

3 October 2018

Quarterly Report to 30 September 2018

- Mining Lease application over Jangardup South heavy mineral deposit
- Access granted to explore Myall Creek
- Majors apply for Exploration Licences south of Saxby
- Ionic forms joint venture with Clean Teq on graphene membranes

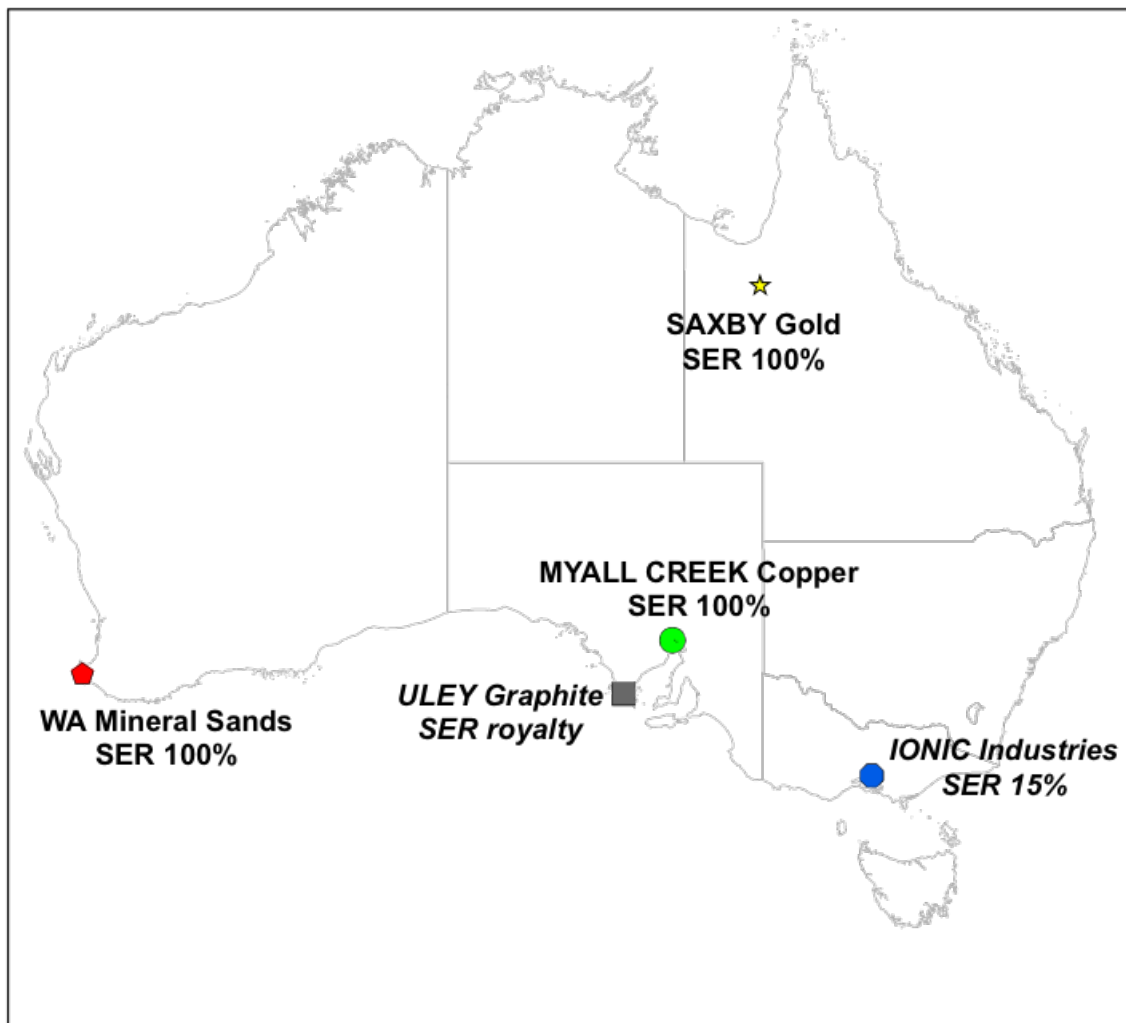


Figure 1: SER Project Locations

Strategic Energy Resources Ltd (ASX Code: SER) is a diversified mineral exploration and development company. SER is a major shareholder of Ionic Industries Limited and holds a 1.5% Gross Revenue Royalty on production from the Uley Graphite Mine.

MINERAL EXPLORATION AND DEVELOPMENT

HEAVY MINERAL SANDS

WESTERN AUSTRALIA (SER 100%)

In August 2018, Strategic Energy Resources Ltd (SER) lodged Mining Lease application M70/1385 over the Jangardup South heavy mineral sands deposit in Western Australia. The application was the result of over a year of research and preparation by SER.

