



ASX Announcement
18 February 2014

Restructure of Head Office Activities

Highlights

- SER reduces running costs by approximately 30%
- Principal place of business to be relocated
- Employment costs reduced

The Company is in a strong financial position, with a December 2013 cash balance of \$2.9 million and substantial holding (13.05%) in Valence Industries Limited (ASX Code: VXL).

Despite the strong cash position, in light of share market conditions and the currently reduced number of operating projects the Directors of Strategic Energy Resources Limited (ASX: SER) consider it prudent to implement cost reduction measures which are expected to lower the Company's head office operating expenses by approximately 30% pa.

Planning on the next stage of exploration at Spencer later this year continues, as well as work on the graphene technology with Monash University and evaluation of potential new projects, however until more specific development plans can be defined it was thought appropriate to reduce operating costs and streamline corporate activities where possible.

Closure of Business Office

The Company will be closing the current Melbourne CBD office and relocating the principal place of business to the Company's registered office in South Melbourne. The closure of this office will take effect in July 2014, following the expiry of the office lease.

The new principal place of business will be Level 4, 100 Albert Road, South Melbourne, Victoria, 3205.

The closure of the Melbourne CBD office contributes to the reduction in the company's current overhead costs.

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Other Cost Initiatives

Following a review of Non-executive Directors fees, the Board has resolved to reduce the fees payable to the non-executive Director and the non-executive Chairman from April 2014. In addition the Directors will be reviewing all contracts with consultants and third parties over the next few months with the expectation of reducing overheads costs further.

Renegotiation of Managing Directors' Engagement

Renegotiations have also extended to the Managing Director's engagement. Mark Muzzin has supported the renegotiation of his engagement to better reflect the company's position and planned activities for the 2014 year. Under the terms of his current agreement, the Managing Director has been provided with a six month notice period and at the same time has entered into a new CEO agreement, thereby also resigning as a Director, both to be effective at the completion of his contract in August 2014. As CEO, Mr Muzzin will receive remuneration of \$125,000 per annum including superannuation. This new agreement contains essentially the same clauses as the previous agreement including a 6 months termination notice, however, it does have additional flexibility for him to engage in other roles.

The Company continues to review existing and new projects with a view to creating further shareholder value after the successful sale last year of its on-shore oil project and the float of Valence Industries Ltd.

Further Information:

Mark Muzzin
Managing Director