

30 April 2019

## Quarterly Report to 31 March 2019

- SER wins, accepts and is granted key Gawler Craton IOCG tenement EL6335
- Preparations to drill Saxby Gold Project well advanced
- Ambergate studies commence as Heavy Mineral Sands prices continue to rise

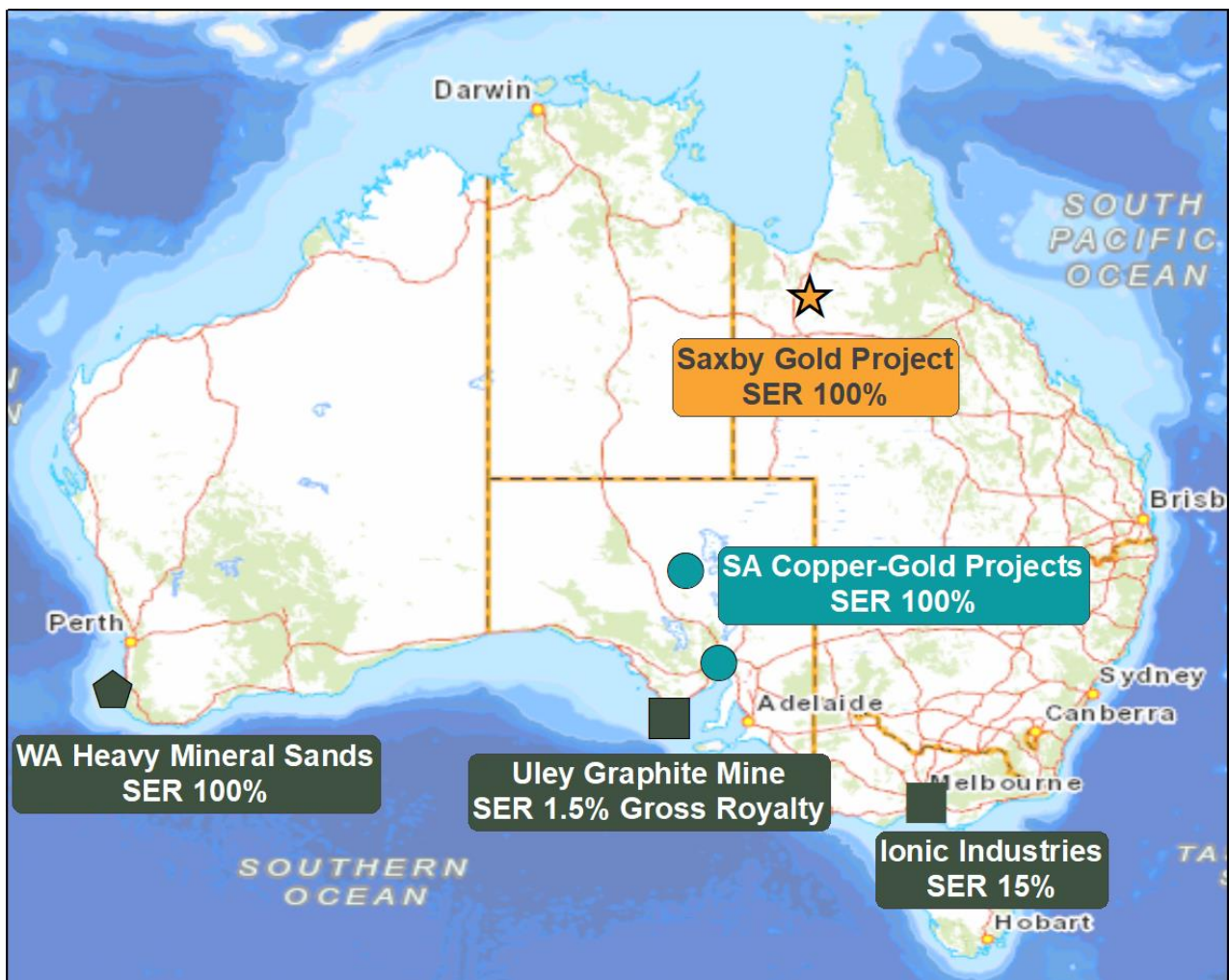


Figure 1: SER Project Locations

*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

### BILLA KALINA COPPER-GOLD PROJECT SOUTH AUSTRALIA (SER 100%)

Shortly after the quarter, SER was granted Exploration Licence EL6335 “Billa Kalina” in the Olympic Copper-Gold Province. SER won EL6335 in a competitive process following BHP’s announcement of a significant Iron Oxide Copper-Gold (IOCG) discovery at Oak Dam West.

EL6335 covers coincident and offset gravity and magnetic anomalies approximately 60km northeast of the Prominent Hill copper-gold mine.