M70/1385 is located in southwest Western Australia, 50km south of Nannup. The application is approximately 500 hectares (5km²) in area and includes the Jangardup South heavy mineral sands deposit. The application area lies 4km south of the historic Jangardup deposit which was mined from 1994-2003 by Cable Sands. The region is home to a well-established mineral sands mining industry with multiple operating mines, world-class expertise and existing infrastructure.

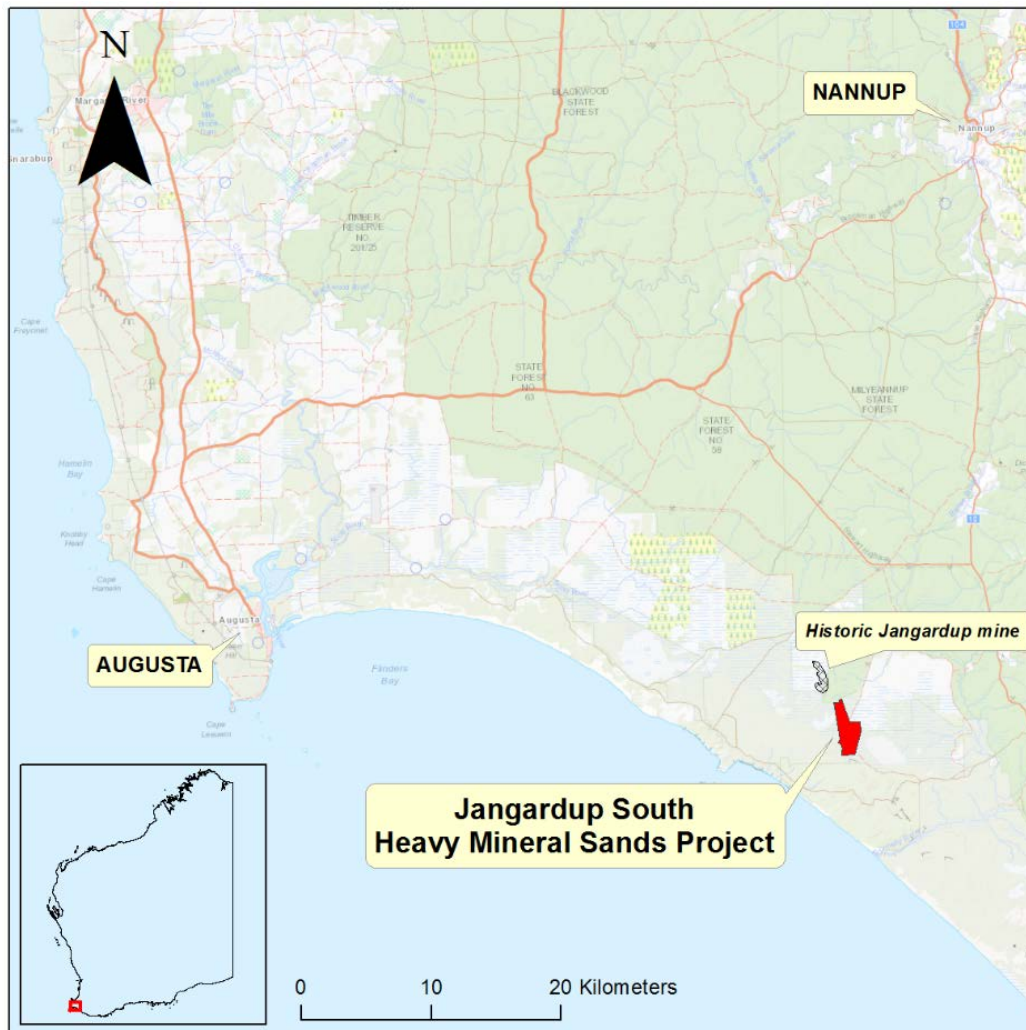


Figure 2: Location of Mining Lease application M70/1385

Geology and Previous Exploration

The Jangardup South heavy mineral sands deposit lies on the Scott Coastal Plain and is part of the paleo Donnelly Shoreline. Heavy mineral sands are hosted within the early-Pleistocene Yoganup Formation.

Jangardup South was discovered by Cable Sands in 1987. In 1997 and 1998, two major reverse circulation drilling programs were completed over the deposit totaling 1,855 holes for 32,164.4m. A significant body of mineralisation was delineated however the resource estimate predates the JORC 2004 and JORC 2012 Codes.

