

30 January 2020

Quarterly Report to 31 December 2019

- High grade gold mineralisation intersected at Saxby: 6m @ 12g/t Au

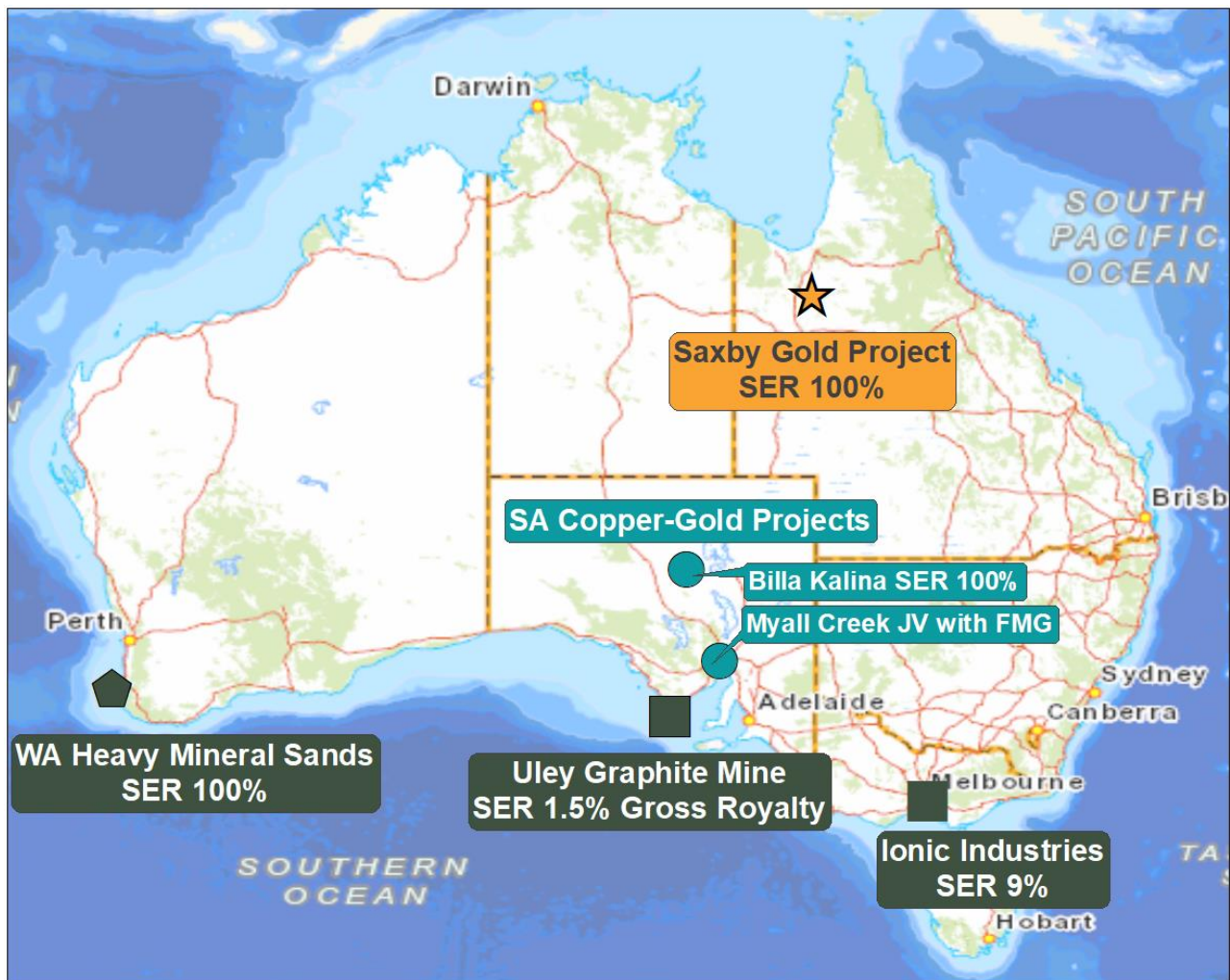


Figure 1: SER Project Locations

Strategic Energy Resources Ltd (ASX Code: SER) is a diversified mineral explorer and project generator focused on discovery in greenfield frontiers of Australia.

SER is a major shareholder of Ionic Industries Ltd and holds a 1.5% Gross Revenue Royalty on production from the Uley Graphite Mine.

