



STRATEGIC ENERGY RESOURCES LIMITED
ACN 051 212 429

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July 30, 2014

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Quarterly Report to June 30, 2014

SER/MONASH WELL ADVANCED WITH GRAPHENE PROJECTS

OTHER HIGHLIGHTS FOR THE QUARTER:

- **Another successful Australian Research Council Linkage application with Monash University on graphene water purification**
- **Graphene work on super capacitors with Monash researchers advancing rapidly**
- **Valence Industries (SER 14%) updated the market on progress with plant refurbishment at the Uley Graphite Project. First sales to customers**
- **Rationalization of oil/gas assets finalised with the sale of Vic/P47 for 6 million shares in Oil Basins Ltd**

Strategic Energy Resources Limited (ASX Code: SER) is a market leader in graphene research with via our collaboration with Monash University. SER holds numerous mineral exploration assets and holds equity interests in Valence Industries (which owns the Uley graphite mine in Port Lincoln, South Australia) and Oil Basins Ltd. Mineral exploration licences are held in South Australia, Western Australia and Victoria.

GRAPHENE RESEARCH WITH MONASH UNIVERSITY

A further joint application between SER and Monash for and ARC Linkage (Australian Research Council) grant has been successful. The proposed research is titled -Green Manufacturing of Graphene from Indigenous Natural Graphite and Graphene-based Nanofiltration Membranes. Dr Mainak Majumder said "This is another feather in the cap for the teams at Monash and SER. ARC Linkage is a prestigious grant system and we are pleased our proposal was approved after rigorous peer-review. We have been the only recipients of the grant for our research using graphene, the first awarded three ago for our research on super capacitors."

There are many potential uses for our graphene membrane technology, including purification of salt water, mine waste water and extraction of heavy metals to name just a few. Dr Majumder went on to say "the graphene membrane technology we are currently investigating could also be used for generating energy from osmotic gradients or scavenging waste heat to run electric motors without batteries. Recent experiments in China and the US have shown the potential of such application".

The key points on our collaboration with Monash:

We **signed** a ground breaking heads of agreement with Monash University on graphene research and commercialisation.

Highlights:

- SER will have a first right to fund any related research
- A Licence is in the last stages of finalisation between SER and Monash University in relation to intellectual property (IP) generated from the project titled "Nanotechnology enabled electrochemical energy storage materials from indigenous natural graphite" that was the subject of the 2011 Australian Research Council (ARC) Linkage Agreement (ref LP110100612)
- The world-wide rights to commercialisation are with SER

Potential revenues from graphene will derive from our world-wide licencing agreements with Monash. There are two potential sources of income:

1. **SER can commercialise the IP or**
2. **SER can sublicense the IP to others**

Potential users could be medical, military and silicon valley. Further SER could sell the technology.

We have no sovereign risk issues. Graphite mines are few and scattered around the world. We are fortunate here in Australia to have our own resource securely within our own borders. We use graphite from the VXL Uley graphite project in South Australia and our research team is from Monash University in Melbourne.

Valence Industries Limited (VXL) has commenced sales to customers. SER has a 1.5% royalty from all sales. SER is a major shareholder in VXL with 21,788,907 shares. VXL is currently drilling at Uley deposit with the intention to establish Reserves that support a Bankable feasibility. We believe that VXL will be in a position

to provide product to customers much earlier than many other companies who announcing HOA offtake agreements.

More detailed developments are to be announced shortly regarding our Monash collaboration including the execution of a definitive Licencing Agreement on our graphene based super capacitors.

Also a joint SER/Monash funded bench scale graphene facility has been agreed to be built. This development will help us produce larger quantities of graphene for our research projects. Further announcements will be made during the next reporting period.

Compared to other companies reporting in this sector, the market has yet to fully understand the true value of the advanced stage of our graphene research.

MINERAL EXPLORATION

SPENCER JOINT VENTURE (SER 75%) EL 5010 SOUTH AUSTRALIA

Strategic Energy Resources Limited (ASX:SER) as Operator of the ‘Spencer Joint Venture’ (SER 75% and Kingston Resources Ltd (ASX:KSN) 25%) completed a first round drilling campaign in late 2013.