Cable Sands also undertook extensive bulk and mini-bulk sampling (including from four test pits); and completed geotechnical, geochemical, mineralogical and metallurgical studies with a view to mining and processing the deposit.

The Geological Survey of Western Australia has classified the Jangardup South deposit as a “Strategic Mineral Resource Protection Area” which “should be set aside for future mining”.¹

Environmental Management and Cultural Heritage Protection

SER has conducted detailed investigations and engaged leading environmental and technical experts to consider potential environmental impacts of operations at Jangardup South. The Mining Lease application is near the D’Entrecasteaux National Park. Initial work has indicated that environmental risks can be properly managed with industry-standard, tried and tested controls. The successful mining and rehabilitation of the nearby Jangardup deposit serves as a precedent and significantly reduces risk.

SER is committed to the protection and preservation of Aboriginal Heritage and has an existing Heritage Agreement with the South West Boorah Group facilitated by the South West Aboriginal Land and Sea Council.

Way Forward

Since lodging the application, SER has briefed government and community stakeholders regarding the advancement of Jangardup South and received positive feedback. The objection period for M70/1385 has now closed with no objections received.

Upon grant of the Mining Lease, SER plans to conduct additional work required to allow reporting of a JORC 2012 compliant Mineral Resource, including a sampling validation program employing push tube or sonic drill coring to twin historical RC drill holes.

¹ *Titanium-zircon minerals of the Swan Coastal Plain – geoscience information influencing the State planning process, GSWA 2006*