MINERAL EXPLORATION

SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

SER intersected high grade gold mineralisation in the first drill hole at our 100% held Saxby Gold Project in Queensland. Drill hole SXDD020 intersected 6m @ 12g/t Au from 519m including an ultra-high grade zone of 2m @ 32g/t Au.

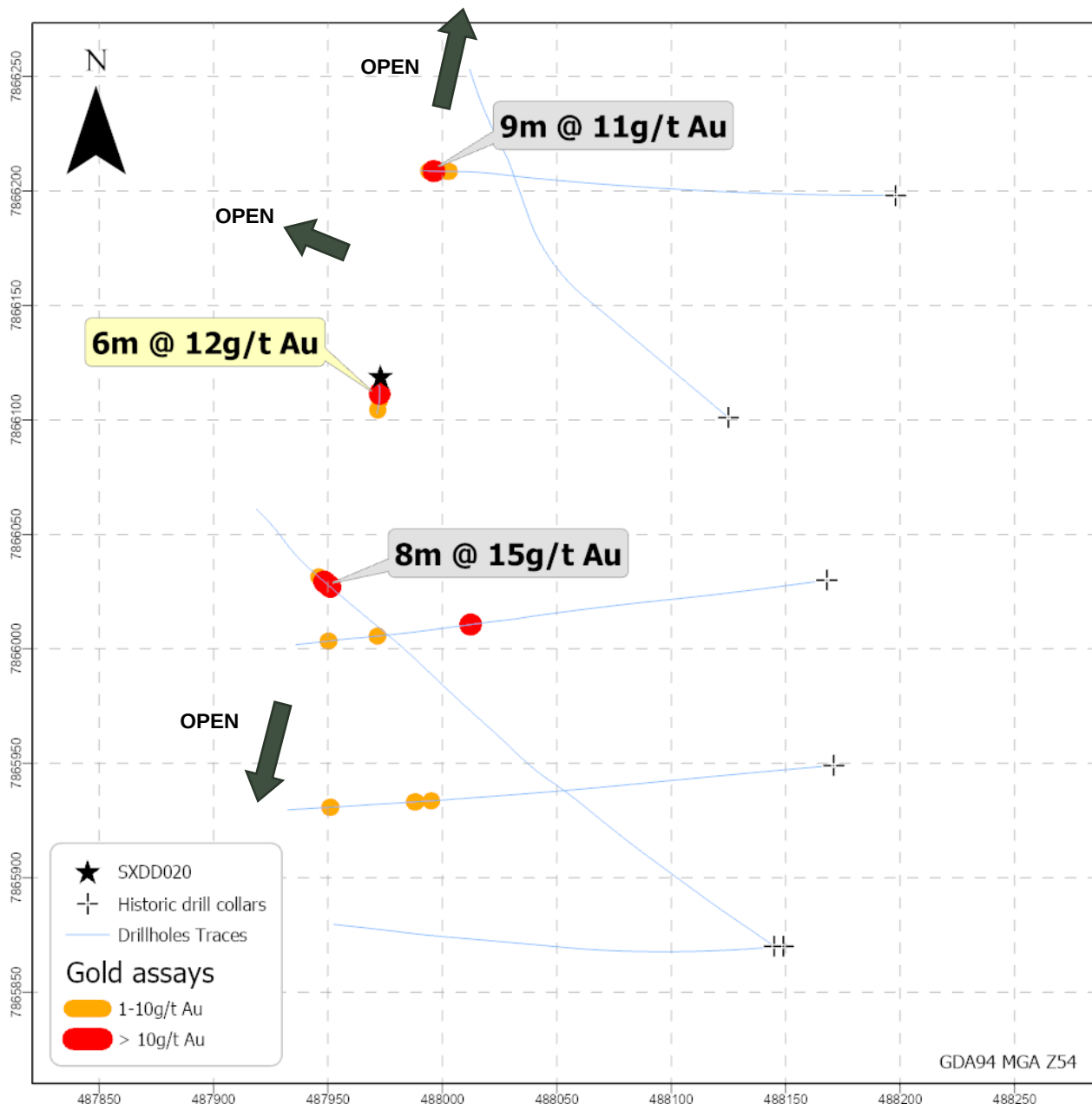


Figure 2: Plan view of key drill intercepts at Saxby showing SER vertical hole SXDD020 and historic inclined drilling

On 9 October 2019, SER commenced drilling vertical hole SXDD020 (rotary mud pre-collar followed by diamond drill cored tail) with an Alton HD900 drill rig.

