



STRATEGIC ENERGY RESOURCES LIMITED
ACN 051 212 429

Level 4, 100 Albert Road
South Melbourne VIC 3205

4 October 2016

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Quarterly Report to 30 September 2016

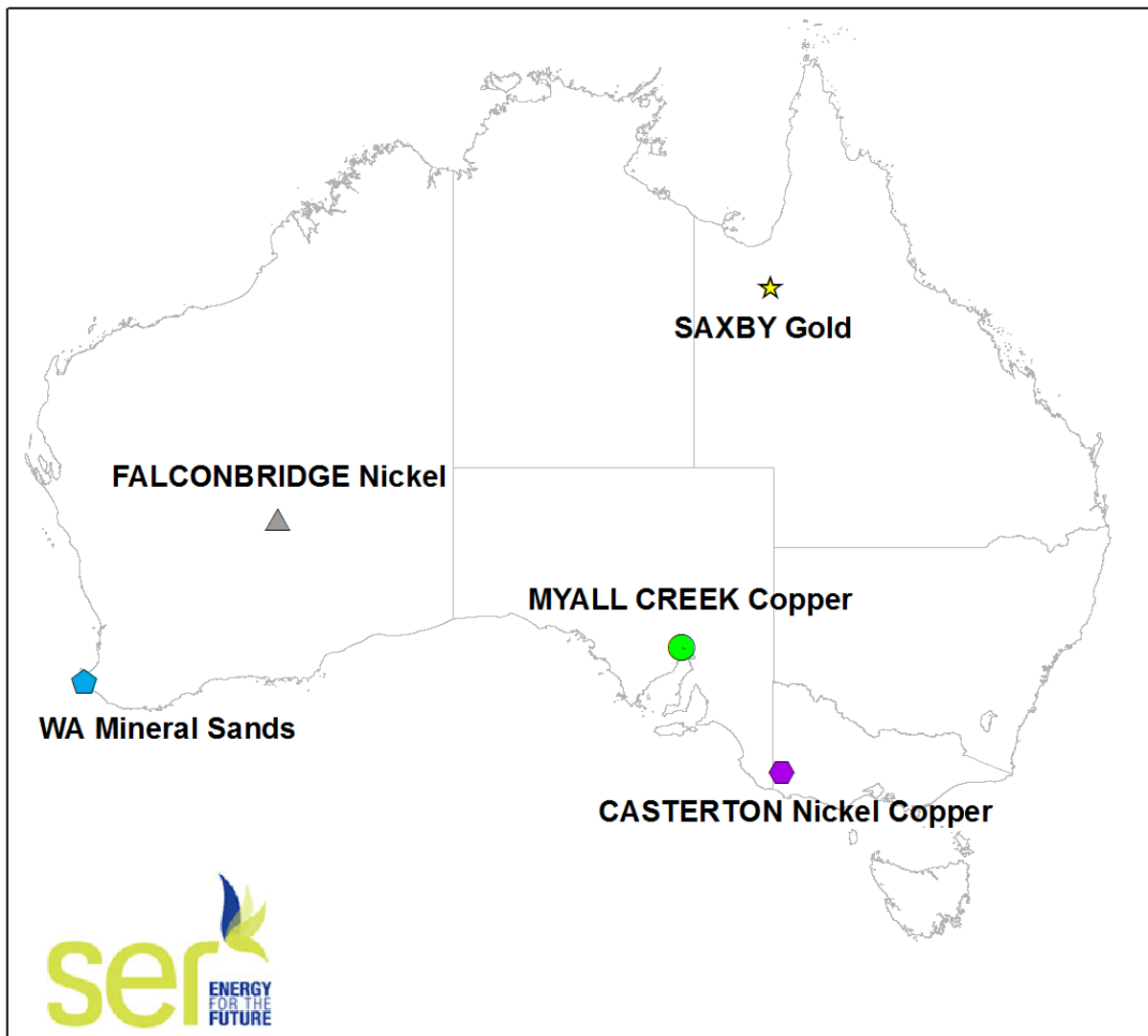


Figure 1: SER Exploration Projects

Strategic Energy Resources Limited (ASX Code: SER) is a diversified mineral exploration company and major shareholder of Ionic Industries Ltd and Valence Industries Ltd

MINERAL EXPLORATION

HEAVY MINERAL SANDS EXPLORATION WESTERN AUSTRALIA (SER 100%)

During the quarter, Exploration Licences E70/4797 Metricup, E70/4799 Witchcliffe, E70/4805 Bullant and E70/4807 Beenup West were granted. SER also lodged a new application E70/4874 Beenup East covering the eastern portion of the historic Beenup prospect.

