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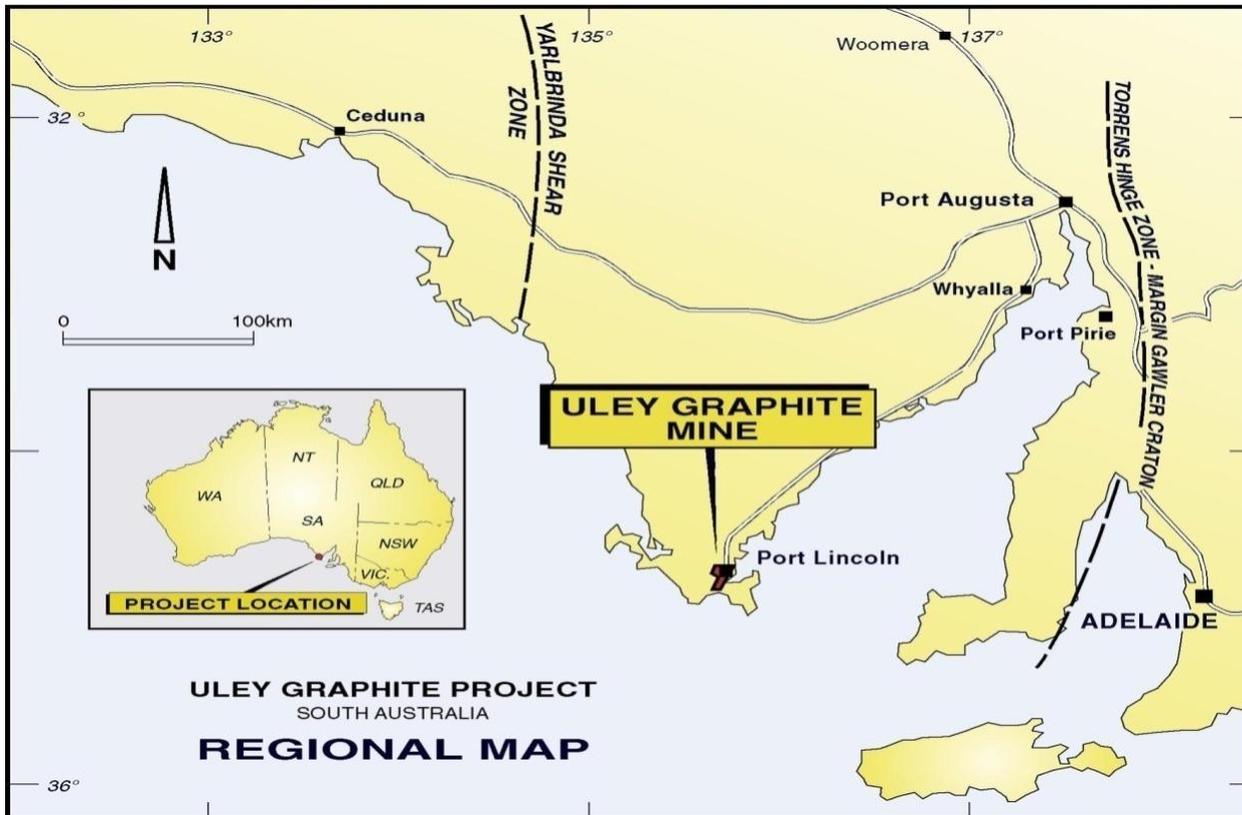
Mark Muzzin, Strategic Energy Resources Limited