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.

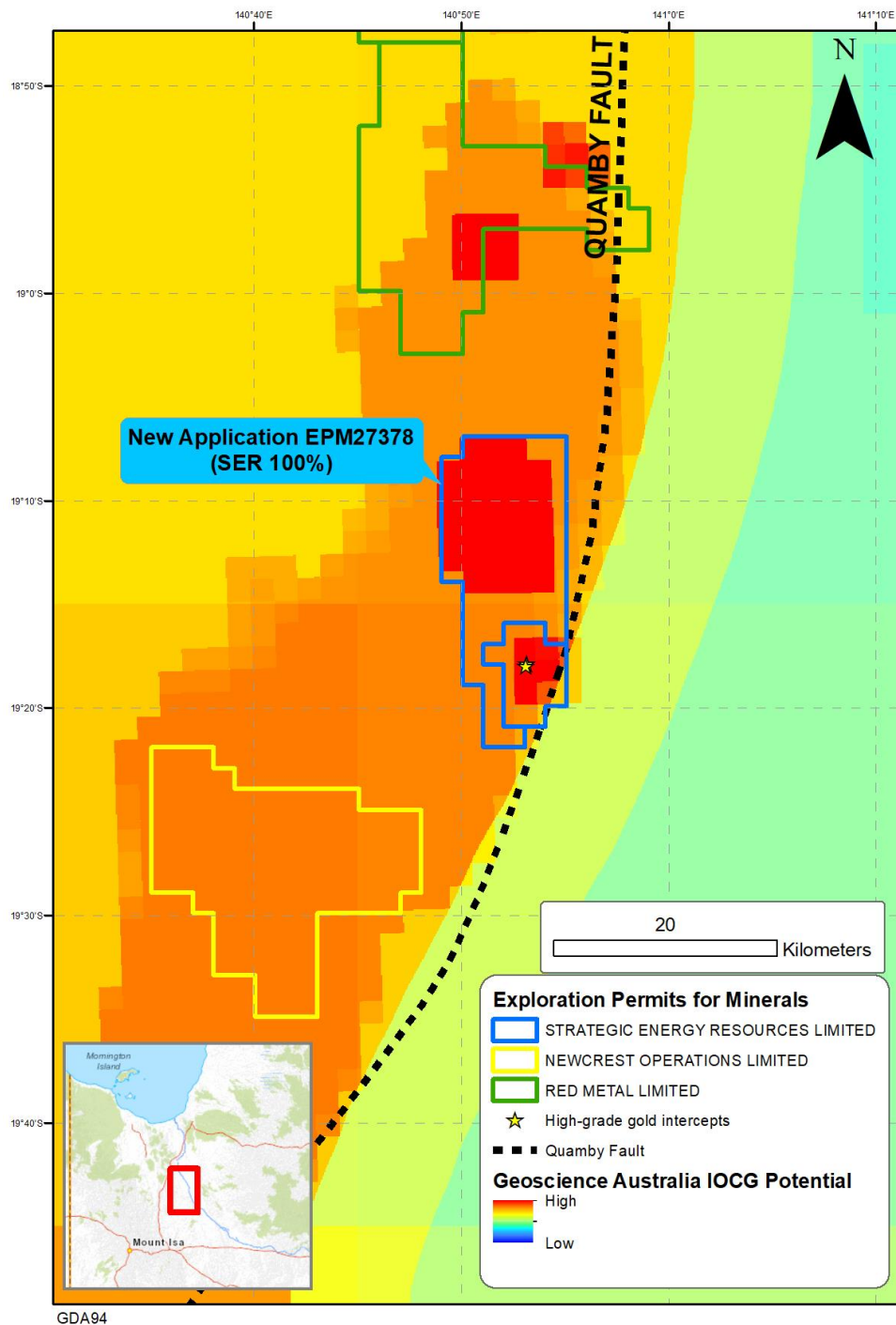


Figure 3: Saxby Gold Project and neighbouring explorers over Geoscience Australia Prospectivity Assessment¹