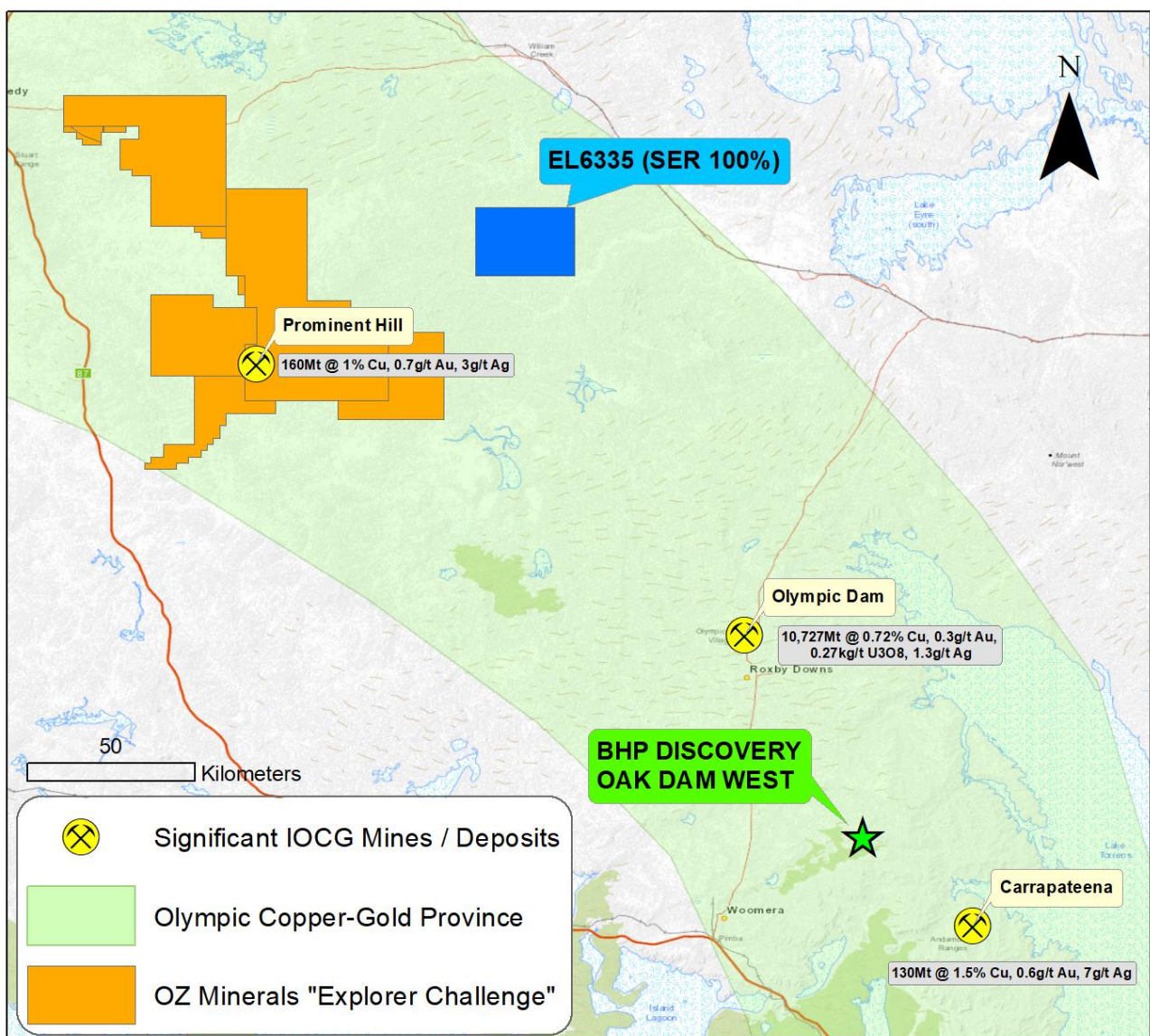


Figure 2: Location of EL6335 within the Olympic Cu-Au Province

The gravity and magnetic anomalies at EL6335 are not new (see Figure 3). In fact, the anomalies were drill tested with two holes in 1977-78 by Newmont. The historic holes, SR11 (maximum depth 103.9m) and SR12 (399m), targeted the anomalies but failed to reach basement and explain the anomalous responses. Rio Tinto Exploration subsequently held the ground but did not drill due to land access issues. The source of the geophysical anomalies remains unknown and there has been no further drilling within EL6335.

