



STRATEGIC ENERGY RESOURCES LIMITED

ACN 051 212 429

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29 April 2014

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Quarterly Report to 31 March 2014

HIGHLIGHTS FOR THE QUARTER:

- **Rationalization of oil/gas assets continued with sale of Vic/P47 for 6 million shares in Oil Basins Ltd nearing completion**
- **Continuing joint studies with Monash University on graphene**
- **Another ARC Linkage application has been submitted jointly with Monash University**
- **VXL has bagged, first graphite product for sale**

Strategic Energy Resources Limited (ASX Code: SER) holds an interest in one oil permit and numerous mineral exploration assets and an equity interest in Valence Industries which owns the Uley graphite mine in Port Lincoln, South Australia. Mineral exploration licences are held in South Australia, Western Australia and Victoria.

MINERAL EXPLORATION

SPENCER JOINT VENTURE (SER 75%) EL 5010 SOUTH AUSTRALIA

Strategic Energy Resources Limited (ASX:SER) as Operator of the ‘Spencer Joint Venture’ (SER 75% and Kingston Resources Ltd (ASX:KSN) 25%) completed a first round drilling campaign in late 2013.

The Spencer area comprises 321 km² and is located on the west coast of Spencer’s Gulf. It had remained 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, geological mapping and geochemistry. This same trend is the home to some exceptional discoveries including Olympic Dam, Carrapateena, Prominent Hill, Mount Gunson, Wallaroo, Moonta and Hillside.

Analysis combining all current data including HeliTEM, geological logging of RC chips and Field Portable XRF (FPXRF) data is now focused on the electromagnetic (EM) conductive lineament (See Figure 1) joining known outcropping expressions of copper mineralization. These areas of copper outcrop have been historically mapped as having been strongly altered with the Muzzo outcrop showing argillic alteration.

The next phase of exploration will aim to evaluate the mineral potential of the newly discovered Kijani trend. This will involve follow up mapping of alteration zones throughout the trend and initial plans for a geochemical program with the aim to validate historical geochemical sampling programs and to delineate further buried occurrences of mineralization of similar style to the outcropping mineralization throughout the Kijani Trend.

A geophysical review by geophysical consultants of the Kijani Trend is currently in the final stages of completion. This review in conjunction with geology and geochemistry will enhance the understanding of the geological setting of the Kijani Trend and allow for a focused geochemical program to be designed and implemented in the June quarter, subject to regulatory clearances.

