



STRATEGIC ENERGY RESOURCES LIMITED

ACN 051 212 429

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31 January 2014

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Quarterly Report to 31 December 2013

HIGHLIGHTS FOR THE QUARTER:

- **Successful capital raising and listing of Valence Industries - SER the major shareholder with 21,788,907 shares (14%) and a 1.5% royalty over gross sales**
- **Valence repaid inter-company loans totalling \$352,150**
- **Rationalization of oil/gas assets continued with sale of Vic/P41 for 7 million shares in Oil Basins Ltd**
- **Drilling assays results from Spencer project received and review commenced**
- **Further joint studies with Monash University on graphene**

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 the first round drilling campaign.

The exploration programme commenced in August 2013 with the rigs demobilized from site on the 30th of September. A total of 10 holes were drilled.

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 that has now been the subject of significant modern exploration techniques including gravity, magnetics, HeliTEM, geological mapping and geochemistry. This same trend is the home to some exceptional discoveries including Olympic Dam, Carrapateena, Prominent Hill, Mount Gunson, Wallaroo, Moonta and Hillside.

Intensive analysis combining all current data including HeliTEM, geological logging of RC chips and Field Portable XRF (FPXRF) data is now focused on the EM conductive lineament (See Figure 1) joining known outcropping expressions of copper mineralization. These areas of copper outcrop have been historically mapped as having been strongly altered with the Muzzo outcrop showing argillic alteration.

Two drill holes, SPRC002 and SPRC005 show significant intervals of low level copper anomalism in the Willouran aged Backy Point Formation, with SPRC002 showing over 300m of semi-continuous anomalism (see Appendix 3) as detected by the FPXRF. Both of these holes are within 300 m of the HeliTEM trend newly named the Kijani Trend (See Figure 1). Copper anomalism has also been detected along the Kijani Trend through historic geochemical sampling.

Surface rock chip analysis by the FPXRF show copper results in excess of 20% Cu. This area is surrounded by extensive argillic alteration and adjacent to the Hiltaba Granite Suite. With the proximity to the Hiltaba Granite and the historic mapping of argillic alteration coupled with the soil trends and the outcropping copper mineralization at Muzzo, Water Tank and CO1 initial comparisons by SER are being made to Adelaide Resources Alford and Wombat prospect approximately 120 km to the South East along the Olympic Dam trend.

The next phase of exploration will aim to evaluate the economic potential of the newly discovered Kijani trend. This will involve follow up mapping of alteration zones throughout the trend and initial plans for a geochemical program with the aim to validate historical geochemical sampling programs and to delineate further buried occurrences of mineralization of similar style to the outcropping mineralization throughout the Kijani Trend.