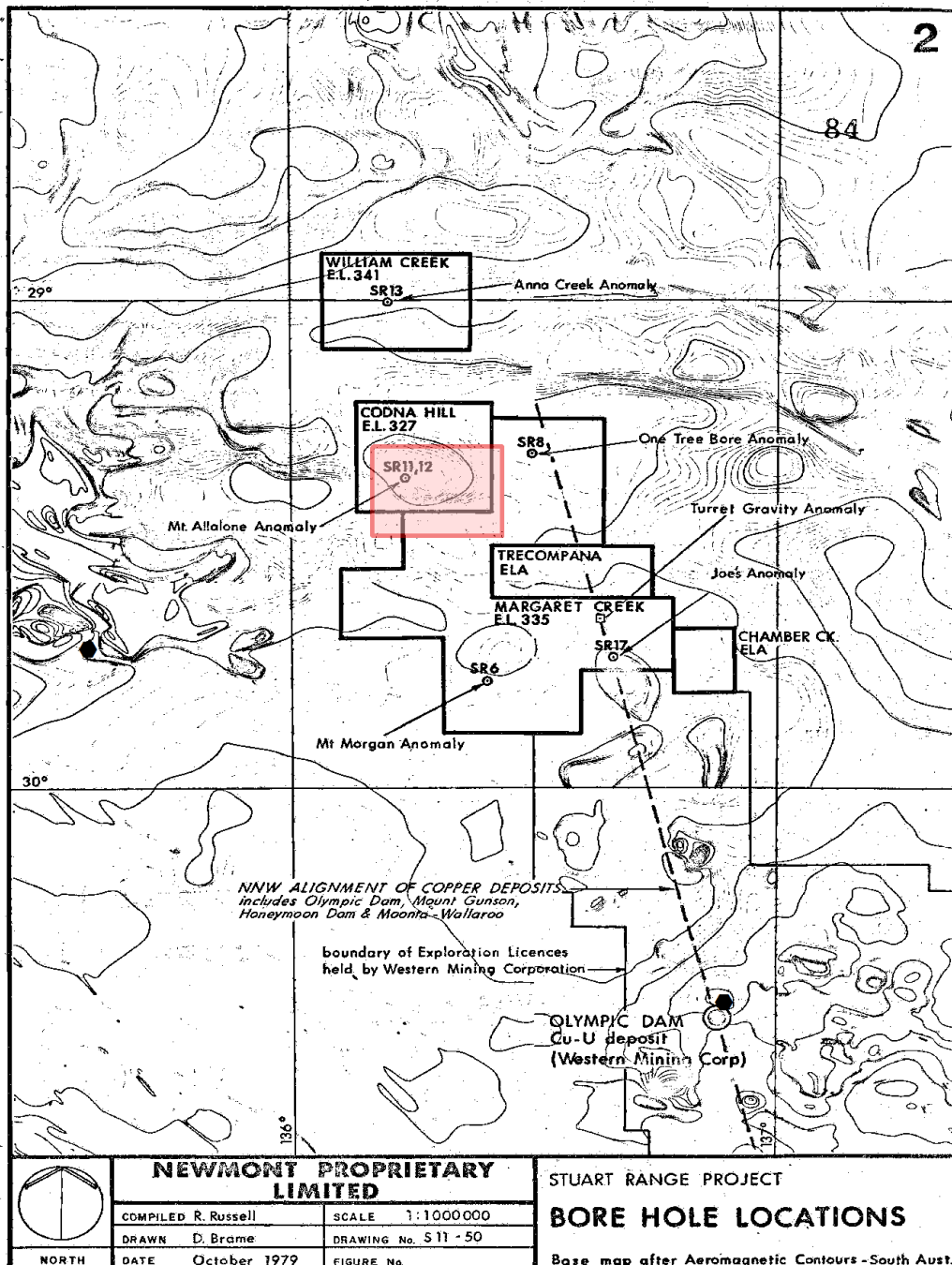


Figure 3: 1979 Newmont map of Mt Allalone Anomaly and drill holes SR11 / SR12 which failed to explain the anomaly (SER EL6335 shown in red)

The key geophysical anomalies in this region of the north-eastern Gawler Craton are mostly held by major companies such as BHP, OZ Minerals and FMG (see Figure 4).

EL6335 also lies to the east of OZ Mineral’s innovative “Explorer Challenge” competition where OZ Minerals has released all previous exploration data and offered AUD\$1m in prize money to anyone who can help discover a copper-gold deposit in this area.

