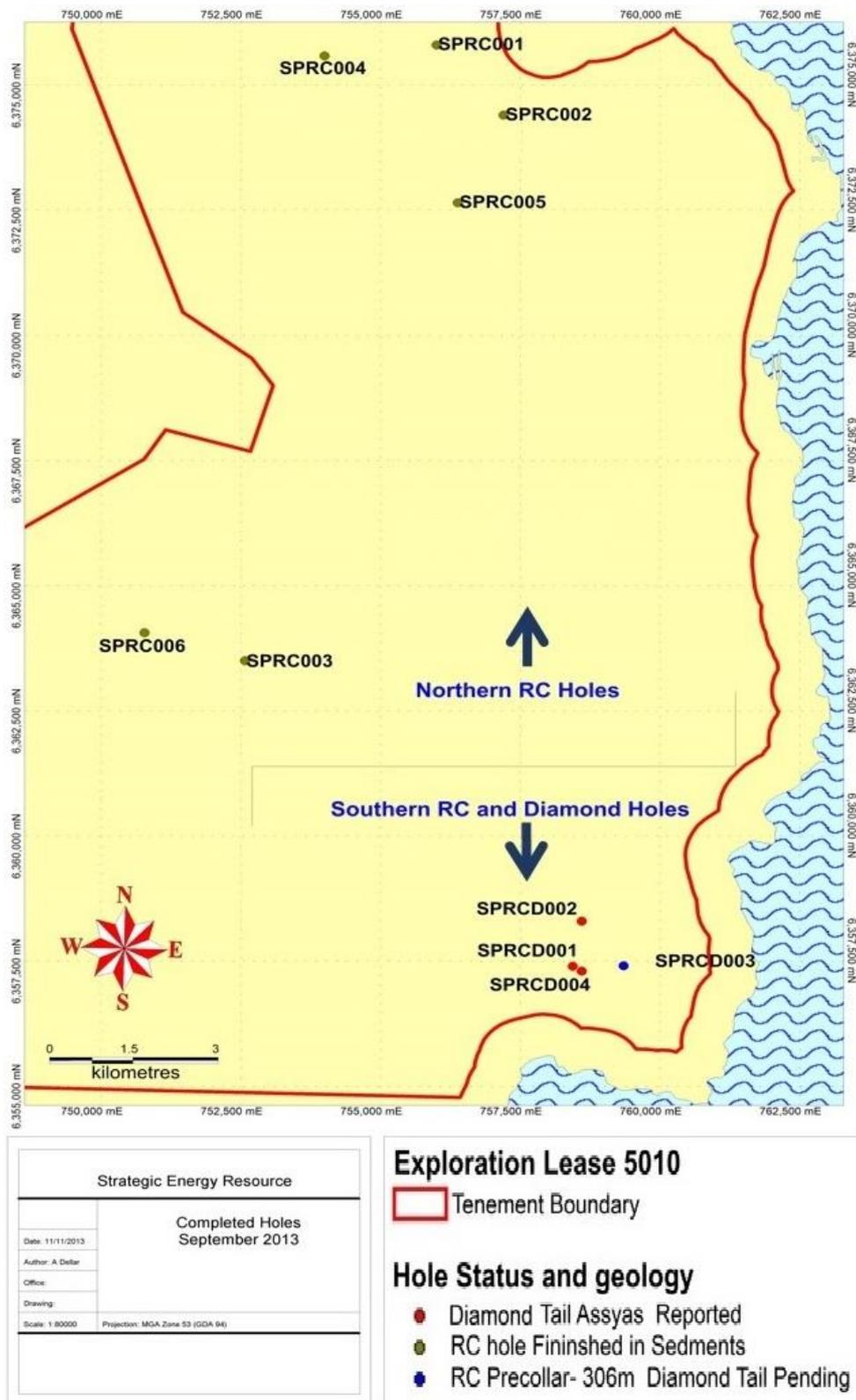


Figure 1, Drill Hole Locations

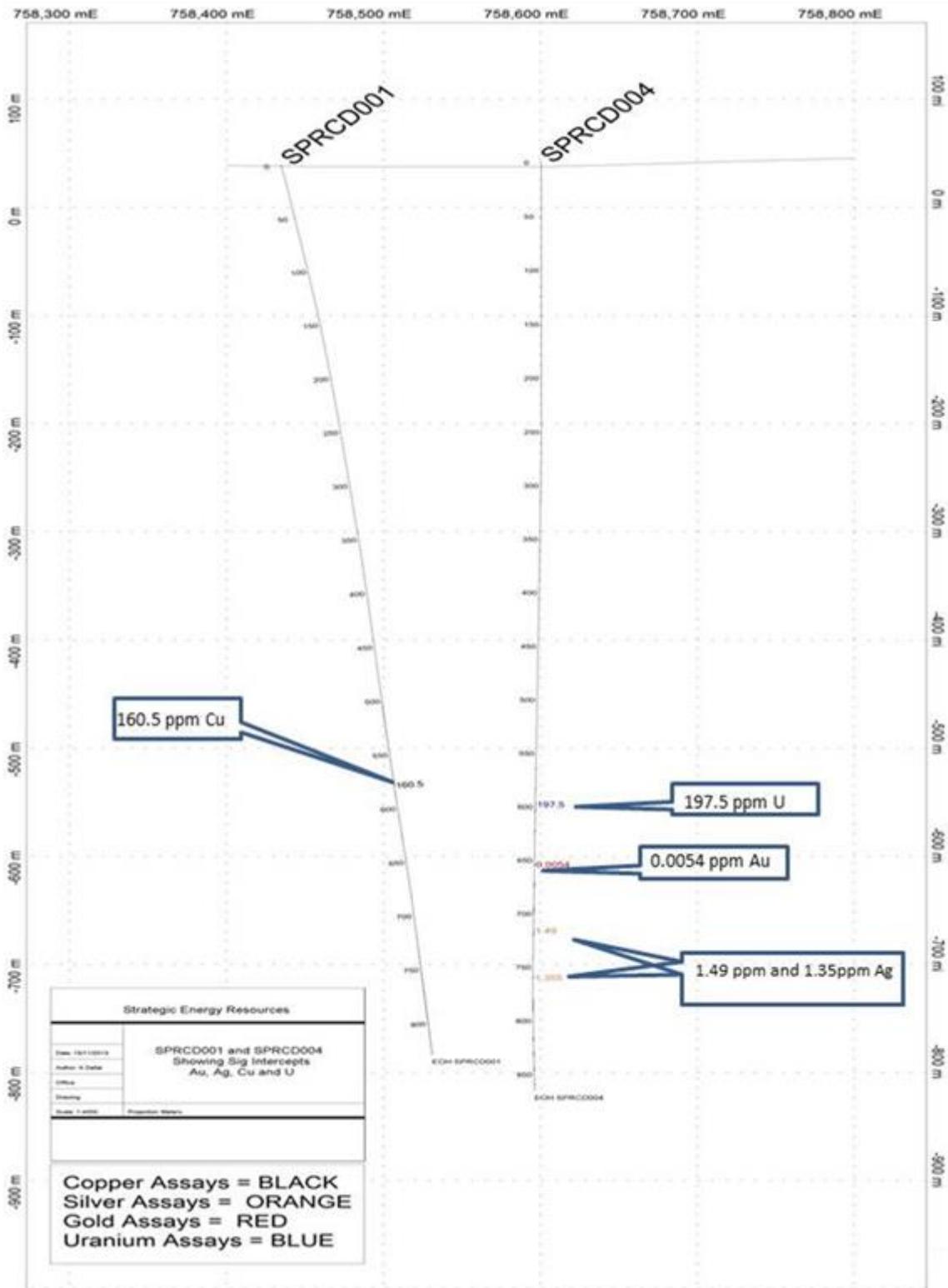


Figure 2, Showing SPRCD001 and SPRCD004 with notable assays as per Table 1

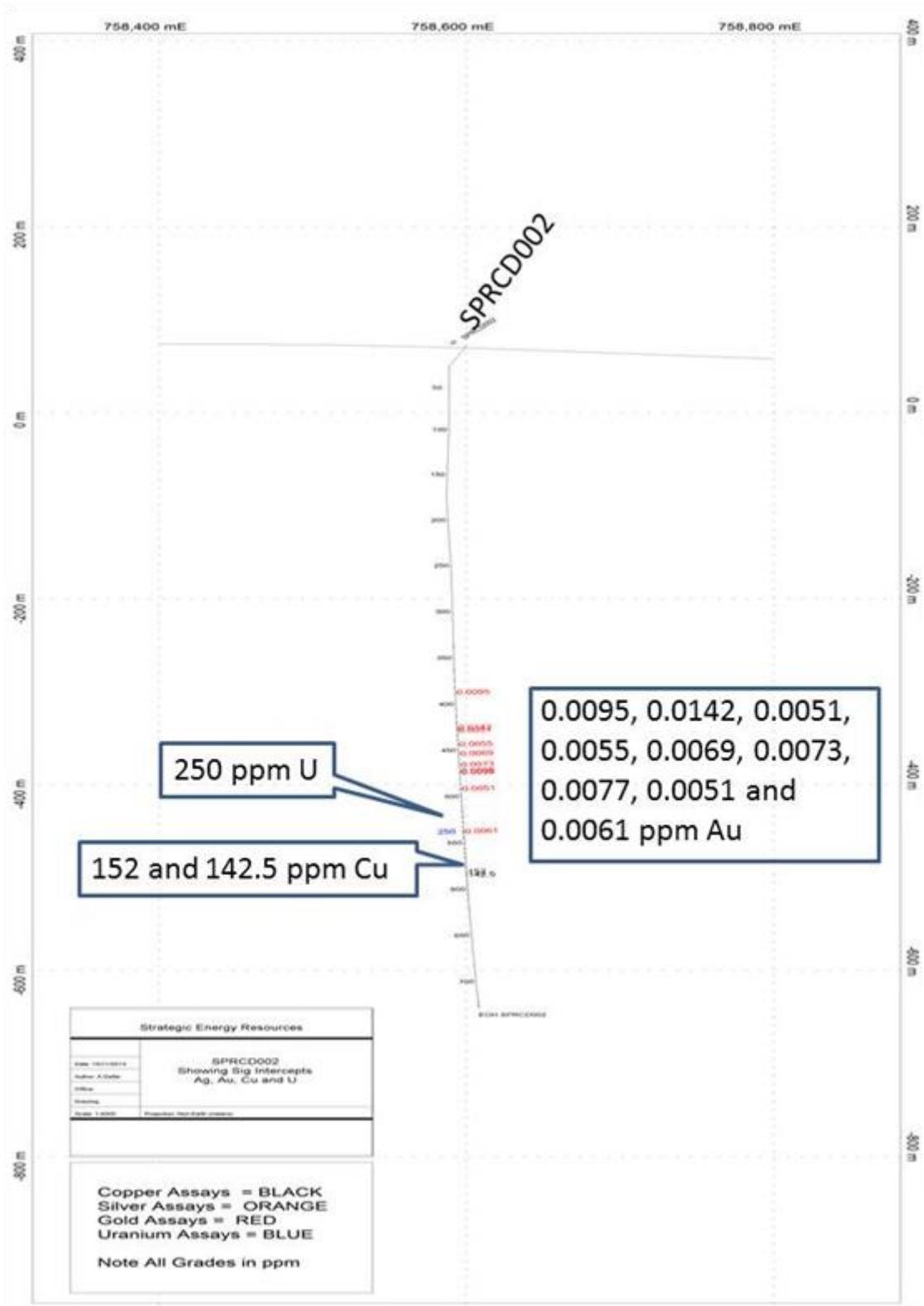


Figure 3, Showing SPRCD002 with notable assays as per Table 1

APPENDIX 1

CHECKLIST FOR REPORTING OF EXPLORATION RESULTS PURSUANT TO SECTIONS 1 AND 2 OF TABLE 1 OF THE 2012 EDITION OF THE JORC CODE

Criteria	Explanation
Sampling Technique	All diamond tails were drilled using NQ2 core. Visual checks of the core and correction of core block errors allowed for accurate sampling intervals. All samples were crushed (CRU-21) to > 70% returning -6mm, Samples were then pulverised (PUL-23) where Samples were riffle split to maximum of 3kg and pulverise split to 85% passing 75 micron Course rejects retained. Samples then underwent the ME_MS41L Ultra trace Aqua Regia analysis for 51 elements including Au_ppm, Ag_ppm, Al_%, As_ppm, B_ppm, Ba_ppm, Be_ppm, Bi_ppm, Ca_%, Cd_ppm, Ce_ppm, Co_ppm, Cr_ppm, Cs_ppm, Cu_ppm, Fe_%, Ga_ppm, Ge_ppm, Hf_ppm, Hg_ppm, In_ppm, K_%, La_ppm, Li_ppm, Mg_%, Mn_ppm, Mo_ppm, Na_%, Nb_ppm, Ni_ppm, P_%, Pb_ppm, Pd_ppm, Pt_ppm, Rb_ppm, Re_ppm, S_%, Sb_ppm, Sc_ppm, Se_ppm, Sn_ppm, Sr_ppm, Ta_ppm, Te_ppm, Th_ppm, Ti_%, Tl_ppm, U_ppm, V_ppm, W_ppm, Y_ppm, Zn_ppm, Zr_ppm,