Uley – its history and the re-development path



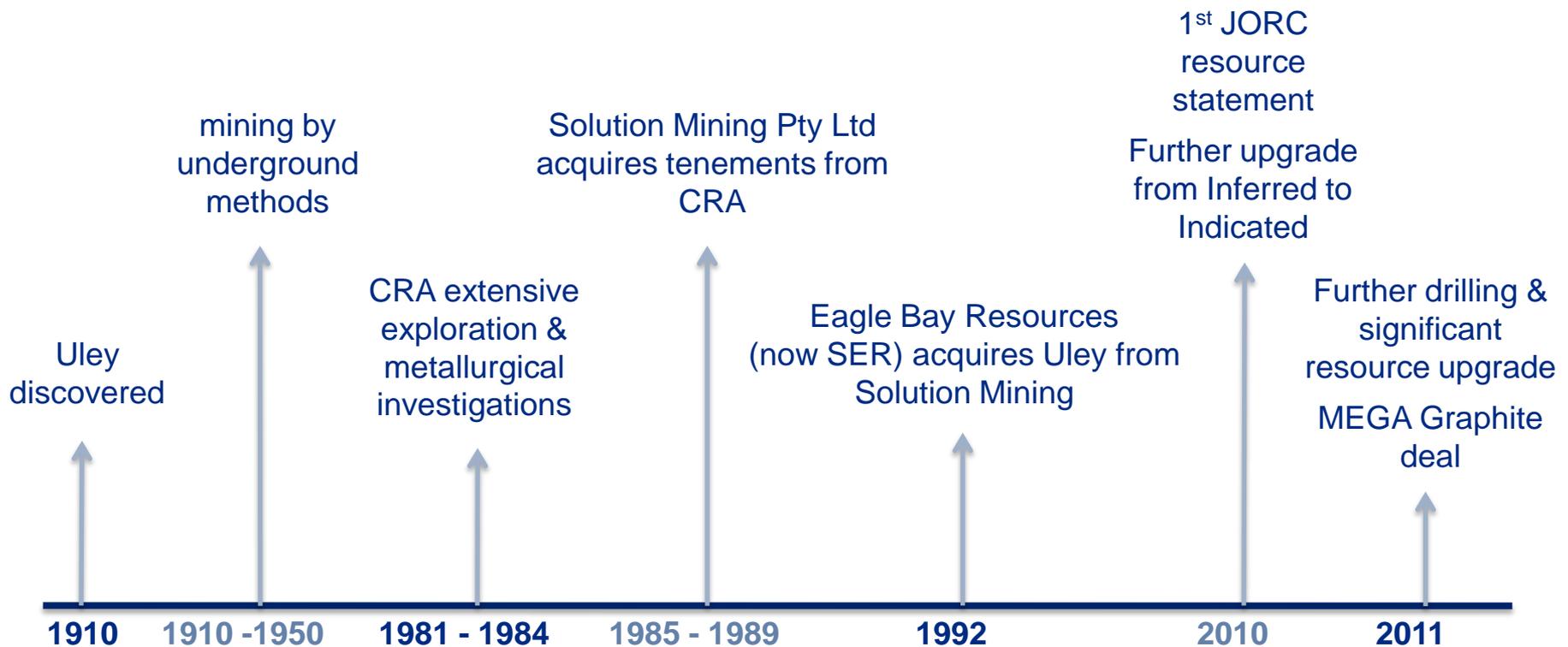
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Location of Uley Graphite Project



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100+ Years of Uley



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Facilities at Uley Graphite Project

1993



Today



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Processing facilities



- ❑ existing processing facilities operated for some 10 months before they were put into care & maintenance in 1993
- ❑ during past operation plant was capable of producing up to 14,000 tonnes per year
- ❑ power, water and communication lines are still connected
- ❑ structures & equipment show the effects of time, however the mechanical condition remains good
- ❑ front end of plant requires refurbishment
- ❑ some of the plant has been periodically run under a 'no-load' condition

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Plant Operating Performance

MONTH	TREATMENT RATE Dry tonnes/hr	AVAILABILITY
July 1992	18*	64
August 1992	18*	71
September 1992	25*	71
October 1992	21.9	76
November 1992	21.3	76
December 1992	22.0	92
January 1993	20.7	-na
February 1993	13.6	-na
March 1993	14.6	-na
April 1993	-na	-na

* Estimated from early data

- ❑ An engineering report in 1993 confirmed the two principal causes of Plant operational difficulties:
 - ❑ 1. ore on which metallurgical test work had been carried out & on which plant design was based, was significantly different from ore presented to plant
 - ❑ 2. process plant was poorly planned giving high water consumption & electrical maintenance problems. Many aspects of operation were excessively labour intensive, particularly in product handling areas

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Uley Graphite production

- ❑ **1992:** developed existing treatment facilities with joint venture partner, American company, Pittston Mineral Ventures
- ❑ **July 1992:** plant commissioned & product successfully marketed in both Australia & overseas
- ❑ **January 1993:** Uley Development Plan prepared including engineering report with the objective to upgrade the plant to increase output
- ❑ **April 1993:** 1,025 tonnes of product produced & majority sold before plant operations were suspended due to substantial fall of flake graphite price
- ❑ **Late 1993:** joint venture ceased and project ownership 100% SER