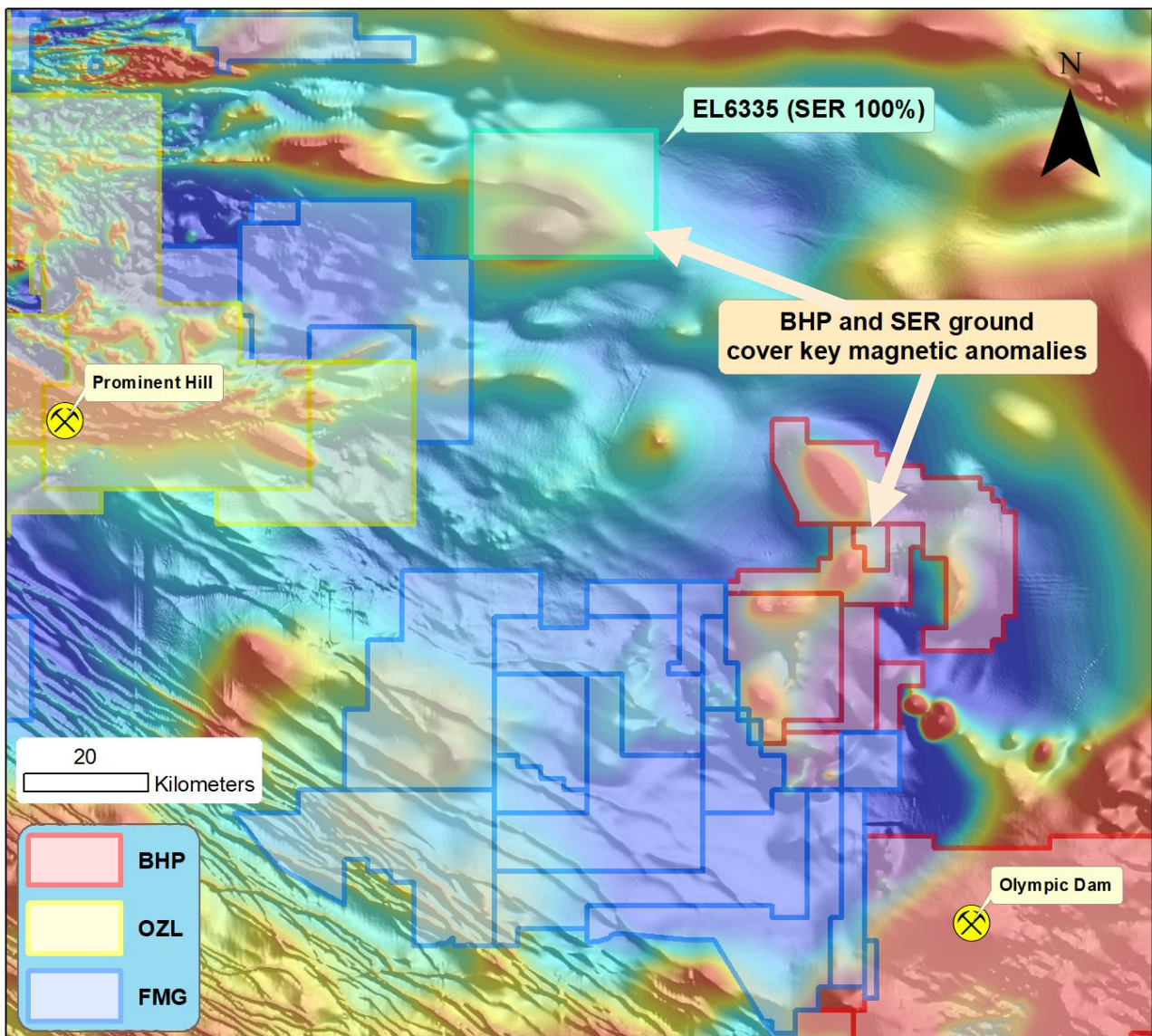


Figure 4: RTP Magnetics image of north-eastern Gawler Craton showing major land holdings and key anomalies

SER plans to conduct an infill gravity survey to further define the primary drill target followed by a single deep drill hole. SER is familiar with the area incorporated by EL6335, with staff having conducted a ground gravity survey at the location in 2014. SER is confident of gaining land access to explore EL6335.