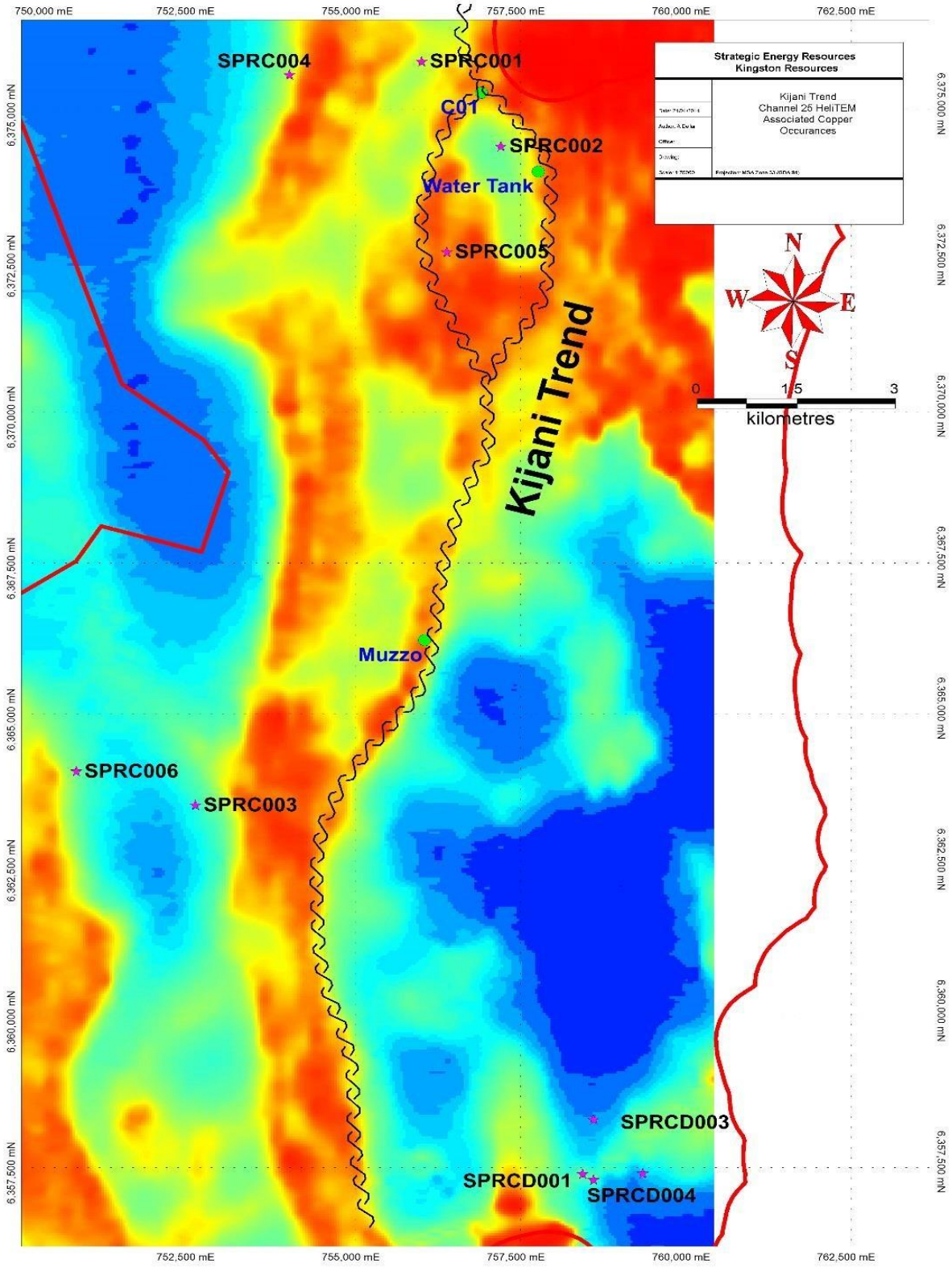


Figure 1 The Kijani Trend

APPENDIX 1

CHECKLIST FOR REPORTING OF EXPLORATION RESULTS PURSUANT TO SECTIONS 1 AND 2 OF TABLE 1 OF THE 2012 EDITION OF THE JORC CODE

