

ASX Announcement
7 August 2018

Mining Lease application over Jangardup South heavy mineral deposit

Strategic Energy Resources Ltd (SER) has lodged a Mining Lease (ML) application over the Jangardup South heavy mineral sands deposit in Western Australia. The application represents the culmination of over a year of research and preparation by SER.

SER's ML application is located in southwest Western Australia, approximately 50km south of Nannup. The application is approximately 500 hectares (5km²) in area and includes the Jangardup South heavy mineral sands deposit. The application area lies 3km south of the historic Jangardup deposit which was mined from 1994-2003 by Cable Sands. The region is home to a well-established mineral sands mining industry with multiple operating mines, world-class expertise and existing infrastructure.

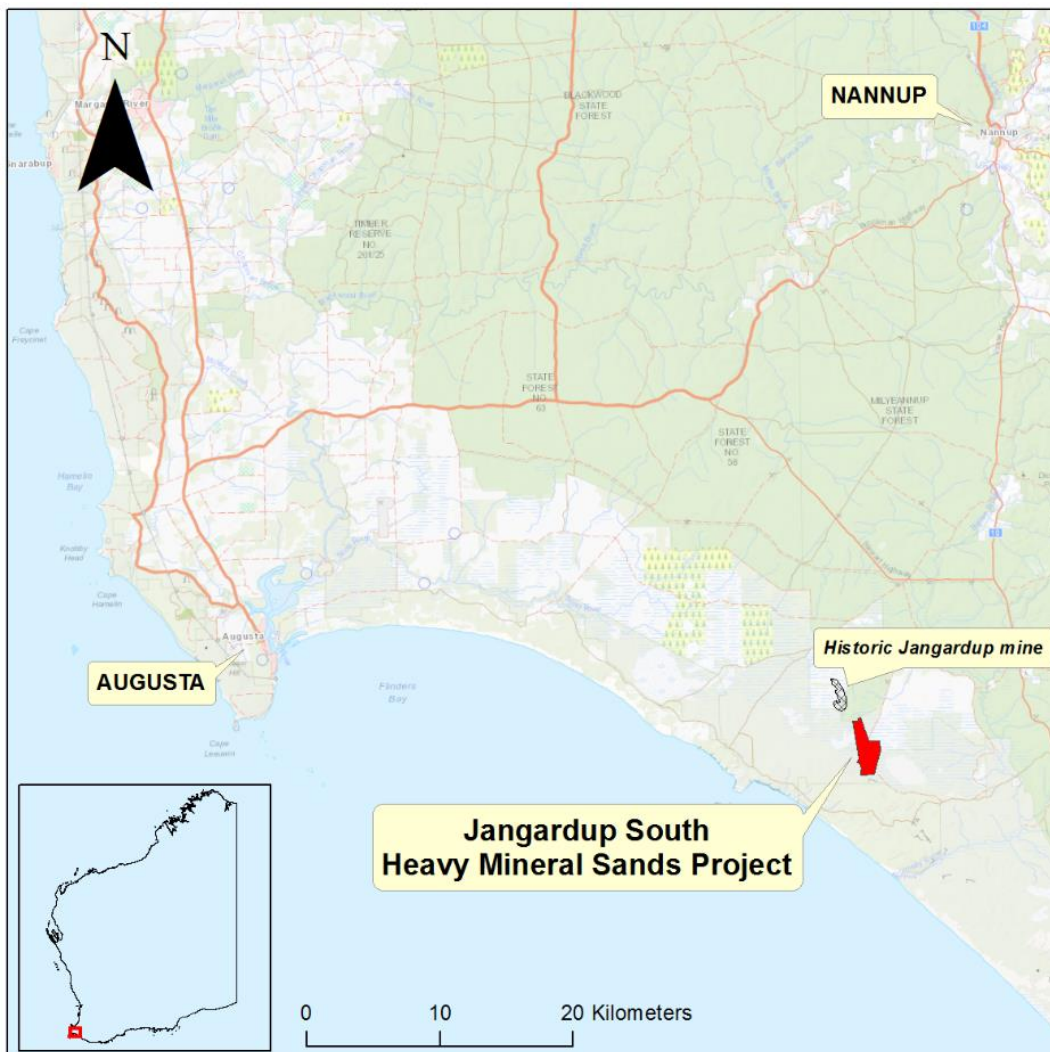


Figure 1: Location of Mining Lease application

Geology and Previous Exploration

The Jangardup South heavy mineral sands deposit lies on the Scott Coastal Plain and is part of the paleo Donnelly Shoreline. Heavy mineral sands are hosted within the early-Pleistocene Yoganup Formation.

Jangardup South was discovered by Cable Sands in 1987. In 1997 and 1998, two major reverse circulation drilling programs were completed over the deposit totaling 1,855 holes for 32,164.4m. A significant body of mineralisation was delineated however the resource estimate predates the JORC 2004 and JORC 2012 Codes.

Cable Sands also undertook extensive bulk sampling for metallurgical test work and dug several test pits.

The Geological Survey of Western Australia has classified the Jangardup South deposit as a “Strategic Mineral Resource Protection Area” which “should be set aside for future mining”.¹

Environmental Management and Cultural Heritage Protection

SER has conducted detailed investigations and engaged leading environmental and technical experts to consider potential environmental impacts of operations at Jangardup South. The Mining Lease application is near the D’Entrecasteaux National Park. Initial work has indicated that all environmental risks can be properly managed with industry-standard, tried and tested controls.

The successful mining and rehabilitation of the nearby Jangardup deposit serves as a precedent and significantly reduces risk.

