



STRATEGIC ENERGY RESOURCES LIMITED

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Company Announcement

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Date:	31st October 2008
To:	Companies Announcements Office, ASX
Subject:	Quarterly Activity Report to 30 September 2008

FIRST QUARTER ACTIVITY REPORT TO 30 September 2008

This report is technical and shareholders may wish to seek independent, professional advice before reaching any conclusions. Statements may be forward looking and speculative.

THE COMPANY'S ACTIVITIES

1. CORPORATE MATTERS

Patersons Securities Limited (PSL) has been appointed as Lead Advisor in relation to formulating an asset based strategy and action plan designed to provide corporate growth and enhance shareholder value. PSL has reviewed SER's asset portfolio and is assessing a number of strategic alternatives designed to enhance shareholder value, commercialise latent value and maximise potential synergies that relate to these assets. The PSL team is assisting SER management with internal asset valuations and asset due diligence reviews. A corporate financial model has been developed and a 3rd party technical valuation performed on the Gippsland portfolio. SER is working closely with the PSL team and moving to determine a solution fit for the current difficult economic conditions.

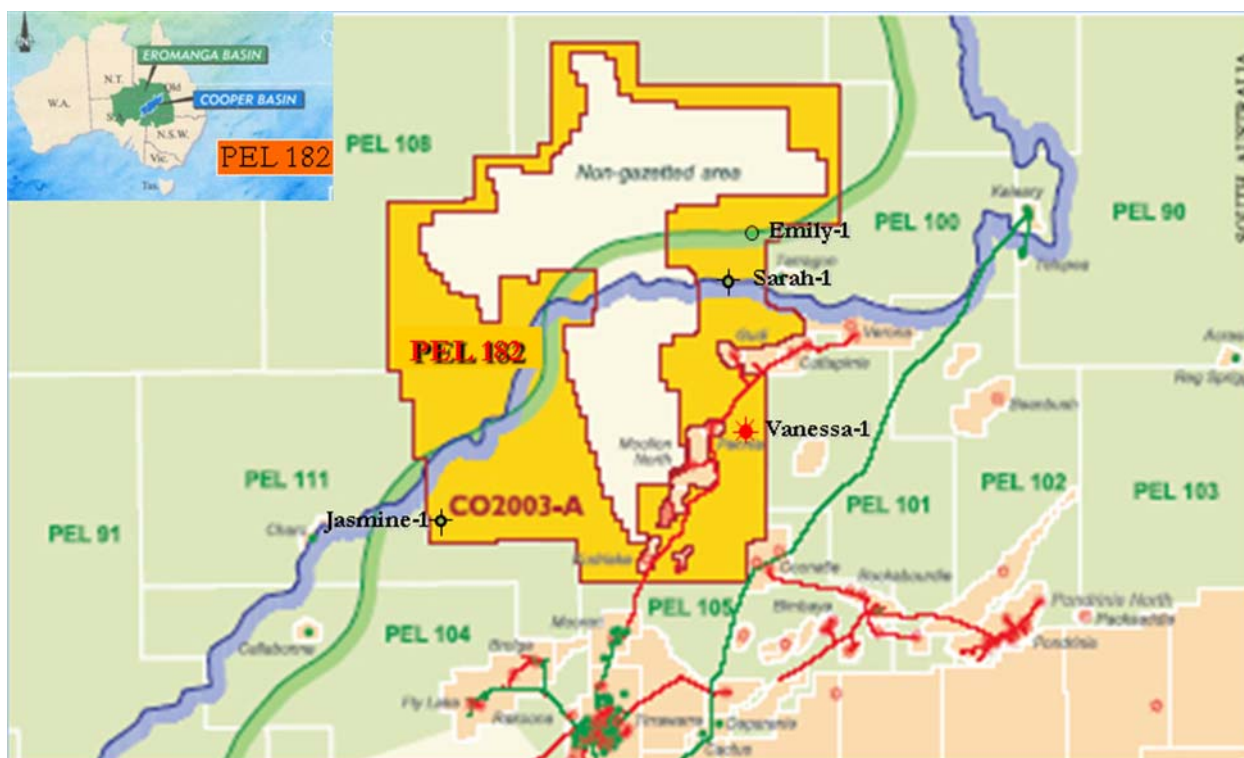
2. OIL AND GAS EXPLORATION

2.1 PEL-182 - (SER 37.6%)

ONSHORE PETROLEUM EXPLORATION – COOPER BASIN, S.A

PEL 182 is an underexplored Cooper Basin exploration block on trend with oil and gas discoveries. It retains a good chance to deliver several commercial and low risk prospects, and has the potential to become a stable source of cash flow through oil and/or gas production in the future.

