



STRATEGIC ENERGY RESOURCES LIMITED

ACN 051 212 429

Level 4, 100 Albert Road
South Melbourne VIC 3205

January 28, 2016

Tel: (03) 9692 7222

Fax: (03) 9077 9233

Quarterly Report to December 31, 2015

Strategic Energy Resources Limited (ASX Code: SER) has successfully demerged Ionic Industries Ltd from the group and is the major shareholder in Ionic. SER holds numerous mineral exploration assets and holds equity interests in Valence Industries (which owns the Uley graphite mine near Port Lincoln, South Australia), Oil Basins Ltd and Magnum Gas & Power. Mineral exploration licences are held in South Australia, Western Australia and Victoria.

IONIC INDUSTRIES

IONIC UPDATE

Ionic Industries continues to forge ahead in the development of graphene-based nano-filtration and energy storage technologies. Seed funding has been raised and the bridging loan of \$425K from Strategic Energy Resources (SER) has been repaid.

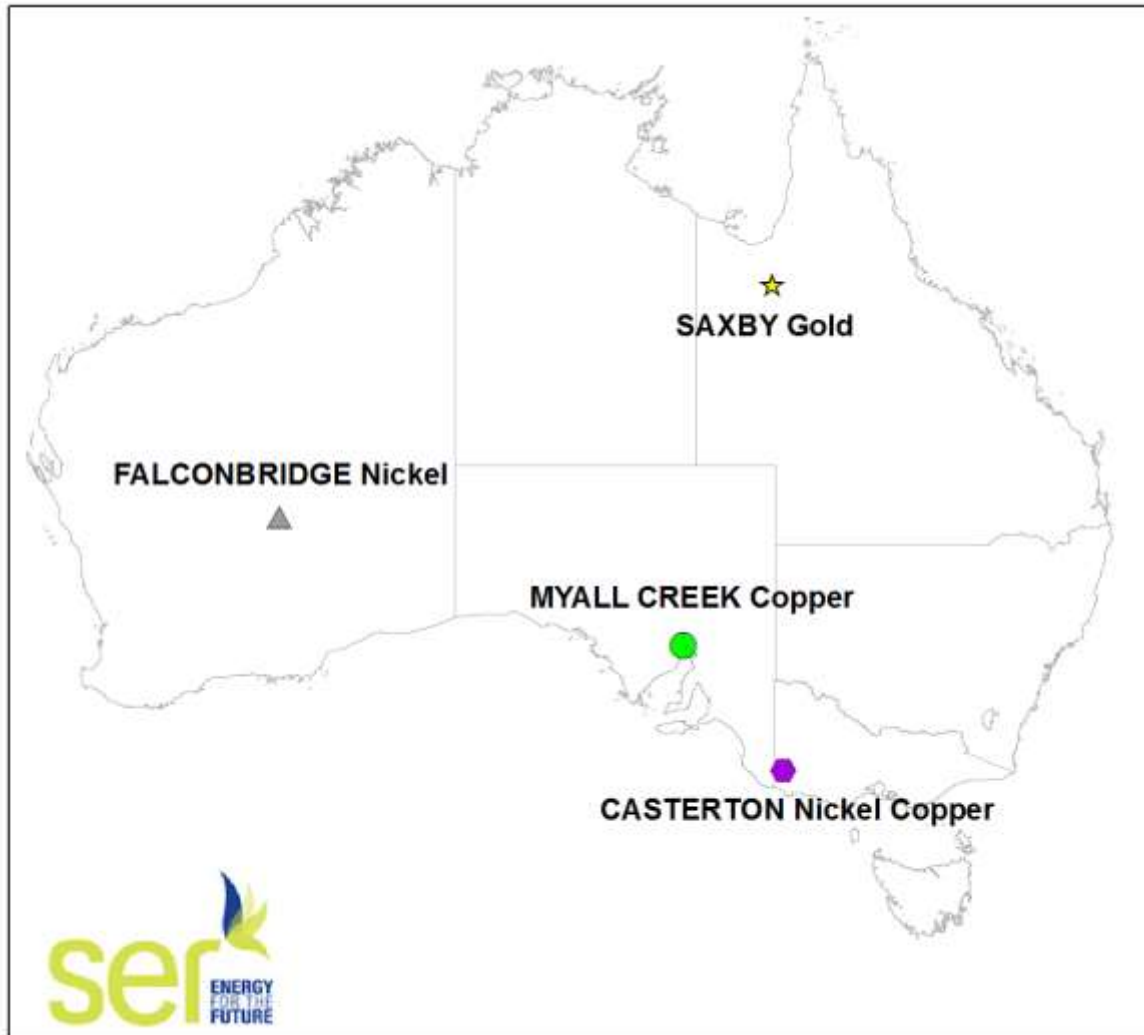
Ionic is currently in negotiations with several major international companies regarding the upscaling and production of our nano-filtration membranes and super-capacitors. Various samples of the membranes have been produced and sent to the interested parties for evaluation. The next step, which is in train now Ionic has funding, is to make a membrane module. The smallest industrial size module is 2.5 inch by 14 inches. Ionic is currently working on developing a membrane test facility with six columns (or modules) hooked to a controller. This will be capable of running live test for contaminants for various industries. The dairy and wine industries will be targeted in this initial testing. This test facility will be an important breakthrough as Ionic will be able to show investors and/or select industries a finished working prototype.