The Spencer area comprises 321 km² and is located on the west coast of Spencer’s Gulf. It had remained one of the few undrilled areas along the Olympic Dam trend where modern exploration techniques including gravity, magnetics, HeliTEM, geological mapping and geochemistry had not been followed up. This same trend is the home to some exceptional discoveries including Olympic Dam, Carrapateena, Prominent Hill, Mount Gunson, Wallaroo, Moonta and Hillside.

A geophysical review by consultants of the Kijani Trend was completed during the quarter. This review in conjunction with geology and geochemistry has enhanced the understanding of the geological setting of the Kijani Trend. The review has shown the need to better understand the spacial relationship between the Hiltaba Granite and the outcropping Moonarbi Formation to the south and the drill intersected Bucky Point Formation to the north. Prospectivity remains high in the area that is interpreted to represent Hiltaba granite (where there is only airborne gravity coverage) and efforts are currently focused on addressing some of the challenges associated with accessing this high-prospectivity area.

MYALL CREEK (SER 50%) EL 5011 SOUTH AUSTRALIA

The Myall Creek Copper Project (EL5011) covers an area of 381 km² and is located on the southern Stuart Shelf between Whyalla and Port Augusta, a highly prospective part of the eastern margin of the Gawler Craton. The Myall Creek Project includes a 15 kilometre zone with anomalous copper shown in historic drilling.

Previous work indicates that some mineralization is controlled by a lithological/chemical redox contrast which exists between the base of the Tapley Hill formation and an underlying unconformable contact between the two sedimentary

units. This unconformity continues to have a strong potential for high grade prospects.

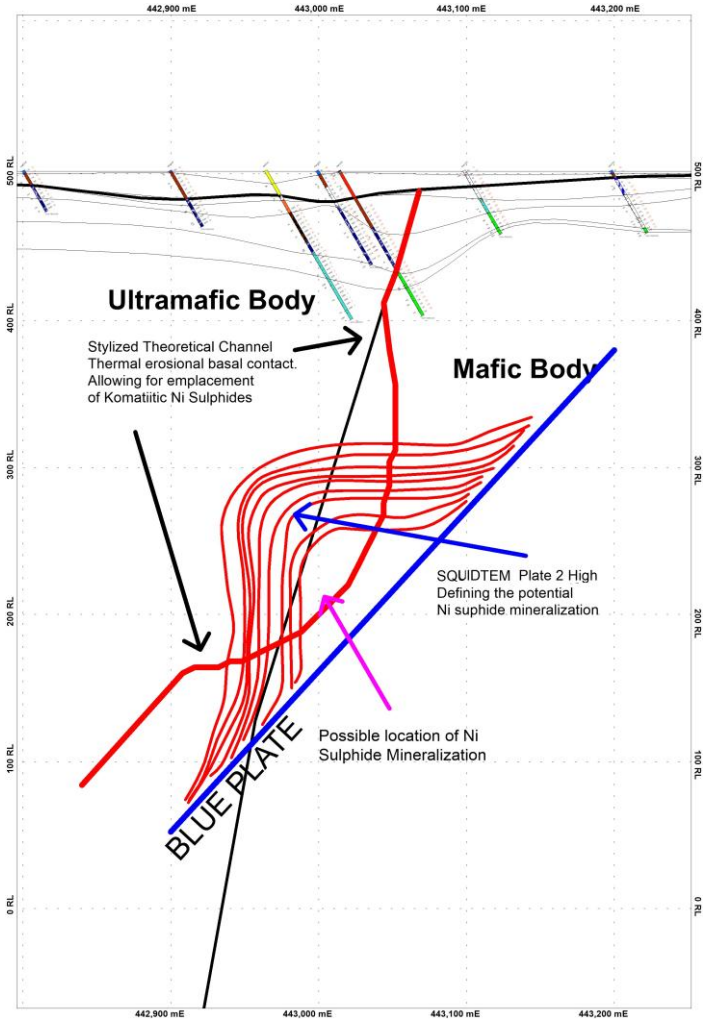
The licence area is immediately west of the Torrens Hinge Zone.