Criteria	Explanation
Sampling Technique	<p>All results reported above are for RC samples only (see ASX Announcement 21 November 2103 for Assay results reported from Diamond Drill Program) Samples were taken directly from the drill rig via a rig mounted cone splitter. Regular checks were made as to sample weight and consistency of sample size. QAQC samples (Standards Blanks and Field Duplicates) were inserted at a ratio of 1 Std, Blank and FD per 50 samples.</p> <p>Rock Chips for the Muzzo area were selected by SER geologists and subjected to approximately 5 Field Portable XRF readings and averaged. These samples were taken during the drilling program and the results are fall in line with the QAQC policy implemented during the drilling program.</p>
Drilling Technique	All holes were drilled utilizing a RC/RC pre collar (suffix SPRC/D) with a bit size of 5 ¼ ".
Drill Sample Recovery	Sample recoveries were recorded in relation to the sampling.
Logging	Preliminary logging of RC chips has identified primary lithological units and from this Stratigraphic units assigned.
Sub_sample Techniques and sample Preparation	All RC samples were returned to SER's working area where the process of XRF analysis took place. The samples were homogenised within the bag generally through vigorous shaking of the bag. The XRF was then placed directly in to the bag and onto the sample for a 30 second reading on the Test All mode. Note the XRF is the
Quality of Assay Data and Laboratory Testing	Sample preparation and assaying procedure was supplied by SER to the laboratory. Field Duplicate samples of quartered core were submitted every 50th sample. Field standards and blanks (CRM's) were inserted with Standards inserted every 50th sample as were blanks
Verification of sampling and assaying	All assays reported above are taken only from a Niton Field Portable XRF Niton XL3t GOLDD+ throughout the sampling all QAQC samples reported within acceptable QAQC parameters these being 90% of samples reporting less than 10% difference on a Ranked HARD plot). These results
Location of Data Points	Drill holes were located utilizing a Garmin GPS Map 62s accuracy was recorded at ± 3m
Data Spacing and distribution	This is first pass drilling as such no consistent spacing was used for the program. The closes holes were designed approximately 200m apart but not on a set grid
Orientation of Data in relation to geological structure	All drill holes targeted geophysical anomalies, Namely gravity / magnetic anomalies as designed with the assistance of consultant geophysicists. All diamond tails targeted gravity anomalies within the Hiltaba Granite Suite
Sample Security	All samples were collected at the drill rig and brought to SER's work site. Once there the samples were verified and then laid out in order for XRF analysis. Once completed and checked for accuracy the samples were then placed in plastic bags and in turn placed into bulka bags for storage south of Port Lincoln
Audit or Reviews	All drill results were subject to internal review utilizing industry standard QAQC practices and verification.
Mineral Tenement and land tenure statue	All drill holes occurred within the EL 51010 (Spencer) the tenement is currently owned by U Energy Pty Ltd (25%); Strategic Energy Resources Limited (75%). The project is operated by SER.

Exploration Done by other parties.	A total of 10 historic holes appear on the SARIG database of which the maximum depth is approximately 450m
Geology	The tenement is dominated by Adelaidean Aged Sedimentary cover including the Tregolana Shales and the Mesoproterozoic Pandurra formation. These sedimentary horizons overlay the Hiltaba Granite Suite basement
Drill hole Information	See Appendix 2
Data aggregation methods	See table 1 in Appendix 3. Sample intervals reported were subjected to a 50ppm cut off, maximum internal dilution of 3m and only intervals of greater than 5m have been reported.
Relationship between mineralisation widths and intercept lengths	Down hole widths of mineralization are currently not known. This is due to the large spacing of drill holes and the sparseness of mineralization encountered.
Diagrams	Please see Figure above
Balanced Reporting	Reporting of results in this announcement is considered to be balanced
Other substantive exploration data	EL 5010 has a total of 321 km ²
Further Work	Amalgamation of all data sets predominantly based around the use of geochemistry in conjunction with industry based consultants to target potential mineralization within the exploration lease.

APPENDIX 2

Drill Hole locations, Depth Azimuth

Hole_ID	East	North	RL	Dip	Azi	RC	DDH_Tail	EOH Depth	Status and Geology
SPRC001	756000	6375800	18	-60	270	161	0	161	Completed In Marinoan / Sturtian Sediments Northern Hole
SPRC002	757200	6374400	18	-60	180	415	0	451	Completed In Willouran Sediments Northern Hole
SPRC003	752575	6363500	205	-60	90	636	0	636	Completed In Marinoan / Sturtian Sediments Northern Hole
SPRC004	753999	6375582	107	-90	0	289	0	289	Completed In Marinoan / Sturtian Sediments Northern Hole
SPRC005	756381	6372651	37	-60	0	357	0	357	Completed In Willouran Sediments Northern Hole
SPRC006	750775	6364061	100	-60	0	264	0	264	Completed In Marinoan / Sturtian Sediments Northern Hole
SPRCD001	758435	6357397	39	-80	90	498	330.5	828.5	Completed In Hiltaba Granite Southern Hole

