



Notice of Annual General Meeting and Explanatory Statement

The Annual General Meeting of

STRATEGIC ENERGY RESOURCES LIMITED

ACN 051 212 429

*Will be held at
10:00AM (AEDST) on Thursday, 24 October 2013*

At

*Institute of Chartered Accountants
Level 3, 600 Bourke Street, Melbourne, Victoria*

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

STRATEGIC ENERGY RESOURCES LIMITED

ACN 051 212 429

Registered office: Level 4, 100 Albert Road, South Melbourne Victoria 3205

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of Strategic Energy Resources Limited (the "Company") will be held at the offices of the Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne, Victoria at 10:00am (AEDST) on Thursday, 24 October 2013.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2013.

Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly no resolution will be put to shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' report) for the financial year ended 30 June 2013 be adopted."

Voting Exclusion

A vote in respect of Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (d) the person is the Chairman and the appointment of the Chairman as proxy:
 - i. does not specify the way the proxy is to vote on Resolution 1; and
 - ii. expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

Notes: Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolution 2: Re-election of Mr Peter Armitage as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Peter Armitage, being a director who retires pursuant to the Constitution of the Company and being eligible for re-election offers himself for re-election, is hereby re-elected as a Director of the Company."

Notes: The non-candidate directors unanimously support the re-election of Mr Peter Armitage. The Chairman intends to vote undirected proxies in favour of Mr Peter Armitage's re-election.

Resolution 3: Election of Mr Anthony Rechner as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Anthony Rechner, having been appointed to the Board of Directors during the year, retires as a director in accordance with the Constitution of the Company and being eligible for election, be elected as a Director of the Company."

Notes: The non-candidate directors unanimously support the election of Mr Anthony Rechner. The Chairman intends to vote undirected proxies in favour of Mr Anthony Rechner's election.

Resolution 4: Grant of Options to Mr Mark Muzzin (or his nominee)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That pursuant to and in accordance with the ASX Listing Rules, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given to grant 10 million Options to Mr Mark Muzzin (an Executive Director of the Company) or his nominee, as described in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion

The Company will disregard any votes cast on the subject resolution by Mr Mark Muzzin and/or his associates. However the Company need not disregard a vote if:

- (a) It is cast, in accordance with the directions on the proxy form, by a person as proxy for a person who is entitled to vote; or*
- (b) It is cast, in accordance with the direction on the proxy form to vote as the proxy decides, by the person chairing the meeting as proxy for a person who is entitled to vote.*

Resolution 5: Grant of Options to Mr Anthony Rechner (or his nominee)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That pursuant to and in accordance with the ASX Listing Rules, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given to grant 10 million Options to Mr Anthony Rechner (an Executive Director of the Company) or his nominee, as described in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion

The Company will disregard any votes cast on the subject resolution by Mr Anthony Rechner and/or his associates. However the Company need not disregard a vote if:

- (a) It is cast, in accordance with the directions on the proxy form, by a person as proxy for a person who is entitled to vote; or*
- (b) It is cast, in accordance with the direction on the proxy form to vote as the proxy decides, by the person chairing the meeting as proxy for a person who is entitled to vote.*

Resolution 6: Grant of Options to Mr Peter Armitage (or his nominee)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That pursuant to and in accordance with the ASX Listing Rules, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given to grant 3 million Options to Mr Peter Armitage (a Non-executive Director of the Company) or his nominee, as described in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion

The Company will disregard any votes cast on the subject resolution by Mr Peter Armitage and/or his associates. However the Company need not disregard a vote if:

- (a) It is cast, in accordance with the directions on the proxy form, by a person as proxy for a person who is entitled to vote; or*
- (b) It is cast, in accordance with the direction on the proxy form to vote as the proxy decides, by the person chairing the meeting as proxy for a person who is entitled to vote.*

Resolution 7: Grant of Options to Mr Glenister Lamont (or his nominee)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That pursuant to and in accordance with the ASX Listing Rules, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given to grant 3 million Options to Mr Glenister Lamont (a Non-executive Director of the Company) or his nominee, as described in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion

The Company will disregard any votes cast on the subject resolution by Mr Glenister Lamont and/or his associates. However the Company need not disregard a vote if:

