



Strategic Energy Resources Ltd
A.B.N. 14 051 212 429

FINANCIAL REPORT
FOR THE HALF-YEAR
ENDED 31 DECEMBER 2008

DIRECTORS
Kim W McGrath
Mark A Muzzin
Glenister Lamont

SECRETARY
Melanie J Leydin

REGISTERED OFFICE
Suite 304, 22 St Kilda Road,
St Kilda, Victoria 3182
Telephone: (03) 9692 7222
Facsimile: (03) 9529 8057
Email: info@strategicenergy.com.au
Web: www.strategicenergy.com.au

ACN
051 212 429

AUDITORS
Stantons International
Level 1
1 Havelock Street West Perth
Western Australia 6005

BANKERS
Macquarie Bank

STOCK EXCHANGE
The Company's shares are quoted on the official list
of the Australian Securities Exchange Ltd, ASX Code SER

SHARE REGISTRY
Advanced Share Registry
150 Stirling Highway
Nedlands WA 6009
Telephone (08) 9389 8033

SOLICITORS
Finlaysons
81 Flinders Street
Adelaide SA 5000

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Directors' Report

The directors hereby present the following report for the half-year ended 31 December 2008.

The names of the directors who held office during or since the end of the half-year are:

JAMES BENTON CRAIB (retired 28 November 2008)
JONATHAN ARNOLD SALOMON (retired 28 November 2008)
JOHN THOMAS ROY (resigned 1 December 2008)
LINDA RUSSELL BELL (resigned 4 December 2008)
KIM WARREN MCGRATH (appointed 4 December 2008)
MARK ANTHONY MUZZIN (appointed 4 December 2008)
MELANIE JAYE LEYDIN (appointed 4 December 2008, resigned 11 December 2008)
GLENISTER LAMONT (appointed 12 December 2008)

The consolidated entity, the Company (SER) and its subsidiaries are actively engaged in exploration.

REVIEW OF OPERATIONS

1. OIL AND GAS EXPLORATION

1.1 PEL-182 - SER 37.6% ONSHORE PETROLEUM EXPLORATION – COOPER BASIN, S.A

PEL 182 is an underexplored Cooper Basin exploration block on trend with oil and gas discoveries. It retains a good chance to deliver several commercial and low risk prospects, and has the potential to become a stable source of cash flow through oil and/or gas production in the future.

Since Audax Resources Limited has taken over operatorship of the PEL 182 permit in the Cooper Basin it has refocused the exploration activity and the corresponding work program. ADX has undertaken a review of existing technical and commercial work. A new interpretation of the seismic data and a review of the Vanessa gas discovery were presented to PIRSA (Department of Primary Industries and Resources of South Australia).

Subsequently a suspension was granted on 23 September, 2008. The suspension for the current licence year 2 was until 1 March 2009 during which time seismic data reprocessing and preparation for further 2D seismic acquisition was planned.

1.2 VIC-P65 - SER 100% OFFSHORE GIPPSLAND BASIN

Vic/P65 is located in the offshore Gippsland Basin, and covers an area of approximately 1,348 square kilometres.

Interpretation of a 150 line kilometre 2D seismic survey acquired under a multi-operator “group shoot” in June 2008 is continuing. The major target in the block is a large structure located in deep water. Farmin partners will be sought to help cover costs.

1.3 VIC/P47 – SER 25% GIPPSLAND BASIN OFFSHORE VICTORIA

Vic/P47 is located in the offshore Gippsland Basin, approximately 5 kilometres offshore, south of the Victorian town of Orbost. Water depths range from 20 to 80 metres and the permit covers an area of approximately 718 square kilometres.

During the fourth quarter of 2008, the Gilbert Farmin and Coordination Agreement was terminated. All rights and title in the entire Vic/P47 permit now reside with the Vic/P47 Joint Venture.

Vic/P47 has entered a renewal and relinquishment process and it is anticipated that this will result in a new five year permit term in which the permit would be reduced to 50% of the original permit area. The Joint Venture expects that all prospective blocks within the original permit area will be retained.

The permit contains the Judith Gas Discovery, which was drilled by Shell in 1989, but not production tested or appraised. During June 2008, consultants Gaffney, Cline & Associates (GCA) completed an independent resource certification of the Judith Gas Discovery and associated prospects in Vic/P47. GCA reported that a gross gas column of 290 metres can be interpreted from Judith-1 electric log data and GCA's petrophysical analysis indicated 135.5 metres of net gas pay in the Judith-1 well. GCA's certification provides independent confirmation that, subject to successful appraisal, the Judith Gas Discovery has the resource volume potential to underpin a commercial development.