Drilling Technique	All SPRCD (RCD designating RC pre collar and Diamond Tail) holes were drilled utilizing a RC pre collar with a bit size of 5 ¼ " bit with the NQ2 tails. Diamond holes were surveyed using a Reflex Downhole Camera and surveyed approximately every 50m
Drill Sample Recovery	Core recoveries were recorded in relation to the sampling sheet and core loss/cavities recorded for each sample. Total core recovery was over 98%. Where core loss exceeded 1m the sample was recorded as sample not received.
Logging	Core logging was undertaken to <10cm. Samples were selected based on metre intervals due to the macro homogeneous nature of the diamond core. All core was photographed at ALS
Sub_sample Techniques and sample Preparation	All core was half core sampled. Core cutting took place at ALS's Adelaide facilities with cut sheets, meter marks and cut lines provided by SER Geologists
Quality of Assay Data and Laboratory Testing	Sample preparation and assaying procedure was supplied by SER to the laboratory. Field Duplicate samples of quartered core were submitted every 50th sample. Field standards and blanks (CRM's) were inserted with Standards inserted every 50th sample as were blanks
Verification of sampling and assaying	Samples were checked against core photography and logging for verification. QAQC results were verified by SER's in house geological personnel
Location of Data Points	Drill holes were located utilizing a Garmin GPS Map 62s accuracy was recorded at ± 3m
Data Spacing and distribution	This is first pass drilling as such no consistent spacing was used for the program. The closes holes were designed approximately 200m apart but not on a set grid
Orientation of Data in relation to geological structure	All drill holes targeted geophysical anomalies, Namely gravity / magnetic anomalies as designed with the assistance of consultant geophysicists. All diamond tails targeted gravity anomalies within the Hiltaba Granite Suite
Sample Security	All core was stored at SER's field operational headquarters prior to being freighted to ALS in Adelaide. Upon receipt of samples ALS supplied a sample receipt confirmation and all cutting, photography and half core sampling was carried out by ALS.
Audit or Reviews	All drill results were subject to internal review utilizing industry standard QAQC practices and verification.

