



STRATEGIC ENERGY RESOURCES LIMITED

ACN 051 212 429

Level 4, 100 Albert Road
South Melbourne VIC 3205

29 April 2013

Tel: (03) 9909 7078
Fax: (03) 9909 7080

Quarterly Report to 31 March 2013

HIGHLIGHTS FOR THE QUARTER:

- **Helitem survey at Cultana commenced on schedule**
- **Engineering report completed for Uley graphite, with favourable economics confirmed**
- **Sale process for Strategic Graphite through Origin Merchant Partners continues**
- **Funds received (\$2.6M) from Senex as part settlement on sale of 5% interest in PEL182 for \$5M, balance expected next quarter**

Strategic Energy Resources Limited (ASX Code: SER) holds a number of interests in oil and mineral exploration assets and the Uley graphite mine at Port Lincoln, South Australia (presently under care and maintenance). These include interests in three offshore petroleum exploration permits in the Gippsland Basin, Victoria, and an interest in one onshore petroleum exploration block in the Cooper Basin, South Australia. It holds mineral exploration licences in South Australia, Western Australia and Victoria.

1. MINERAL EXPLORATION

1.1 ULEY GRAPHITE MINE – 20% interest through Strategic Graphite Ltd PORT LINCOLN, SA

Uley Graphite Project

Located only 23 kilometres from Port Lincoln, the regional centre for the Lower Eyre Peninsula in South Australia, Uley is recognised as a substantive and significant area of graphite mineralisation. The graphite deposit is one of the largest coarse flake graphite deposits in the world, containing disseminated, high-grade flake graphite.

The mineralisation is near surface and the graphite produced from the former operation was accepted by customers for its high quality.

Introduction

As previously reported, a Scoping Study was completed by Tech Minerals Consulting Group and a further engineering report was commissioned. The completed engineering report has been incorporated into the revised Scoping Study, which included an enhanced marketing review.

Cautionary Statement

This report on the results of the Scoping Study has been prepared to comply with the recently updated 2012 edition of the JORC Code. The following should be noted:

'The Scoping Study referred to in this announcement is based on low level technical and economic assessments, and it is insufficient to support an estimation of ore reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.' (JORC Code Cautionary Statement).

Engineering Study

Some key parameters of the Scoping Study are summarised below, some of the details contained in the report are of a confidential nature and are only being released under a Confidentiality Agreement with potential investors under the guidance of our advisors, Origin Merchant Partners, Toronto.

The project economics for Uley have again been shown to be favourable and it has been recommended that the project should advance to production subject to further plant design.

The engineering study considered the capital and operating costs for a 50,000 tpa plant with the following conclusions -

- Operating costs have been reduced significantly with efficiency in plant design which adds to the favourable economics of the project. Production costs are expected to be under \$300 per tonne.
- The average graphite price over the full range of products to be produced is expected to be A\$1,337, based on marketing study by Tech Minerals Consulting Group.

- Process plant capital expenditure for 50,000 tpa capacity is expected to be circa \$33m.
- Indicative EBITDA at full production in excess of A\$45m per annum using the graphite price as supplied by our marketing specialist @ US\$1.0425 conversion and the operating costs as indicated above.
- No significant infrastructure or environmental permitting constraints were identified.

According to the report the mine life is approximately 9 to 10 years under the current Resource Statement, of which just over six years is accounted for by Indicated Resources and the balance Inferred resources. See table below for key production variables.

Production Variables		Production Streams		Production Variables	
		Graphite C%	Total C – tonnes	Plant Capacity – (Annual Utilisation)	
Fresh Ore Grade Calculation	Tonnes				74.20%
Indicated (as per JORC)	4,300,000	9.4%	404,200	Average Head Grade	8.74%
Inferred (as per JORC)	2,300,000	7.5%	172,500	Mill Recovery Yield	85.00%
ROM (run of mine)(as per JORC) Total	6,600,000	8.74%	576,700	Plant Capacity (tones per day)	139

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. No Ore Resources, in accordance with the JORC Code or other similar reporting codes have been generated by the Scoping Study.

