



**ASX Announcement**  
**19 August 2013**

## **Commencement of drilling at Spencer program**

Strategic Energy Resources Limited (ASX:SER) as Operator of the 'Spencer Joint Venture' (SER 75% and Kingston Resources Ltd (ASX:KSN) 25%) is pleased to announce that drilling commenced on Sunday the 18<sup>th</sup> of August. Currently two drill rigs are on site for a planned program of 14 holes. Operations will run 24 hours a day with two 12 hour shifts per rig per day.

The project area comprises 321 square kilometres and is located on the west coast of Spencer 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.

### **GEOLOGY AND GEOPHYSICAL INTERPRETATION**

Based on the assessment of the gravity, magnetic, HeliTEM, geochemistry and outcrop data an initial 14 drill targets have been defined in 4 separate areas over a total strike length in excess of 18km.

All holes are targeting gravity anomalies within or associated with the Hiltaba Granite Suite. It is the Hiltaba Granite Suite which hosts the world class Olympic Dam deposit. With the Hiltaba Granite Suite outcropping in the south eastern quadrant of the tenement holes 1B and 1D are not only targeting the geophysical anomaly but localized copper mineralization at surface and the outcropping Hiltaba Granite Suite. This emphasises the near surface mineralization potential of the program unlike other deposits along the Olympic Dam trend further to the north which are buried under sedimentary cover.

A series of first and second order drill targets have been defined utilizing the criteria outlined above. Drill holes are designed to intersect conductive conduits which are coincident with gravity highs at depth.

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Examples of the drill targets can be seen below in figures 1 through 4 below.