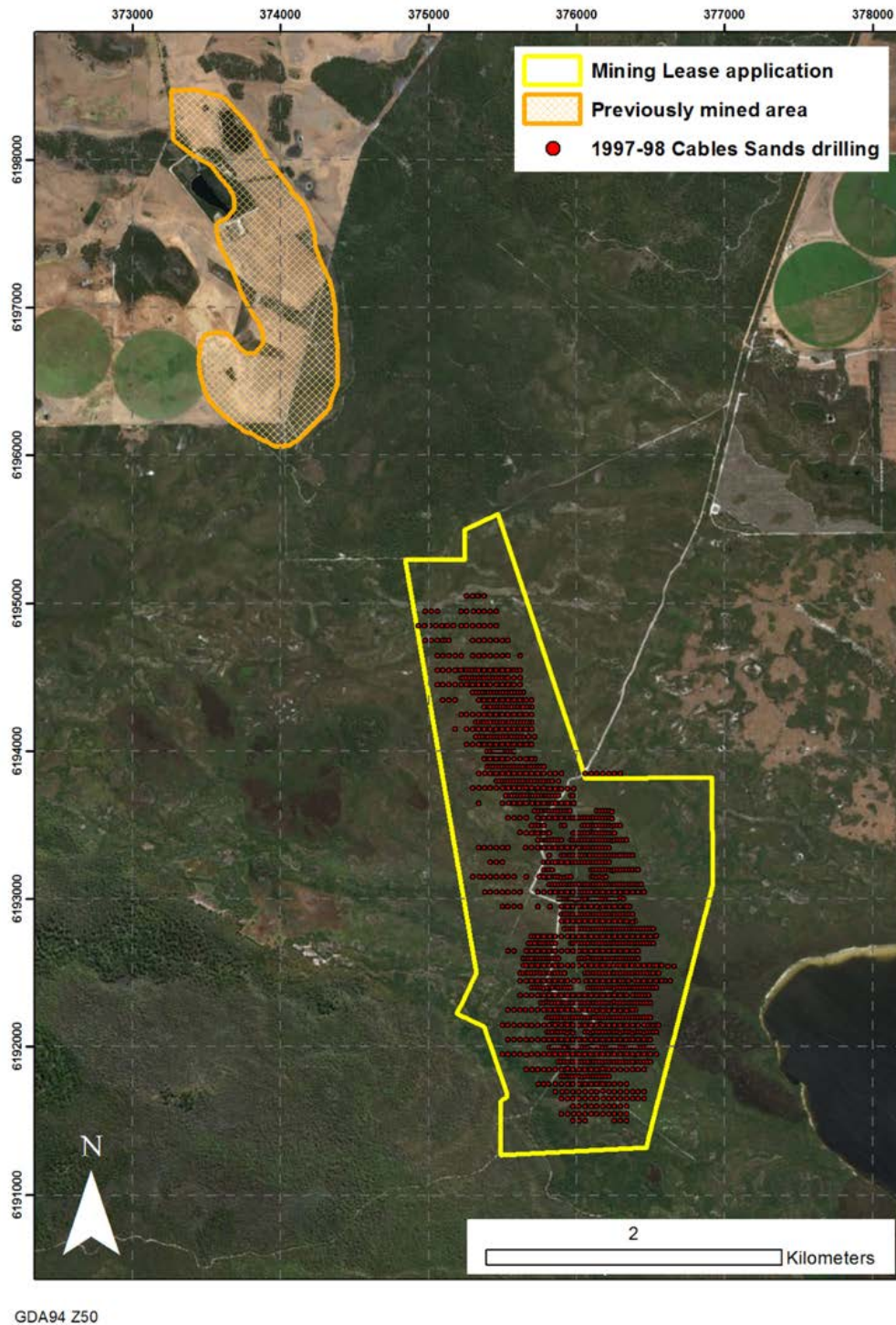


Figure 3: Jangardup South historic drill hole location plan with M70/1385 outline and previously mined area

Following a detailed review, SER surrendered West Australian Heavy Mineral Sands exploration licences, E70/4807 and E70/4874. SER's review considered technical factors such as grade, tonnage, mineral assemblage / quality, slimes content, strip ratio and non-technical issues including existing land-use. The surrender of these licences will allow greater focus on the highest potential projects.

MYALL CREEK COPPER-GOLD PROJECT SOUTH AUSTRALIA (SER 100%)

During the quarter, the Department of Defence granted access for SER to operate within the Cultana Training Area in order to explore our Myall Creek copper-gold project.

At Myall Creek, SER is targeting both Iron Oxide Copper Gold (IOCG) mineralisation in the Proterozoic basement and sediment-hosted mineralisation in the overlying sediments. Key IOCG host rocks are present within the project area and overlying sediments include a 15km zone with anomalous copper in historic drilling.