Under the new operator, Audax Resources Limited, a review of existing technical and commercial work has been in process to develop the forward work programme. Efforts have focussed on reviewing both existing discoveries and new work which would include reprocessing and new seismic and be aimed at identifying drilling targets for future permit year commitments.



Note Gas Discovery at Vanessa-1 is likely to be economic and Oil Recovery at Emily-1 may have updip potential

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

Vic/P47 contains the 1989 Shell Judith-1 Emperor Subgroup gas discovery and the sub-commercial Moby-1 gas discovery in the Gurnard Formation. The Judith-1 well intersected a number of interpreted gas columns based on shows, logs and pressure tests, but was not flow tested. Analogies have been drawn with the nearby Longtom gas field under development by Nexus. Longtom-3 flowed gas from the Emperor sands at 77 mmcf/d.

The Joint Venture has received a resource estimate produced by Gaffney Cline & Associates (GCA). This shows a 290 metre gross gas column with 135.5 metres of net pay at the Judith-1 well.

GCA provide a best estimate contingent recoverable gas resource for the Judith Gas Field (based on the Judith-1 well intersection) of 194 BCF (with a high estimate 934 BCF).

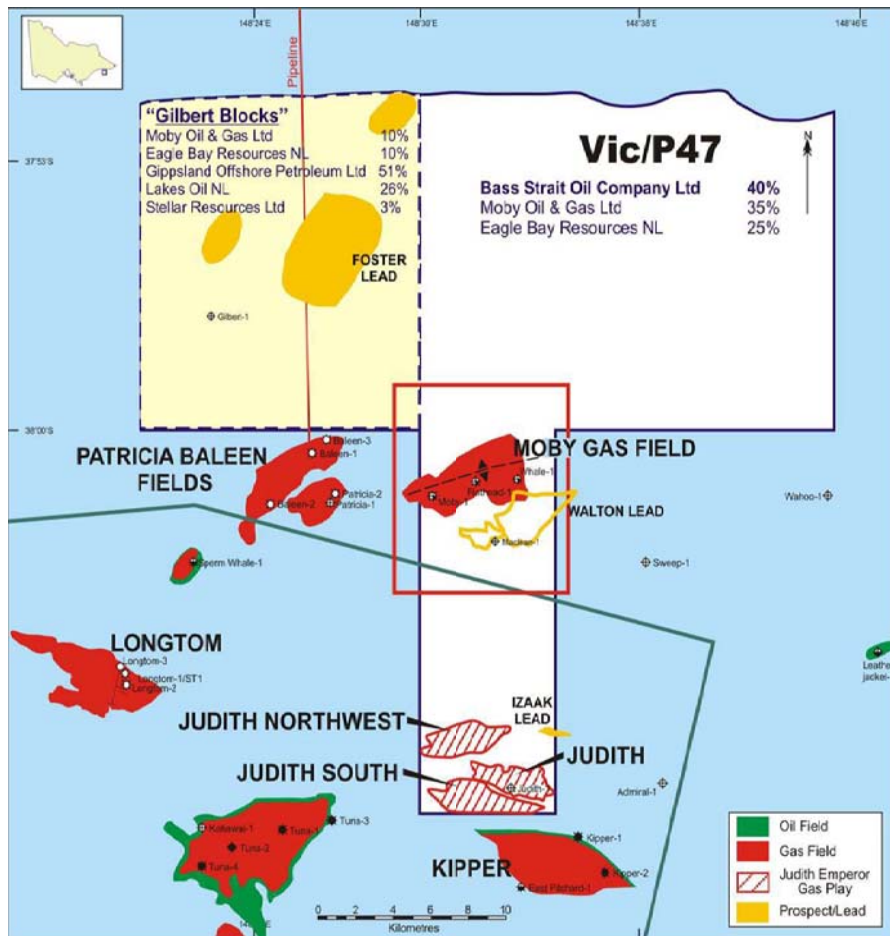
The GCA letter also provides a total resource potential (discovered and undiscovered) of the Greater Judith Area within Vic/P47 (i.e Contingent+ Prospective Recoverable

Gas Resources for the Greater Judith Area) of 403 BCF with a high estimate of 1736 BCF.

A significant proportion of the Prospective Resource volume is located near the Judith-1 well, either in deeper sands not penetrated by the original well or in adjacent fault blocks. This suggests the potential for an appraisal drilling programme centred near Judith-1 that could notionally address a combination of Contingent and Prospective Resources, with a Best Estimate volume on the order of 300 Bscf with a high estimate resource volume of over 1,000 Bscf.

