

30 January 2019

Quarterly Report to 31 December 2018

- BHP Copper-Gold Discovery creates surge of interest in SER's Myall Creek
- SER lodges new IOCG Exploration Licence Applications on Gawler Craton
- SER joins World's Largest Mineral Exploration Collaboration
- Ionic signs Letter of Intent with Nanothings on Graphene Supercapacitors

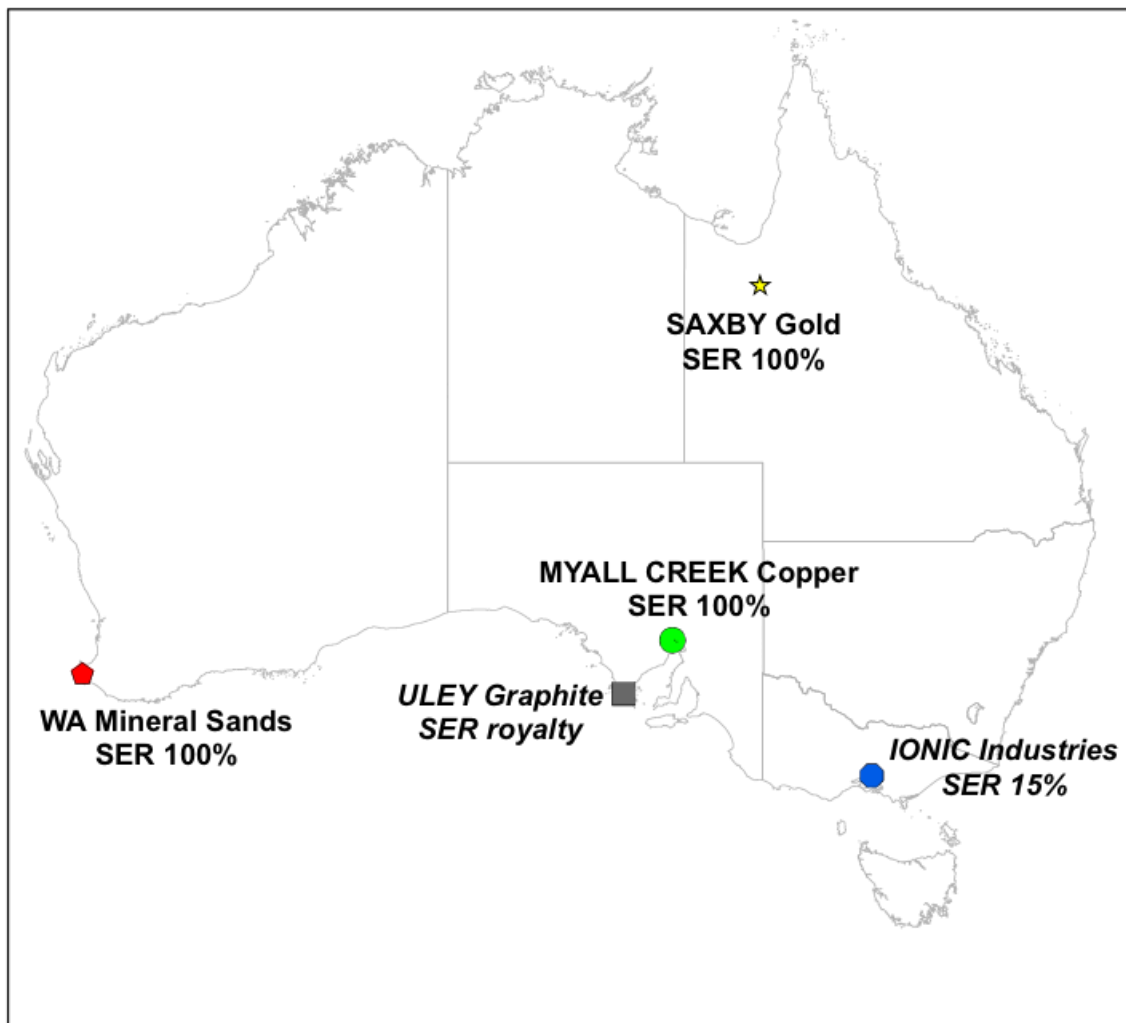


Figure 1: SER Project Locations

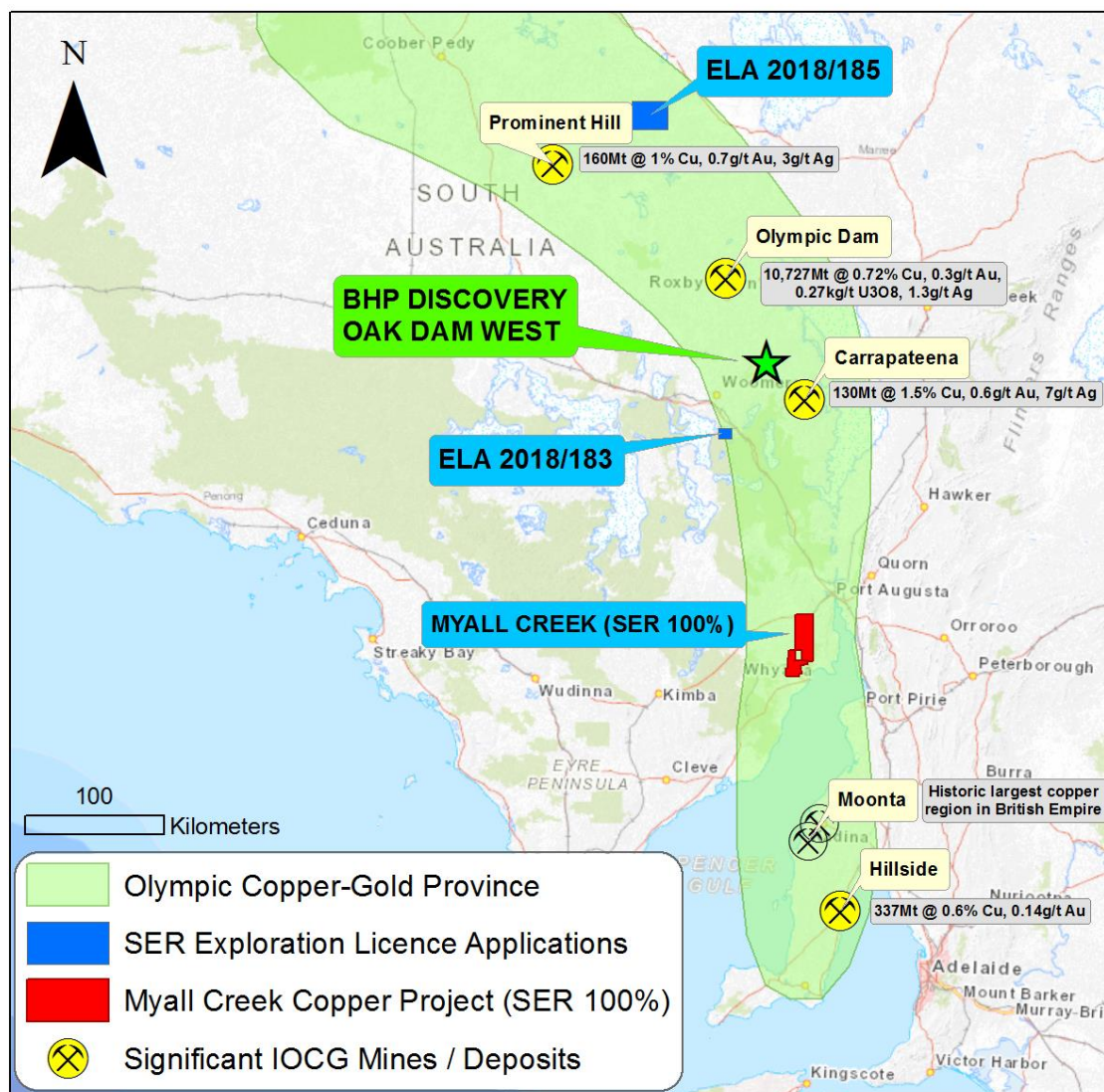
Strategic Energy Resources Ltd (ASX Code: SER) is a diversified mineral exploration and development company. SER is a major shareholder of Ionic Industries Limited and holds a 1.5% Gross Revenue Royalty on production from the Uley Graphite Mine.

