



STRATEGIC ENERGY RESOURCES LIMITED
ACN 051 212 429

21 April 2016

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Quarterly Report to 31 March 2016

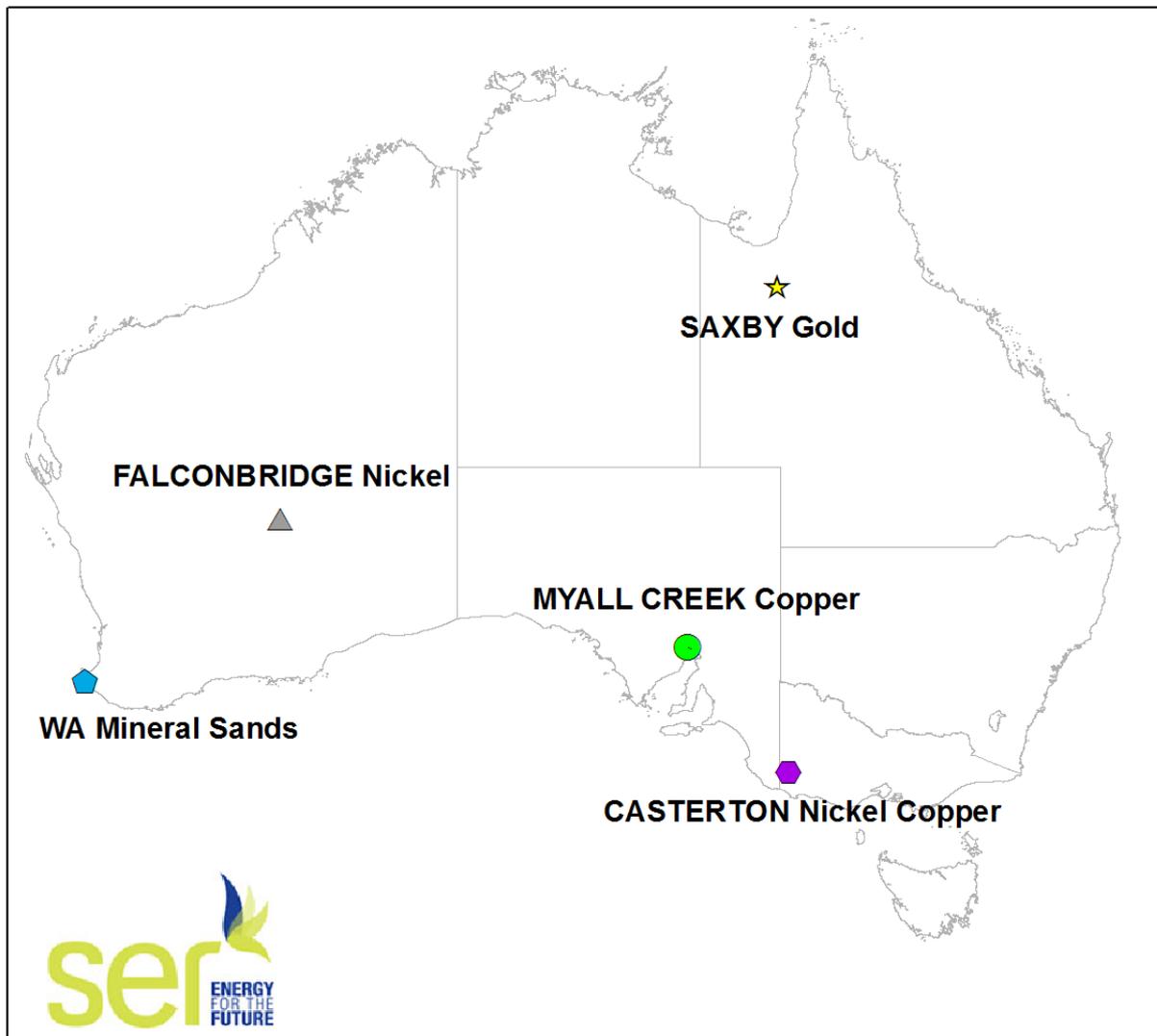


Figure 1: SER Exploration Projects

Strategic Energy Resources Limited (ASX Code: SER) is a diversified mineral exploration company and major shareholder of Ionic Industries Ltd and Valence Industries Ltd. SER holds equity interests in Oil Basins Ltd and Magnum Gas & Power.