The GCA letter recommended an appraisal drilling programme to narrow the range of uncertainty and potentially move the Judith Field towards commerciality, and the Joint Venture has commissioned and received a more detailed assessment of Judith appraisal options.

The timing of any future drilling at Judith is dependent on further appraisal studies and planning, the availability of drilling rig slots and on the progress of funding /farmout discussions by the Vic/P47 joint venture.



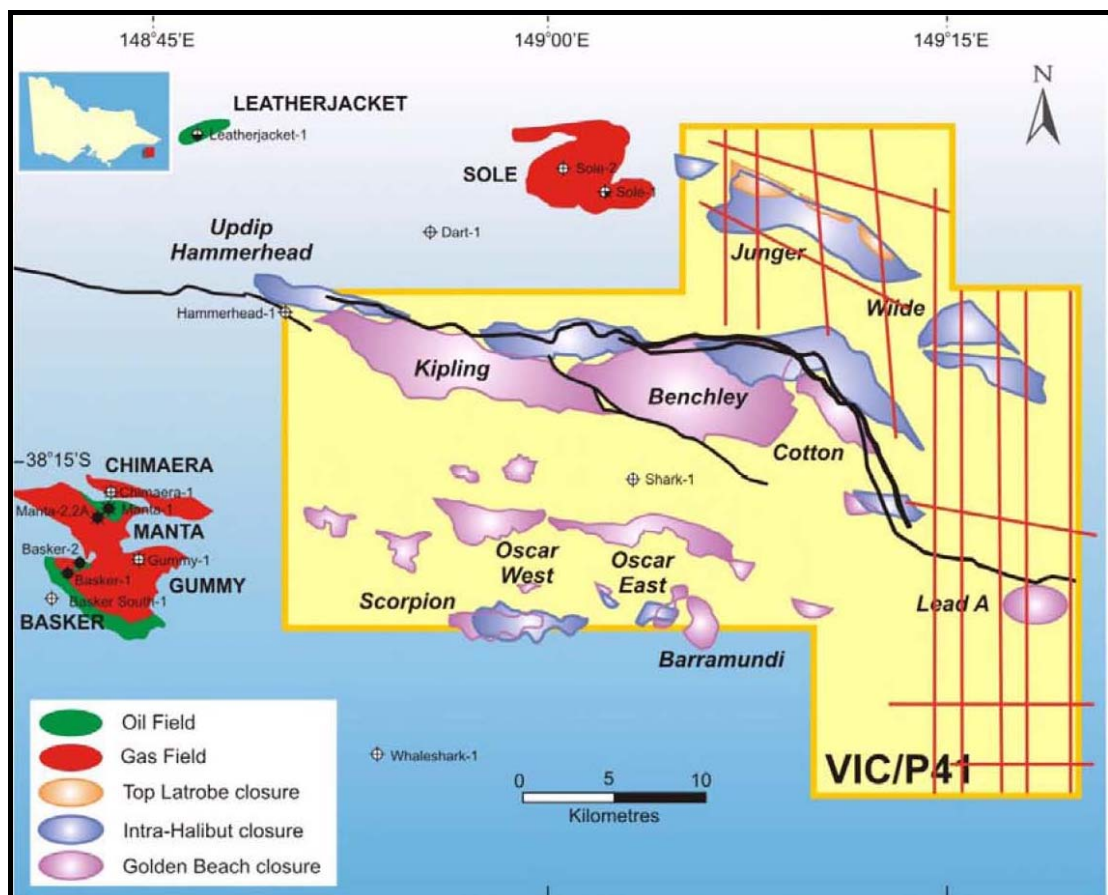
**2.3 VIC/P41 - SER 25% (Diluting to 17.5% Free Carried for the drilling of the first well)
GIPPSLAND BASIN OFFSHORE VICTORIA**

Vic/P41 is located in the offshore Gippsland Basin, approximately 40 km south of the eastern Victorian coast.

Processing and interpretation of 295 km of new 2D seismic data, acquired in the eastern part of Vic/P41 under a multi-operator “group shoot” in June 2008, and reprocessing of older data, continued during the quarter. This data will better define a number of leads in the eastern part of the block.

The operator is continuing with its efforts to attract farmin partners to earn an interest in the block by funding the drilling of prospects in the central and/or western parts of the block. These prospects are covered by 3D seismic and are ready to drill. Some of the prospects exhibit AVO responses. They lie either along the Rosedale fault and are analogous to the nearby Kipper and oil and gas field (first production 2011), or in the southern part of the block (Oscar prospects), and analogous with the producing Basker/Gummy/Manta oilfields (commenced production 2006).