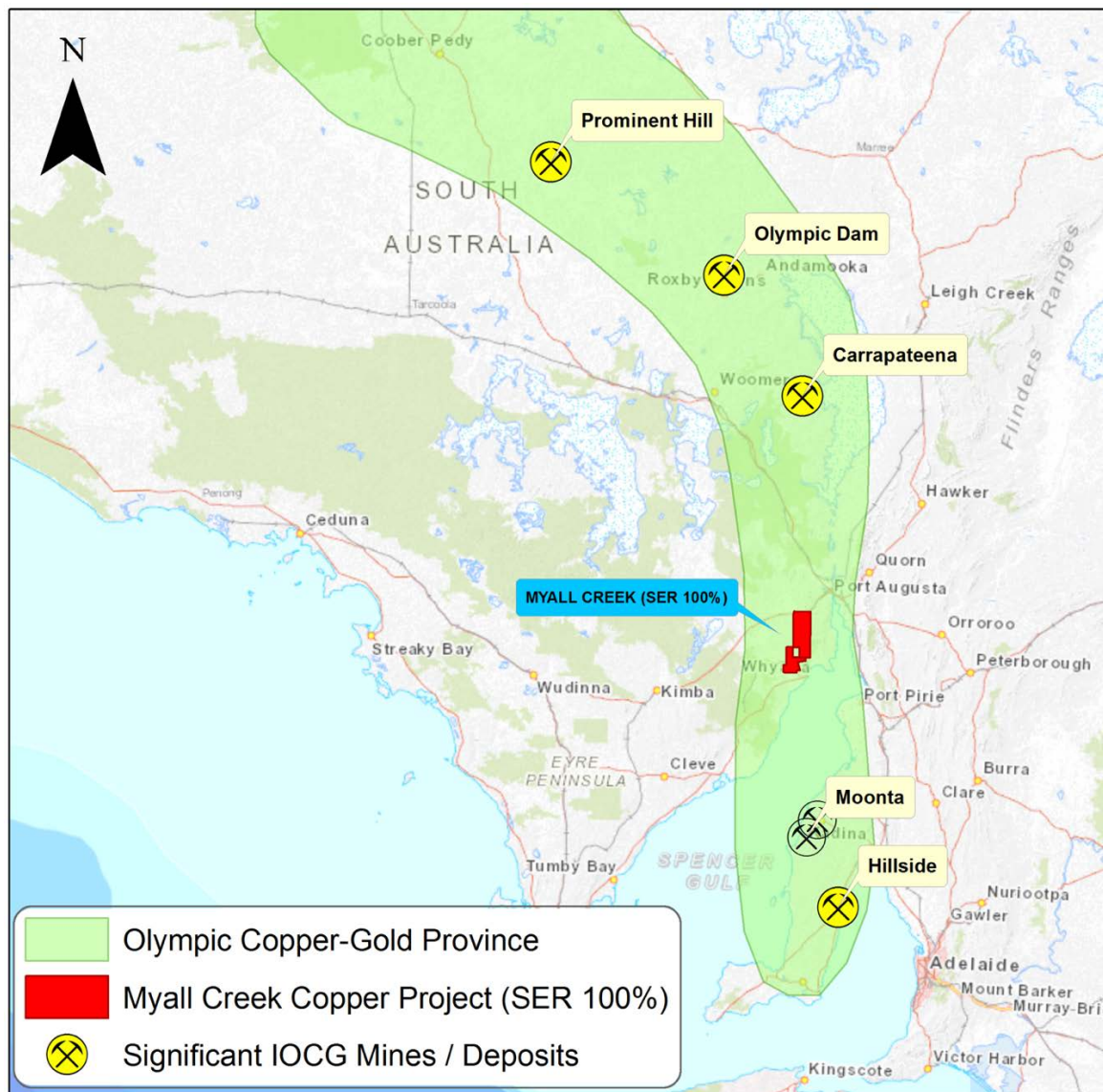


Figure 4: Location of Myall Creek within Olympic Cu-Au Province

SER's 100% held Myall Creek tenements (EL6140 and EL5898) lie within the expanded Cultana Training Area controlled by the Department of Defence. SER has built a solid relationship with Defence over many years and is one of the only groups to have been previously granted access to explore within the Cultana Training Area.

Now that access has been granted, SER is planning a detailed ground gravity survey to refine drill targets generated by previous holder St Barbara but never tested.

In 2018, Fortescue Metals Group (FMG) has taken a keen interest in the area, pegging all available ground around Myall Creek.