SPRCD002	758600	6358300	71	-60	0	336	393.6	729.6	Completed In Hiltaba Granite Southern Hole
SPRCD003	759348	6357408	67	-90	0	306	0	306	Completed In Hiltaba Granite Southern Hole
SPRCD004	758601	6357299	41	-85	180	474	391.2	865.2	Completed In Hiltaba Granite Southern Hole

APPENDIX 3

Significant Drill Intercepts with results taken from the Niton Field Portable XRF

Hole_ID	From	To	Interval width down hole in meters	Cu_ppm
SPRC001	147	157	10	105.22
SPRC002	9	46	37	133.34
SPRC002	49	63	14	132.82
SPRC002	73	79	6	426.95
SPRC002	82	97	15	99.11
SPRC002	103	137	34	128.82
SPRC002	141	153	12	79.07
SPRC002	176	190	14	112.26
SPRC002	199	204	5	86.37
SPRC002	293	302	9	228.66
SPRC002	316	329	13	226.75
SPRC002	337	344	7	97.48
SPRC003	366	376	10	154.29
SPRC003	599	606	7	233.09
SPRC003	621	630	9	319.25
SPRC004	232	238	6	184.21
SPRC004	252	258	6	72.99
SPRC005	35	47	12	144.03
SPRC005	72	77	5	342.46
SPRC005	235	249	14	126.52
SPRC005	254	273	19	59.09
SPRC006	41	51	10	87.64
SPRC006	136	141	5	56.34
SPRCD002	379	387	8	76.27

Table 1 Significant Intercepts – Note Reported intervals have a 50 ppm Cu cut off, Maximum internal dilution of 3m and only interval widths of over 5m have been reported.