The timing of any future drilling will be dependent on rig availability and on the progress of farmout negotiations.



**2.4 VIC-P65 OFFSHORE GIPPSLAND BASIN
(SER 100%)**

Interpretation of a 150 line kilometre 2D seismic survey acquired under a multi-operator “group shoot” in June 2008 is continuing. The major target in the block is a large structure located in deep water. Farmin partners will be sought to help cover costs.

**3. ULEY GRAPHITE MINE – PORT LINCOLN, SA
(SER 100% and diluting to 25% free carried to commercial production)**

Joint Venture partner Mikkira Graphite Pty Ltd has until November 2008 to decide if it wishes to purchase 75% of the tenements to move forward to commercial production. As part of its earn-in requirements, Mikkira has undertaken a number of studies and field work including the drilling of a number of shallow boreholes to aid in determining the extent and grade of the deposit, and is continuing in its planning to bring the mine back on production. Mikkira Graphite’s parent company holds exclusive rights to processes for producing very high purity graphite for which it is anticipated that market demand will be strong. The Uley graphite deposit is recognised as a world class mineral body.

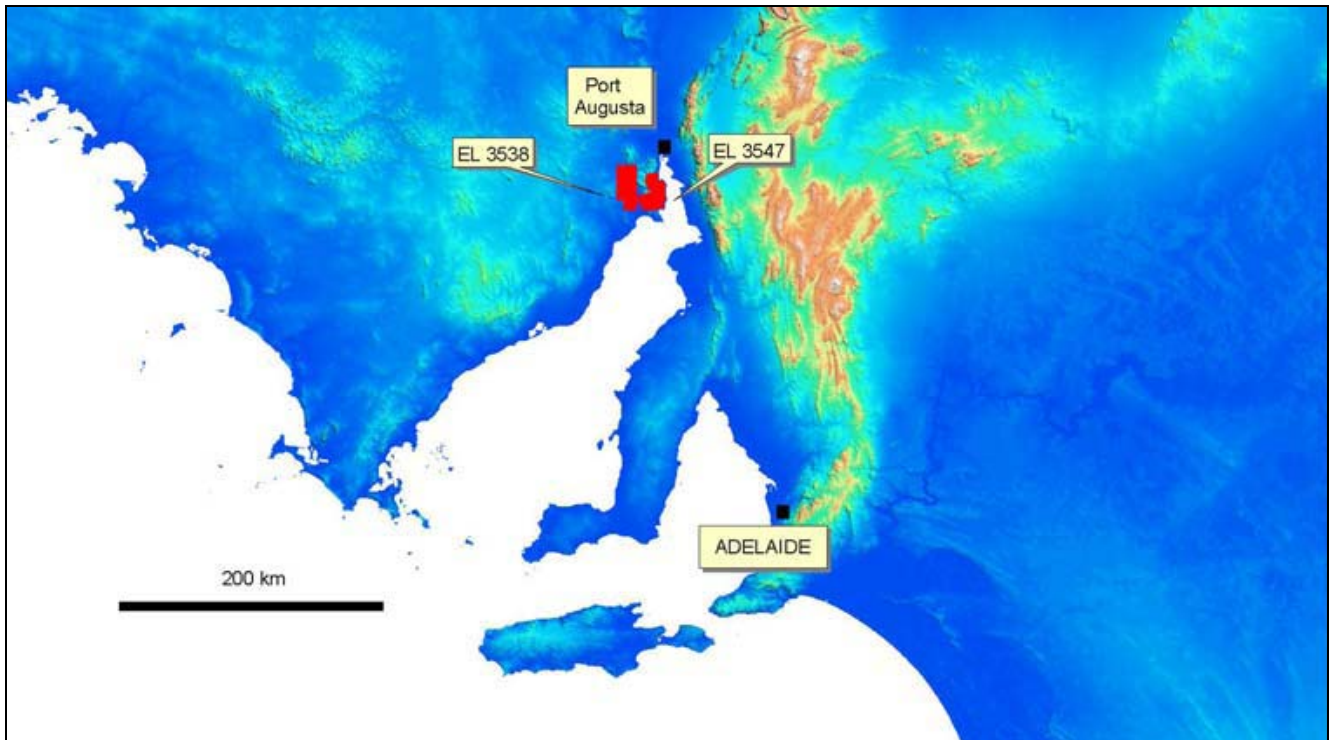
The Uley site is kept under care and maintenance. SER is in close communication with Mikkira regarding the work and studies being undertaken.