MINERAL EXPLORATION

HEAVY MINERAL SANDS EXPLORATION LICENCE APPLICATIONS WESTERN AUSTRALIA (SER 100%)

In late 2015, SER identified a significant opportunity to acquire several advanced heavy mineral sands exploration projects in southwest Western Australia. The region is host to operating heavy mineral sands mines, notably the Iluka operations south of Bunbury.

Five historic, drill-tested heavy mineral sands prospects were in “open ground” and available via application to the Department of Mines and Petroleum. SER has lodged five Exploration Licence applications covering the historic prospects (see Figure 2).

Heavy mineral sands produce Titanium, Zircon and other speciality metals. SER looks forward to providing a detailed briefing on the nature of the prospects and our plans at the upcoming General Meeting of Shareholders.

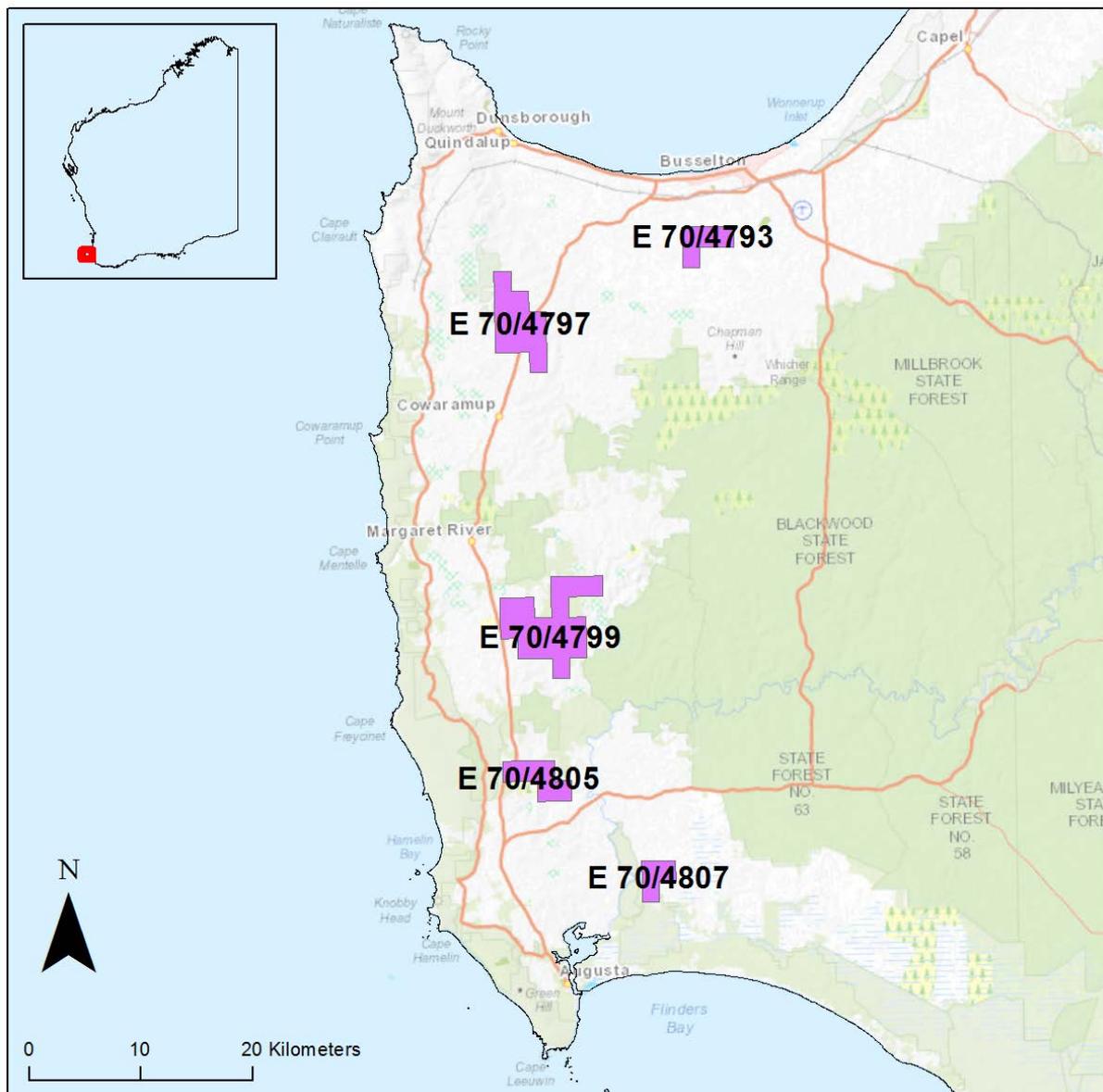


Figure 2: SER new Exploration Licence Applications

SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

In late 2015, SER purchased the Saxby Gold Project from Falcon Minerals Limited (ASX: FCN). The sale was conditional upon Falcon obtaining approval from the Queensland Department of Natural Resources and Mines for the renewal of the relevant Exploration Permit for Minerals (EPM 15398) for a further 2 years.