- (a) It is cast, in accordance with the directions on the proxy form, by a person as proxy for a person who is entitled to vote; or*
- (b) It is cast, in accordance with the direction on the proxy form to vote as the proxy decides, by the person chairing the meeting as proxy for a person who is entitled to vote.*

Resolution 8: Grant of Options to Ms Melanie Leydin (or her nominee)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That pursuant to and in accordance with the ASX Listing Rules, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given to grant 1 million Options to Ms Melanie Leydin (the Company Secretary of the Company) or her nominee, as described in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion

The Company will disregard any votes cast on the subject resolution by Ms Melanie Leydin and/or her associates. However the Company need not disregard a vote if:

- (a) It is cast, in accordance with the directions on the proxy form, by a person as proxy for a person who is entitled to vote; or*
- (b) It is cast, in accordance with the direction on the proxy form to vote as the proxy decides, by the person chairing the meeting as proxy for a person who is entitled to vote.*

Resolution 9: Grant of Options to Mr Adrian Dellar (or his nominee)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That pursuant to and in accordance with the ASX Listing Rules, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given to grant 1 million Options to Mr Adrian Dellar (the Company’s Exploration Geologist) or his nominee, as described in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion

The Company will disregard any votes cast on the subject resolution by Mr Adrian Dellar and/or his associates. However the Company need not disregard a vote if:

- (a) It is cast, in accordance with the directions on the proxy form, by a person as proxy for a person who is entitled to vote; or*
- (b) It is cast, in accordance with the direction on the proxy form to vote as the proxy decides, by the person chairing the meeting as proxy for a person who is entitled to vote.*

DATED this Thursday 19th day of September 2013 at Melbourne.

By order of the Board



Melanie Leydin
Company Secretary

EXPLANATORY STATEMENT

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2013 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years. Alternatively you may access the annual report at the Company's website: www.strategicenergy.com.au or via the Company's announcement platform on ASX. Except for as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

The Corporations Act requires that at a listed Company's Annual General Meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, section 250R(3) of the *Corporations Act 2001* expressly provides that the vote on such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company (described as "**Key Management Personnel**"). The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2013.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Pursuant to the *Corporations Amendment (Improving Accountability for Director and Executive Remuneration) Act 2011* which amended the Corporations Act from 1 July 2011, if 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings (effectively, "two strikes"), shareholders will be required to vote at the second of those annual general meetings on a resolution (referred to as a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must go up for re-election. The spill resolution requirements will only be triggered where both strikes occur after 1 July 2013. On this basis, while votes on the Remuneration Report at this Annual General Meeting will be counted towards the two strikes, the first spill resolution can only potentially occur following the Company's 2014 Annual General Meeting.

Also, the *Corporations Amendment (Improving Accountability for Director and Executive Remuneration) Act 2011* introduced new prohibitions on Key Management Personnel ("KMP") and their closely related parties from voting or voting undirected proxies on, amongst other things, remuneration matters. Accordingly, any undirected proxies held by Directors or by other Key Management Personnel or their closely related parties for the purposes of Resolution 1 will not be voted on Resolution 1. This prohibition does not apply to the Chairman of the meeting who may vote directed and undirected proxies in favour of the resolution, providing that the shareholder expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the relevant entity.

The Company encourages all Shareholders to cast their votes in relation to Resolution 1 and if Shareholders choose to appoint a proxy, Shareholders are encouraged to direct their proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the proxy form. The Chairman of the meeting will vote undirected proxies in favour of Resolution 1.

Resolution 2: Re-election of Mr Peter Armitage as a Director of the Company

The Constitution of the Company requires that at every annual general meeting, at least one Director shall retire from office and provides that such Directors are eligible for re-election at the meeting. Mr Armitage being eligible, offers himself for re-election.

Mr Armitage began his professional career over 40 years ago with an international accounting firm, specialising in start-ups and work-outs. After qualification he was soon invited into partnership of a national firm, and later on launched his own accounting practice in 1978, where he remains principal. Since the early 1980's he has held directorships in a number of listed exploration companies in both Australia and New Zealand, concentrating on the economic aspects of project modelling and capital raising. Recently he has been responsible for several IPOs

supervising due diligence, corporate governance and compliance matters, and has consulted for Fortune 500 companies in China, Hong Kong, Canada, the USA and UK.

Resolution 3: Election of Mr Anthony Rechner as a Director of the Company

Mr Anthony Rechner was appointed as a director on 15 February 2013 to fill a casual vacancy and is eligible for election.

