



27 May 2014

## **THE MOVE INTO GRAPHENE**

Dear Shareholder,

As we head towards a new financial year, we believe that Australia can be competitive in graphite-graphene research and production. Whilst it is early days, some energy experts expect graphene to be the 'the next big thing' for nano energy technologies and Strategic Energy Resources (SER) is poised to capitalise in its development and long term production.

We have also focussed our energies on firming up our exploration projects and after a lot of hard work we have monetised our interest in graphite through the successful ASX listing of Valence Industries Ltd (VXL), formerly Tarcoola Gold NL.

### **KEY HIGHLIGHTS INCLUDE:**

- Securing a revenue stream;
- Reducing our financial liabilities;
- Working on our exploration projects;
- And, furthered our exciting graphene technology projects

### **SER GRAPHITE INTERESTS**

Currently SER has 21,788,907 shares in Valence and a 1.5 per cent gross royalty from all sales of Uley graphite.

In April, Valence produced and sold its first graphite in 20 years and is now planning on higher production. SER is looking to a steady stream of revenue from this operation.

### **FINANCIAL**

We have saved on expensive permit obligations and substantial financial liability by selling our interests in Vic/P47 and Vic/P41 in the Gippsland Basin.

The company has also secured a holding in Oil Basins Limited (OBL) which leaves the door open for any future upside opportunities.

We have cut operational costs by approximately 30 per cent and are in a sound financial position.

## **MINERAL PROJECTS**

Analysis of the Spencer Project along the exceptional Olympic Dam trend in South Australia - first drilled in late 2013 – has highlighted future targets.

Work on our Myall Creek copper project continues.

Our Falcon Bridge nickel exploration project in Western Australia has had an extensive review and a two hole drilling program has been devised for second half 2014.

## **GRAPHENE**

Graphene is a unique material. It has stand-out properties including electrical conductivity and adding strength to steel, concrete, aluminium and plastic as well as having a host of industrial uses. Its varied uses range from chemistry to tech products and even encompasses surgery and medicine.

Its lightness excels in aviation and mobile phones and many listed companies are now shifting away from mining and looking to graphite-graphene.

One of our most promising prospects is our alliance with Monash University, a world leader in graphene research. Research conducted into graphene oxide has shown high electrical conductivity suitable for energy storage; potentially more powerful than anything that currently exists.

The results have led us to sign an exclusive licencing agreement with Monash University and to form a newly incorporated company, Graphitech Pty Ltd. This covers commercial and intellectual property and patents on this exciting new technology.

## **OUTLOOK**

As we move into a new financial year, we remain in a sound financial position. We have cut operational costs, secured a revenue stream, actively worked on projects and are seeking new opportunities.

We are also exploring a demerger and possible stock exchange listing for Graphitech on the back of continued positive research results.

On a final note, let me say that your board is committed to realising long term shareholder value and that we appreciate your interest and support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Glenister Lamont', written in a cursive style.

Glenister Lamont

Chairman