MINERAL EXPLORATION AND DEVELOPMENT

MYALL CREEK COPPER-GOLD PROJECT

SOUTH AUSTRALIA (SER 100%)

On 27 November 2018, BHP Group Ltd (ASX:BHP) announced the discovery of a potential new Iron Oxide Copper-Gold (IOCG) mineralised system on the eastern margin of the Gawler Craton in South Australia. The discovery at Oak Dam West, which received widespread media coverage, included stunning copper intersections and generated considerable excitement regarding the potential for further discoveries on the eastern Gawler. BHP's discovery is within the same Olympic Copper-Gold Province as SER's 100% Myall Creek Copper-Gold project.



Sources: BHP Annual Report 2018; OZL Annual Report 2017; RXM Web Site

Figure 2: Location of Myall Creek and SER's new Exploration Licence Applications

The BHP discovery resulted in a surge of interest in SER's Myall Creek project including a large number of public and corporate enquiries and a query from the ASX due to the significant increase in SER's share price and volume.

At Myall Creek, SER is targeting both 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.

The Myall Creek tenements (EL6140 and EL5898) lie within the Cultana Training Area controlled by the Department of Defence. SER has built a solid relationship with Defence over many years and has been granted access to explore within the training area.

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

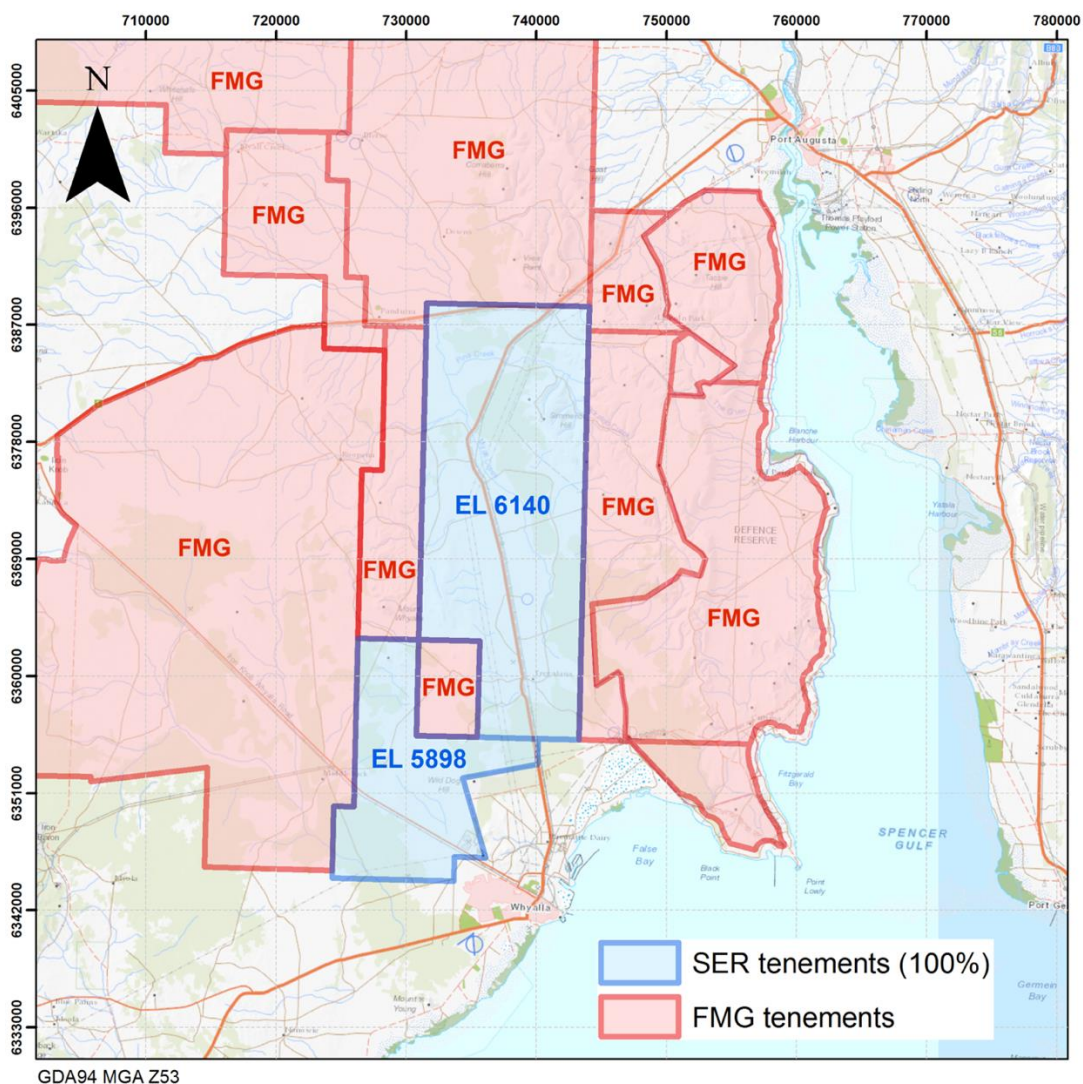


Figure 3: SER's Myall Creek project and surrounding tenements

NEW COPPER-GOLD EXPLORATION LICENCE APPLICATIONS SOUTH AUSTRALIA (APPLICATIONS ONLY)

During the quarter, SER pegged Exploration Licence Applications ELA 2018/185 and ELA 2018/183 in the Olympic Dam Copper-Gold Province (see Figure 2). These applications are in competition with other parties.

ELA 2018/185 Billa Kalina

ELA 2018/185 Billa Kalina is a 525km² Exploration Licence Application that covers coincident and offset gravity and magnetic anomalies. ELA 2018/185 lies approximately 60km northeast of the Prominent Hill copper-gold mine.

There are only two drill holes within ELA 2018/185, both drilled by Dampier Mining / Newmont in 1977-78: SR11 (maximum depth 103.9m) and SR12 (399m). The historic drilling targeted coincident gravity / magnetic anomalies but failed to reach basement and test the targets. Rio Tinto Exploration subsequently held the ground but did not drill test the targets. The source of the geophysical anomalies remains unknown.

SER is familiar with the area incorporated by ELA 2018/185, with staff having conducted a ground gravity survey at the location in 2014.

In December 2018, SER was granted exclusive first right to apply for ELA 2018/185.