The timing of any potential drilling at Judith is dependent on further appraisal studies and planning, the availability of drilling slots and on the progress of funding/farmout discussions by the Joint Venture.

1.4 VIC/P41 - SER 25% (Diluting to 17.5% Free Carried for the drilling of the first well) GIPPSLAND BASIN OFFSHORE VICTORIA

Vic/P41 is located in the offshore Gippsland Basin, approximately 40 kilometres south of the eastern Victorian coast.

Processing and interpretation of 295 kilometres of new 2D seismic data, acquired in the eastern part of Vic/P41 under a multi-operator "group shoot" in June 2008, and reprocessing of older data, continued during the quarter. This data will better define a number of leads in the eastern part of the block.

The operator is continuing with its efforts to attract farmin partners to earn an interest in the block by funding the drilling of prospects in the central and/or western parts of the block. These prospects are covered by 3D seismic and are ready to drill. Some of the prospects exhibit AVO responses. They lie either along the Rosedale fault and are analogous to the nearby Kipper and oil and gas field (first production 2011), or in the southern part of the block (Oscar prospects), and analogous with the producing Basker/Gummy/Manta oilfields (commenced production 2006).

Current work program commitments are mostly funded until the end of 2009 and the permit has a single well obligation by 10 September 2010.

The timing of any future drilling will be dependent on rig availability and on the progress of farmout negotiations.

2. ULEY GRAPHITE MINE – SER 100% PORT LINCOLN, SA

Mikkira Graphite Pty Ltd on 17 December 2008 purported to give notice to exercise the option to acquire 75% of the project including the graphite deposits from a subsidiary of the Company. A week later, on 24 December 2008 the Company's subsidiary served notices under the agreement to Mikkira with respect to its apparent default regarding pre-agreed expenditures in respect of testing and development in the Uley Graphite Project in South Australia. Mikkira failed within the 21 days specified to properly respond and/or rectify the expenditure requirements and as a result were given notice of termination of the agreement by the Company's subsidiary on 19 January 2009.

Although Mikkira have disputed the termination, the Company regards the Uley Graphite Project as being now 100% available for development by the Company and its subsidiaries in South Australia.

3. NICKEL EXPLORATION

3.1 FALCON BRIDGE - SER 50% EL38/1970, P38-3383-4, P38/3382 - grant pending WESTERN AUSTRALIA

It is anticipated that the nickel anomaly in the ultramafics will be tested when preliminary assessment and grant are completed. The Company has been offered the other 50% interest in the project area for nominal consideration. The Company is likely to proceed to acquire the 50% interest offered.

3.2 WHITFIELD EL5039 & CASTERTON EL5040 – SER 100% VICTORIA

These two tenements were applied for in 2007. EL5039 was awarded in December 2007 and EL5040 is awaiting award. The blocks were applied for based on some conceptual idea and geological ideas. The Company will seek a third party to take over the tenements. The Company has a party that is interested in taking over EL5040 at Casterton. However, the arrangement will unlikely proceed until some of the issues with the granting of the block are resolved. We anticipate that this will not be resolved until mid 2009.

4. URANIUM / COPPER / GOLD EXPLORATION

4.1 CULTANA - EL 3547 (SER 75%) MYALL CREEK (TREGALANA) - EL 3538 (SER 50%) SOUTH AUSTRALIA

Under an agreement with U Energy Pty Ltd (UEP), it was agreed that subject to preconditions UEP may purchase the Company's 75% beneficial interest in EL 3547 (Cultana) and 50% beneficial interest in EL 3538 (Tregalana). UEP has acquired a 100% interest in EL 4212 formerly EL 3098 (Whyalla) which lies between the above two EL's. EL 4212 will be offered back to the Company if the agreement is not completed for nil consideration. SER is entitled to a consideration of 4 million fully paid ordinary shares in UEP upon successful completion of the agreement.

The tenement holders each provided UEP with a six month extension to meet the conditions of obtaining access permission from the Department of Defence and receiving conditional approval from the Australian Stock Exchange for its ordinary shares to be listed for quotation on the ASX.

