



ASX Announcement

1 August 2012

Tarcoola Gold Demerger Capital Gains Tax Cost Base Allocation

Strategic Energy Resources Limited (ASX: SER) is providing the following information in relation to the cost base for SER and Tarcoola Gold Limited (“Tarcoola”) shares following the recent demerger of 80% of the shares in Tarcoola from SER (“Demerger”). This information will be relevant only to persons who were SER shareholders on the close of trading on the Demerger record date (17 April 2012) (and who consequently received Tarcoola shares under the Demerger) and who hold those shares on capital account.

As advised in the Demerger Scheme Booklet, for capital gains tax purposes an apportionment must be made between the cost bases of the shares in SER and Tarcoola based on the relative market values (or a reasonable approximation of the relative market values) of the two entities immediately after the Demerger. This must be done regardless of whether you have (or intend to) elect Demerger rollover relief.

There is no prescribed methodology for determining market value in this context, but one commonly accepted methodology is the 5 day Volume Weighted Average Price (VWAP).

The 5 day VWAP values for SER before and after the Demerger are set out below:

5 Day VWAP for SER	SER shares on Issue	Value based on 5 Day VWAP
5 trading days up to and including 17 April 2012 = \$0.1121 (11.21c)	348,622,501	\$39,087,344
5 Trading days after 17 April 2012 = \$0.0437 (4.37c)	348,622,501	\$15,239,262



The implied market value of the 80% of Tarcoola which was demerged from SER is therefore \$23,848,082 (being the difference between the values of SER before and after the Demerger).

The cost bases of shares in SER and Tarcoola could therefore be apportioned based on the following percentages:

Entity	Value	Percentage
Demerged 80% of Tarcoola	\$23,848,082	61.01%
SER	\$15,239,262	38.99%
TOTAL COMBINED (SER value pre Demerger)	\$39,087,344	100.00%

Example Calculation

For example, say that you had (at the close of trading of 17 April 2012) a single parcel of 1000 SER shares, which you had purchased at 10 cents each. There were no other costs involved in your acquisition or holding of your shares in SER. Your total cost base in those shares was therefore \$100.

Under the Demerger, you received 1000 Tarcoola Shares.

To apportion the cost base for capital gains tax purposes, you would multiply your cost base by the relative market value percentages of the two entities. Applying the above VWAP based values, the cost bases in your shares after the Demerger would be as follows:

SER shares: $\$100 \times 38.99\% = \38.99

Tarcoola shares: $\$100 \times 61.01\% = \61.01

Shareholders are advised that the above is a simplified example only. The above information should be provided to your tax agent or advisor and you should obtain advice on how this information will apply to your particular circumstances.

Caution in Using Other Values

It may be possible to use different reasonable approximations of the relative market values of SER and Tarcoola for cost base apportionment purposes, provided that the valuation methodology used is reasonable in the circumstances and is consistently



applied. However, given that the 5 day VWAP is a commonly applied valuation method for listed shares, shareholders should be cautious about apportioning their cost bases on the basis of values other than those set out above. Any shareholders considering applying different values are encouraged to seek personal tax advice in this respect.

This information will also be made available on SER's website.

Melanie Leydin
Company Secretary

Based in Melbourne Victoria, Strategic Energy Resources (SER) is a versatile explorer working on a diversified portfolio of exploration assets including the world class Uley Graphite Project. The company aims to create shareholder value through the systematic exploration of our tenements with the aim of becoming a producer.