Mineral Tenement and land tenure statue	All drill holes occurred within the EL 51010 (Spencer) the tenement is currently owned by U Energy Pty Ltd (25%); Strategic Energy Resources Limited (75%). The project is operated by SER.
Exploration Done by other parties.	A total of 10 historic holes appear on the SARIG database of which the maximum depth is approximately 450m
Geology	The tenement is dominated by Adelaiddian Aged Sedimentary cover including the Tregolana Shales and the Mesoproterozoic Pandurra formation. These sedimentary horizons overlay the Hiltaba Granite Suite basement
Drill hole Information	See Appendix 2
Data aggregation methods	All assays reported above show cut off grades and have maximum internal dilution of 1m. All intersection are 1m intersection down hole unless stated (where multiple meters of significant mineralization have been encountered the grades are averaged for the intersection).
Relationship between mineralisation widths and intercept lengths	Down hole widths of mineralization are currently not known. This is due to the large spacing of drill holes and the sparseness of mineralization encountered.
Diagrams	Please see Figures above
Balanced Reporting	Reporting of results in this announcement is considered to be balanced
Other substantive exploration data	EL 5010 has a total of 10 previous holes ranging in depth from 140m through to 456.70m There is no indication from historic drilling that the Hiltaba Granite was intersected.
Further Work	Amalgamation of all data sets predominantly based around the use of geochemistry in conjunction with industry based consultants to target potential mineralization within the exploration lease.

APPENDIX 2

DRILL HOLE SUMMARY

Hole_ID	East	North	RL	Dip	Azimuth	RC	DDH_Tail	EOH Depth	Status and Geology
SPRC001	756000	6375800	18	-60	270	161	0	161	Completed In Sediments Northern Hole
SPRC002	757200	6374400	18	-60	180	415	0	451	Completed In Sediments Northern Hole
SPRC003	752575	6363500	205	-60	90	636	0	636	Completed In Sediments Northern Hole
SPRC004	753999	6375582	107	-90	0	289	0	289	Completed In Sediments Northern Hole
SPRC005	756381	6372651	37	-60	0	357	0	357	Partially Complete In Sediments Northern Hole
SPRC006	750775	6364061	100	-60	0	264	0	264	Completed In Sediments Northern Hole
SPRCD001	758435	6357397	39	-80	90	498	330.5	828.5	Completed In Hiltaba Granite Southern Hole
SPRCD002	758600	6358300	71	-60	0	336	393.6	729.6	Completed In Hiltaba Granite Southern Hole
SPRCD003	759348	6357408	67	-90	0	306	0	306	To be completed In Hiltaba Granite Southern Hole
SPRCD004	758601	6357299	41	-85	180	474	391.2	865.2	To be completed In Hiltaba Granite Southern Hole

Table 2 Showing Hole Coordinates, Dip Azimuth and Status and Geology Note The datum for all holes is MGA 1994 Zone 53

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Further Information:

Mark Muzzin
Managing Director

Competent Persons Statement

The information in this announcement is based on information compiled by Mr Adrian Dellar who is a member of the Australasian Institute of Mining and Metallurgy. Mr Dellar is working in the role of Senior Geologist for Strategic Energy Resources. Mr Dellar has sufficient experience, which is relevant to the style of mineralization and deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and ore reserves" Mr Dellar consents to the inclusion in the report for the matters on his information in the form and context which it appears.