Based on the previous production from Uley, the production split indicates that there will be a significant proportion of premium product produced. See table below.

	Production Splits	Annual Graphite production
Premium large flake: - 40 +60 mesh	16.05%	8,025
Premium large flake: - 60 +80 mesh	22.7%	11,369
Large graphite flake: - 80 + 150 mesh	14.7%	7,356
Fine graphite flake: - 150 + 300 mesh	46.50%	23,250
Totals	100.0%	50,000

A key conclusion of the report is that the Uley Graphite Project is considered to have positive economic potential.

Recommendations

The primary conclusion of the Scoping Study report is that the development of the Uley Graphite mining and processing operations, combined with the mining and processing management and customer engagement programs pursued in the manner outlined in the Scoping Study report, are capable of proceeding to exploit and realise value from the existing asset base and the inferred and indicated resource. There is potential scope for future growth and development beyond the 9 to 10 year immediate mine life at the current Uley site.

In the short-term further work can be specifically directed to finalising the refurbishment and re-commissioning of the processing plant, putting in place sale and supply arrangements with customers and completing the programs required for final pit design and commencement of mining within the contemplated time frames.

Our Advisors, Origin Merchant Partners, along with management, are progressing discussions with a number of groups and a number of potential strategic investors.

1.2 CULTANA (SER 75%) EL 5010 SOUTH AUSTRALIA

The Cultana Lease, EL 5010, covers an area of 321 square kilometres south of Port Augusta in South Australia.