Technical assessment of the prospectively of the Myall Creek project for both Zambian style copper mineralization and the potential of Olympic Dam style IOCG mineralization at depth is ongoing.

With the recent target development to the north of Myall Creek by the Department of State Development for the Deep Targets Task Force, SER is awaiting the findings from this work and will be looking to gauge the impact the work has on regional exploration and targeting and specifically the Myall Creek project.

FALCON BRIDGE (SER 95%) E38/1970 WESTERN AUSTRALIA

The Falcon Bridge tenement EL 38/1970 covers an area of 138.1 km² in the north eastern corner of Western Australia’s Archaean Yilgarn Craton. During the quarter the Falconbridge Ni sulphide project underwent a significant review from geological, geochemical and geophysical perspective. The review has concluded that current drilling has not tested the late time TEM anomaly defined and interpreted by consultant geophysicist. The lower order magnitude of the anomaly does not preclude the Falconbridge anomaly from potentially containing a discrete nickel sulphide body. SER are currently reviewing the possibility of joint venture opportunities with regards to testing this anomaly.



CASTERON (SER 5%) EL 5040 VICTORIA

As reported on 29 October 2009, SER entered into a sale and operating agreement with Encounter Minerals Pty Ltd. SER sold a 95% interest in the exploration licence for a 5% free carried interest for the first 5 years of the permit or the first \$600,000 of expenditure on the work program, whichever occurs first.

Encounter Minerals has completed a 5 hole drilling program. SER has been advised that the results have been encouraging, however to date, the company has not seen the assay results. EL 5040 comprises 486 graticular sections and is located some 350 kilometres west of Melbourne, Victoria. The SER interest is registered on title.

CORPORATE UPDATE

SER holds 13 million (unrestricted) shares in OBL from the sale of Vic/P41 and Vic/P47. The sales have relieved the company of substantial financial liability, and has opened the possibility of potential upside from any transaction or progress within the permits.

The Company is well placed to receive substantial financial benefit from the demerger of the Uley Graphite project, with its successful capital raising and listing of Valence Industries. SER is the major shareholder with 21,788,907 shares, escrowed till January 2016.

SER will also benefit from a 1.5% royalty from any graphite sales of Uley graphite by Valence Industries. VXL has announced graphite is processed and ready for sale.

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%	-	-

INTERESTS IN PETROLEUM TENEMENTS

Petroleum Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Vic/P47	Victoria	-	-	25%



Mark Muzzin
Managing Director/CEO

Competent Person Statement

The information in this quarterly report pertaining to the Spencer, Myall Creek and Falcon Bridge Projects is based on information compiled by Mr Adrian Dellar who is a member of the Australasian Institute of Mining and Metallurgy. Mr Dellar is working in the role of Senior Geologist for Strategic Energy Resources. Mr Dellar has sufficient experience, which is relevant to the style of mineralization and deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and ore reserves" Mr Dellar consents to the inclusion in the report for the matters on his information in the form and context which it appears.

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 oil, gas and 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")

30 JUNE 2014

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	-	-
1.2 Payments for		
(a) exploration and evaluation	(90)	(1,488)
(b) development	-	-
(c) production	-	-
(d) administration	(133)	(723)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	108
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Demerger Implementation Fees	-	-
Net Operating Cash Flows	(207)	(2,103)
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	-	2,160
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	336
1.12 Research and Development – Monash University	(40)	(66)
Net investing cash flows	(40)	2,430
1.13 Total operating and investing cash flows (carried forward)	(247)	327

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(247)	327
	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	(247)	327
1.20	Cash at beginning of quarter/year to date	2,688	2,114
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,441	2,441

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	84
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 June 2014 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	50
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	200

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	168	188
5.2 Deposits at call	2,273	2,500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,441	2,688

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

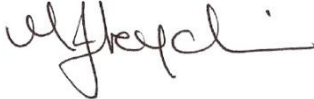
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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		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 (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)	28,000,000	-	<i>Exercise price</i> \$0.0452	<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: 30 JULY 2014

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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