

25 October 2019

Quarterly Report to 30 September 2019

- Drilling commences at Saxby Gold Project
- Ground surrounding Saxby pegged by SER
- Placement raises \$300,000

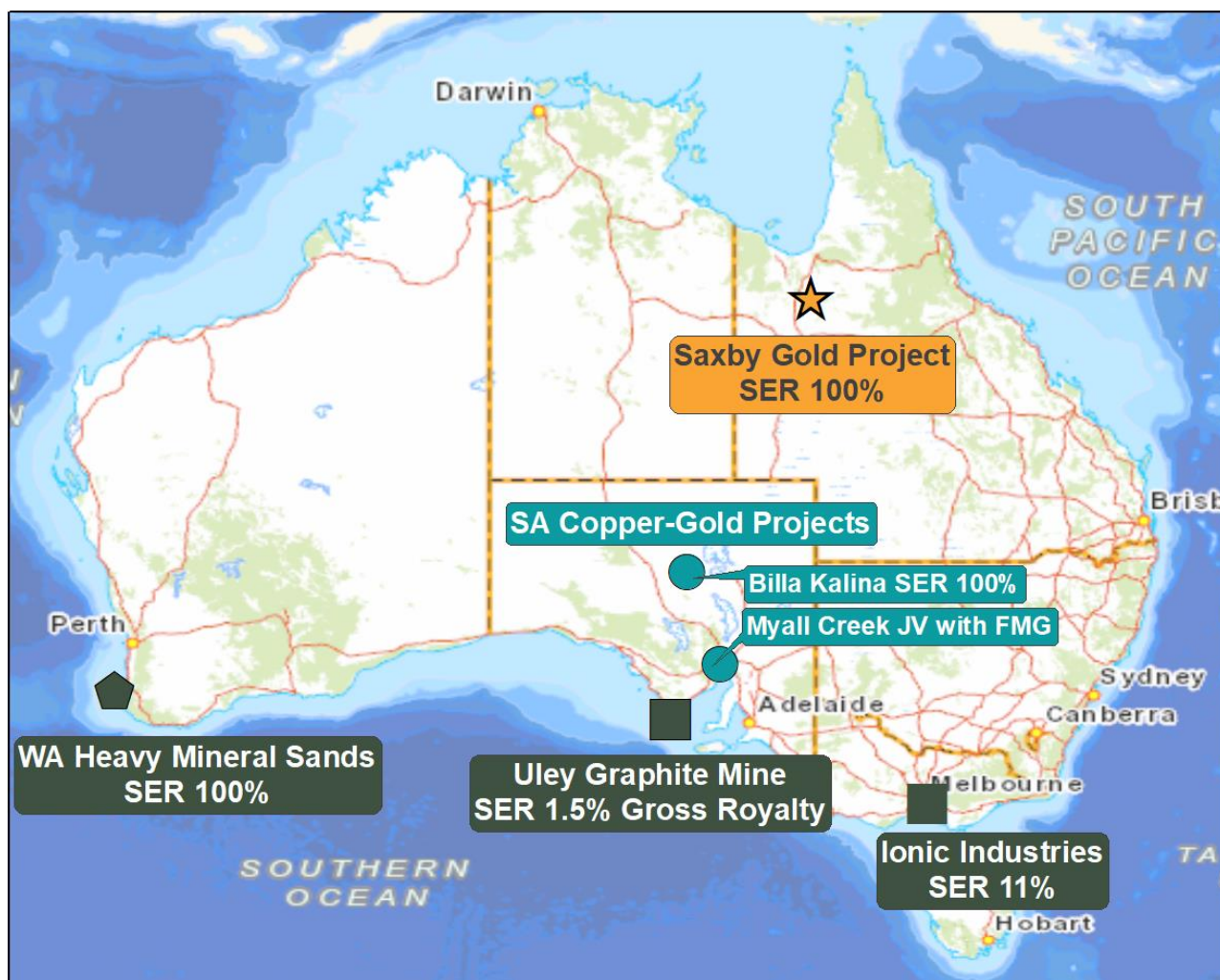


Figure 1: SER Project Locations

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

SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

On 11 October 2019, SER commenced drilling at the Saxby gold project in northwest Queensland. SER is drilling two vertical holes of 700m and 650m depth. The holes will be drilled by Australian Mineral & Waterwell Drilling using an Alton HD900 track mounted drill rig and have a rotary mud pre-collar followed by diamond drill cored tail.