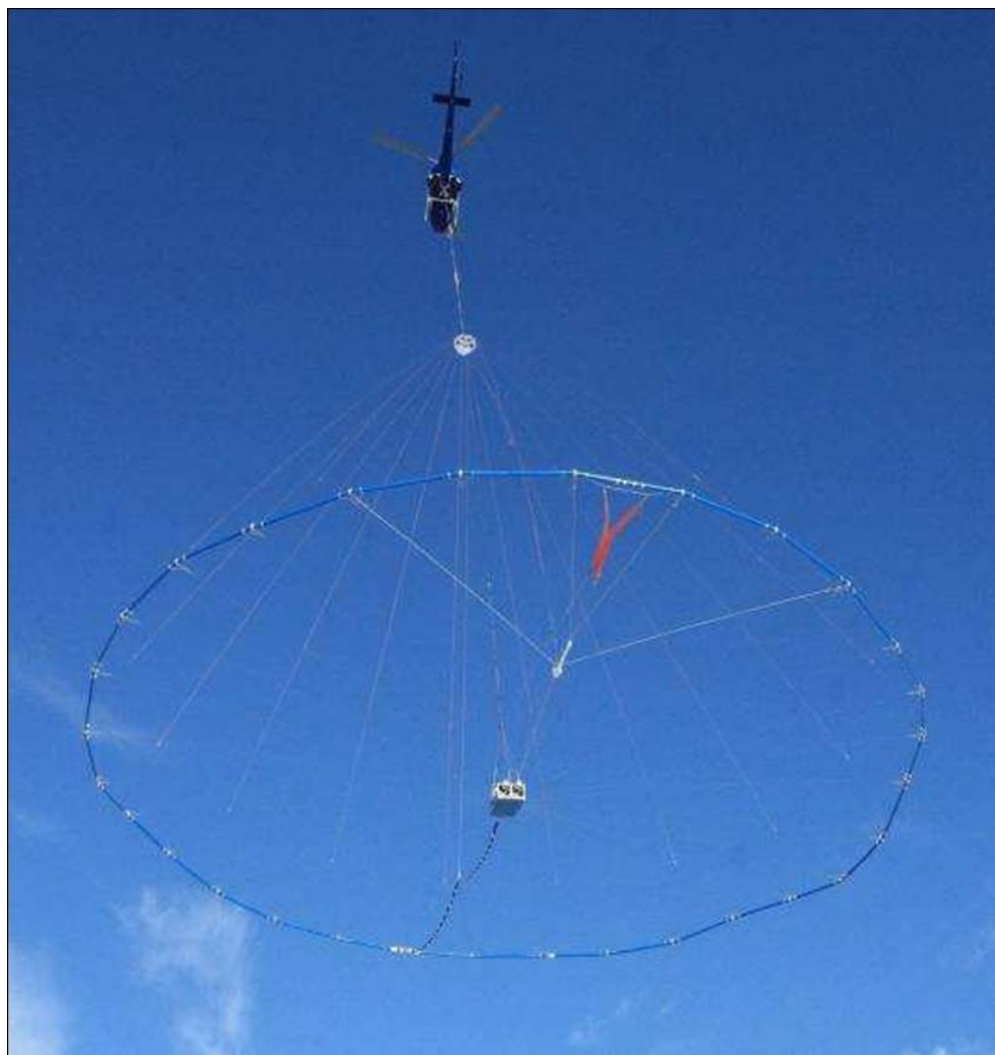
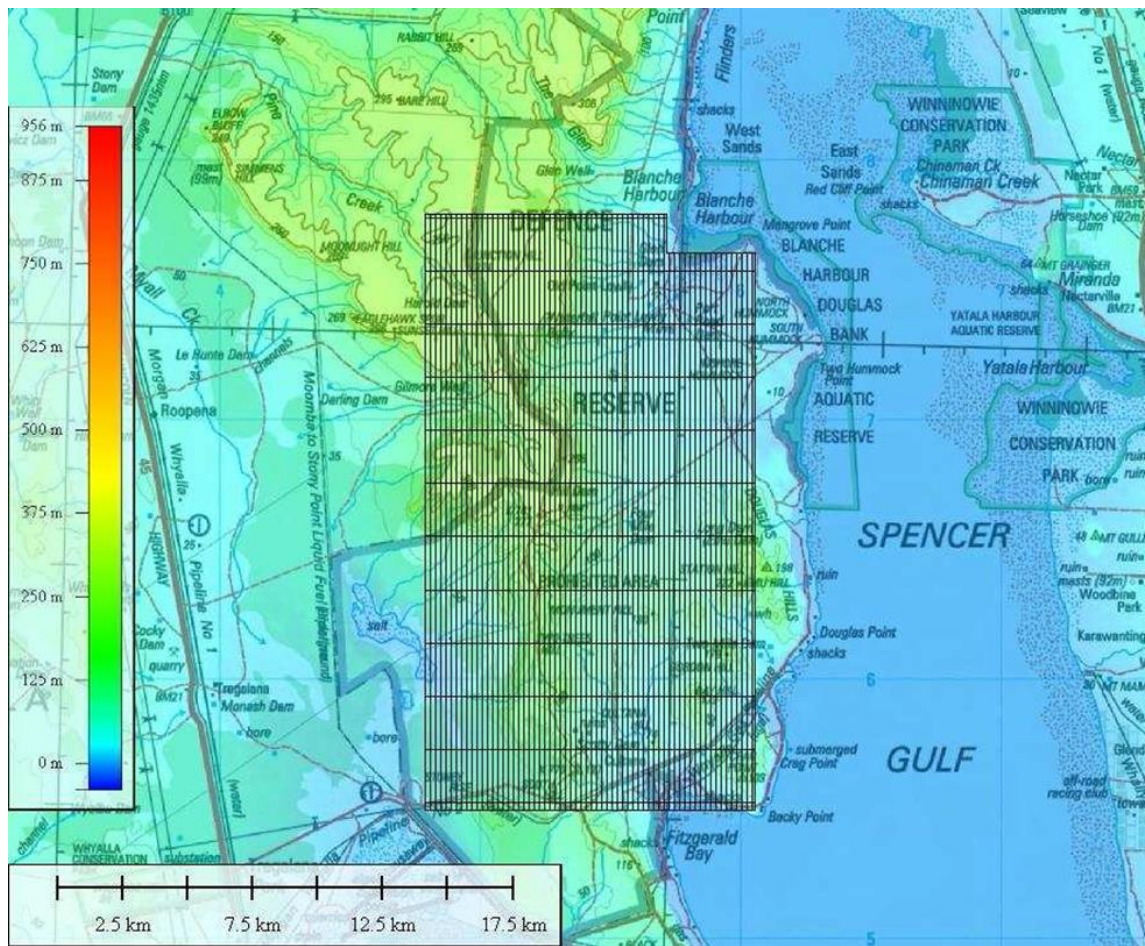
Past exploration in the Cultana area has been limited, due to restricted access by Defence. Serem Australia explored for copper in 1971 and drilled three shallow holes, all of which reached crystalline basement rocks. In 2004, a Falcon gravity survey defined targets of potential Olympic Dam style (IOCG type) copper gold mineralisation. Works also include a study of the Cultana Subsuite and alteration events by the government body PIRSA (McAvaney, 2008).