Mr Rechner has over forty years' experience in Australia and overseas working in mineral and petroleum exploration and holds a Bachelor of Science degree in Geology and Physics from the University of Adelaide. His role as Chairman and/or Managing Director of Windsor Resources NL, Brunswick NL and Geographe Resources Ltd resulted in these companies evolving from small explorers to major gold producers at Mount Percy, Galtee More and Chalice respectively. Mr Rechner also played a key role in the discovery and ongoing development of two mineral sands mines in Western Australia for Falcon Minerals Ltd.

Previously a director of SER from 1991 to 2007, Mr Rechner was responsible for the acquisition of the Uley Graphite mine and the Spencer project.

Resolution 4, 5, 6 and 7: Grant of Options to Mr Mark Muzzin (or his nominee), Mr Anthony Rechner (or his nominee), Mr Peter Armitage (or his nominee) and Mr Glenister Lamont (or his nominee)

Background

Resolutions 4, 5, 6 and 7 of this Notice provide for 10,000,000 Options to be granted to each of Mr Mark Muzzin (or his nominee) and Mr Anthony Rechner (or his nominee) and 3,000,000 Options to be granted to each of Mr Peter Armitage (or his nominee) and Mr Glenister Lamont (or his nominee) on the terms described below.

Options are proposed to be granted to each of the Company's Directors to align their interests with the interests of Shareholders. The grant of the Options (and the subsequent issue of Shares if the options are exercised) to the Directors has been proposed as a performance incentive for the future and to give recognition to the value that will be derived from the Directors to the Company.

The exercise price of the Options is priced at a 50% premium to the 5 day Volume Weighted Average Price ("VWAP") of the Company at the time of grant.

The number of Options proposed to be granted to each of the Company's Directors has been determined by reference to their executive and non-executive roles in the Company as well as the current market practices in the junior mining exploration sector.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including Options) to a related party of the Company.

If Resolutions 4, 5, 6 and 7 are passed, Options will be granted to the Directors of the Company, who are related parties of the Company. Accordingly, approval for the grant of these Options is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options to the named Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, Shareholders should note that the grant of options and subsequent conversion into fully paid ordinary shares to the Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 4, 5, 6 and 7:

- (a) the related parties are Mr Mark Muzzin, Mr Anthony Rechner, Mr Peter Armitage and Mr Glenister Lamont and they are related parties by virtue of being Directors of the Company;

- (b) the maximum number of Options to be granted by the Company is 26,000,000 Options (with 10,000,000 Options to be granted to each of Mr Mark Muzzin and Mr Anthony Rechner, and 3,000,000 Options to be granted to each of Mr Peter Armitage and Mr Glenister Lamont);
- (c) the Options will be granted not later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the grant will occur on one date;
- (d) the Options will be granted for nil cash consideration, accordingly no funds will be raised from the grant of the Options. However, cash will be payable at the time when the Options are exercised with the proceeds being raised from these conversions being utilised to fund exploration and working capital requirements;
- (e) the Options will be granted on and subject to the terms described above.

Chapter 2E of the Corporations Act 2001

Chapter 2E of the *Corporations Act 2001* prohibits a public company from giving a financial benefit to a related party of a public company unless either:

- the giving of the financial benefit falls within one of the exceptions to the provisions; or
- prior Shareholder approval is obtained to the giving of the financial benefit.

A “related party” for the purposes of the *Corporations Act 2001* is defined widely and includes a director of the public company.

A “financial benefit” for the purposes of the *Corporations Act 2001* also has a very wide meaning. It includes the public company paying money or issuing securities to a related party.

Resolutions 4, 5, 6 and 7, if passed, will confer financial benefits to related parties as such the Company seeks to obtain shareholder approval in accordance with the requirements of Chapter 2E of the *Corporations Act 2001*. The following disclosures are made for the purposes of Chapter 2E (in particular Section 219) in addition to the disclosures made above.

(a) Related parties to whom Resolutions 4, 5, 6 and 7 would permit financial benefits to be given

Mr Mark Muzzin, Mr Anthony Rechner, Mr Peter Armitage and Mr Glenister Lamont each being Directors of the Company would receive a financial benefit if Resolutions 4, 5, 6 and 7 are passed.