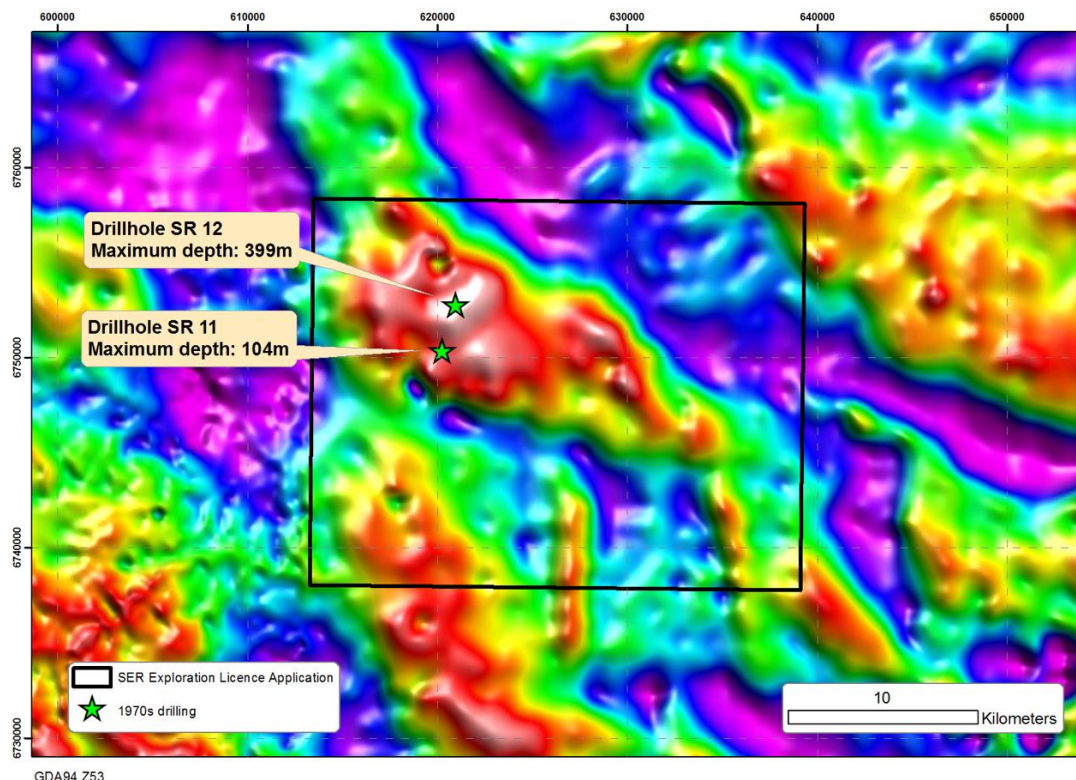


Figure 4: ELA 2018/185 Residual Bouguer Gravity Image

ELA 2018/183 Island Lagoon

ELA 2018/183 Island Lagoon is a 70km² Exploration Licence Application that covers a residual gravity anomaly. ELA 2018/183 lies approximately 50km southwest of BHP's new discovery at Oak Dam West.

There is only one drill hole within ELA 2018/183, "Vanguard 1" drilled in 1982 by CSR Ltd. Vanguard 1 was designed to test the residual gravity anomaly and intersected Mesoproterozoic basement at 1067m, terminating 29m later in Gawler Range Volcanics at 1067m. The cause of the geophysical anomaly was not found.

ELA 2018/183 is in competition with two other parties who lodged applications on the same day. One competing application covers the exact area SER pegged; another covers a much larger area. It is important to note that SER may not be awarded the right to apply for ELA 2018/183. SER will advise shareholders of the outcome of the South Australian Department for Energy and Mining selection process.

SER JOINS MINERAL EXPLORATION COOPERATIVE RESEARCH CENTRE

SER has joined the Mineral Exploration Cooperative Research Centre (MinEx CRC), the world's largest mineral exploration collaboration.

The \$218 million collaboration is underpinned by \$50 million in Federal Government funding. Participants include 34 partners from major mining companies (BHP, South32, Anglo American and Barrick); the Mining Equipment, Technology and Services (METS) sector; research organisations; together with Geoscience Australia and all the Geological Surveys in Australia. Only three exploration companies have currently been admitted to participate in this collaboration.

The primary focus of the MinEx CRC is the development of new exploration tools and ways to deploy them to reduce the cost of drilling and increase the quantity and quality of data collected from the subsurface.

The CRC will also conduct the National Drilling Initiative (NDI) - a collaboration with Geological Surveys and researchers that will undertake drilling in under-explored areas of potential mineral wealth in Australia.

MinEx CRC was officially launched by the Hon Dan van Holst Pellekaan MP, Minister for Energy and Mining on Monday 15 October 2018 in Adelaide, South Australia. View the official PR here:

<https://minexcrc.com.au/press-release-worlds-largest-mineral-exploration-collaboration-launches/>

INVESTMENTS AND CORPORATE

IONIC INDUSTRIES UPDATE (SER 15%)

In November 2018, Ionic Industries Ltd (Ionic) signed a Letter of Intent (LoI) with US-based technology company Nanothings Inc. for development of graphene supercapacitors for Internet of Things (IoT) applications.