The lease area has been effected by iron oxide-copper-gold (IOCG) style alteration, including pervasive hematite replacement, hematite veining and hematite-rich brecciation.

Inversion gravity modelling suggests high density material consistent with the gravity signatures of IOCG style deposits north of the lease along the eastern margin of the Gawler Craton, notably Olympic Dam, Prominent Hill and Carrapateena.

The Joint Venture is using Fugro Airborne Surveys Pty Ltd to acquire the 1,573 line kilometre HeliTEM geophysical survey over all defined IOCG gravity targets to detect electro magnetically anomalous Hiltaba granite rocks in outcrop or under shallow cover. Anomalies can be caused by any conductive body including metal sulphide deposits. The HeliTEM survey will greatly assist in locating precise drill site locations.

The Survey Area is comprised of one (1x) block. Flight lines will be flown in North South direction. The survey will encompass approximately 1,573 line kilometres as detailed in the following map:



The HeliTEM survey commenced on April 23, 2013. The Joint Venture has a 20 day booking with the Department of Defence to complete the survey acquisition.

Currently a drilling program is being devised.

AECOM Australia Pty Ltd has drafted an Environmental Management Plan for the project. Once the HeliTEM has been interpreted AECOM can complete drill site management plans.

The Joint Venture is aiming to drill the key targets at the earliest possible time. This will be dependent on the availability of drill rigs and all usual permissions being granted, including that from the Department of Defence.

1.3 MYALL CREEK (SER 50%) EL 5011 SOUTH AUSTRALIA

The Myall Creek Copper Project (EL5011) covers an area of 381 km² and is located on the southern Stuart Shelf between Whyalla and Port Augusta, a highly prospective part of the eastern margin of the Gawler Craton. The Myall Creek Project includes a 15 kilometre belt with drill intersections above 1% copper with potentially higher grade prospects.

SER holds a 50% interest in the licence. The licence area is immediately west of the Torrens Hinge Zone.

A further drill program is being devised.

1.4 FALCON BRIDGE (SER 95%) E38/1970 WESTERN AUSTRALIA

The Falcon Bridge area covers approximately 17km of strike of ultramafic rich stratigraphy in the Duketon Greenstone Belt coincident with linear magnetic anomalism.

Review of all previous drill results obtained from the previous Joint Venture partner is ongoing. The major I.P anomalies remain substantially undrilled and warrant further drilling. Discussions are progressing with a group interested in farming-in and drill testing the anomalies.

2. OIL AND GAS EXPLORATION

2.1 PEL-182 ONSHORE PETROLEUM EXPLORATION – COOPER BASIN, SA

As previously reported the Company's 5% interest in the block has been sold for \$5 million to Senex Energy Limited's subsidiary and party to the PEL182 JVOA (Joint Venture Operating Agreement) Victoria Oil Exploration (1977) Pty Ltd and Acer Energy Limited, who exercised its right of pre-emption.

To date SER has received the balance of funds due from Senex Energy Limited, with the registration of the Acer Energy Limited still to complete.

2.2 VIC/P47 – (SER 25%) OFFSHORE GIPPSLAND BASIN

Permit Vic/P47 is located in the offshore Gippsland Basin, approximately 10 km offshore, south of the Victorian town of Orbost. Water depths range up to 80 metres. The permit comprises three graticular blocks and contains the Judith and Moby gas discoveries.

