



ASX Announcement
10 October 2011

Uley Graphite Project Update

Strategic Energy Resources Ltd (**SER**, ASX: SER) is pleased to announce that contemporaneous with preparation of our legal documentation relating to the MEGA Graphite Inc. ("MEGA") deal, there have been visits to Uley by various experts arranged by MEGA. MEGA is overseeing a team of engineers, tradesmen and contractors working to undertake metallurgical test operations on the existing mill and develop a plan for a restart of the operations. MEGA is also in the initial stages of assembling the mine and mill operating teams and is working closely with the local community. MEGA is very confident that they will have the mill functioning before the end of 2011, with full production in the first quarter of 2012.

MEGA continues to receive encouraging test results from the metallurgical studies being conducted on the processed ore from our Uley Graphite Project. These results confirm that the Uley deposit can be cost-effectively recovered and marketed to a global base of natural graphite customers.

MEGA has informed SER that the testing at a pilot plant stage has shown favourable results regarding the purification process for obtaining high quality graphite for hi-tech application.

For further information:

Mark Muzzin
Managing Director