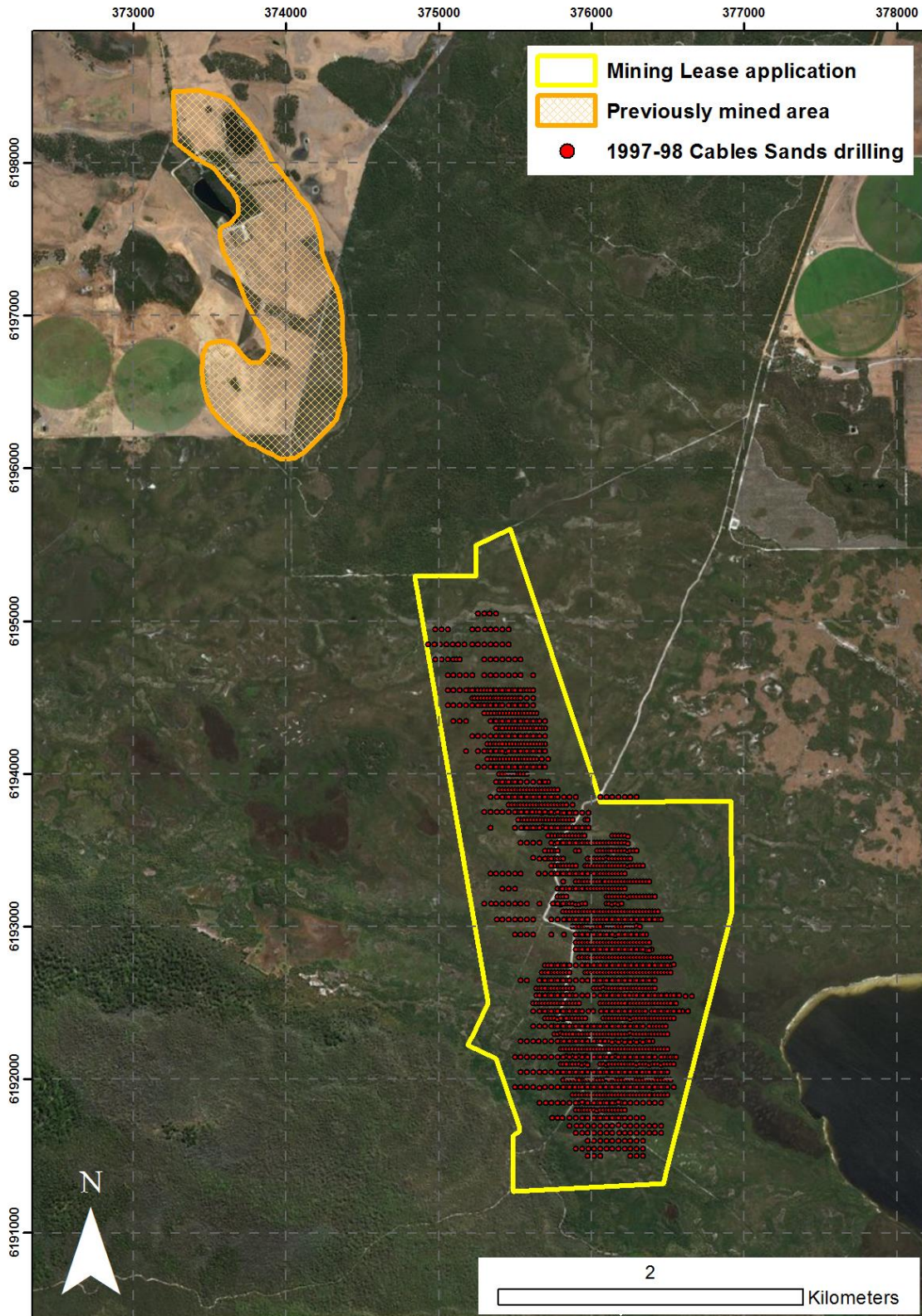
SER is committed to the protection and preservation of Aboriginal Heritage and has an existing Heritage Agreement with the South West Boojarah Group facilitated by the South West Aboriginal Land and Sea Council. SER will continue to work closely with these groups.

Way Forward

Upon grant of the Mining Lease, SER plans to define a JORC 2012 compatible Mineral Resource and conduct mining and processing studies to investigate the feasibility of developing the project.

SER has engaged world-leading mineral sands engineering specialist TZMI and environmental management consultants MBS Environmental to assist with the application.

¹ *Titanium-zircon minerals of the Swan Coastal Plain – geoscience information influencing the State planning process, GSWA 2006*



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Figure 2: Mining Lease application area showing historic drilling and previously mined area

About Heavy Mineral Sands

Heavy mineral sands are mined to produce titanium dioxide feedstocks and zircon. Titanium dioxide is primarily used as a whitening pigment in paints, plastics and paper. Pigment production is a massive global industry worth around \$US 16 billion annually. Zircon is primarily used in the production of ceramics and has an annual global market of \$US 2 billion.

Both titanium dioxide and zircon markets are experiencing strong growth and increasing commodity prices driven by global urbanisation.

Placement

SER will make a placement of 60,000,000 new fully paid ordinary shares at an issue price of \$0.005 (0.5 cents) per share to raise \$300,000 (before costs) as follows:

- 24,000,000 shares issued to professional and sophisticated investors in accordance with SER's current placement capacity under ASX Listing Rule 7.1;
- 20,000,000 shares issued pursuant to a Small Scale Offering in accordance with SER's current placement capacity under ASX Listing Rule 7.1; and
- 16,000,000 shares proposed to be issued to Directors of the Company subject to shareholder approval which will be sought at the Company's Annual General Meeting later this year.

The funds raised from the Placement will be used to advance the Jangardup South mining lease application.

An Appendix 3B in relation to this issue will be lodged with ASX in due course.

For further information, please contact +61 3 9692 7222 or visit website www.strategicenergy.com.au