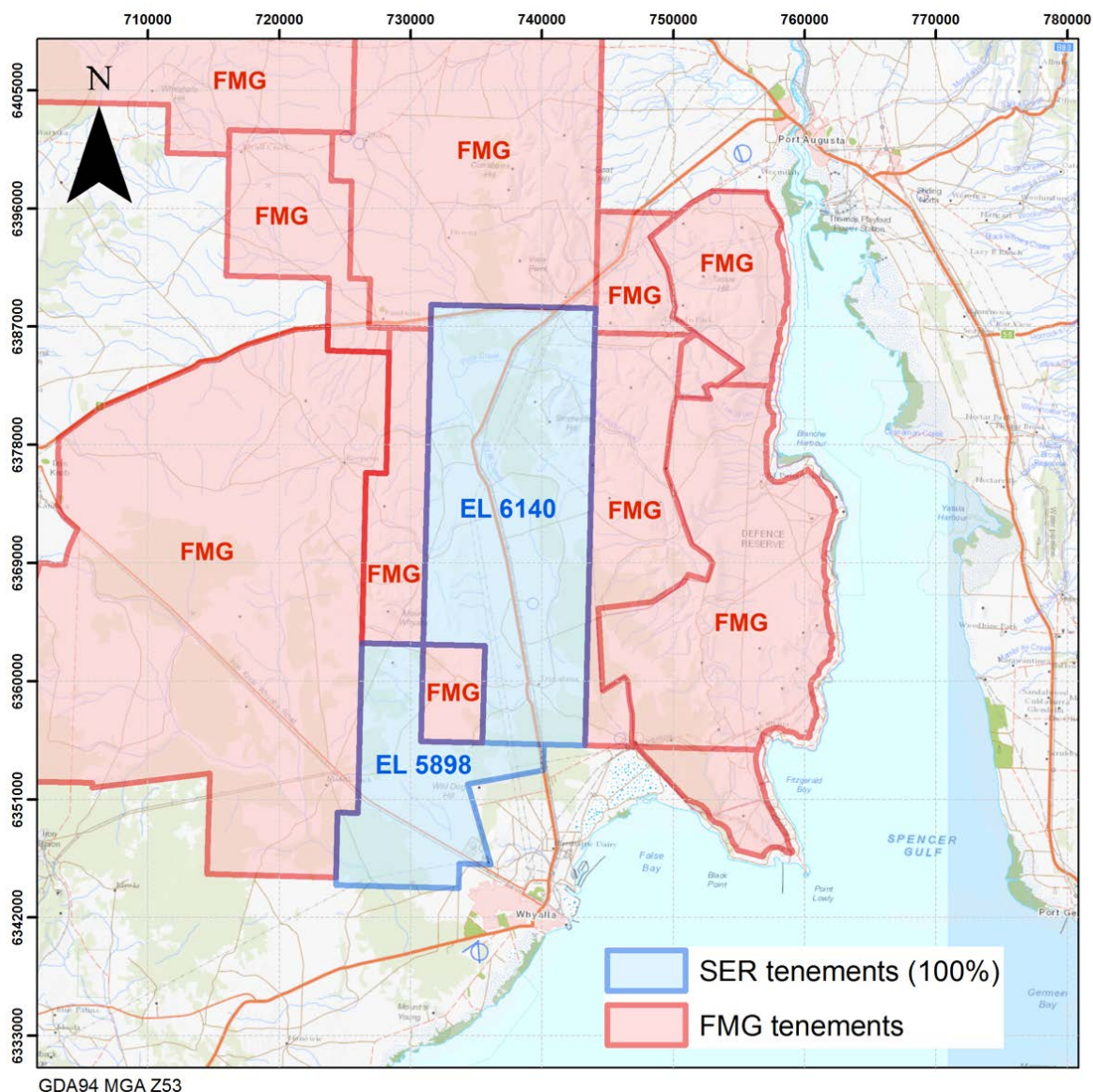


Figure 5: Myall Creek project surrounding tenements

SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

Several major mining companies have recently joined the hunt for high-grade gold near Saxby. Newcrest and Rio Tinto have made applications for mineral exploration permits just south of SER's 100% Saxby gold project. Mount Isa Mines already holds granted exploration permits in the area.