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 (including 9m @ 11.27g/t Au) and 15m @ 9.09 g/t Au (including 8m @ 15.1g/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.

Drilling of both holes is expected to be completed by the end of October with lab assays expected by the end of November.



Figure 2: Drilling underway at Saxby

Ahead of the drilling, SER secured the most prospective ground in the area by pegging Exploration Permit for Minerals EPM27378 “Saxby North” adjacent to Saxby.

The prospectivity of the area was recently highlighted in Geoscience Australia’s report: *Mapping iron oxide Cu-Au (IOCG) mineral potential in Australia using a knowledge-driven mineral systems-based approach*¹ which shows Saxby and Saxby North have the highest possible potential for gold and copper mineralisation.

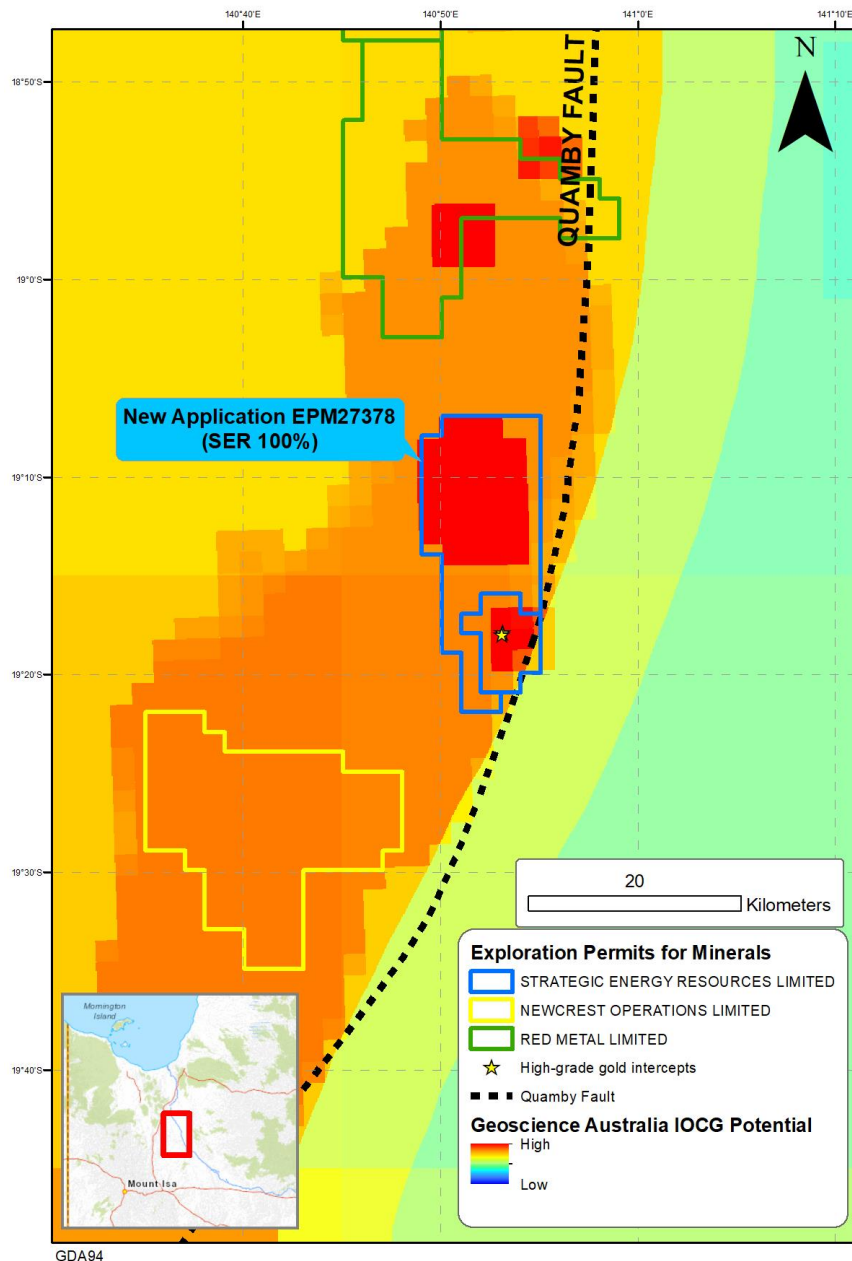


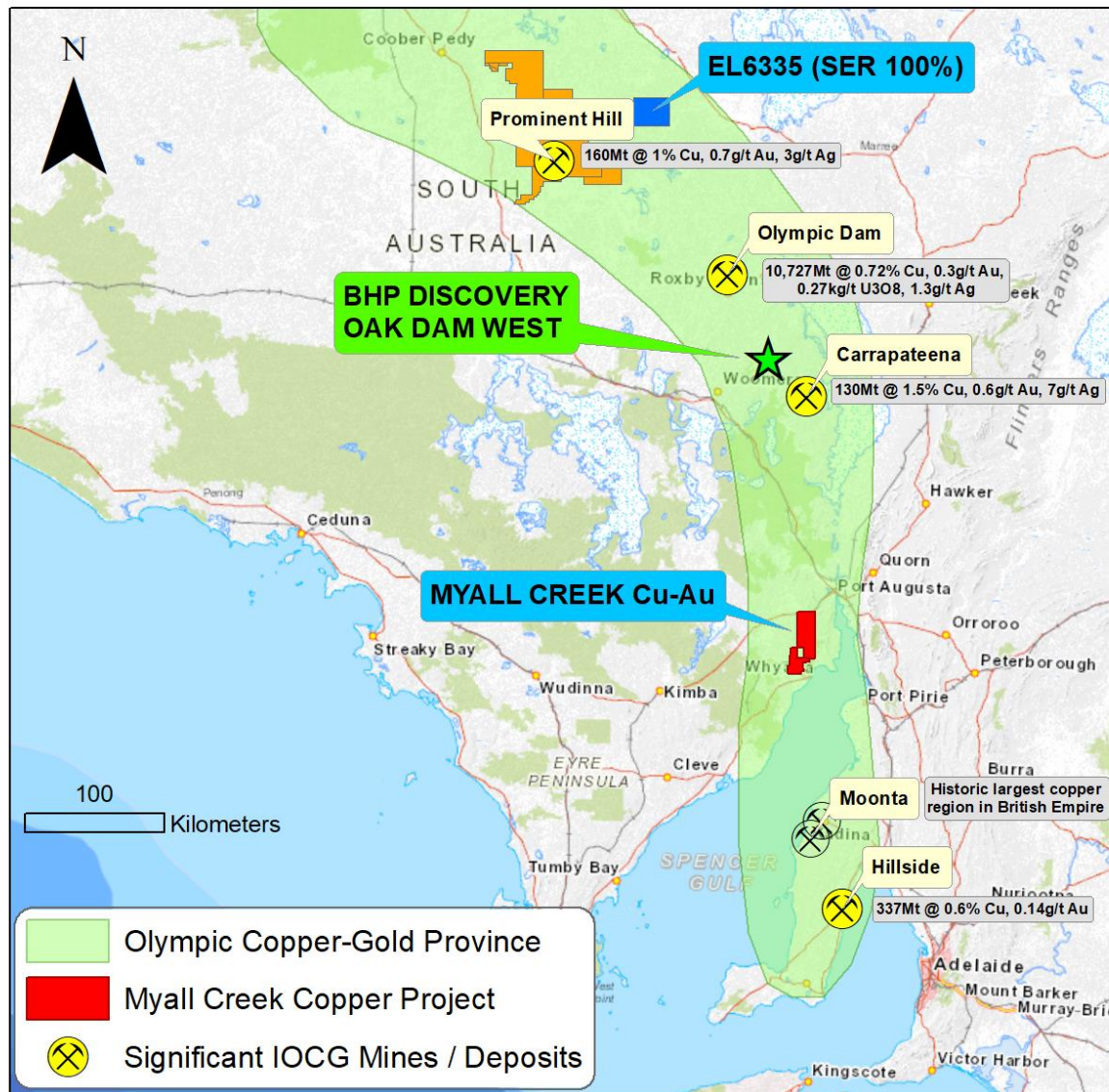
Figure 3: Saxby Gold Project and neighbouring explorers over Geoscience Australia Prospectivity Assessment