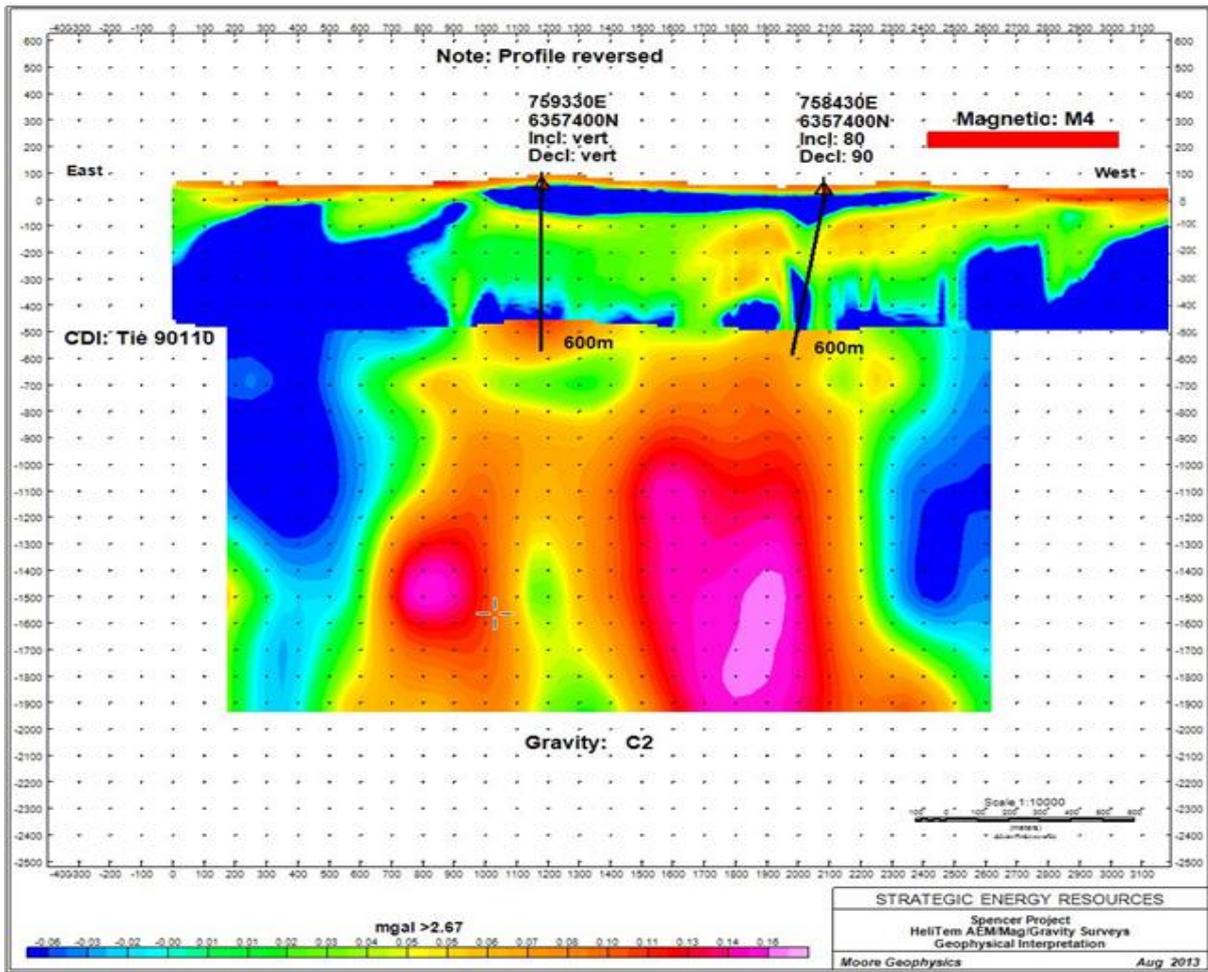


Fig 1 DRILL TARGET 1B HeliTern conductivity superimposed on modeled gravity