During the quarter, Falcon advised SER that EPM 15398 has been renewed for a further two years. SER and Falcon are now arranging the transfer of the tenement to SER.

The Saxby Project is located 165km north northeast of Cloncurry in the Gulf Country of northwest Queensland. It contains precious and base metal prospects (including the Lucky Squid Gold prospect where Falcon has previously reported significant gold intercepts). These prospects are hosted by basement rocks of the Mt Isa Block that are buried beneath 400m of younger sedimentary cover.

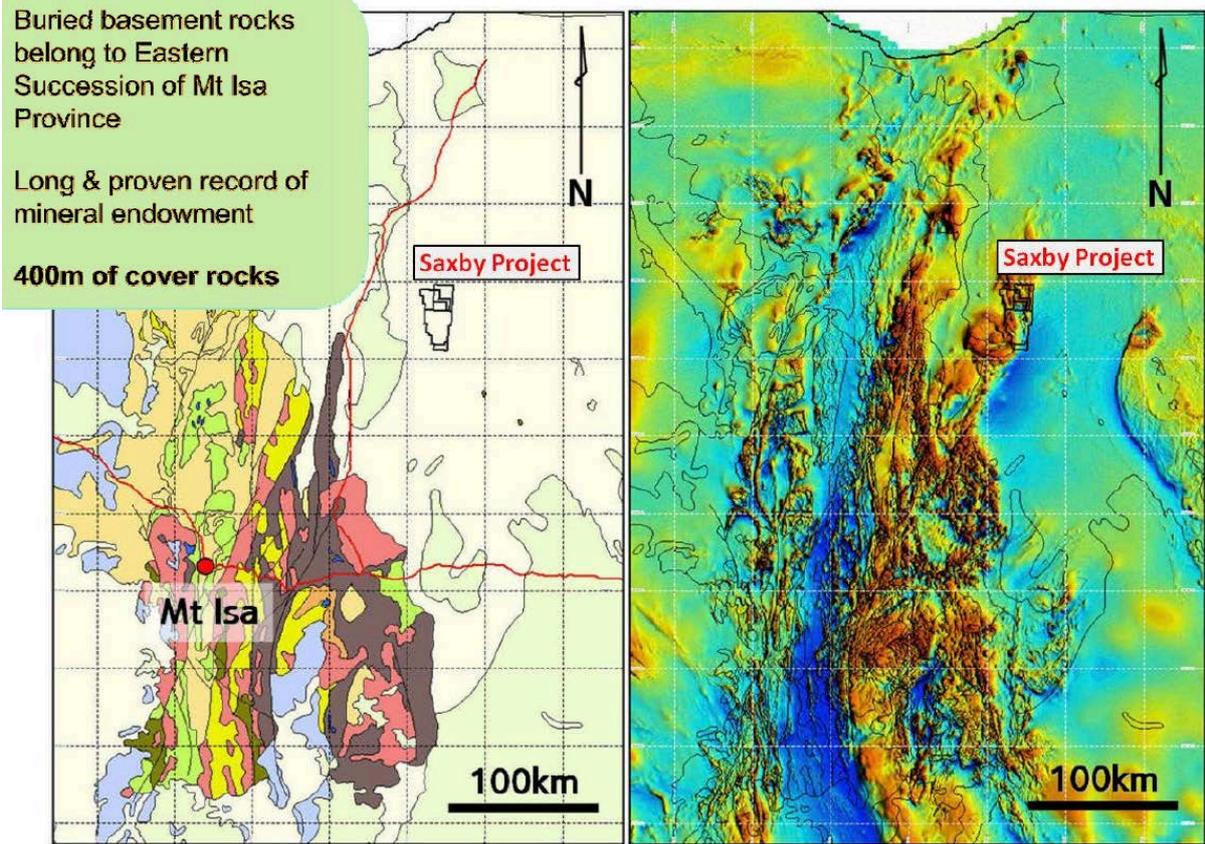


Figure 3: Saxby Gold Project location showing regional geology (left) and magnetics (right)

MYALL CREEK COPPER PROJECT

SOUTH AUSTRALIA (EL 5010 SER 75%, EL 5011 SER 50%)

The Myall Creek and Spencer copper projects are located on the west coast of the Spencer Gulf and cover 702km² of the highly prospective Olympic Copper Gold Province of the eastern Gawler Craton. The Myall Creek Project includes a 15km zone with anomalous copper shown in historic drilling.