APPEDDIX 4

Cross Sections

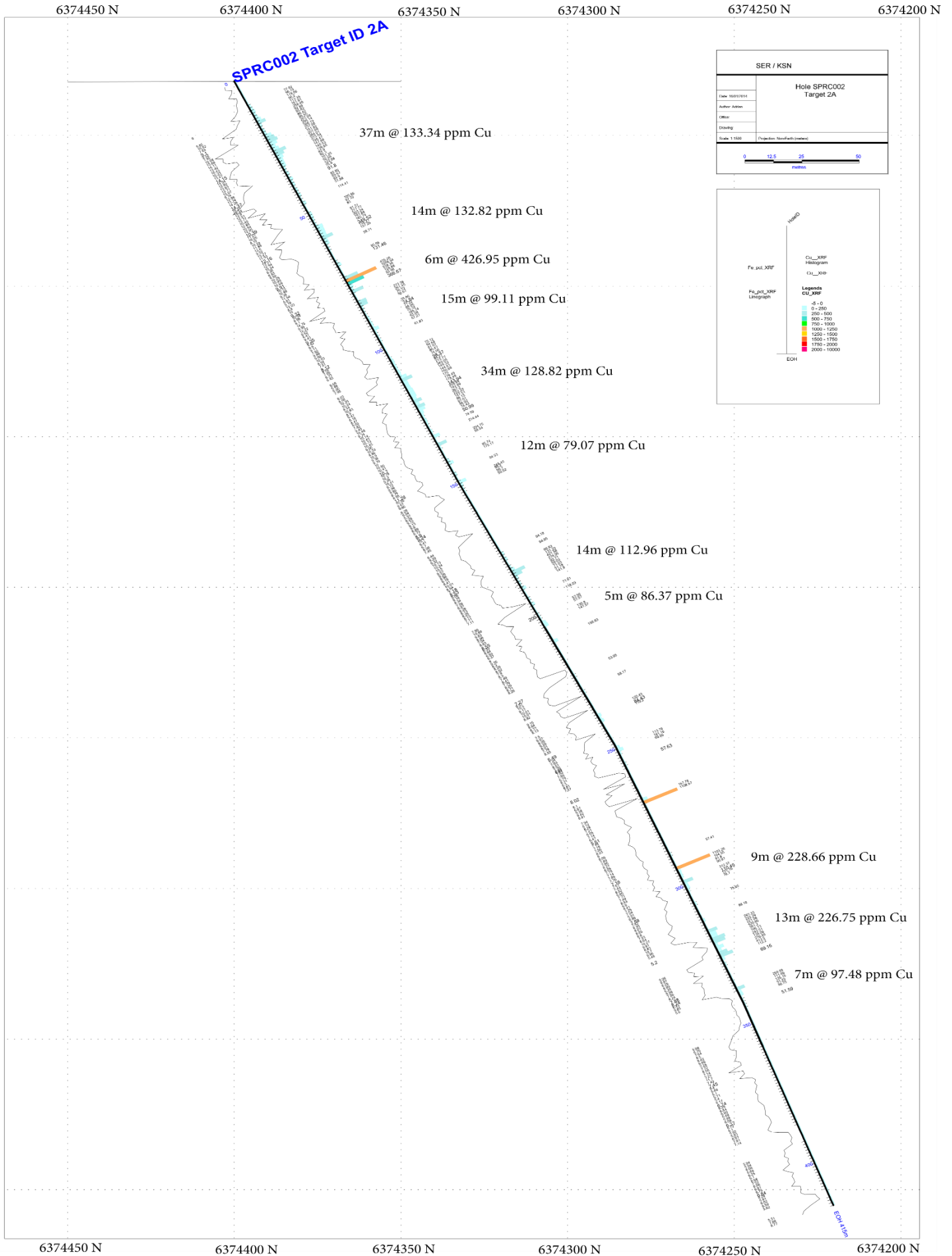


Figure 2 SPRC002 Showing semi continuous low level copper anomalism within the Backy Point Formation NOTE : All results from Field Portable XRF