4. MINERAL EXPLORATION

**4.1 CULTANA - EL 3547 (SER 75%) &
MYALL CREEK (TREGALANA) - EL 3538 (SER 50%) &
WHYALLA – EL 3098 (SER 100%)
WHYALLA SOUTH AUSTRALIA**

Under an agreement with U Energy Pty Ltd (UEP), UEP may purchase the Company’s 75% beneficial interest in EL 3547 (Cultana), 50% beneficial interest in EL 3538 (Tregalana) and 100% interest in EL 3098 (Whyalla) which lies between the above two EL’s for a consideration of 4 million fully paid ordinary shares in UEP.

The Joint Venture has provided UEP with a six month extension to meet the conditions of obtaining access permission from the Department of Defence and receiving conditional approval from the Australian Stock Exchange for its ordinary shares to be listed for quotation on the ASX.



**4.2 CARR BOYD - EL 39/491 & EL 39/492
(SER 70% AND DILUTING) WESTERN AUSTRALIA**

Some 8 nickel plus copper and cobalt soil geochemistry anomalies coincident with magnetic highs and the presence of primary komatiite outcrop and/or serpentites have been mapped. Three anomalies have been recommended to have an electro-magnetic survey conducted to provide additional information. Further work is dependent on expenditures by farmin parties.

**4.3 FALCON BRIDGE EL38/1970, P38-3381-4 – APPLICATIONS
(SER 50%) WESTERN AUSTRALIA**

It is anticipated that nickel anomalism in ultramafics will be tested with the Carr Boyd project when preliminary assessment and grant are completed.

4.4 WHITFIELD EL5039 & CASTERTON EL5040 – SER 100% VICTORIA

These two tenements were applied for in 2007. EL 5039 was awarded in December and EL5040 is awaiting award. The blocks were applied for following a conceptual idea, and the company will seek a third party to take over the tenements.

By order of the Board
Strategic Energy Resources Ltd

The Oil and Gas information in this report is based on information compiled by Mr Jonathan A Salomon who is a explorationist of the company and a Competent Person as described in Appendix 5A to the ASX Listing Rules. The report accurately reflects the information compiled by Mr Salomon. Mr Salomon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Strategic Energy Resources Limited

ABN

14 051 212 429

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	226	226
- Management fees received		
1.2 Payments for (a) exploration and evaluation	(622)	(622)
(b) development	--	--
(c) production	--	--
(d) administration	(431)	(431)
(e) bank guarantee	--	--
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	47	47
1.5 Interest and other costs of finance paid	--	--
1.6 Income taxes paid	--	--
1.7 Other	--	--
JV Contribution	--	--
Sundry	--	--
Net Operating Cash Flows	(780)	(780)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	--	--
(b)equity investments	--	--
(c)other fixed assets	(24)	(24)
1.9 Proceeds from sale of: (a)prospects	--	--
(b)equity investments	--	--
(c)other fixed assets	8	8
1.10 Loans to other entities	--	--
1.11 Loans repaid by other entities	--	--
1.12 Other (provide details if material)	--	--
Net investing cash flows	(16)	(16)
1.13 Total operating and investing cash flows (carried forward)	(796)	(796)

1.13	Total operating and investing cash flows (brought forward)	(796)	(796)
	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	(796)	(796)
1.20	Cash at beginning of quarter/year to date	3,814	3,814
1.21	Exchange rate adjustments to item 1.20	--	--
1.22	Cash at end of quarter	3,018	3,018

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
1.23	Aggregate amount of payments to the parties included in item 1.2	142
1.24	Aggregate amount of loans to the parties included in item 1.10	--

1.25 Explanation necessary for an understanding of the transactions

All transactions involving directors and associates were on normal commercial terms

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

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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	145
4.2 Development	--
Total	145

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	1,956	757
5.2 Deposits at call	1,062	3,057
5.3 Bank overdraft	--	--
5.4 Other (provide details)	--	--
Total: cash at end of quarter (item 1.22)	3,018	3,814

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			


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	Par value (cents)	Paid-up value (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	288,222,499	288,222,499		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>	88,932,845 3,250,000 11,000,000 3,000,000 3,000,000	88,932,845 -- -- -- --	<i>Exercise price</i> 15c 15c 5c 7.5c 10c	<i>Expiry date</i> 30/6/2009 30/6/2010 9/5/2013 9/5/2014 9/5/2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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: 31 October 2008
(Company Secretary)

Print name: Linda Bell

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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