¹ Ore Geology Reviews (to be published October 2019): <https://www.sciencedirect.com/science/article/pii/S0169136819303099?via%3Dihub>

MYALL CREEK COPPER-GOLD PROJECT

SOUTH AUSTRALIA (SER 100%, FMG earning-in)

During the quarter, FMG commenced work at SER's Myall Creek Copper-Gold project in South Australia under the Farm-In and Joint Venture Agreement. Work included harmonising SER and FMG's land access arrangements with the Department of Defence and Traditional Owners and planning of a ground gravity survey.



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

Figure 4: SER's Copper-Gold Projects within the Olympic Cu-Au Province

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

A detailed ground gravity survey has been commissioned for EL6335 “Billa Kalina” in the Olympic Copper-Gold Province. The survey will be conducted at the same time as another survey in the area to save mobilisation costs.

Further details continue to emerge regarding BHP’s discovery of a significant Iron Oxide Copper-Gold (IOCG) deposit at Oak Dam West.² Drilling of a further 10 holes during 2019 “confirm further high-grade mineralised intercepts of copper associated with gold, uranium and silver.” This reinforces SER’s view that there is significant potential for further IOCG discoveries at depth on the eastern Gawler Craton. Notably, the Oak Dam mineralisation includes “a core of barren hematite-quartz breccias approximately central to the gravity anomaly, surrounded by high-grade chalcocite and bornite mineralisation, which grade outwards to more dominant chalcopyrite and pyrite mineralisation towards the contact with the host granite”.