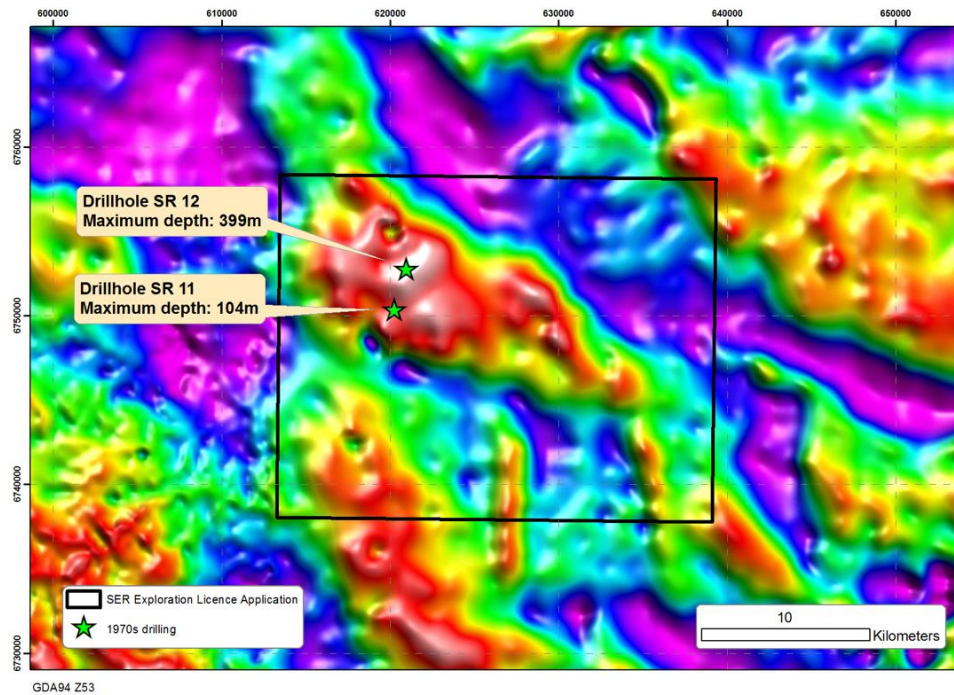


Figure 5: EL6335 Detailed Residual Bouguer Gravity Image

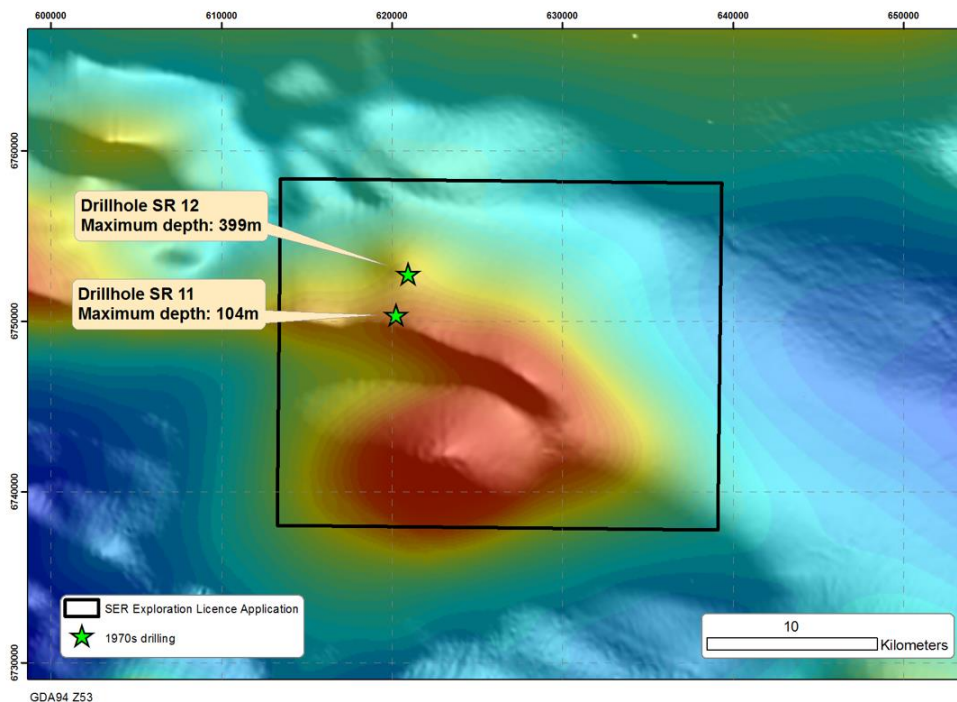


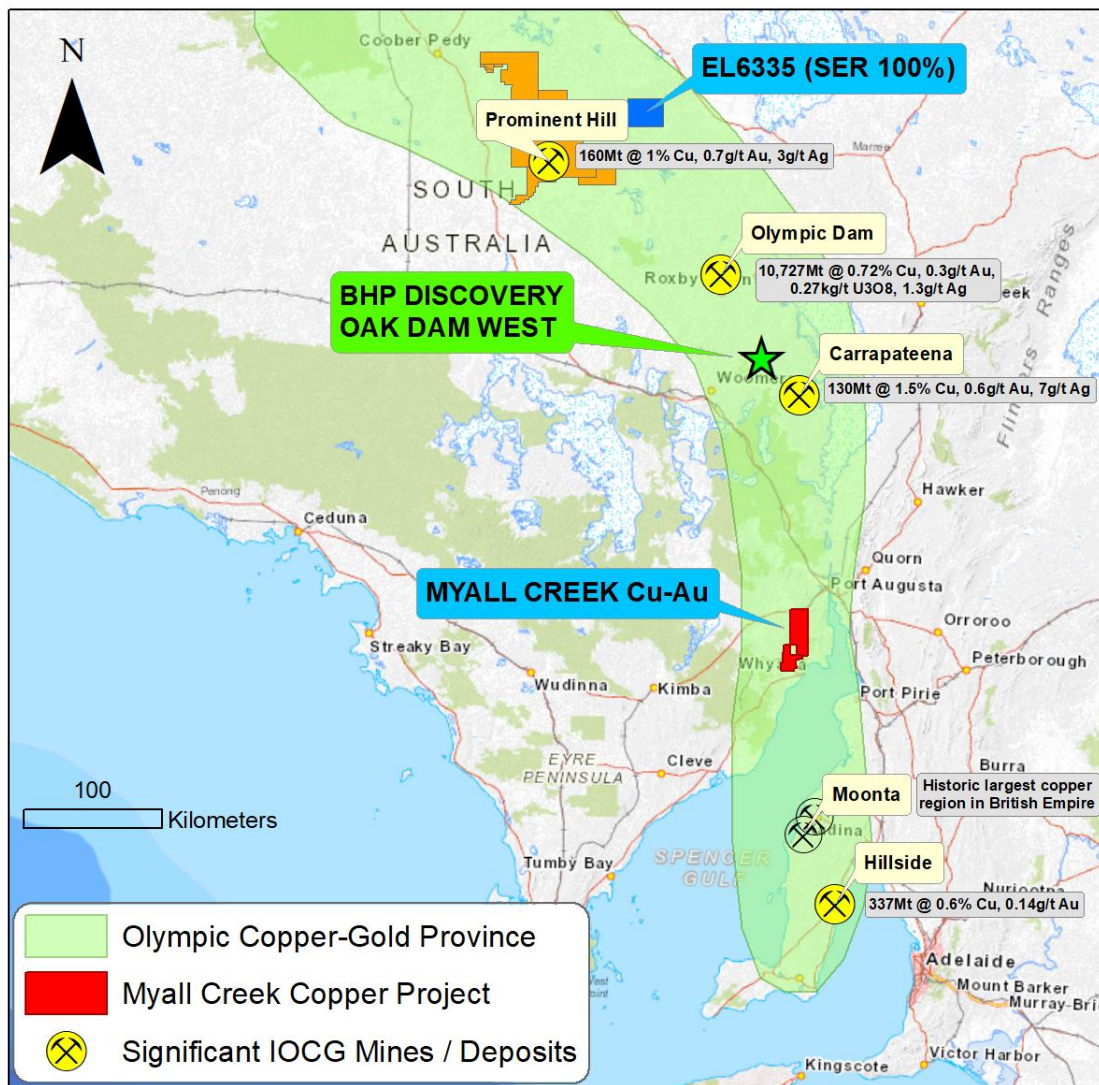
Figure 6: EL6335 Detailed RTP Magnetics Image

Further to our announcement of 30 November 2018, SER was not successful in our application for ELA 2018/183 Island Lagoon. ELA 2018/183 was in competition with two other parties who lodged applications on the same day and the right to apply was awarded to one of the other parties.

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

There continues to be a high level of interest in SER's Myall Creek Copper-Gold project (also located in the Olympic Copper-Gold Province) following BHP's announcement of the Oak Dam West discovery. SER has received expressions of interest from several parties and will update shareholders on the status of this project in the near future.

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



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

Figure 7: SER's Copper-Gold Projects within the Olympic Cu-Au Province

## SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

Preparations for drilling at the Saxby gold project in northwest Queensland are well advanced with a view to start drilling around July 2019.

The Saxby gold project is the most significant gold exploration prospect in the 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.

Several potential joint venture partners have conducted thorough due diligence on the Saxby project and SER would welcome a firm proposal from any of those groups. In the absence of a joint venture partner, SER will sole-fund the upcoming drill program.