We are advised by U Energy Pty Ltd that discussions with the relevant Federal Government departments are well advanced for the signing of a deed of access to allow the exploratory drilling within the Cultana Army Training Ground in South Australia.

RESULTS OF OPERATIONS

The consolidated entity incurred an after tax operating loss for the half year ended 31 December 2008 of \$1,417,077 (half year ended 31 December 2007 loss of \$653,018).

EVENTS SUBSEQUENT TO REPORTING DATE

There have not been any matters that have arisen since the end of the half-year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in future financial years except for any potential dispute with Mikkira Graphite Pty Ltd in relation to the 75% ownership of the Uley Graphite Project in South Australia.

Mikkira had an option to acquire 75% of the project assets and tenements in exchange for payments to Strategic Energy Resources Limited, commitments for certain types of expenditures for development of the project at Port Lincoln in South Australia, and certain other obligations.

In December 2008, Mikkira gave notice to Strategic that it purported to exercise the option and move to

acquire 75% of the project, envisaging only the payment of \$290,000 to Strategic.

The new Board of Strategic has made formal enquiries of Mikkira regarding expenditures on the project at Port Lincoln in South Australia and has not received the responses necessary to show that Mikkira has met its obligations. Accordingly, Strategic has given Mikkira formal notice of termination of the agreement. Mikkira has indicated it disputes this action.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

Signed in accordance with a resolution of the directors



Mark Muzzin
Managing Director

Melbourne, Victoria
11 March 2009

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Condensed Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	CONSOLIDATED	
		2008 \$	2007 \$
Continuing operations			
Revenue	3	91,168	320,160
Other expenses	3	<u>(1,508,245)</u>	<u>(973,178)</u>
Profit/(loss) from continuing operations before income tax		(1,417,077)	(653,018)
Income tax expense	5	<u>-</u>	<u>-</u>
Profit/(loss) after tax from continuing operations attributable to members		<u><u>(1,417,077)</u></u>	<u><u>(653,018)</u></u>
Earnings per share (cents per share)			
- basic loss for the half-year	4	(0.49 cents)	(0.23 cents)

Diluted earnings per share does not represent an inferior view of the economic entity's performance and is not disclosed for this reason.

The above income statement should be read in conjunction with the accompanying condensed notes.

Condensed Balance Sheet

AS AT 31 DECEMBER 2008

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>As at 31 December 2008 \$</i>	<i>As at 30 June 2008 \$</i>
ASSETS			
Current Assets			
Cash and cash equivalents	10	2,287,215	3,813,961
Trade and other receivables		67,760	313,484
Total Current Assets		<u>2,354,975</u>	<u>4,127,445</u>
Non-current Assets			
Property, plant and equipment		84,629	76,034
Financial assets		56,409	163,888
Other receivables		25,649	25,649
Total Non Current Assets		<u>166,687</u>	<u>265,571</u>
TOTAL ASSETS		<u>2,521,662</u>	<u>4,393,016</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		316,180	755,957
Provisions		58,000	58,000
Total Current Liabilities		<u>374,180</u>	<u>813,957</u>
TOTAL LIABILITIES		<u>374,180</u>	<u>813,957</u>
NET ASSETS		<u>2,147,482</u>	<u>3,579,059</u>
EQUITY			
Contributed equity	6	26,268,925	26,268,925
Accumulated losses		(24,696,087)	(23,279,010)
Other reserves		574,644	589,144
TOTAL EQUITY		<u>2,147,482</u>	<u>3,579,059</u>

The above balance sheet should be read in conjunction with the accompanying condensed notes.

Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	CONSOLIDATED	
		2008	2007
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,826,940)	(2,304,042)
Management fees received		225,595	161,316
Interest received		94,779	158,844
Legal fees reimbursed		-	468,072
Net cash flows used in operating activities		(1,506,566)	(1,515,810)
Cash flows from investing activities			
Loans made		-	(1,202,989)
Proceeds from sale of fixed assets		8,000	37,000
Payments for plant and equipment		(28,180)	(6,596)
Net cash flows (used in)/from investing activities		(20,180)	(1,172,585)
Cash flows from financing activities			
		-	-
Net cash flows from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents held		(1,526,746)	(2,688,395)
Cash and cash equivalents at beginning of the half year	10	3,813,961	6,536,852
Cash and cash equivalents at end of the half year		2,287,215	3,848,457

The accompanying condensed notes form part of these financial statements.

Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

<i>31 December 2008</i>	Issued capital	Accumulated losses	Other reserves	Total equity
CONSOLIDATED	\$	\$	\$	\$
At 1 July 2008	26,268,925	(23,279,010)	589,144	3,579,059
Net gains on available for sale investments	-	-	(14,500)	(14,500)
Profit/(loss) for the period	-	(1,417,077)	-	(1,417,077)
At 31 December 2008	26,268,925	(24,696,087)	574,644	2,147,482

<i>31 December 2007</i>	Issued capital	Accumulated losses	Other reserves	Total equity
CONSOLIDATED	\$	\$	\$	\$
At 1 July 2007	26,268,925	(20,880,307)	286,000	5,674,618
Share based remuneration	-	-	67,887	67,887
Net gains on available for sale investments	-	-	10,000	10,000
Profit/(loss) for the period	-	(653,018)	-	(653,018)
At 31 December 2007	26,268,925	(21,533,325)	363,887	5,099,487

The accompanying condensed notes form part of these financial statements

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. CORPORATE INFORMATION

The financial report of Strategic Energy Resources Ltd (the Company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 11 March 2009. Strategic Energy Resources Ltd is a limited company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 7 and the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Strategic Energy Resources as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Strategic Energy Resources Ltd and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realization of assets and settlement liabilities in the ordinary course of business. The going concern of the company entity is dependent upon it maintaining sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the company entity. The directors are confident that sufficient funds can be secured if required to enable the company entity to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

(a) Basis of Accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis except for financial assets carried at fair value.

Since 1 July 2007, the Group has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2007. Adoption of these Standards and Interpretations did not have any effect on the financial performance or position of the Group.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007-04 Amendments to Australian Accounting Standards arising from ED 151 and other amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, 2, 4, 5, 107 and 108)

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Strategic Energy Resources Ltd and its subsidiaries ('the Group') as at 31 December 2008.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Strategic Energy Resources Limited has control.

(c) Summary of significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008.

	Consolidated	
	31 December 2008	31 December 2007
	\$	\$
3. REVENUE, INCOME AND EXPENSES		
Revenue, Income and Expenses from Continuing Operations		
REVENUE		
Management fees	-	161,316
Interest revenue	90,302	158,844
Profit on disposal of fixed assets	866	-
Total revenue	91,168	320,160
OTHER EXPENSES		
Depreciation	14,136	16,091
Exploration expenditure written off	675,155	1,132,335
Fair value change in investments	92,978	5,008
Writeback legal fees provision and recoveries	-	(827,152)
Loss on disposal of fixed assets	-	14,551
Share based remuneration	-	67,887
Administration and occupancy expenses	725,976	564,458
Total other expenses	1,508,245	973,178

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED	
	31 December 2008	31 December 2007
	Cents	Cents
4. EARNINGS PER SHARE		
Basic profit/(loss) per share	(0.49)	(0.23)

Weighted average number of ordinary shares used in the calculation of basic loss per share is 288,222,501 (2007: 288,222,501). Options to purchase ordinary shares not exercised at 31 December 2008 have not been included in the determination of basic profit/(loss) per share.

Diluted earnings per share does not represent an inferior view of the consolidated entity's performance and is not disclosed for this reason.

5. INCOME TAX

No income tax is payable due to tax losses available from this and prior years.

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2008	30 June 2008
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	26,268,925	26,268,925

	Number of Options	
	31 December 2008	30 June 2008
<i>Movements in Options on Issue</i>		
At 1 July 2008	111,182,843	94,182,843
Increase through issue of options	-	17,000,000
Options cancelled during the half year	(9,000,000)	-
Balance at 31 December 2008	102,182,843	111,182,843

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

7. SEGMENT INFORMATION

Strategic Energy Resources Ltd operates in mineral and energy exploration and investment in Australia.

8. SUBSEQUENT EVENTS

There has not arisen in the interval between 31 December 2008 and the date of this Report any matter, item, transaction or event of a material or unusual nature, that in the opinion of the directors of the Company, would significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years except for the potential dispute with Mikkira Graphite Pty Ltd in relation to the 75% ownership of the Uley Graphite Project in South Australia.

Mikkira had an option to acquire 75% of the project assets and tenements in exchange for payments to Strategic Energy Resources Limited, commitments for certain types of expenditures for development of the project at Port Lincoln in South Australia, and certain other obligations.