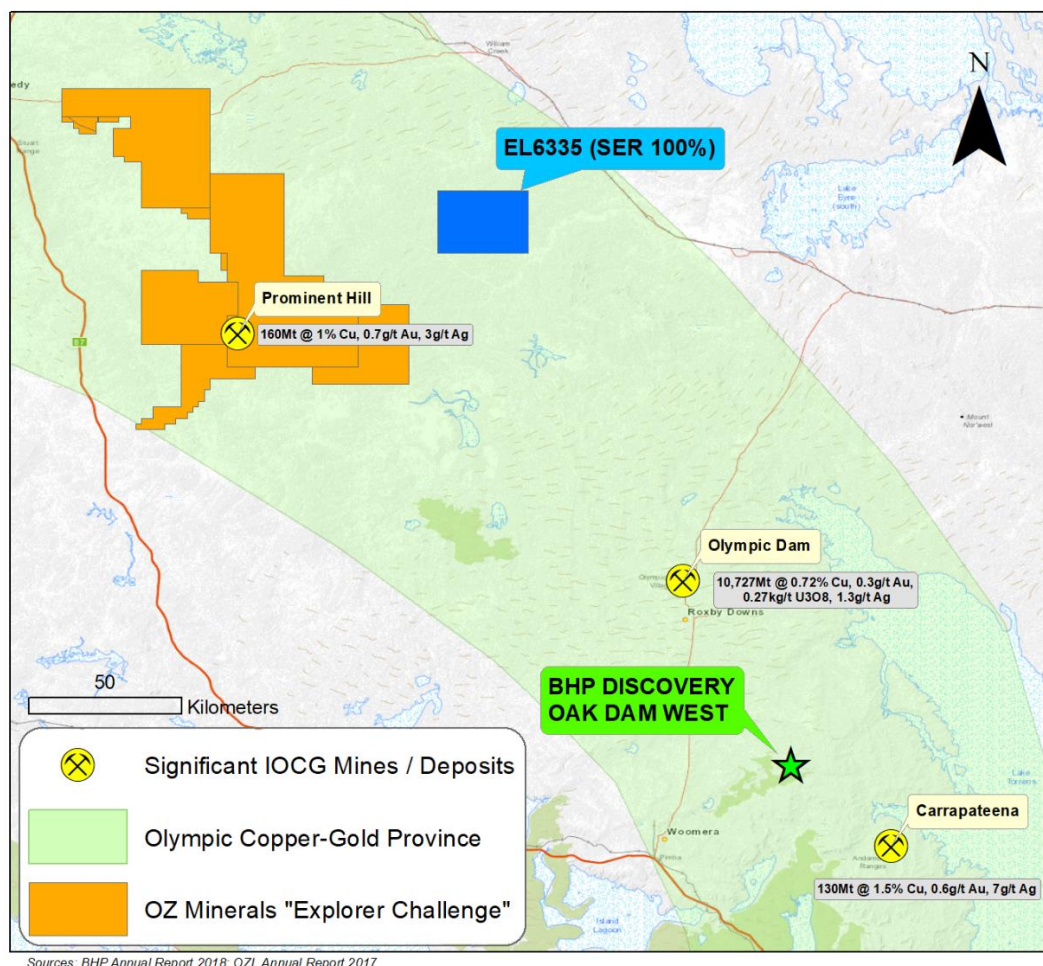


Figure 5: Location of EL6335 within the Olympic Cu-Au Province

² See pages 18-23 of BHP Quarterly Activities Report here: <https://www.asx.com.au/asxpdf/20191017/pdf/449kftg6bj9wpp.pdf>

HEAVY MINERAL SANDS WESTERN AUSTRALIA (SER 100%)

At Ambergate, SER has commenced work to upgrade the JORC 2012 Inferred Mineral Resource of **11.2Mt grading 5.1% Heavy Minerals for a total Heavy Mineral content of 569,000t**.³ SER will report on the progress of this work in the coming quarter.