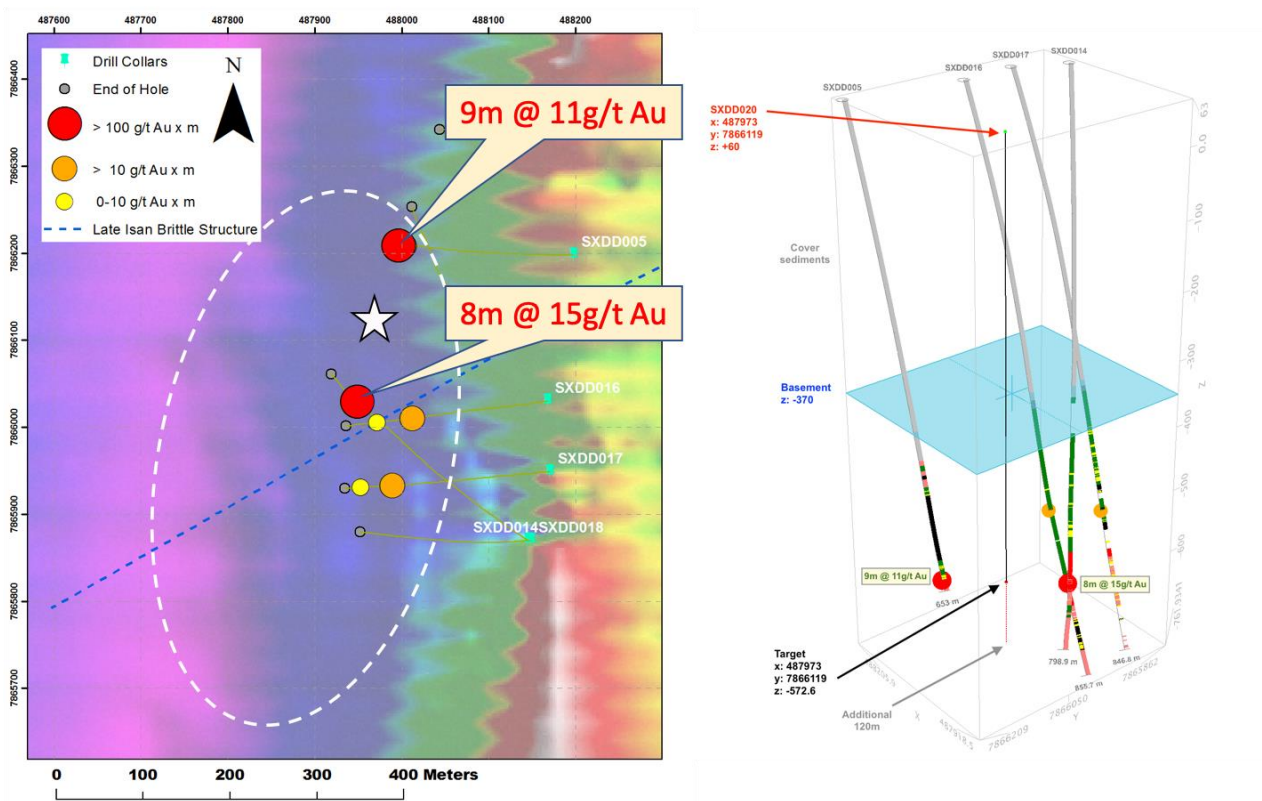


Figure 8: Previous drilling at Saxby over Magnetics (left) and proposed drilling into high grade gold intercept area

## HEAVY MINERAL SANDS WESTERN AUSTRALIA (SER 100%)

Market conditions for Heavy Mineral Sands continue to improve with strong growth and increasing commodity prices for titanium dioxide feedstocks and zircon driven by global urbanisation. Both are quality of life products with consumption increasing with global consumer affluence. The average Australian consumes more than two kilograms of titanium dioxide pigment per year. The average consumption in China is around half this amount, though this is changing rapidly.<sup>1</sup> In addition to increasing demand, Heavy Mineral Sands has seen a significant inventory depletion in recent years. Existing producers' mines are mature and grade decline is imminent.<sup>2</sup>

In light of these favourable conditions, SER has commenced internal development studies on our Ambergate deposit in southwest Western Australia where we have defined a JORC 2012 Inferred Mineral Resource of **11.2.Mt grading 5.1% Heavy Minerals for a total Heavy Mineral content of 569,000t.**<sup>3</sup>

