



ASX Announcement
2 October 2013

Spencer first round drilling campaign completed

Strategic Energy Resources Limited (ASX: SER) as Operator of the 'Spencer Joint Venture' (SER 75% and Kingston Resources Ltd (ASX: KSN) 25%) has completed the first round drilling campaign.

The exploration program commenced on the 18th of August 2013 with the rigs demobilised from site on the 30th of September. A total of ten holes were drilled, 6 reverse circulation (RC) holes were completed with a further 4 RC pre collars completed for 3,608m of drilling. These four RC holes were designated to have diamond tails of which three holes were drilled for a total of 1,113.9m, a combined total of 4,721.9m. Further drilling is anticipated on two of the pre collars with SPRCD004 being diamond drilled from 474m to a depth of 865.2m before the access window on the drill program closed. SER anticipates completing this hole to approximately 1,200m during the next follow up drilling program.

As previously announced a decision was made to bring a diamond rig in to complete the bottom sections of the holes, this is a result of ground conditions and to increase geological understanding of the geophysical targets. The core produced from the diamond drilling has been useful as visual mineralisation is evident. The core is in the process of being dispatched to an analytical laboratory, with results expected in some 30 – 60 days. The technical analysis to follow is anticipated to assist the vectoring to potential high grade mineralization zones.

All of the holes where diamond tails were drilled have been collared in to the outcropping Hiltaba Granite Suite from surface. Holes SPRCD001 and SPRCD004 (which was drilled to 865.2m with a planned depth of 1,200m) remained within the Hiltaba Granite Suite from the initial intersection to the end of the hole. The majority of SPRCD002 remained within the Hiltaba Granite apart from an approximately 90m intersection of an intrusive basaltic unit. In all three holes throughout the granite, intersections of brecciation and alteration were seen to be pervasive and of varying intensities. It is in these brecciated and altered zones where visual mineralization has been encountered. Analysis of these zones is hoped to provide further information regarding the potential of the mineralization zones.

The six holes in the northern part of the tenement failed to encounter the Hiltaba Granite Suite. Although the targets were intersected in the majority of the holes further investigation and understanding of the geology should provide answers as to the true nature of the geophysical anomalies which provided the original targets.



Fig 1 Brecciated and altered Hiltaba Granite from Spencer drilling program

A follow up drill program is currently planned to complete not only the two remaining open holes prepared for re-entry using diamond tails but to also drill three highly prospective targets within a restricted area that require special permission to access. A further shallow drill program of five holes is also planned to test outcropping copper mineralisation. Timing of any program is subject to the usual regulatory approvals.



BACKGROUND

The project area comprises 321 square kilometres and is located on the west coast of Spencer's Gulf. It remains one of the few undrilled areas along the Olympic Dam trend that has now been the subject of significant modern exploration techniques, including gravity, magnetics, HeliTEM, outcrop geology and geochemistry. This same trend is the home to some exceptional discoveries including: Olympic Dam, Carrapateena, Prominent Hill, Mount Gunson, Wallaroo, Moonta and Hill Side.

Favourable geology is evident within the Spencer Project area including the outcrops of the Hiltaba granite and Moonabie formation, the age equivalent host of a number of IOGC style deposits throughout the Olympic Dam trend.

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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.