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

Drilling completed on 9 November 2019 with SXDD020 reaching a final depth of 718.63m and not deviating significantly. Drilling was slower than expected due to time taken for replacement equipment to reach site. Given this, SER made the decision to demobilise prior to drilling a planned second hole rather than risk getting trapped by the wet season. Samples were submitted for assay to ALS Mount Isa with results released on 13 December 2019.²

Gold mineralisation at Saxby is hosted in late-stage, sulphide-bearing structures running through more brittle rock units and is associated with silver, arsenic, bismuth and tellurium. Mineralisation is surrounded by intense brecciation and alteration. Another zone of gold mineralisation (3m @ 2.4g/t Au from 682m and 1m @ 2.7g/t Au from 687m) occurs deeper in the hole. Mineralisation appears to be structurally controlled however the orientation and number of structures remains unclear. The vast majority of the Saxby project area remains untested.

Next Steps

SER has received interest from multiple parties following the positive results at Saxby, including parties that previously reviewed Saxby but were unwilling to commit prior to drilling. SER is of the view that the recent drilling has significantly upgraded the Saxby project. SER will carefully consider all options to advance Saxby including partnerships and sole funding.

SER will conduct a detailed structural analysis of SXDD020 and previous oriented drill core to determine the orientation of controlling structures to inform future drill planning.