In December 2008, Mikkira gave notice to Strategic that it purported to exercise the option and move to acquire 75% of the project, envisaging only the payment of \$290,000 to Strategic.

The new Board of Strategic has made formal enquiries of Mikkira regarding expenditures on the project at Port Lincoln in South Australia and has not received the responses necessary to show that Mikkira has met its obligations. Accordingly, Strategic has given Mikkira formal notice of termination of the agreement. Mikkira has indicated it disputes this action.

9. CONTINGENT LIABILITIES

Mr Anthony Rechner, former Chairman and Managing Director of the company, has been convicted of misleading statements in 2003 in relation to the Myall Creek joint venture project in South Australia. Mr Rechner has repaid all legal costs which had been paid on his behalf by the company. As the action against Mr Rechner has been successful, the company may incur a potential liability for any shareholder loss directly attributed thereto, which is unquantifiable at this time.

Apart from the above, in the opinion of the directors, there are no contingent liabilities as at 31 December 2008 and none have arisen in the interval between 30 June 2008 and the date of this report.

10. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

	Consolidated	
	31 Dec	30 Jun
	2008	2008
	\$	\$
Cash at bank and in hand	87,215	756,654
Short-term deposits	2,200,000	3,057,307
TOTAL	2,287,215	3,813,961

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

11. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half-years ended 31 December 2008 and 2007:

Related party		Management fees charged to related parties \$	Consultancy fees \$
Joint ventures in which the parent is a venturer			
PEL-182 Joint Venture*	2008	-	-
	2007	258,519	-
Key management personnel of the Group: Other directors' interests			
Oil Basins Limited – consultancy fees	2008	-	80,000
Southern Star Oil & Gas Pty Ltd - consultancy fees	2008	-	201,440
Tangram Pty Ltd – consultancy fees	2007	-	42,500

Management fees were charged to the joint venture in accordance with the provisions of the Joint Venture Operating Agreement. Strategic's operatorship of the PEL-182 joint venture ceased on 30 April 2008 and therefore there are no management fees due to Strategic for the half year ended 31 December 2008.

Mr K McGrath is a director of Oil Basins Limited which provided technical consultancy services to the Company on normal terms and conditions.

Mr J Salomon is a director and shareholder of Southern Star Oil & Gas Pty Ltd which whilst Mr Salomon was a director of Strategic Energy Resources Ltd provided exploration and administrative consultancy services to the Company on normal terms and conditions. Amounts due to this company during the half year in respect of professional services rendered are included in remuneration of directors, and full settlement of the employment contract including any termination payment.

Mr A Rechner was a director and shareholder of Tangram Pty Ltd which whilst Mr Rechner was a director of Strategic Energy Resources Ltd provided exploration and administrative consultancy services to the Company on normal terms and conditions. Amounts due to this company during the half year in respect of professional services rendered are included in remuneration of directors.

Strategic Energy Resources Ltd provides working capital to its wholly-owned subsidiaries aggregating \$54,782 which has been provided against during this half-year. Transactions between the parent entity and the wholly-owned subsidiaries consist of interest free unsecured loans which have no fixed repayment terms.

*Included in management fees is Strategic Energy Resources Ltd's 37.6% share of the fee being \$nil (2007 : \$97,203)

Directors' Declaration

In accordance with a resolution of the directors of Strategic Energy Resources Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mark Muzzin
Managing Director

Melbourne, Victoria
11 March 2009

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF STRATEGIC ENERGY RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Strategic Energy Resources Limited, which comprises the consolidated condensed balance sheet as at 31 December 2008, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim And Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Strategic Energy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Strategic Energy Resources Limited on 13 March 2009.

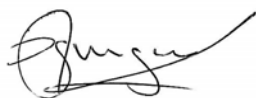
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Strategic Energy Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL (Authorised Audit Company)

Stantons International



K G Lingard
Director

West Perth, Western Australia
11 March 2009

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

11 March 2009

Board of Directors
Strategic Energy Resources Limited
Suite 304
22 St Kilda Road
ST KILDA VIC 3182

Dear Sirs

RE: STRATEGIC ENERGY RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Strategic Energy Resources Limited.

As Audit Director for the review of the financial statements of Strategic Energy Resources Limited for the six months ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



Keith Lingard
Director

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