



STRATEGIC ENERGY RESOURCES LIMITED

ACN 051 212 429

Level 4, 100 Albert Road
South Melbourne VIC 3205

29 July 2016

Tel: (03) 9692 7222
Fax: (03) 9077 9233

Quarterly Report to 30 June 2016

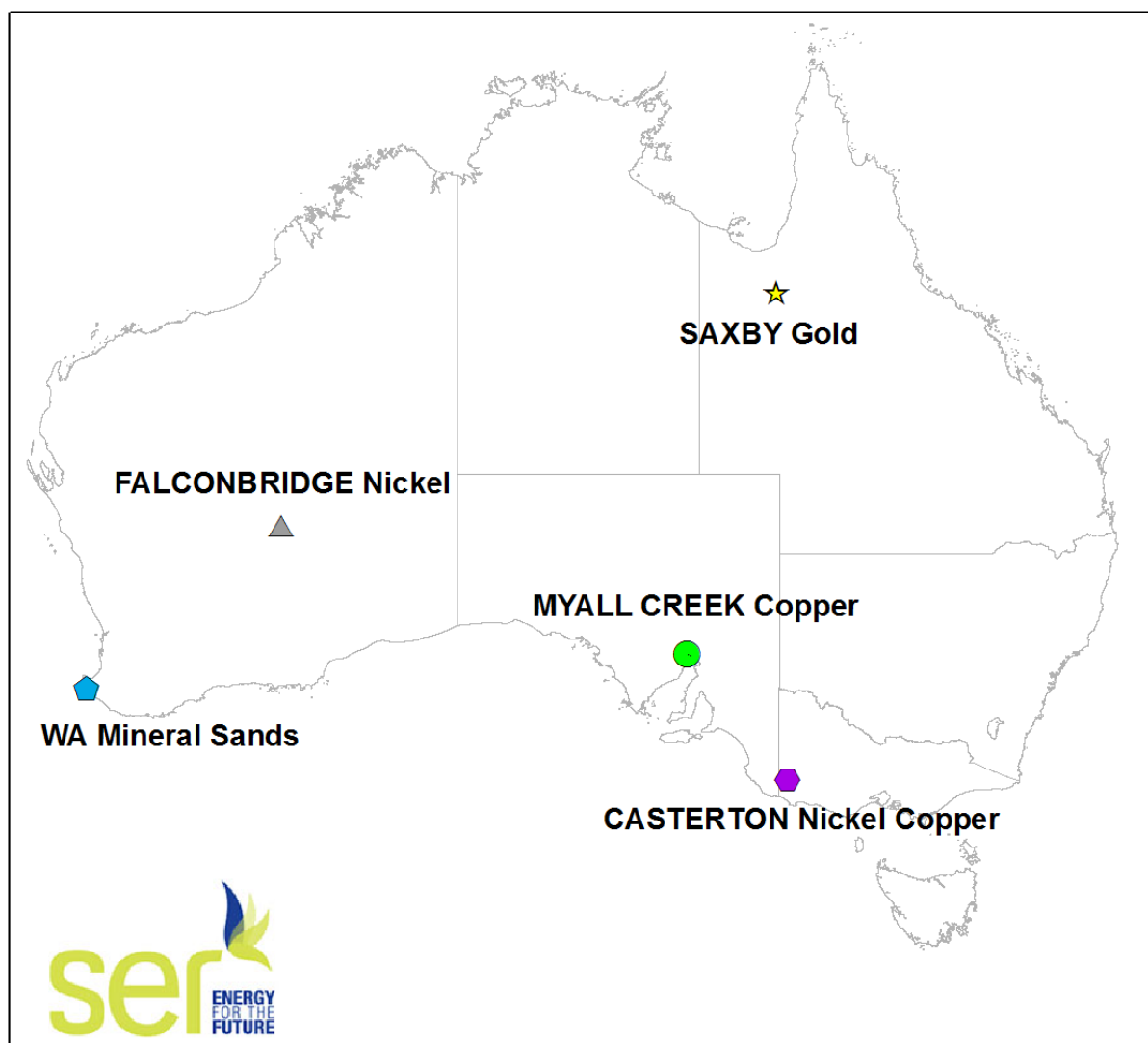


Figure 1: SER Exploration Projects

Strategic Energy Resources Limited (ASX Code: SER) is a diversified mineral exploration company and major shareholder of Ionic Industries Ltd and Valence Industries Ltd. SER holds equity interests in Oil Basins Ltd and Magnum Gas & Power.

MINERAL EXPLORATION

HEAVY MINERAL SANDS EXPLORATION WESTERN AUSTRALIA (SER 100%)

During the quarter, Exploration Licence E70/4793 Ambergate was granted and SER commenced landholder negotiations.

Subsequent to the quarter on 4 July 2016, Exploration Licences E70/4797 Metricup and E70/4799 Witchcliffe were granted.