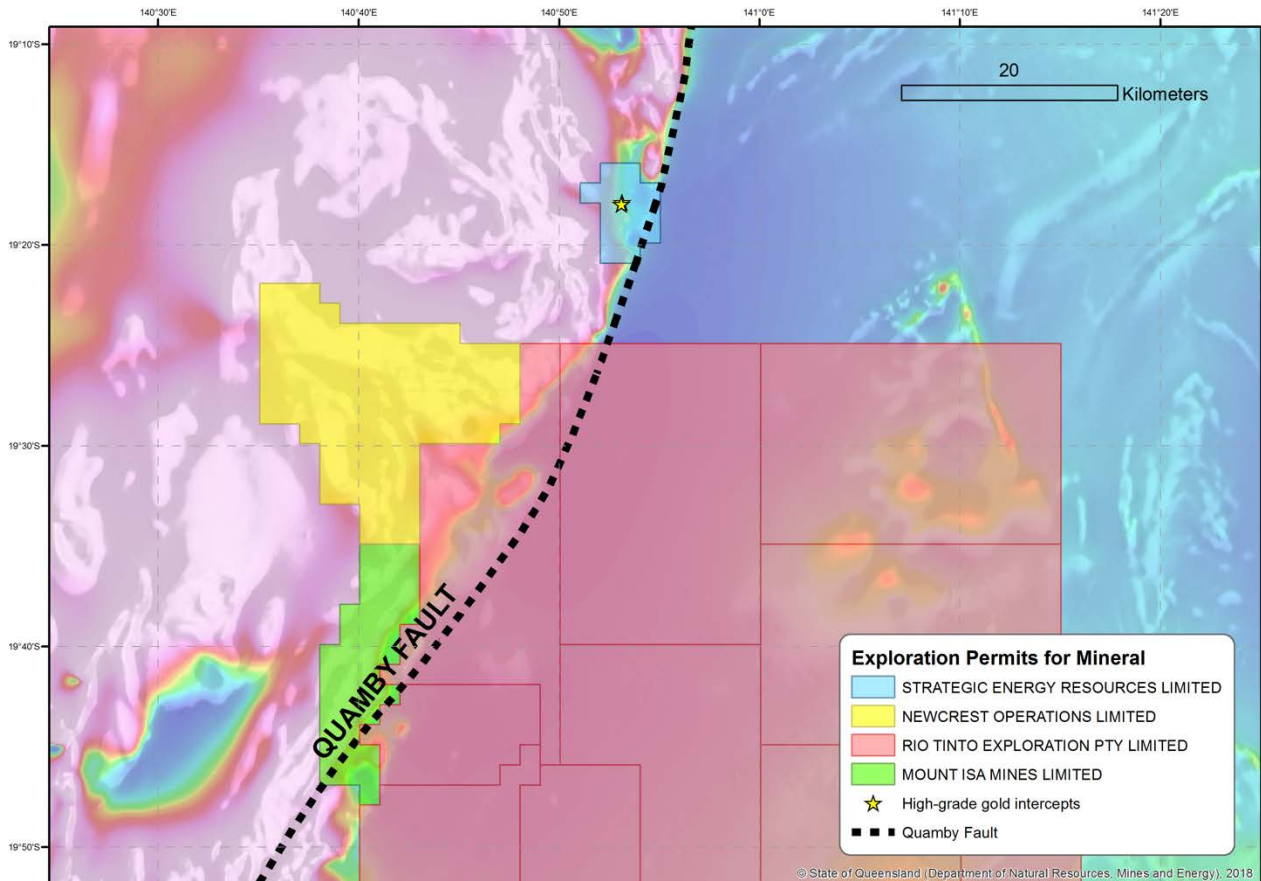


Figure 6: Northeast Mt Isa showing exploration permits over regional magnetics

The Saxby gold project is the most significant gold exploration prospect in this northeast Mt Isa Province region. Historic drilling includes high grade intersections of 17m @ 6.75g/t Au and 15m @ 9.09 g/t Au in two holes 190m apart. SER is targeting gold mineralisation hosted in basement rocks of the Eastern Succession of the Mt Isa Province buried beneath younger sedimentary cover of the Carpentaria Basin.

Newcrest recently highlighted the exploration potential of the Mount Isa North region at the August 2018 Diggers and Dealers Mining Forum. Newcrest are targeting deposits of greater than 500m depth in this area (see Figure 7 below).

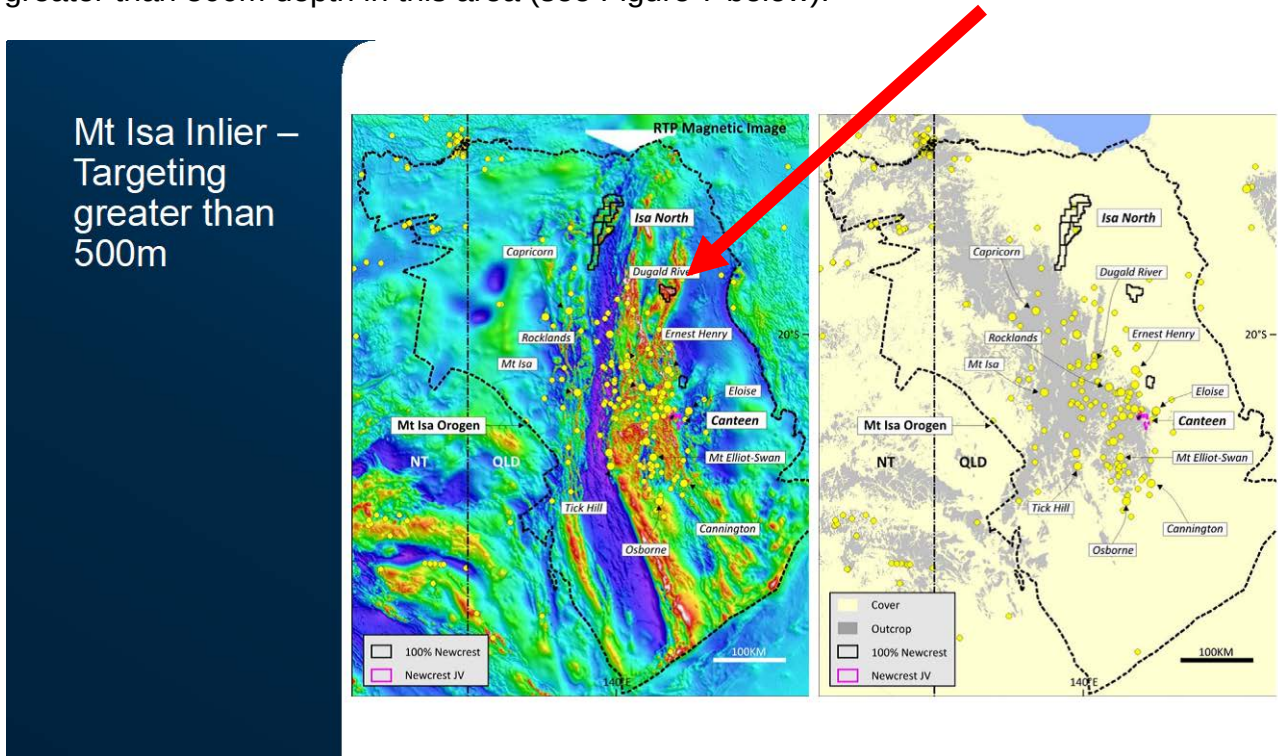


Figure 7: Slide from Newcrest August 2018 presentation at Diggers and Dealers with arrow showing Saxby location

SER has developed a drilling program for Saxby and is considering joint venture options to fund the program.

INVESTMENTS AND CORPORATE

IONIC INDUSTRIES UPDATE (SER 15%)

Ionic Industries Ltd (Ionic) has formed a Joint Venture (JV) with Clean TeQ Holdings Ltd (ASX:CLQ) (Clean TeQ) to commercialise graphene-based water treatment technologies.