(b) Nature of the Financial Benefits

The nature of the financial benefits which may be obtained is the right to receive the Options that are the subject of Resolutions 4 to 7 (described above).

A valuation of the Options that are the subject of Resolutions 4 to 7 was conducted in accordance with Australian Accounting Standards (AASB2) ‘Share Based Payments’. Based on that valuation, the 26 million Options to be granted pursuant to Resolutions 4 to 7 were attributed a total value of \$673,660. The valuation was undertaken using the Black Scholes pricing model subject to the following parameters:

	Option
Vesting Date	3 months from issue
Expected Life	3 years and 3 months
Risk-Free Rate¹	2.67%
Volatility²	100%
Value per Option	\$0.02591

¹ 5 year Bank Bill Swap Rate as at 28 August 2013

² the Company’s two year historic volatility up to 28 August 2013

Based on the valuation as at 28 August 2013, the estimated total value of the Options to be granted to each of Mr Mark Muzzin, Mr Anthony Rechner, Mr Peter Armitage and Mr Glenister Lamont is as follows:

Options issued to	No. of Options	Value per Option	Black Scholes Valuation
Mr Mark Muzzin	10,000,000	\$0.02591	\$259,100
Mr Anthony Rechner	10,000,000	\$0.02591	\$259,100
Mr Peter Armitage	3,000,000	\$0.02591	\$77,730
Mr Glenister Lamont	3,000,000	\$0.02591	\$77,730

The valuation of the Options is an assessment of the value inherent in the options. To the extent that time progresses and the share price changes over time, the value inherent in the Options will also change. Consequently, the value created in the Option holder will not necessarily equate to the valuation set out herein. It will be a reflection of the difference between the share price at the date chosen and the exercise price, and other factors such as the inability to obtain the relative fully paid ordinary shares or realise the value in the resulting shares due to any limitation of trading periods, will also impact on value.

Details of the Directors' current annual remuneration packages are set out in the below table.

Director	Remuneration	Remuneration paid for the current financial year
Mr Mark Muzzin	\$280,766	\$69,900
Mr Anthony Rechner	\$228,000	\$51,057
Mr Peter Armitage	\$49,050	\$12,263
Mr Glenister Lamont	\$73,744	\$18,436

(c) Director's Recommendations and Interests

The *Corporations Act 2001* requires in Section 219, inter alia, that, in relation to each Director of the Company the following must be disclosed:

- (a) if the Director wanted to make a recommendation to shareholders about the proposed resolution(s)—the recommendation and his or her reasons for it; or
- (b) if not—why not; or
- (c) if the Director was not available to consider the proposed resolution—why not.

The Directors decline to make a recommendation to Shareholders in relation to Resolutions 4 to 7 because they have a material personal interest in the outcome of those resolutions in that they will receive Options if those resolutions are passed. Consistent with ASIC guidance, the Directors consider it good practice not to make a recommendation on resolutions for other Director's remuneration as there may be a conflict of interest.

Each Director was present and voted at the Board meeting when the grant of the Options the subject of Resolutions 4 to 7 was approved. The Board's decision to grant the Options to Directors was made subject to Shareholder approval being sought under Chapter 10 of the ASX Listing Rules and Chapter 2E of the *Corporations Act 2001*.

Details of the Directors' current holdings of shares and options are set out in the table below.

Director	Ordinary Shares	Options
Mr Mark Muzzin	13,500,000 (direct)	Nil
Mr Anthony Rechner	26,525,880 (direct)	Nil
Mr Peter Armitage	200,560 (direct)	Nil
Mr Glenister Lamont	100,000 (indirect)	Nil

(d) All Information Reasonably Required

If all of the Options vest, then, should the options be exercised, the Company may be required to issue Shares which will have a dilutionary impact. Based on the following assumptions:

- no more Shares are issued by the Company (current number of fully paid ordinary shares on issue is 348,622,501);
- Resolutions 4 to 7 are passed; and
- all the vesting conditions attaching to the Options granted pursuant to Resolutions 4 to 7 are satisfied,

the Company's issued share capital will increase by 26 million Shares which equates to an increase of approximately 7.5% of the Company's issued capital as at 28 August 2013.

The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed.

Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by the Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 4 to 7.