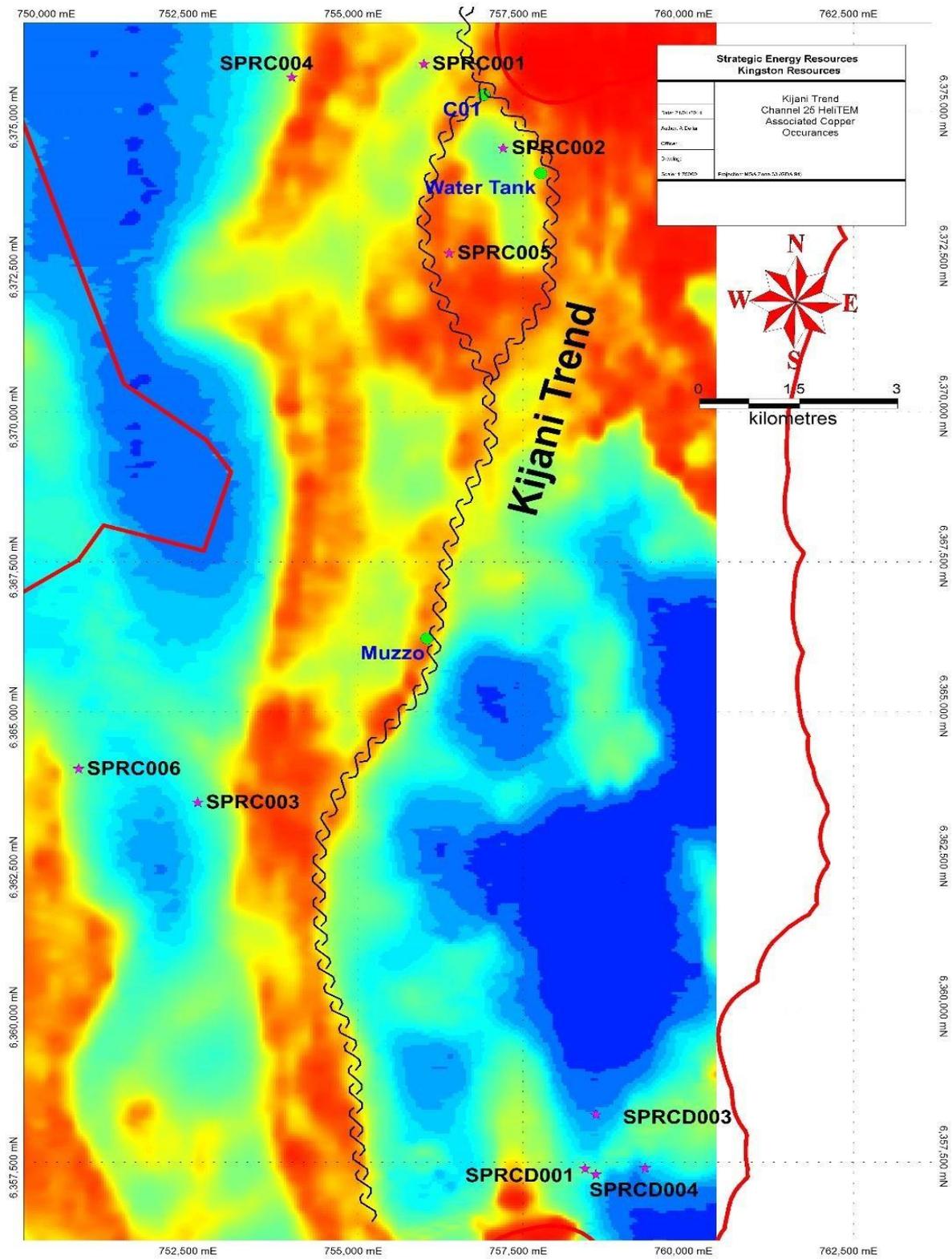


Figure 1 The Kijani Trend

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 zone with anomalous copper shown in historic drilling.

Previous work indicates that some mineralization is controlled by a redox contrast which exists between the base of the Tapley Hill formation and an underlying unconformable contact between the two sedimentary units. This unconformity continues to have a strong potential for high grade prospects.

The licence area is immediately west of the Torrens Hinge Zone.

Technical assessment of the prospectively of the Myall Creek project for both Zambian style copper mineralization and the potential of Olympic Dam style IOCG mineralization at depth is ongoing.

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

The Falcon Bridge tenement EL 38/1970 covers an area of 138.1 km² in the north eastern corner of Western Australia's Archaean Yilgarn Craton. Open File mapping obtained from the Department of Mines and Petroleum has delineated two strike aligned ultra-mafic units. The northern unit is approximately 5.8km in length striking north south of which the southern 3.8km lies within EL 38/1970. The southern ultra-mafic unit is approximately 9.15 km in strike length. Both the ultramafic units are prospective for komatiite hosted nickel sulphide mineralization.

Previous work defined a number of drill targets defined by geochemistry and a SQUID Moving Loop TEM Survey over what is known as the Toro-Grande Magnetic Anomaly. The targets are defined as weak conductor observed in the channel 25 and a later time conductor defined in the channel 40 image. Both these conductive units remain untested with previous drill programs failing to penetrate to the depth required to test the target.

The southern ultramafic unit lies wholly within the tenement and is approximately 7.38km in strike length and up to 400m in width. The unit strikes slightly west of north. An open file search has so far shown this unit to have undergone no previous nickel exploration and remains a key target within the tenement.

CASTERON (SER 5%) EL 5040 VICTORIA

As reported on 29 October 2009, SER entered into a sale and operating agreement with Encounter Minerals Pty Ltd. SER sold a 95% interest in the exploration licence for a 5% free carried interest for the first 5 years of the permit or the first \$600,000 of expenditure on the work program, whichever occurs first.