SER lodged new application E70/4874 BEENUP EAST covering the remainder of the historic Beenup prospect.

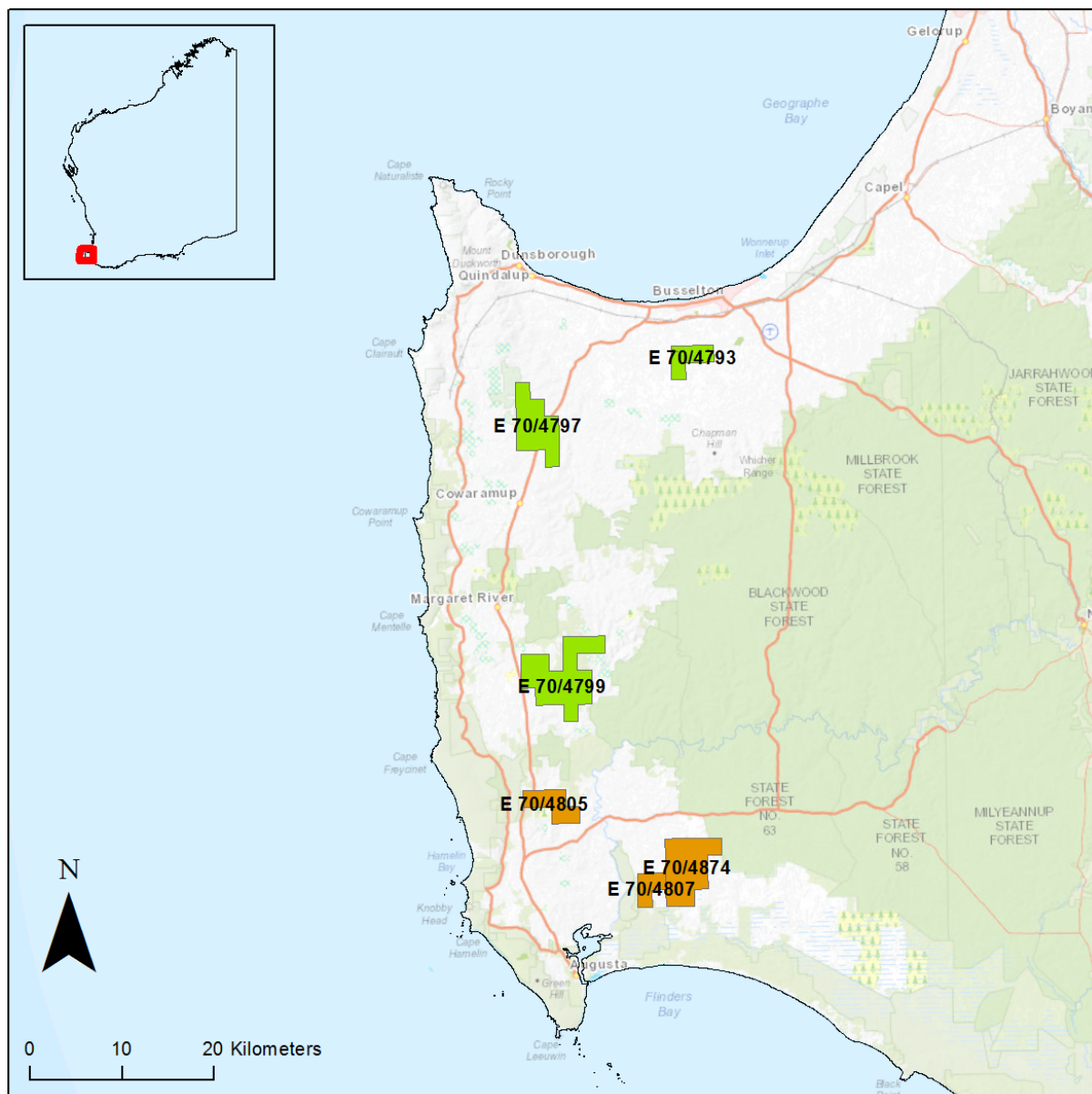


Figure 2: SER Exploration Licences (green) and Applications (orange)

SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

Subsequent to the quarter on 5 July 2016, SER received advice from the Queensland Department of Natural Resources and Mines that the transfer EPM15398, the Saxby Gold Project, had been completed.

SER has issued the 3 million consideration shares to Falcon Minerals Limited (ASX: FCN).

The Saxby Project is located 165km 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.