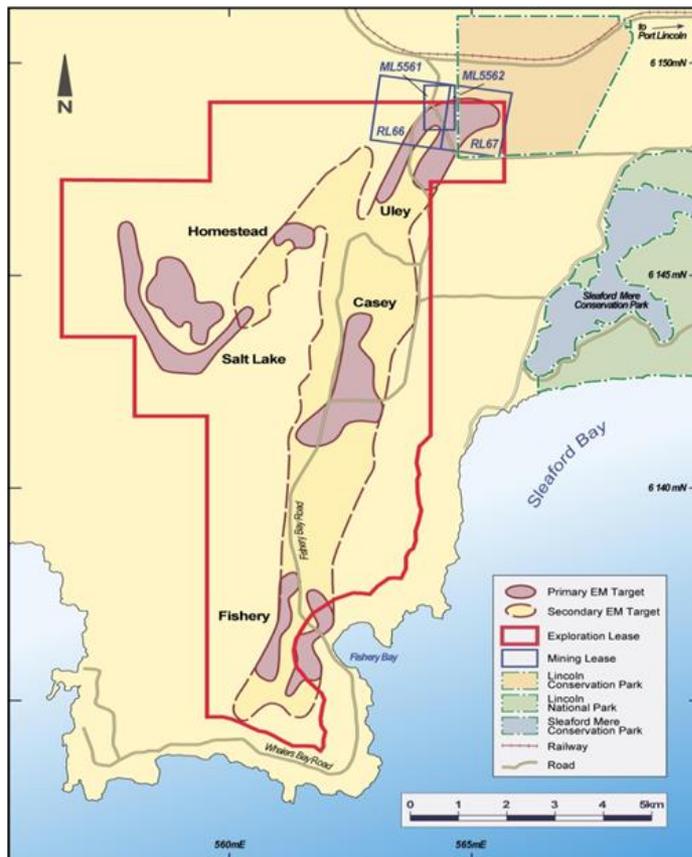
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New development pathway

- ❑ **1997:** RSG Global commissioned Coffey Mining to undertake resource modelling and reporting of the Uley Main Road Resource deposit
- ❑ **1998:** further drilling in on electro-magnetic targets adjacent to 'Main Road Pit' showed two graphite layers some 10m thick at shallow depths with grades to 16%
- ❑ **August 2009:** Coffey Mining completed first JORC-compliant resource statement showing Inferred Resource of 3.2Mt @ 9% Total Carbon
- ❑ **January 2010:** Resource upgraded from indicated to inferred – 4Mt @ 8.1 % graphitic carbon
- ❑ **May 2010:** Alliance with Monash University established
- ❑ **December 2010:** Proposed JV with MEGA announced
- ❑ **January 2011:** Further resource drilling at Main Roads deposit -12 holes
- ❑ **May 2011:** New agreement with MEGA Graphite announced
- ❑ **June 2011:** Significant resource upgrade: 6.6Mt @ 8.7% graphitic carbon
- ❑ **October 2011:** Operating agreement signed with MEGA Graphite
- ❑ **December 2011:** Plant back into production

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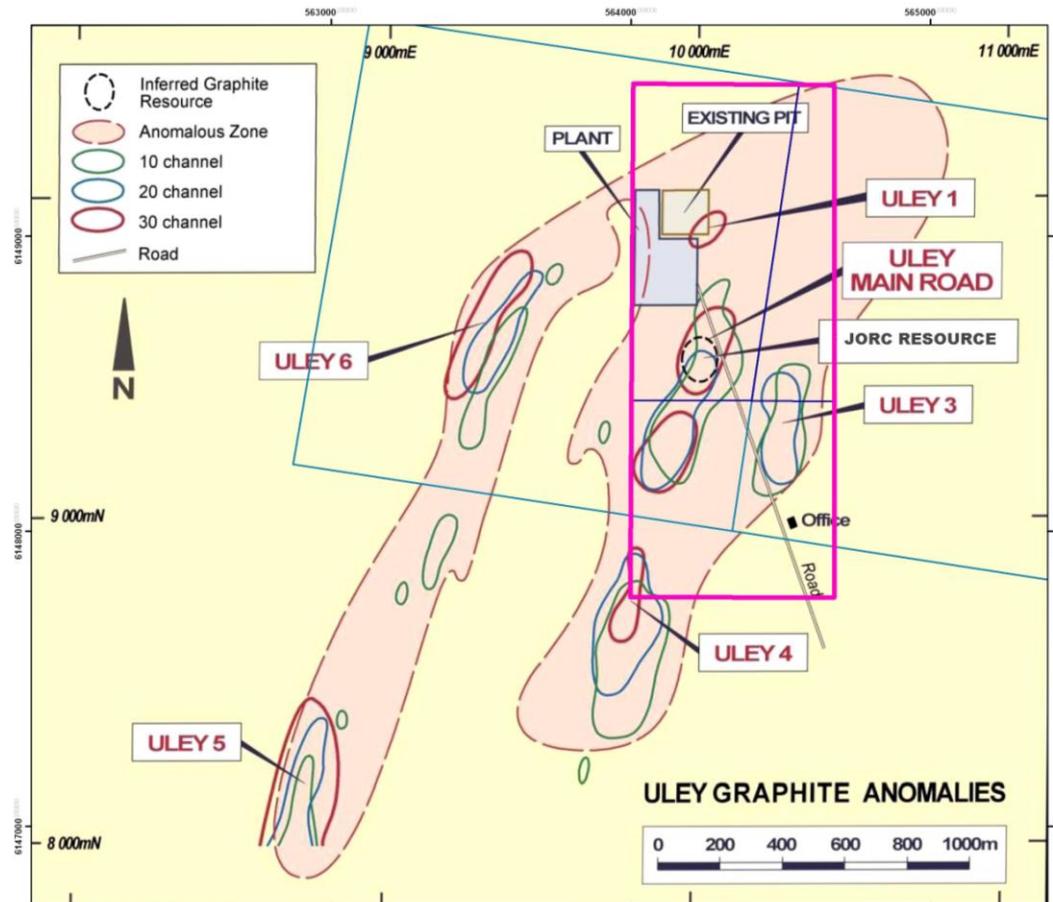
Uley's Advantages