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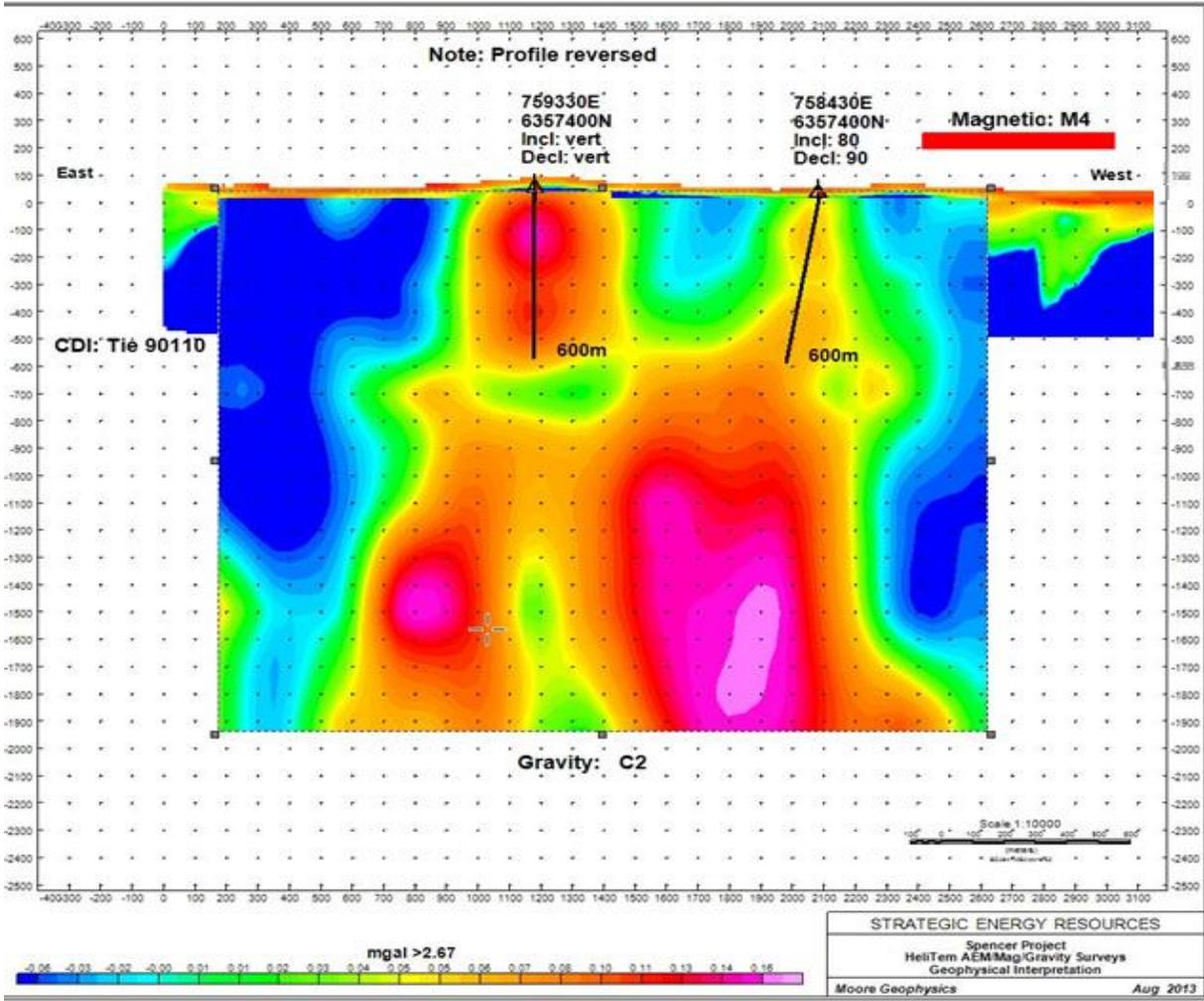
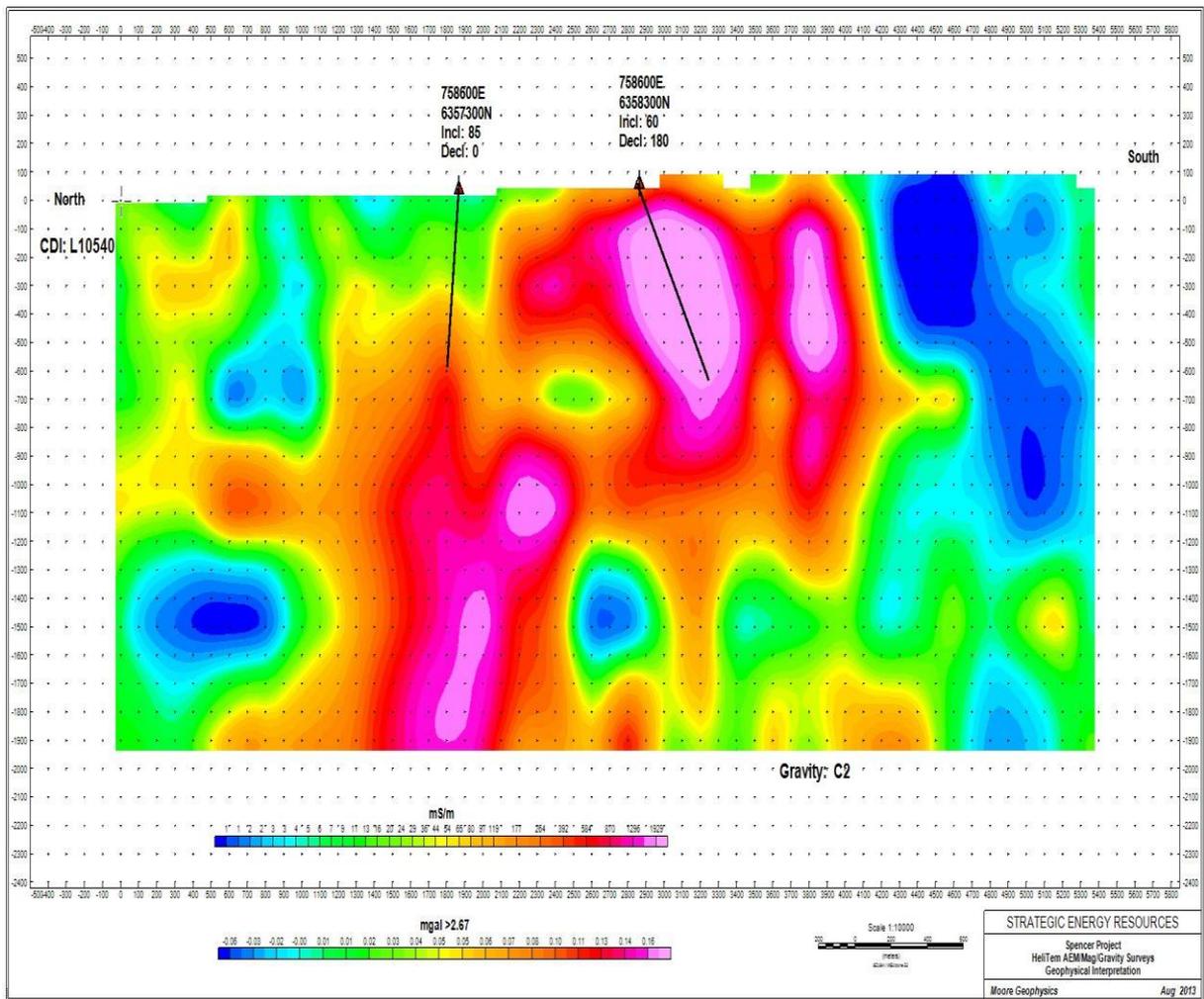