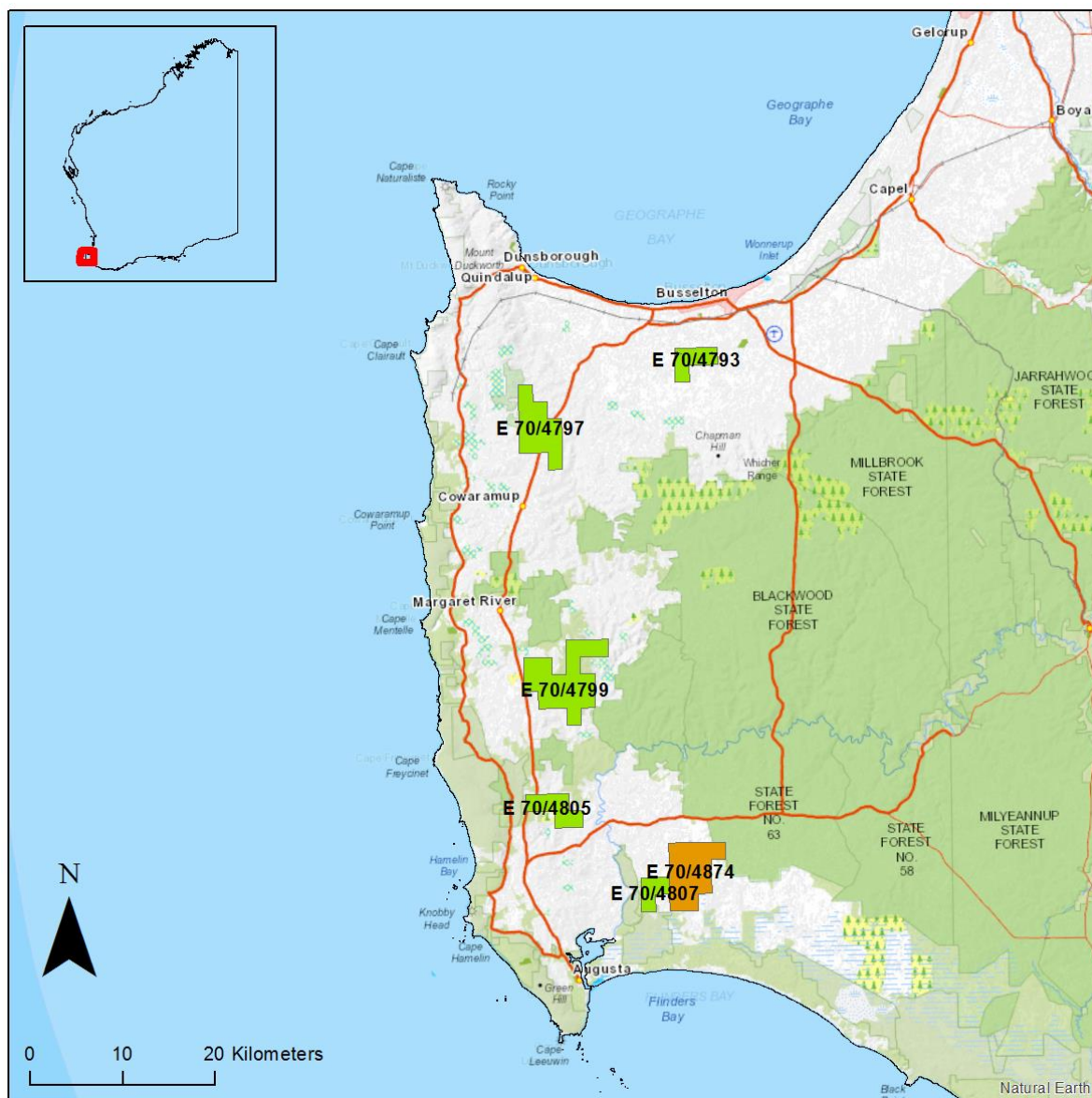


Figure 2: SER Exploration Licences (green) and Applications (orange)

A substantial body of work is underway at SER's Ambergate heavy mineral sands project (E70/4793). The historic Ambergate prospect has over 1000 drill holes which SER has compiled, digitised and commenced resource modelling. A drone survey to collect high resolution elevation data and aerial imagery will be conducted next quarter. SER has also commenced preliminary metallurgical test work and landholder negotiations are underway. We are working towards a maiden JORC 2012 resource at Ambergate by the end of the year.

SAXBY GOLD PROJECT

QUEENSLAND (SER 100%)

The transfer of EPM15398, the Saxby Gold Project, was completed during the quarter and SER issued 3 million consideration shares to Falcon Minerals Ltd (ASX: FCN).