Encounter Minerals has completed a 5 hole drilling program. Assays results are pending. EL 5040 comprises 486 graticular sections and is located some 350 kilometres west of Melbourne, Victoria. The SER interest is registered on title.

ELA 20141/20 (SER 100%) SOUTH AUSTRALIA

SER has been notified it was the successful bidder for ELA 2014/20, and is awaiting granting of title. ELA2014/20 is south of the Prominent Hill mine and a geophysical consultant will conduct interpretative gravity and magnetic inversions to 3D models to define densities, depth of burial and prospectivity of the gravity highs mapped in the tenement. Results should be available in the next quarter.

OIL AND GAS EXPLORATION

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

A variation to the 2014 exploration program was submitted by the new operator, after the decision by Bass Strait Oil Company Ltd to withdraw from the permit. SER has granted OBL a conditional exclusive option over SER's 25% interest in the permit for 6 million shares in OBL. The offshore regulator NOPTA approved a new variation and extension to the 2014 Vic/P47 Work Program and OBL is preparing the documentation for NOPTA for the registration of their interest on the title of Vic/P47.

CORPORATE UPDATE

A review of the current assets of the Company commenced and further opportunities are being assessed.

The Company is now well placed to receive substantial financial benefit from the demerger of the Uley Graphite project, with its successful capital raising and listing of Valence Industries. SER is the major shareholder with 21,788,907 shares, escrowed till January 2016.

SER will also benefit from a 1.5% royalty from any graphite sales of Uley graphite by Valence Industries. VXL has announced graphite is processed and ready for sale.

SER holds 7 million (unrestricted) shares in OBL from the sale of Vic/P41. This sale has relieved the company of a substantial financial liability, and has opened the possibility of potential upside from any transaction or progress within the permit.

MONASH UNIVERSITY GRAPHENE STUDIES

Monash University researchers have been developing novel composites of graphene that provides massive surface areas of ~1200 m²/gm and high electrical conductivity suitable for energy storage applications. In this quarter, different compositions were synthesized and their energy storage capacities evaluated.

A further joint collaboration between SER and Monash for and ARC Linkage (Australian Research Council) grant has been submitted for review. The proposed research is titled - Functionally and Structurally Engineered Sorbent and Membrane

Materials from Indigenous Natural Graphite by Exfoliation and Designed Reconstitution.

Monash and SER have agreed the terms of a Licencing Agreement, for SER's commercial use of various Monash IP/patents and a draft of that agreement from Monash is expected in the next quarter.

INTERESTS IN MINING TENEMENTS

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
EL 5010	South Australia	75%	-	-
EL 5011	South Australia	50%	-	-
E38/1970	Western Australia	95%	-	-
EL 5040	Victoria	5%	-	-
*ELA 2014/20	South Australia	100%	100%	-

*Application successful, block to be granted, subject to DMITRE operating requirements

INTERESTS IN PETROLEUM TENEMENTS

Petroleum Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Vic/P47*	Victoria	25%	-	-

* Option to sell to OBL for 6 million fully paid OBL shares for our 25% interest



Mark Muzzin
Managing Director

Competent Person Statement

The information in this quarterly report pertaining to the Spencer Project 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.

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 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 2014

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	(59)	(1,398)
(b) development	-	-
(c) production	-	-
(d) administration	(181)	(590)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	44	92
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Demerger Implementation Fees	-	-
Net Operating Cash Flows	(196)	(1,896)
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 (including deposits received)	-	-
(b) equity investments	-	2,160
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	336
1.12 Research and Development – Monash University	(21)	(26)
Net investing cash flows	(21)	2,470
1.13 Total operating and investing cash flows (carried forward)	(217)	574

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(217)	574
	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	(217)	574
1.20	Cash at beginning of quarter/year to date	2,905	2,114
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,688	2,688

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	128
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 2014 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	100
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	300

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	188	345
5.2 Deposits at call	2,500	2,560
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,688	2,905

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	-	-	-
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 (description)				
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 (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options (description and conversion factor)	28,000,000	-	<i>Exercise price</i> \$0.0452	<i>Expiry Date</i> 25 December 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Cancelled during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ 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 2014

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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