SER and joint venture partner Kingston Resources Limited (ASX: KSN) are targeting both Iron Oxide Copper Gold (IOCG) mineralisation in the Proterozoic basement as well as sediment-hosted mineralisation in the overlying sediments.

The northern Eyre Peninsula is the focus of a major investigation by the South Australian Department of State Development and the Deep Exploration Technologies Cooperative Research Centre. This will produce significant new datasets to advance exploration in the region.

FALCON BRIDGE NICKEL PROJECT

WESTERN AUSTRALIA (SER 95%)

The Falcon Bridge nickel project covers an area of 138km² in the north east of Western Australia's Archaean Yilgarn Craton. Falconbridge is located 48km along / en echelon to an ultra-mafic bulge where recent drilling by others has encountered nickel sulphides. SER is targeting Komatiitic nickel sulphide mineralisation in a mafic / ultramafic sequence.

CASTERON NICKEL-COPPER PROJECT

VICTORIA (SER 5%)

The Casteron nickel-copper project is located 350 kilometres west of Melbourne, Victoria. Joint venture partner, Encounter Minerals has completed detailed reviews of the geophysics, geology and geochemistry of the target area and are in preliminary planning for a follow-up drill campaign.

CORPORATE UPDATE

INVESTMENTS

SER is the major shareholder of Ionic Industries Ltd and holds 87,155,625 shares (20% of the issued capital) of Ionic. SER is also the major shareholder of Valence Industries Ltd (ASX: VXL) with 21,788,907 shares.

Ionic Industries have advised us that preparation for the listing of Ionic is advancing well and shareholders will be informed of the indicative timetable once key agreements are signed.

SER also holds investments in Oil Basins Limited (ASX: OBL) 13,000,000 shares and Magnum Gas & Power Limited (ASX: MPE) 20,000,000 shares.

STAFFING

CEO Mr Mark Muzzin resigned during the quarter to lead Ionic Industries as Managing Director / CEO.

Mr Stuart Rechner will commence providing geological and technical consulting services under an Executive Services Agreement up to a maximum of 10 days per month and will be remunerated on a daily rate at \$800 per day. SER may terminate the agreement by giving one month's notice. Mr Stuart Rechner is an experienced mining executive and geologist specialising in project generation and acquisition. Mr Rechner holds degrees in both geology and law and is a member of the Australian Institute of Geoscientists and the Australian Institute of Company Directors.

Technical Director, Mr Anthony Rechner, has renewed his agreement for a further 3 years to provide geological and technical consulting services up to a maximum of 20 days per month. There has been no changes to the material terms of this agreement. Mr Anthony Rechner will continue to provide leadership of SER's technical program.

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%	-	-
EL15398	Queensland	100%	N/A Transfer pending	
E70/4793	Western Australia	100%	N/A Application only	
E70/4797	Western Australia	100%	N/A Application only	
E70/4799	Western Australia	100%	N/A Application only	
E70/4805	Western Australia	100%	N/A Application only	
E70/4807	Western Australia	100%	N/A Application only	

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 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 2016

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	(101)	(256)
(b) development	-	-
(c) employment	(54)	(170)
(d) administration	(46)	(160)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Demerger Implementation Fees	-	-
Net Operating Cash Flows	(197)	(574)
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	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(78)
1.11 Loans repaid by other entities	300	425
1.12 Research and Development – Monash University	-	-
Net investing cash flows	300	347
1.13 Total operating and investing cash flows (carried forward)	103	(227)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	103	(227)
	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	103	(227)
1.20	Cash at beginning of quarter/year to date	666	996
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	769	769

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	110
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 2016 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	70
Total	170

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	769	666
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	769	666

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	FP	FP
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)	27,000,000	-	<i>Exercise price</i> \$0.0232	<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: 21 April 2016

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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