Since completing the transfer the Saxby Gold Project, SER has conducted a detailed review of previous exploration at Saxby. SER believes drilling to date has not adequately tested the potential demonstrated by previous high grade gold intersections and is generating a drill plan to test the project once and for all.

The Saxby Gold Project is located 165km north northeast of Cloncurry in the Gulf Country of northwest Queensland. SER is targeting gold mineralisation hosted in basement rocks of the Mt Isa Block buried beneath younger sedimentary cover.

Exploration History

In 2008, previous explorers Anglo American / Falcon Minerals were targeting magmatic Nickel - Copper - Platinum Group Elements (Ni-Cu-PGE) mineralisation by drill testing bedrock electromagnetic conductors when discovery hole SXDD005 hit high grade gold. Assays includes 17m @ 6.75g/t gold from 631m to 648m.¹

In 2010, farm-in partner AngloGold Ashanti drilled five holes (SXDD011-015) in the vicinity of SXD005 to test for gold mineralised structures away from discovery hole SXD005. The best results came from hole SXDD014 which intersected 15m @ 9.09 g/t gold.²

Finally, in 2012, Falcon Minerals drilled four further holes (SXDD0016-0019) with disappointing results. The best result was from hole SXDD016 which included 1m @ 26.1 g/t gold.³ Falcon noted the project represented an “extremely challenging and difficult target beneath deep cover”.⁴

Way Forward

SER believes the historic high-grade gold intercepts warrant further investigation and will plan a multi-hole drilling program to determine the geometry and extent of the gold mineralisation at Saxby.

Competent Persons Statement

The information in this report that relates to Exploration Results for the Saxby Gold Project is based on information reviewed by Mr Steve Konecny, who is engaged as a consultant by the Company. Mr Konecny is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the style of mineralisation, the type of deposit under consideration and the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Mr Konecny consents to the inclusion of the information in the form and context in which it appears.

¹ See Falcon Minerals Ltd (ASX: FCN) ASX Announcement of 28 January 2009: www.asx.com.au/asxpdf/20090128/pdf/31fqydr86ntvqm.pdf

² See FCN ASX Announcements of 5 November 2010 (initial results) and 12 January 2011 (subsequent re-assay): www.asx.com.au/asxpdf/20101104/pdf/31tp5ss0zdtnd.pdf and www.asx.com.au/asxpdf/20110112/pdf/41w4q8xyrpzv6h.pdf

³ See FCN ASX Announcement of 17 August 2012: www.asx.com.au/asxpdf/20120817/pdf/4282pm6klvrdqg.pdf

⁴ See FCN ASX Announcement of 15 November 2012: www.asx.com.au/asxpdf/20121115/pdf/42b6vbh3g5hs59.pdf

STAFFING

Technical Director, Mr Anthony Rechner, has reduced his geological and technical consulting services from 20 days per month to 10 days per month. Mr Anthony Rechner will continue to provide leadership of SER's technical program.

Mr Stuart Rechner will increase his geological and technical consulting services from 10 days per month to 20 days per month. As Mr Stuart Rechner is remunerated at a lower rate, these changes represent a net saving in fees for the Company.

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.

INTERESTS IN MINING TENEMENTS

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in or 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%	-
EPM15398	Queensland	100%	Transferred to SER 5 July 2016
E70/4793	Western Australia	100%	-
E70/4797	Western Australia	100%	Granted 4 July 2016
E70/4799	Western Australia	100%	Granted 4 July 2016
E70/4805	Western Australia	100%	Granted 26 August 2016
E70/4807	Western Australia	100%	Granted 25 August 2016
E70/4874	Western Australia	100%	N/A Application only

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

ABN

14 051 212 429

Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(83)	(83)
(b) development	-	-
(c) production	-	-
(d) staff costs	(22)	(22)
(e) administration and corporate costs	(77)	(77)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(180)	(180)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	641	641
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(180)	(180)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	461	461

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	461	461
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	461	461

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	97
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director's fees and consulting fees paid during the September 2016 quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

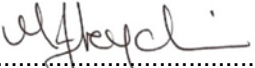
N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	60
9.2 Development	-
9.3 Production	-
9.4 Staff costs	27
9.5 Administration and corporate costs	59
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	146

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E70/4797 E70/4799 EPM15398 E70/4805 E70/4807	Four tenement applications in WA were granted as part of SER's Mineral Sands projects. The transfer of EPM15398, the Saxby Gold Project, from Falcon Minerals Ltd was completed during the quarter.	-	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 4 October 2016

Print name: Melanie Leydin

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.