Note: *If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the boxes for Resolutions 4, 5, 6 and 7. By marking the Chairman's box on the proxy form you acknowledge that the Chairman of the meeting will vote in favour of these items of business as your proxy. The Chairman will vote undirected proxies in favour of Resolutions 4, 5, 6 and 7 as noted in steps 1 and 3 of the proxy form. It is advised that shareholders refer to steps 1 and 3 of the proxy form when completing the form.*

(e) Option Terms

Annexure A of this notice of meeting sets out the terms and conditions of the proposed options to be issued in Resolutions 4 – 9.

Resolution 8: Grant of Options to Ms Melanie Leydin (or her nominee)

The grant of options to Ms Melanie Leydin (or her nominee) has been proposed to align her objectives with the interests of Shareholders and as a performance incentive for the future providing recognition to the value that will be derived from her contribution to the Company.

Resolution 8 of this Notice provides for the grant of Options to Ms Melanie Leydin (or her nominee).

The resolution, if passed, will approve the grant of a total of 1,000,000 Options on the following basis:

- the exercise price of the Options is priced at a 50% premium to the 5 day VWAP of the Company at the time of grant.
- the vesting date of the Options will be 3 months from the date of grant;
- the expiry date of the Options will be 25 December 2016;
- the Options will expire 30 days following the date of cessation of the service agreement; and
- if the service agreement is terminated where the contractor has acted fraudulently, dishonestly or wilfully breaching their duties to the Company, the Options will expire on the date of termination.

The full terms of the Options are set out in Annexure A of this Explanatory Statement.

Approval for the grant of the Options is sought in accordance with the ASX Listing Rules noted below.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue during any 12 month period, any equity securities or other securities with rights to conversion to equity (such as a performance right), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that twelve (12) month period.

By obtaining Shareholder approval for the grant of the Options the subject of the Resolution, the Company retains the ability to issue 15% of its capital to take advantage of any future capital raising opportunities.

ASX Listing Rule 7.3 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) the maximum number of Options to be granted by the Company is 1,000,000 Options;

- (b) the Options will be granted within 1 month of the date of the General Meeting (or such later date as is permitted by an ASX waiver or the ASX Listing Rules);
- (c) the Options will be granted for nil cash consideration, accordingly no funds will be raised from the grant of the Options. However cash will be payable at the time when the Options are exercised;
- (d) the Options and subsequent fully paid ordinary shares, if vesting conditions are met, will be granted and issued to Ms Melanie Leydin (or her nominee) with the proceeds being raised from the conversion of any options being utilised to fund exploration and working capital requirements;
- (e) the Options will be granted on and subject to the terms described above.

Resolution 9: Grant of Options to Mr Adrian Dellar (or his nominee)

The grant of options to Mr Adrian Dellar has been proposed to align his objectives with the interests of Shareholders and as a performance incentive for the future providing recognition to the value that will be derived from his contribution to the Company.

Resolution 9 of this Notice provides for the grant of Options to Mr Adrian Dellar (or his nominee).

The resolution, if passed, will approve the grant of a total of 1,000,000 Options on the following basis:

- the exercise price of the Options is priced at a 50% premium to the 5 day VWAP of the Company at the time of grant.
- the vesting date of the Options will be 3 months from the date of grant;
- the expiry date of the Options will be 25 December 2016;
- the Options will expire 30 days following the date of cessation of the service agreement; and
- if the service agreement is terminated where the contractor has acted fraudulently, dishonestly or wilfully breaching their duties to the Company, the Options will expire on the date of termination.

The full terms of the Options are set out in Annexure A of this Explanatory Statement.

Approval for the grant of the Options is sought in accordance with the ASX Listing Rules noted below.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue during any 12 month period, any equity securities or other securities with rights to conversion to equity (such as a performance right), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that twelve (12) month period.

By obtaining Shareholder approval for the grant of the Options the subject of the Resolution, the Company retains the ability to issue 15% of its capital to take advantage of any future capital raising opportunities.

ASX Listing Rule 7.3 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) the maximum number of Options to be granted by the Company is 1,000,000 Options;
- (b) the Options will be granted within 1 month of the date of the General Meeting (or such later date as is permitted by an ASX waiver or the ASX Listing Rules);
- (c) the Options will be granted for nil cash consideration, accordingly no funds will be raised from the grant of the Options. However cash will be payable at the time when the Options are exercised;
- (d) the Options and subsequent fully paid ordinary shares, if vesting conditions are met, will be granted and issued to Mr Adrian Dellar (or his nominee) with the proceeds being raised from the conversion of any options being utilised to fund exploration and working capital requirements;
- (e) the Options will be granted on and subject to the terms described above.