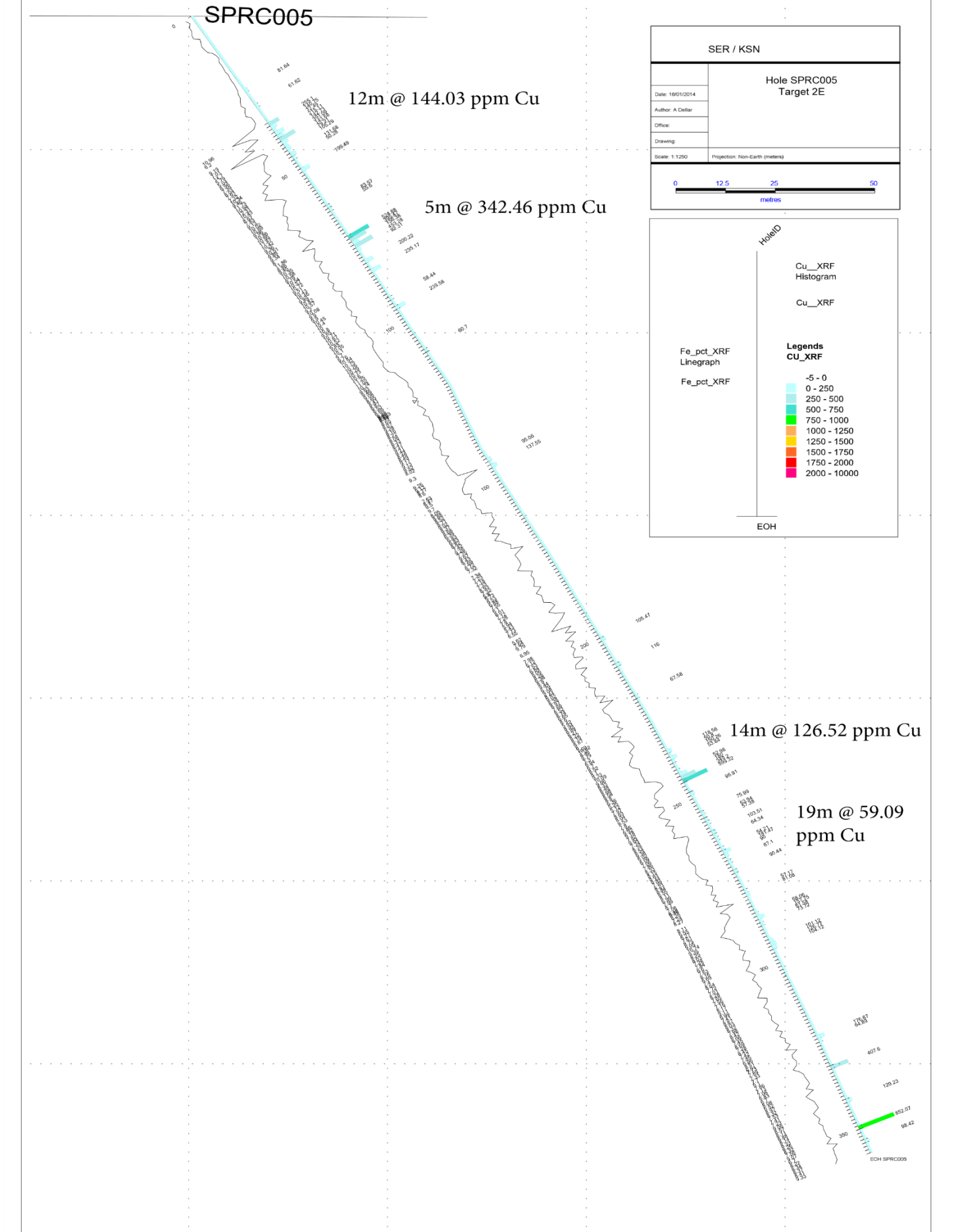


Figure 3 SPRC005 SPRC002 Showing semi continuous low level copper anomalism within the Backy Point Formation NOTE: All results from Field Portable XRF