Work is progressing on a number of fronts with Ionic's energy storage technologies. The micro planar Supercapacitor R&D is progressing, but the biggest breakthrough is in how Ionic will manufacture the devices. Ionic's team at Monash is waiting for a new plate which will allow the printing of small features, 10 micron in size. This will enable the progress to making multi-layered sheets with many devices in series. The configuration of the connections will be the next step.

Ionic's Lithium-Sulphur technology is progressing rapidly and the coin cell prototypes have an ongoing test regime in place. Another potential development has come from applying the same proprietary technology Ionic's uses in its Li-S batteries to lead acid batteries. If the technology is successful with lead acid, then the technology will have potential for current mass energy storage markets.

Preparation for the listing of Ionic is progressing well. Ionic is waiting on some key information and announcements on relationships that will be presented to the market via the SER ASX platform. Further announcements will be made in due course.

MINERAL EXPLORATION



PURCHASE OF SAXBY GOLD PROJECT (QUEENSLAND)

On 23 December 2015, SER announced the purchase of the Saxby Gold Project from Falcon Minerals Limited (ASX: FCN). The sale is conditional upon Falcon obtaining approval from the Queensland Department of Natural Resources and Mines for the renewal of the relevant Exploration Permit for Minerals (EPM 15398) for a further 2 years.

The Saxby Project is located 165 km north northeast of Cloncurry in the Gulf Country of northwest Queensland. It contains precious and base metal prospects (including the Lucky Squid Gold prospect). These prospects are hosted by basement rocks of the Mt Isa Block that are buried beneath 400m of younger sedimentary cover.

The consideration for the acquisition is 3,000,000 SER shares together with a 1.5% net smelter return royalty in the event that mining commences at the Saxby Project.

EPM 15398 is scheduled to expire on 9 April 2016. The application for renewal has been lodged with the relevant department.

MYALL CREEK (SER 50%) AND SPENCER (SER 75%) COPPER PROJECTS, SOUTH AUSTRALIA

The Myall Creek and Spencer copper projects are located on the west coast of the Spencer Gulf and cover 702km² of the highly prospective Olympic Copper Gold Province of the eastern Gawler Craton. The Myall Creek Project includes a 15 kilometre zone with anomalous copper shown in historic drilling.

SER and joint venture partner Kingston Resources Limited (ASX: KSN) are targeting both Iron Oxide Copper Gold (IOCG) mineralisation in the Proterozoic basement as well as sediment-hosted mineralisation in the overlying sediments.

The northern Eyre Peninsula is the focus of a major investigation by the South Australian Department of State Development and the Deep Exploration Technologies Cooperative Research Centre. This will produce significant new datasets to advance exploration in the region.

FALCON BRIDGE (SER 95%) NICKEL PROJECT, WESTERN AUSTRALIA

The Falcon Bridge nickel project covers an area of 138km² in the north eastern corner of Western Australia's Archaean Yilgarn Craton. Falconbridge is located 48km along / en echelon to an ultra-mafic bulge where recent drilling by others has encountered nickel sulphides.

SER is targeting Komatiitic nickel sulphide mineralisation in a mafic / ultramafic sequence.

SER is currently considering joint venture opportunities.

CASTERON (SER 5%) EL 5040 NICKEL-COPPER PROJECT, VICTORIA

The Casteron nickel-copper project is located 350 kilometres west of Melbourne, Victoria. Joint venture partner, Encounter Minerals has completed detailed reviews of the geophysics, geology and geochemistry of the target area and are in preliminary planning for a follow-up drill campaign.

CORPORATE UPDATE

SER is the major shareholder of Ionic Industries Ltd and holds 87,155,625 shares (20% of the issued capital) of Ionic. SER also is the major shareholder in Valence Industries Ltd (ASX: VXL) with 21,788,907 shares. SER will also benefit from a 1.5% royalty from any graphite sales of Uley graphite by Valence Industries.

SER also holds investments in Oil Basins Limited (ASX:OBL) 13,000,000 shares and Magnum Gas & Power Limited (ASX:MPE) 20,000,000 shares.

The Company continues to evaluate potential new projects.

Board Changes & CEO Departure

During the quarter, Glenister Lamont retired from the board. Mr Lamont served on the board for approximately seven years.

Mr Stuart Rechner was appointed as a Director to the Company following Mr Lamont's retirement. Stuart is an experienced company director with a background in project generation and acquisition in Australia and overseas. He holds degrees in both geology and law and is a member of the Australian Institute of Geoscientists and the Australian Institute of Company Directors.

CEO Mr Mark Muzzin formally resigned as CEO of the Company to lead Ionic Industries as Managing Director/CEO. Mr Muzzin has provided SER two months' notice and his resignation will be effective on 5 March 2016.

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%	-	-

Mark Muzzin
CEO

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 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 2015

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	(75)	(155)
(b) development	-	-
(c) employment	(55)	(116)
(d) administration	(41)	(113)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Demerger Implementation Fees	-	-
Net Operating Cash Flows	(168)	(377)
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	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(59)	(79)
1.11 Loans repaid by other entities	125	125
1.12 Research and Development – Monash University	-	-
Net investing cash flows	66	46
1.13 Total operating and investing cash flows (carried forward)	(102)	(331)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(102)	(331)
	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	(102)	(331)
1.20	Cash at beginning of quarter/year to date	768	997
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	666	666

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	75
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 2015 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	120
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	220

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	666	768
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	666	768

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	FP	FP
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)	27,000,000	-	<i>Exercise price</i> \$0.0232	<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: 28 January 2016

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.

== == == == ==