ANNEXURE A

Terms and Conditions of Option Issue

Exercise price: Each option entitles the holder to subscribe for 1 fully paid ordinary share in Strategic Energy Resources Limited at a subscription price calculated as 50% premium to the 5 day VWAP of the Company at the time of grant.

Vesting Date: The options issued to the holder will vest on the day three months from the date on which they are granted.

Manner of exercise: The options are exercisable at any time from vesting date until 5:00pm (AEST) on 25 December 2016 by completing an option exercise form and delivering it to the Company's Share Registry together with payment for the number of Shares in respect of which the options are exercised and the option holding statement for those options.

Transferability of options: Subject to the *Corporations Act 2001*, the ASX Listing Rules and the Company's Constitution, the options are freely transferable and the Company may apply to the ASX for the options to be admitted to quotation.

Ranking and quotation of shares: All Shares issued upon exercise of options will rank equally in all respects with the Company's then existing fully paid ordinary shares. Within 10 business days after the issue of Shares upon exercise of options, the Company will apply to the ASX for those Shares to be admitted to quotation.

Participation rights: Holders of options may only participate in a new issue of securities to holders of ordinary shares in the Company if an option has been exercised and a Share issued in respect of that option before the record date for determining entitlements to the new issue, and the participation shall only be in respect of such Share issued. The Company must give holders of options at least 6 business days' notice of the record date for determining entitlements to that new issue in accordance with the ASX Listing Rules.

No change to option terms: There will be no change to the exercise price of an option or the number of Shares over which an option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to holders of ordinary shares in the Company (other than a bonus issue in which case the exercise price of an option will be adjusted down accordingly).

Reorganisation of capital: In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, all of the options will be reorganised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“**ASIC**” means the Australian Securities and Investments Commission;

“**ASX**” means ASX Limited or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**AEDST**” means Australian Eastern Daylight Standard Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**CHESS**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Company**” means Strategic Energy Resources Limited ABN 14 051 212 429;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of Strategic Energy for the financial year ended 30 June 2013 and which is set out in the 2013 Annual Report.

PROXY AND VOTING INSTRUCTIONS

1. For the purposes of the Corporations Act, the Company has determined that all securities of the Company recorded on the Company's register as at 7.00 pm (AEDST) on the date 48 hours before the date of the Annual General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time.
2. The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and forms part of this Notice of Meeting.
3. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
4. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.
5. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
6. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.
7. If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
8. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice.
9. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person excluded from voting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or where it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.
10. Key Management Personnel and their closely related parties will not be able to vote your proxy on Resolution 1 unless you direct them how to vote. If you intend to appoint a member of the Key Management Personnel as your proxy, please ensure that you direct them how to vote on Resolution 1. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by either marking the box for Resolution 1 or by expressly authorising the chair to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the relevant entity.
11. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office or Link Market Services Limited in accordance with the instructions set out in the proxy form by no later than 10:00am (AEDST) on Tuesday, 22 October 2013.



By mail:
Strategic Energy Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 Overseas: +61 1300 554 474

SHAREHOLDER PROXY FORM

I/We being a member(s) of Strategic Energy Resources Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box) OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00am on Thursday, 24 October 2013, at the Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne and at any adjournment or postponement of the meeting.

Chairman of the Meeting authorised to exercise proxies on remuneration related resolutions (Resolutions 1, 4, 5 and 6): Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolutions 1, 4, 5 and 6 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though these resolutions are connected directly or indirectly with the remuneration of a member of key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report (advisory only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Grant of Options to Mr Peter Armitage (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Peter Armitage as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Grant of Options to Mr Glenister Lamont (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Anthony Rechner as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Grant of Options to Ms Melanie Leydin (or her nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Grant of Options to Mr Mark Muzzin (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Grant of Options to Mr Adrian Dellar (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Options to Mr Anthony Rechner (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 7 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 7 and your votes will not be counted in calculating the required majority if a poll is called on this Item.

The Chairman of the Meeting intends to vote undirected proxies in favour of Item 7.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Tuesday, 22 October 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Strategic Energy Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**