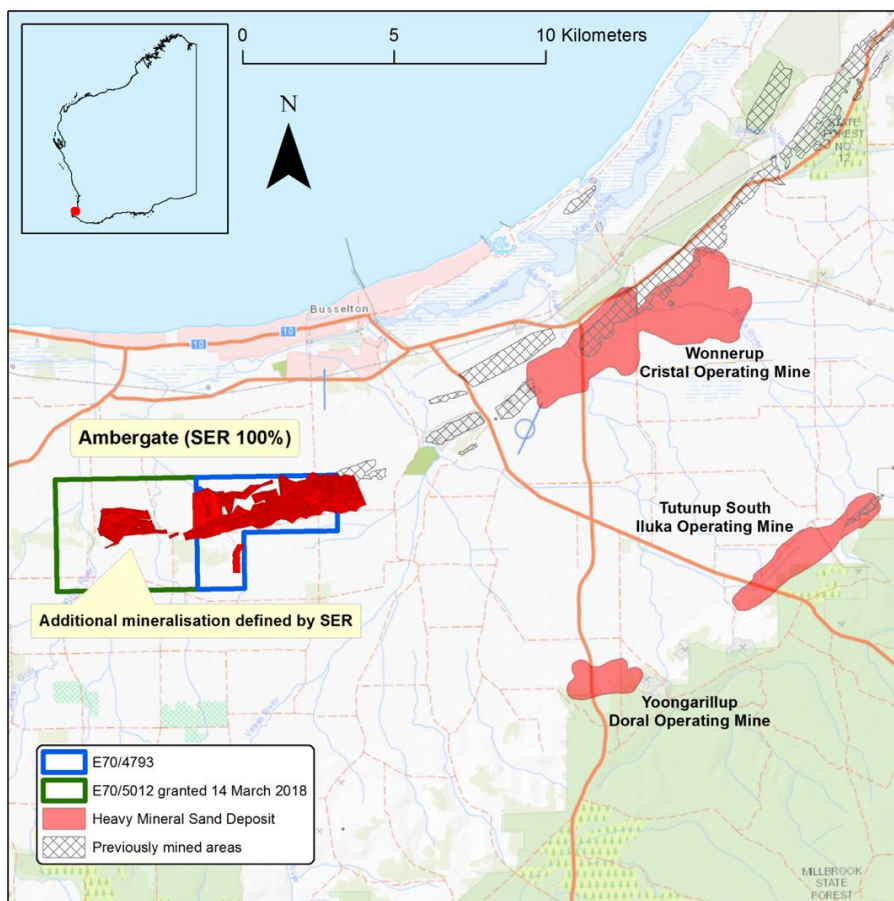


Figure 9: Ambergate Heavy Mineral Resource with surrounding operating heavy mineral mines

<sup>1</sup> Source: ARTIKOL, March 2019

<sup>2</sup> Source: Iluka, March 2019: <https://www.asx.com.au/asxpdf/20190320/pdf/443mz0w933ysv3.pdf>

<sup>3</sup> See SER Announcement of 17 April 2018: <https://www.asx.com.au/asxpdf/20180417/pdf/43t8d8c99q8f1c.pdf>



The purpose of the internal studies will be to assess the viability of a stand-alone operation at Ambergate based on a high level techno-economic analysis. This work will not satisfy the ASX and JORC requirements regarding Scoping Studies and thus the results will not be released publicly, rather they will be used to inform SER internal decision making.

During the reporting period following a detailed review, SER surrendered Heavy Mineral Sands exploration licence E70/4805 Bullant. 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.

SER continues to advance our other Heavy Mineral Sands projects and evaluate new exploration areas. We will update shareholders on progress in due course.

## INVESTMENTS AND CORPORATE

### IONIC INDUSTRIES UPDATE (SER 15%)

During the quarter, Ionic continued to develop supercapacitor technologies. In February, Ionic completed the first commercial prototype supercapacitors for Internet of Things (IoT) applications that meet the requirements of Ionic's US-based partner, Nanothings. The devices are currently in a testing phase with Nanothings to confirm their suitability for use with Nanothings' Nanotag devices. Separately, Ionic has begun negotiations with several supercapacitor manufacturers to explore further development work and manufacturing opportunities.

Ionic's work with CleanTeQ Holdings has continued with the JV company, NematiQ making progress toward commercialisation of graphene oxide nanofiltration membranes.<sup>4</sup>

Ionic has appointed a Business Development Manager to drive partnership opportunities specifically in relation to the Chinese market.

#### **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](http://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.*

---

<sup>4</sup> See p10-12 of CLQ Announcement 30 April 2019 for further details: <https://www.asx.com.au/asxpdf/20190430/pdf/444nf1sbvbr76b.pdf>

## INTERESTS IN MINING TENEMENTS

<b>Mining Tenement</b>	<b>Location</b>	<b>Beneficial Percentage held</b>	<b>Interest acquired/farm-in or disposed/farm-out during the quarter</b>
EL6140	South Australia	100%	-
EL5898	South Australia	100%	-
EL6335	South Australia	100%	Granted 9 April 2019 (post quarter)
EPM15398	Queensland	100%	-
E70/4793	Western Australia	100%	-
E70/4805	Western Australia	100%	Surrendered 11 January 2019
E70/5012	Western Australia	0%	-
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 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(92)	(260)
(b) development	-	-
(c) production	-	-
(d) staff costs	(42)	(132)
(e) administration and corporate costs	(85)	(324)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	16
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(211)</b>	<b>(700)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(50)	(50)
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	44	49
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(1)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>300</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,481	1,665
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(211)	(700)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	300
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,264</b>	<b>1,264</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	464	481
5.2 Call deposits	800	1,000
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,264</b>	<b>1,481</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	105
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 March 2019 quarter.

7. <b>Payments to related entities of the entity and their associates</b>	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. <b>Financing facilities available</b> <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

<b>9. Estimated cash outflows for next quarter</b>		<b>\$A'000</b>
9.1	Exploration and evaluation	157
9.2	Development	-
9.3	Production	-
9.4	Staff costs	58
9.5	Administration and corporate costs	62
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>277</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E70/4805 WA	Tenement interest relinquished on 11 January 2019	100%  0%
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 April 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.