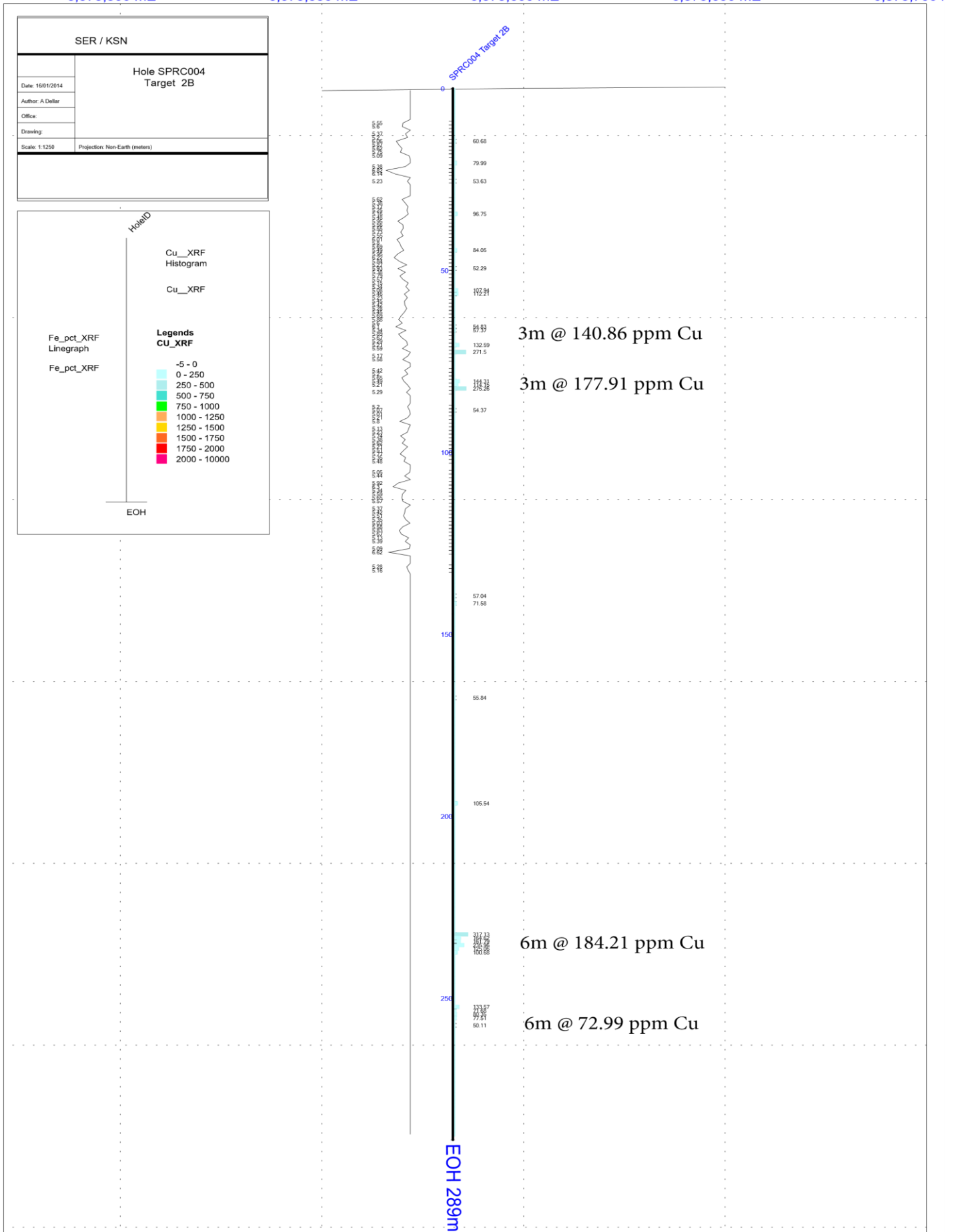
6,375,500 mE

6,375,550 mE

6,375,600 mE

6,375,650 mE

6,375,700 r



6,375,500 mE

6,375,550 mE

6,375,600 mE

6,375,650 mE

6,375,700 r

Figure 4 SPRC004 Showing Sparse low level copper in the Marinoan and Sturtian Sediments unlike SPRC002 NOTE: All results from Field Portable XR

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 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. The drilling results from our Spencer project will be beneficial in determining the next exploration program in this licence area.

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. Open File mapping obtained from the Department of Mines and Petroleum has delineated two strike aligned ultra-mafic units. The northern unit is approximately 5.8km in length striking north south of which the southern 3.8km lies within EL 38/1970. The southern ultra-mafic unit is approximately 9.15 km in strike length. Both the ultramafic units are prospective for komatiite hosted nickel sulphide mineralization.

Previous work completed by Ishine International Resources Ltd in 2010 defined a number of drill targets defined by a SQUID Moving Loop TEM Survey over what is known as the Toro-Grande Magnetic Anomaly. The targets are defined as weak conductor observed in the channel 25 and a later time conductor defined in the channel 40 image. Both these conductive units remain untested with previous drill programs failing to penetrate to the depth required to test the target.

The southern ultramafic unit lies wholly within the tenement and is approximately 7.38km in strike length and up to 400m in width. The unit strikes slightly west of north. An open file search has so far shown this unit to have undergone no previous nickel exploration and remains a key target within the tenement.

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 is planning a drilling program during the next quarter. EL 5040 comprises 486 graticular sections and is located some 350 kilometres west of Melbourne, Victoria.