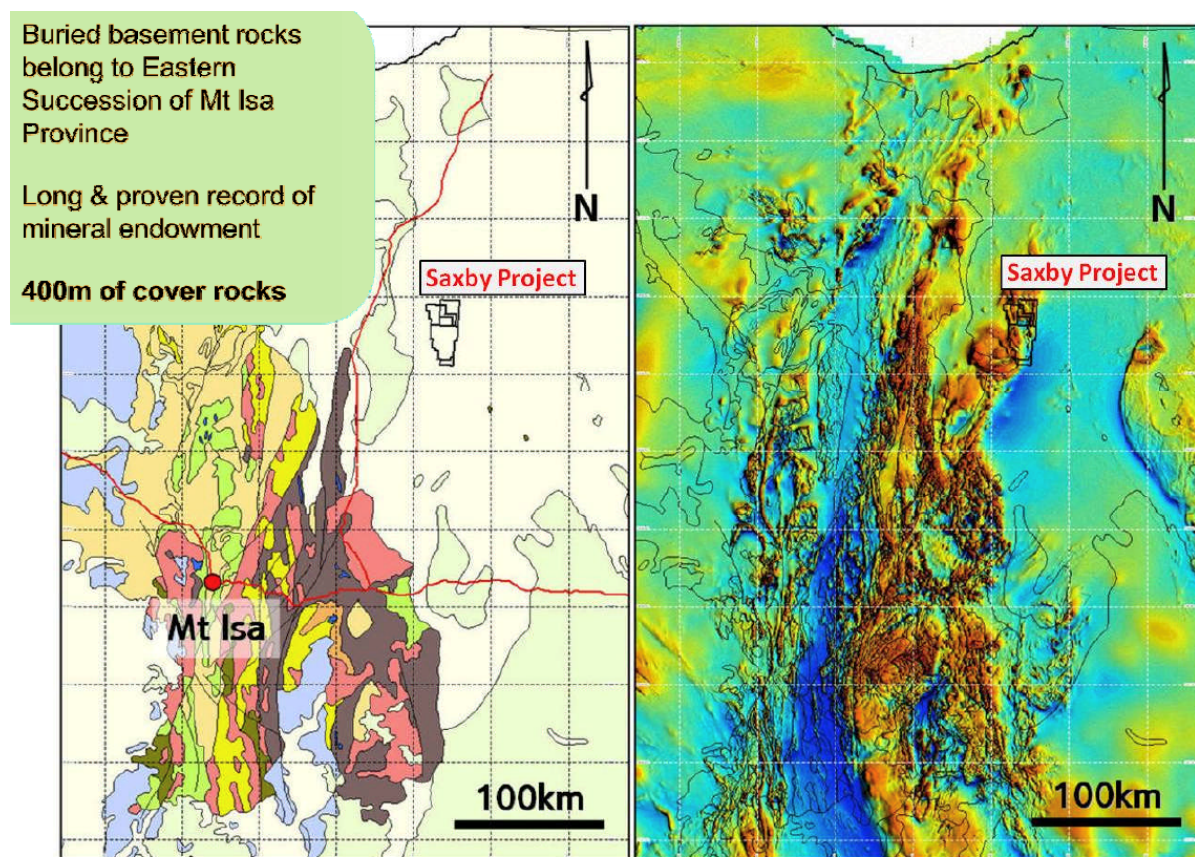


Figure 3: Saxby Gold Project location showing regional geology (left) and magnetics (right)

INVESTMENTS

Valence Industries Limited

Subsequent to the end of the quarter Valence Industries Limited (ASX: VXL) appointed a Voluntary Administrator. The directors have undertaken an impairment review and based on the Company being in Administration and in accordance with accounting standards have valued the investment in VXL at 30 June 2016 as Nil. The impairment expense for the 12 months on the VXL investment is \$4,357,781.

INTERESTS IN MINING TENEMENTS

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in or 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%	-
EL15398	Queensland	100%	Transferred to SER 5 July 2016
E70/4793	Western Australia	100%	Granted 8 April 2016
E70/4797	Western Australia	100%	Granted 4 July 2016
E70/4799	Western Australia	100%	Granted 4 July 2016
E70/4805	Western Australia	100%	N/A Application only
E70/4807	Western Australia	100%	N/A Application only
E70/4874	Western Australia	100%	N/A Application only

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 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(79)	(335)
(b) development	-	-
(c) employment	(22)	(192)
(d) administration	(30)	(189)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Demerger Implementation Fees	-	-
Net Operating Cash Flows	(128)	(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	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	425
1.12 Research and Development – Monash University	-	(79)
Net investing cash flows	-	346
1.13 Total operating and investing cash flows (carried forward)	(128)	(355)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(128)	(355)
	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	(128)	(355)
1.20	Cash at beginning of quarter/year to date	769	996
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	641	641

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
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 2016 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

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	100
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	150

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	641	769
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	641	769

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	E70/4793	As part of the newly acquired Mineral Sands project the company's application for the Ambergate tenement was granted during the quarter.	-	100%

+ 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)	13,000,000 21,500,000	- -	Exercise price \$0.0232 \$0.0232	Expiry Date 25 December 2016 30 April 2019
7.8 Issued during quarter	21,500,000	-	\$0.0232	30 April 2019
7.9 Exercised during quarter				
7.10 Cancelled during quarter	14,000,000	-	\$0.0232	25 December 2016
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: 29 July 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.

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