- ❑ JORC compliant resource
- ❑ Huge exploration potential
- ❑ Cost effective open pit production
- ❑ Previous production indicated quality large flake product
- ❑ Existing plant – easy to refurbish
- ❑ Close to infrastructure
- ❑ Government supportive

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A dot in the grand scheme



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Mineralisation – close to surface



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The old pit today



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MEGA Graphite Inc

- ❑ **Vision** - to become the leading supplier of choice to global markets of high grade graphite products for emerging technology applications such as lithium-ion batteries. MEGA will supply the raw materials that make up the chemistries for the new technologies
- ❑ **Strategy** – to complete a vertically integrated multi-plant development program within 24 months from start-up to generate pre-tax EBITDA of approximately \$175 million per year by Year 5
- ❑ **Capital Budget** – capital expenditures budget (capex) projected at approximately \$80 million (Year 1-\$10 Million / Year2-\$35 Million / Year 3-\$50 Million)
- ❑ **Market Opportunity** – capitalize on a growing supply / demand gap for natural graphite as a strategic material both in traditional and emerging market applications
- ❑ **Competitive Advantage** – own the global “reliability of supply” position; enhance with delivery and price stability; offer a suite of high-purity products; deliver local support and service with a first to market advantage
- ❑ **Key Strengths** - *access to multiple high-grade natural graphite properties *experienced mining, mineral processing *proprietary licence technology for battery grade graphite *graphite marketing management team

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MEGA Graphite deal

- ❑ Sale for script in Canadian listed company plus \$1 million cash
- ❑ Minimum value of C\$70 million or 33% of listed vehicle
- ❑ 80% of holding distributed to SER shareholders
- ❑ Subject to shareholder approvals
- ❑ MEGA has high value processing technology for graphite
- ❑ SER retains 20% of consideration and 1.5% royalty over production from Uley
- ❑ SER shareholders retain exposure to graphite and upside from oil and base metals projects

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Thank you

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Appendix - JORC Resource Statement

- ❑ Significant upgrade of Uley graphite Main Road resource in June 2011:
 - Total of 6.6Mt @ 8.7% graphitic carbon
 - ❑ Indicated resource up 95.5% from 2.2 Mt to 4.3 Mt
 - ❑ Inferred resource up 27.7% from 1.8 Mt to 2.3Mt
 - ❑ Excellent grade average – upgrade from 8.1% to 8.7%
- ❑ based upon available drillhole data, Coffey estimated that leases in entire Uley project area have exploration potential of 25-150 Mt @ 6-9% total carbon

The information in this report that relates to Resources and Exploration Results is based on information compiled by Albert Thamm who is a Fellow of the Australasian Institute of Mining and Metallurgy. Albert Thamm, who is an employee of Coffey Mining, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. He has consented to the inclusion in the report of these matters based on his information in the form and context in which it appears, on 15 June, 2011 in West Perth, Western Australia.

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- are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Rey, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and
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