The formation of the JV is a significant milestone demonstrating that Ionic's graphene technology is attracting the attention of major industry players.

The JV will focus on achieving commercial scale production of GO-Membranes, as well as water purification modules targeted at wholesale and retail customers.

The JV will be owned 75% by Clean TeQ and 25% by Ionic. Ionic will grant the JV a sub-licence for Graphene Oxide (GO) technologies in the field of water purification.

Peter Voigt, Clean TeQ founder and Chief Technology Officer, will lead the JV.

History of Ionic / Clean TeQ Partnership

Graphene and GO have huge potential for industrial water filtration applications, however difficulty in manufacturing processes and high production costs have to date limited commercialisation.

In early 2017, Ionic and Clean TeQ entered into a partnership which required Clean TeQ to fund a \$200,000 program to develop, manufacture and apply GO-Membranes to water filtration applications.

Following 18 months of testing, a process to manufacture high-purity GO that can be applied to membrane support to create a highly efficient graphene nanofiltration membrane was successfully developed. The GO-Membrane manufacturing process has now been demonstrated on commercial scale industrial equipment.

GO-Membranes have the potential to deliver significant benefits due to their high water flux, tunability and non-fouling properties.

Ionic's announcement regarding the JV can be found here:

<http://www.ionicindustries.com.au/clean-teq-ionic-to-form-water-jv/>

Clean TeQ's announcement regarding the JV can be found here:

<https://www.asx.com.au/asxpdf/20180924/pdf/43yl2512r7vrvb.pdf>

About Ionic

Ionic is Australia's first company focused on the commercialisation of graphene technologies. Ionic is the commercialisation partner of the Nano-scale Science and Engineering Laboratory (NSEL) at Monash University for a range of graphene-based technologies. Ionic was demerged from SER in 2015, with SER currently holding a ~15% interest in Ionic.

PLACEMENT

On 14 August 2018, SER made a placement of 60,000,000 new fully paid ordinary shares at an issue price of \$0.005 (0.5 cents) per share to raise \$300,000 as follows:

- 24,000,000 shares issued to professional and sophisticated investors in accordance with SER's current placement capacity under ASX Listing Rule 7.1;
- 20,000,000 shares issued pursuant to a Small Scale Offering in accordance with SER's current placement capacity under ASX Listing Rule 7.1; and
- 16,000,000 shares proposed to be issued to Directors of the Company subject to shareholder approval which will be sought at the Company's Annual General Meeting later this year.

The funds raised will be used to advance the Jangardup South mining lease application.

For further information, please contact +61 3 9692 7222 or visit website www.strategicenergy.com.au

The information in this document that relates to Exploration Results is based on information compiled by Mr Stuart Rechner BSc (Geology) MAIG, a Competent Person who is a Member of Australian Institute of Geoscientists. Mr Rechner is a Director of, and consultant to, Strategic Energy Resources Ltd. Mr Rechner has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Rechner consents to the inclusion in the document of the matters based on his information in the form and context in which it appears.

INTERESTS IN MINING TENEMENTS

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in or disposed/farm-out during the quarter
EL6140	South Australia	100%	-
EL5898	South Australia	100%	-
EPM15398	Queensland	100%	Renewal pending
E70/4793	Western Australia	100%	-
E70/4805	Western Australia	100%	-
E70/4807	Western Australia	0%	Surrendered 30 August 2018
E70/4874	Western Australia	0%	Surrendered 30 August 2018
E70/5012	Western Australia	100%	-
M70/1385	Western Australia	N/A	Application only

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

ABN

14 051 212 429

Quarter ended ("current quarter")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(87)	(87)
(b) development	-	-
(c) production	-	-
(d) staff costs	(35)	(35)
(e) administration and corporate costs	(179)	(179)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(297)	(297)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	5	5
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	5	5

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	220	220
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	220	220

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,665	1,665
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(297)	(297)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	5	5
4.4	Net cash from / (used in) financing activities (item 3.10 above)	220	220
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,593	1,593

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,593	1,665
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,593	1,665

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	114
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director's fees and consulting fees paid during the September 2018 quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

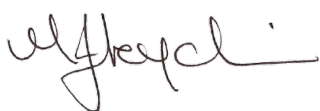
N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	-
9.3 Production	-
9.4 Staff costs	50
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	250

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E70/4807 E70/4874	WA Mineral sands tenements Surrendered	100% 100%	- -
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
 (Company secretary)

Date: 3 October 2018

Print name: Melanie Leydin

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.