The Judith gas resource has been certified by Gaffney Cline & Associates (GCA) to hold 194BCF (2C) proved plus probable recoverable contingent resources and 934 BCF (3C) proved plus probable plus possible recoverable contingent resources. Both Judith and Moby are in close proximity to existing or planned infrastructure in adjacent licences.

The permit is in Year 4 of the first 5 year renewal term. The Joint Venture is completing a reappraisal of the gas resource at the Judith field.

2.3 VIC/P41 – (SER 17.5%) EASTERN OFFSHORE GIPPSLAND BASIN

Permit Vic/P41 (539 square kilometres) is located in the east of the offshore Gippsland Basin, approximately 40 kilometres south of the Victorian coast.

During the quarter Moby Oil & Gas Limited (MOG) announced it had negotiated final terms on which to dispose of its 25% interest in the Joint Venture and the permit to Oil Basins Limited (OBL). Bass Strait Oil Company Limited (BAS) has subsequently exercised its pre-emptive rights in relation to Moby's interests.

During the quarter the Joint Venture decided not to proceed with the Stanton 3D seismic survey in the near term and is currently considering future work program alternatives.

2.4 VIC/P66 – (SER 23%) EASTERN OFFSHORE GIPPSLAND BASIN

Permit Vic/P66 (2,160 square kilometres) is located adjacent to Vic/P66 in the east of the offshore Gippsland Basin, approximately 40 kilometres south of the Victorian coast.

The Vic/P66 Joint Venture partners have agreed they will not acquire the Stanton 3D seismic survey and will seek to surrender the permit.

2.5 CORPORATE UPDATE

A process has been implemented to sell, on market, holdings of less than 12,500 ordinary fully paid shares ('small holdings') on behalf of shareholders who do not wish to retain their shares in the Company. The Company has a large percentage of shareholders holding less than marketable parcels. By divesting small holdings, the Company reduces its administrative and share registry costs. The proceeds will be distributed to the shareholders within 10 days of the sale of all of the unmarketable parcels. The sale process is ongoing.



Mark Muzzin
Managing Director

Competent Person Statement

The Myall Creek information is based on information compiled by SER's geological consultant, Dr Wenlong Zang. Dr Zang is a member of the Australasian Institute of Mining & Metallurgy. Dr Zang 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 and has consented in writing to the inclusion of the information.

Risk Factors

Various statements in this release constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed herein. Furthermore, exploration for oil, gas and minerals is speculative, expensive and subject to a wide range of risks. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional advisor as to the suitability for them of an investment in the Company.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

ABN

14 051 212 429

Quarter ended ("current quarter")

31 MARCH 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(281)	(417)
(b) development	-	-
(c) production	-	-
(d) administration	(291)	(1,033)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Demerger Implementation Fees	-	-
Net Operating Cash Flows	(543)	(1,399)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects (deposits received)	2,100	2,840
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Research and Development – Monash University	-	-
Net investing cash flows	2,100	2,840
1.13 Total operating and investing cash flows (carried forward)	1,557	1,441

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	1,557	1,441
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	1,557	1,441
1.20	Cash at beginning of quarter/year to date	956	1,072
1.21	Demerger of Tarcoola Gold Limited	-	-
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	2,513	2,513

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	102
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Director's fees and consulting fees paid during the March 2013 quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	500	451
5.2 Deposits at call	2,013	505
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,513	956

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	P38/3382	Prospecting	100%	-
	P38/3383-4	Licences not renewed	100%	-
	PEL 182	Sale of Permit	5%	2.4%
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

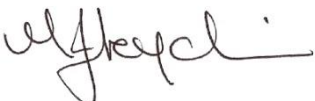
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number issued	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	348,622,501	348,622,501		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options <i>(description and conversion factor)</i>				
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Cancelled during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 29 April 2013

Print name: MELANIE LEYDIN
(Company Secretary)

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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