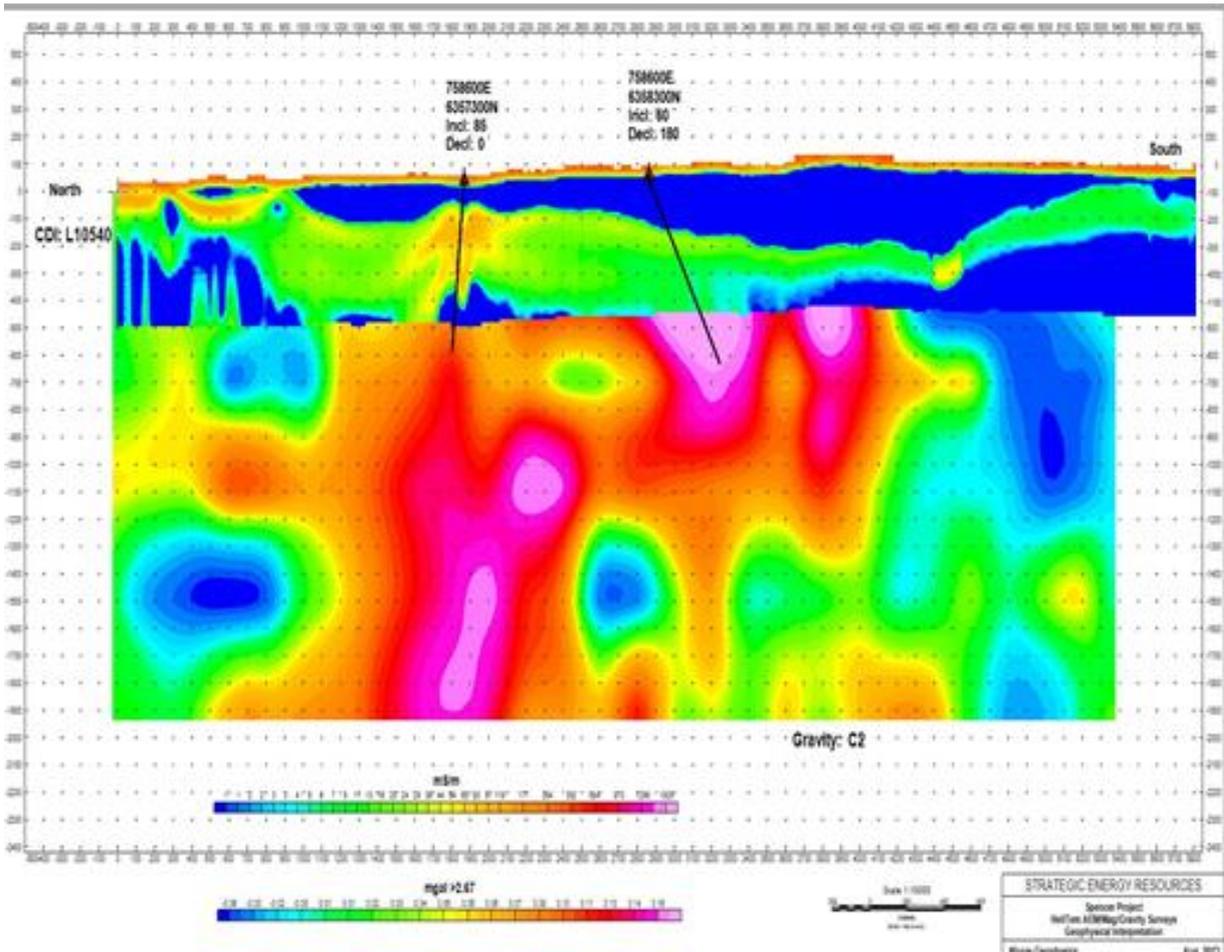
Fig 2 DRILL TARGET 1B modelled gravity cross section

Drill target 1D (fig 3) shows a similar gravity anomaly to target 1B and the second, a conductive conduit above the northern most gravity feature, two drill holes are superimposed on the cross sections.



**Fig 3 DRILL TARGET 1D modelled gravity**

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**Fig 4 DRILL TARGET 1D Cross section showing modelled gravity and Helitem conductivity**

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Further Information:

Mark Muzzin  
Managing Director

**Competent Persons Statement**

*The information in this report related to Exploration 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.*