OIL AND GAS EXPLORATION

VIC/P41 EASTERN OFFSHORE GIPPSLAND BASIN

During the quarter, our subsidiary company Shelf Oil Pty Ltd which held a 17.5% interest in Vic/P41 was sold to Oil Basins Limited (OBL) for 7 million shares in OBL.

VIC/P47 – (SER 25%) OFFSHORE GIPPSLAND BASIN

A variation to the 2014 exploration program was submitted by the new operator, after the decision by Bass Strait Oil Company Ltd to withdraw from the permit. SER has granted OBL a conditional exclusive option over SER's 25% interest in the permit for 6 million shares in OBL, subject to the offshore regulator NOPTA approving a new variation and extension to the 2014 Vic/P47 Work Program as submitted by the new operator.

VIC/P66 – (SER 23%) EASTERN OFFSHORE GIPPSLAND BASIN

The Vic/P66 Joint Venture partners have applied to surrender the permit. The joint venture partners agreed that exploration in the permit was unlikely to create value as it is in deep-water, which significantly increases the exploration costs, but also because the leads identified have a very high geological risk. The permit will be cancelled in due course.

CORPORATE UPDATE

A review of the current assets of the Company commenced and further opportunities are being assessed.

The Company is now well placed to receive substantial financial benefit from the demerger of the Uley Graphite project, with the successful capital raise 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.

SER holds 7 million (unrestricted) shares in OBL from the sale of Vic/P41. This sale has relieved the company of a substantial financial liability, and has opened the possibility of potential upside from any transaction or progress within the permit.

MONASH UNIVERSITY GRAPHENE STUDIES

Monash University researchers have been developing novel composites of graphene with highly porous structures that provides massive surface areas of ~1200 m²/gm and high electrical conductivity suitable for energy storage applications. In this quarter, different compositions were synthesized and their energy storage capacities evaluated.

A further joint collaboration between SER and Monash for and ARC Linkage (Australian Research Council) grant has been submitted for review. The proposed research is titled - Functionally and Structurally Engineered Sorbent and Membrane Materials from Indigenous Natural Graphite by Exfoliation and Designed Reconstitution.

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%	-	-
Vic/P41	Victoria	NIL	-	17.5%
Vic/P66	Victoria	NIL	-	23% (Note)

* Option to sell to OBL for 6 million fully paid OBL shares for our 25% interest

Note: Vic/P66 has been surrendered



Mark Muzzin
Managing Director

Competent Person Statement

The information in this quarterly report pertaining to the Spencer Project 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 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")

31 DECEMBER 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(822)	(1,339)
(b) development	-	-
(c) production	-	-
(d) administration	(190)	(409)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	47
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Demerger Implementation Fees	-	-
Net Operating Cash Flows	(990)	(1,701)
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	336
1.12 Research and Development – Monash University	(5)	(5)
Net investing cash flows	331	2,491
1.13 Total operating and investing cash flows (carried forward)	(659)	790

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(659)	790
	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	(659)	790
1.20	Cash at beginning of quarter/year to date	3,564	2,115
1.21	Demerger of Tarcoola Gold Limited	-	-
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	2,905	2,905

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	127
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 December 2013 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

During the quarter, Strategic Energy Resources Limited entered into an agreement for the sale of 17.5% of its holding in Vic/P41 in consideration for 7,000,000 shares in Oil Basins Limited at \$0.02 per share and the shares were issued during the quarter.

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	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	400

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	345	1,404
5.2 Deposits at call	2,560	2,160
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,905	3,564

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	Vic/P41	Sale of Interest	17.5%	-
	Vic/P47	Conditional exclusive option to sell 25% interest to Oil Basins Limited ('OBL') in consideration for 6,000,000 OBL shares at \$0.02 per share.	25%	25%
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	28,000,000	-	<i>Exercise price</i> \$0.0452	<i>Expiry Date</i> 25 December 2016
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: 31 January 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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