Nanothings has a team of electrical, mechanical, and software engineers dedicated to pushing the boundaries of IoT innovation, including breakthrough advances in commercially viable nano electronics and ultra long range radio frequency technology.

The Ionic / Nanothings LoI is a significant step towards commercialising Ionic's Origami Supercapacitor technology and demonstrates a potential first customer.

Further information about Nanothings is available here:

<https://www.nanothingsinc.com/>

During the Quarter, SER Director Dr David DeTata joined the Ionic board in preparation for a significant year ahead for Ionic in 2019. Dr DeTata is a research scientist with over 15 years' experience managing research and development programmes and projects within industry and in collaboration with various universities. He holds a PhD in chemistry specialising in energetic materials analysis and an MBA.

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.

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 granted 16 October 2018
E70/4793	Western Australia	100%	-
E70/4805	Western Australia	100%	-
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")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(82)	(169)
(b) development	-	-
(c) production	-	-
(d) staff costs	(54)	(89)
(e) administration and corporate costs	(60)	(239)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	8
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	(192)	(489)

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 (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	80	300
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	80	300

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,593	1,665
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(192)	(489)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	5
4.4	Net cash from / (used in) financing activities (item 3.10 above)	80	300
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,481	1,481

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	481	1,593
5.2 Call deposits	1,000	-
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)	1,481	1,593

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	116
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 December 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	120
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	220

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	-	-	-	-
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: 30 January 2019

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.