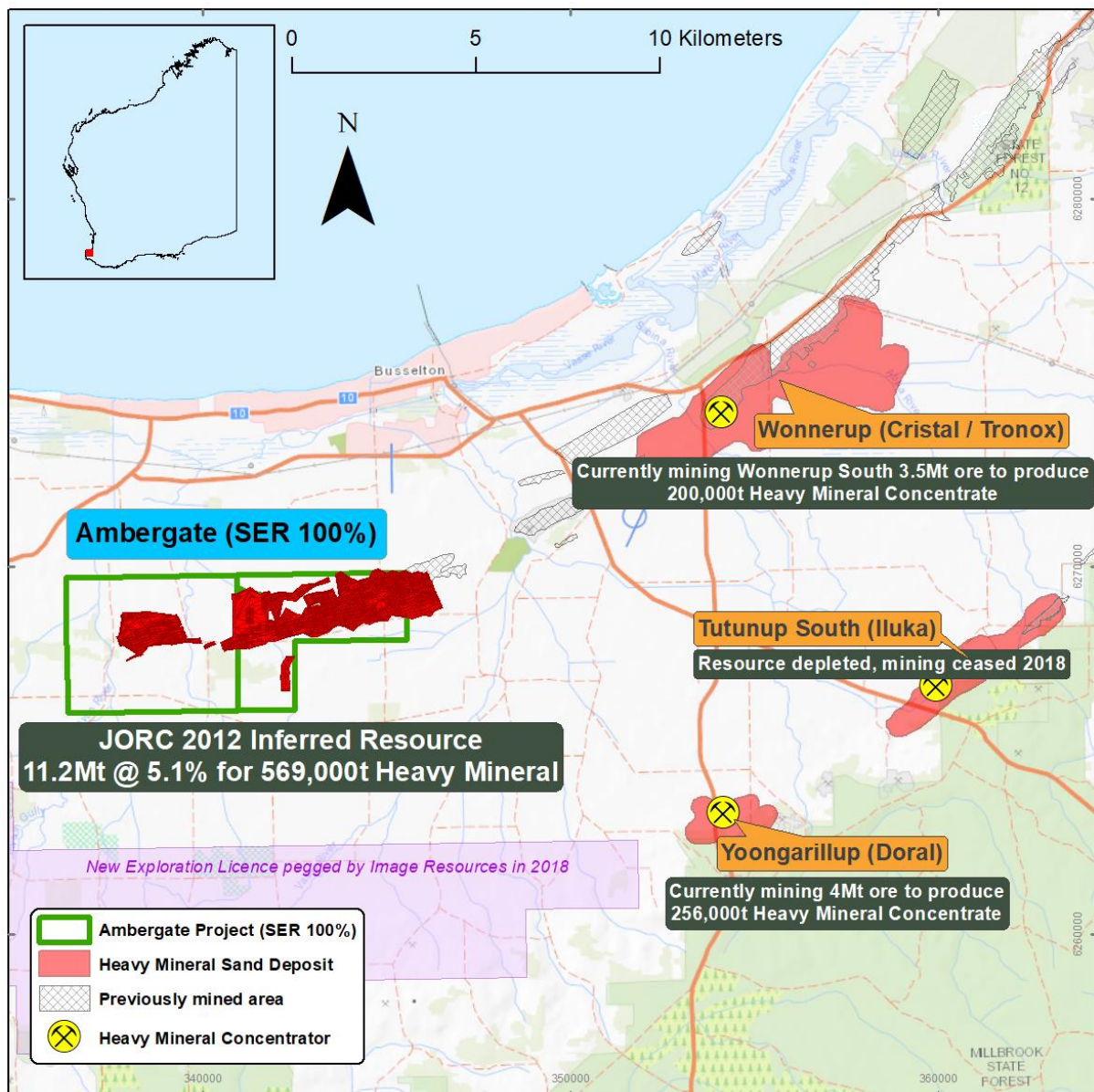


Figure 6: Ambergate Heavy Mineral Resource with surrounding heavy mineral mines⁴

³ See SER Announcement of 17 April 2018: <https://www.asx.com.au/asxpdf/20180417/pdf/43t8d8c99g8f1c.pdf>

⁴ Sources: Mining Proposal for the Wonnerup South Mineral Sands Deposit (Cristal); Yoongarillup Mineral Sands Project PER (Doral)

INVESTMENTS AND CORPORATE

PLACEMENT

On 5 July 2019, SER made a placement of 50,000,000 new shares at an issue price of \$0.006 (0.6 cents) per share to raise \$300,000. The placement was made to a professional and sophisticated investor in accordance with SER's current placement capacity under ASX Listing Rule 7.1. There were no additional costs or fees associated with the placement.

IONIC INDUSTRIES UPDATE (SER 11%)

Ionic has continued progress on its electric double-layer supercapacitor technologies targeting applications in communications and the Internet of Things (IoT) markets. Collaboration is ongoing with several partners in the US and China to validate the technology and plan introduction into mass-produced supercapacitor devices. Ionic's joint venture company with CleanTeQ Holdings, NematiQ continues to work toward scaled-up production of water treatment membranes.

Mr Neil Wilson BE (Hons) FIEAust CPEng Eng has been appointed to the Ionic Board. Neil brings over 50 years of manufacturing, management and research experience as the founder and Chairman of Romar Engineering. Romar specialises in scalable manufacturing solutions and bringing technology from the lab into manufacturing reality.

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.

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%	Farm-In Agreement with FMG
EL5898	South Australia	100%	Farm-In Agreement with FMG
EL6335	South Australia	100%	Granted 9 April 2019
EPM15398	Queensland	100%	-
EPM27378	Queensland	N/A	Application only
E70/4793	Western Australia	100%	-
E70/5012	Western Australia	100%	-
M70/1385	Western Australia	N/A	Application only
EL32109	Northern Territory	N/A	Application only
EL32176	Northern Territory	N/A	Application only
EL32228	Northern Territory	N/A	Application only
EL32306	Northern Territory	N/A	Application only
EL32307	Northern Territory	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 2019

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	(133)	(133)
(b) development	-	-
(c) production	-	-
(d) staff costs	(35)	(35)
(e) administration and corporate costs	(90)	(90)
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	(254)	(254)

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	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Cash on deposits) *	(20)	(20)
2.6	Net cash from / (used in) investing activities	(20)	(20)

*Included in the amount noted above is \$20,000 of cash on deposit held with a term to maturity greater than 3 months.

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,054	1,054
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(254)	(254)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	300
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,080	1,080

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	480	454
5.2 Call deposits	600	600
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)	1,080	1,054

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
105
-

Director's fees and consulting fees paid during the September 2019 quarter.

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

- 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.

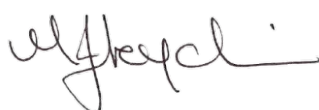
N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	304
9.2 Development	-
9.3 Production	-
9.4 Staff costs	36
9.5 Administration and corporate costs	69
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	409

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: 25 October 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.