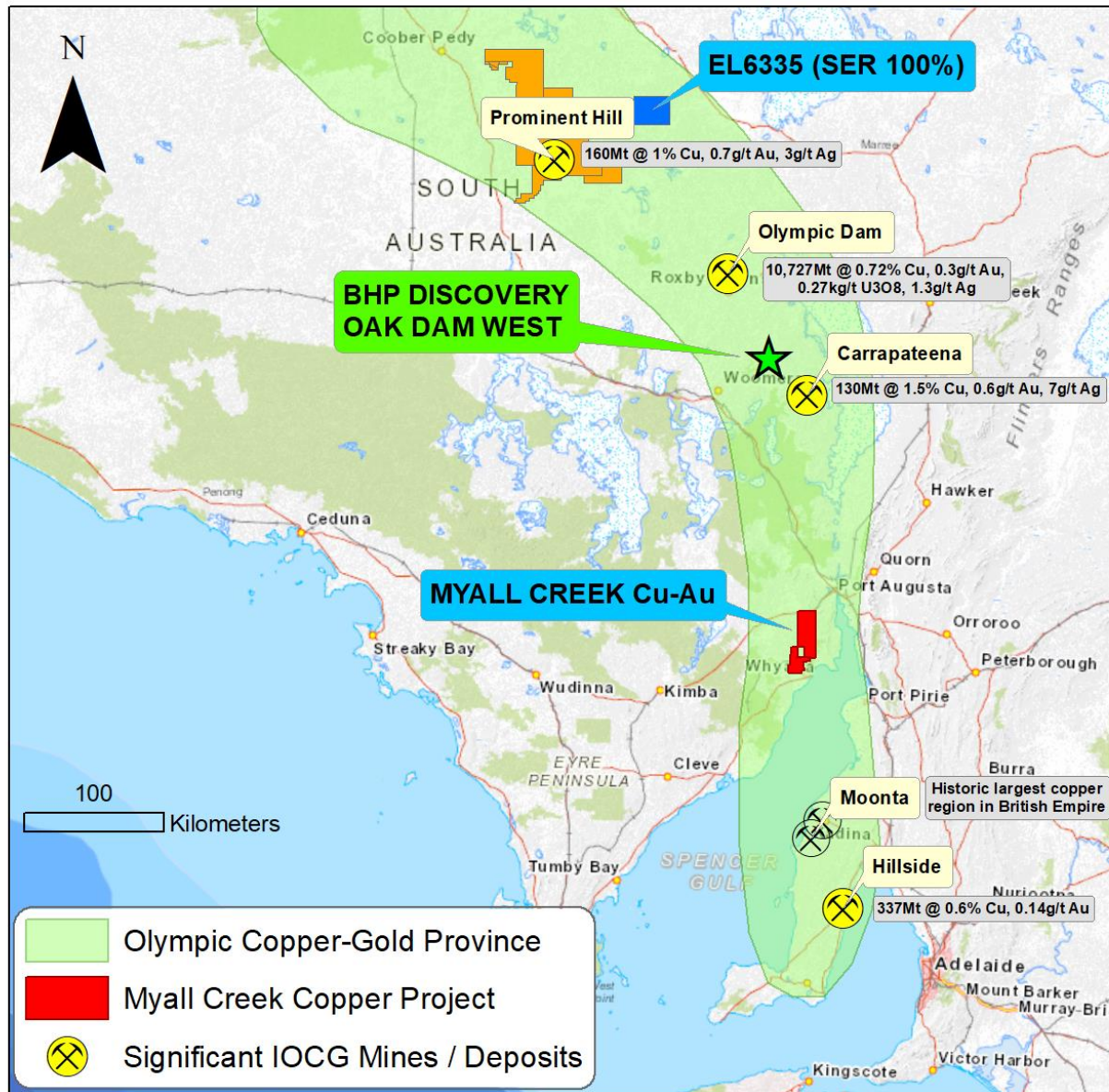
Figure 4: SER Staff on site at Saxby

² See SER announcement of 13 December 2019 here: <https://www.asx.com.au/asxpdf/20191213/pdf/44ckdx70j4v4j5.pdf>

MYALL CREEK COPPER-GOLD PROJECT

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

During the quarter, FMG continued work at SER's Myall Creek Copper-Gold project in South Australia under the Farm-In and Joint Venture Agreement. FMG must complete a minimum of 1500m of drilling to earn an interest in the project. Upcoming field work includes an airborne magnetic survey of the entire area followed by a detailed ground gravity survey.



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

Figure 5: 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 in the coming quarter.

SER has applied for South Australian government funding under the newly created Accelerated Discovery Initiative to drill the best target identified by the gravity survey. The winners of funding will be announced in March 2020.

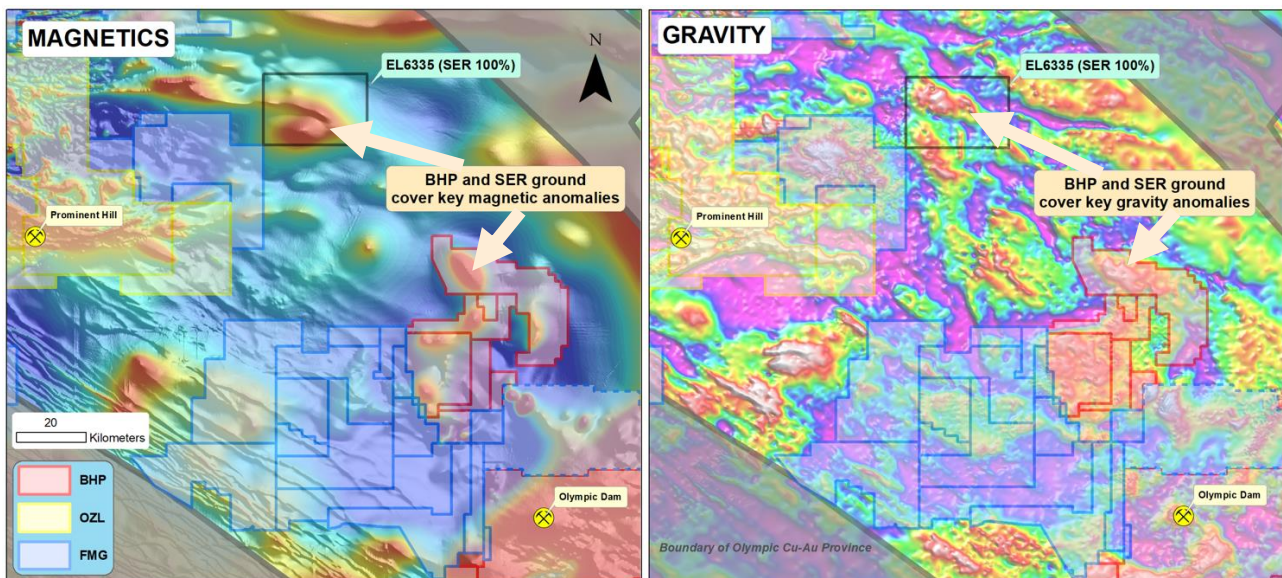


Figure 6: Regional geophysical images of the NE Gawler Craton showing major land holdings and key anomalies

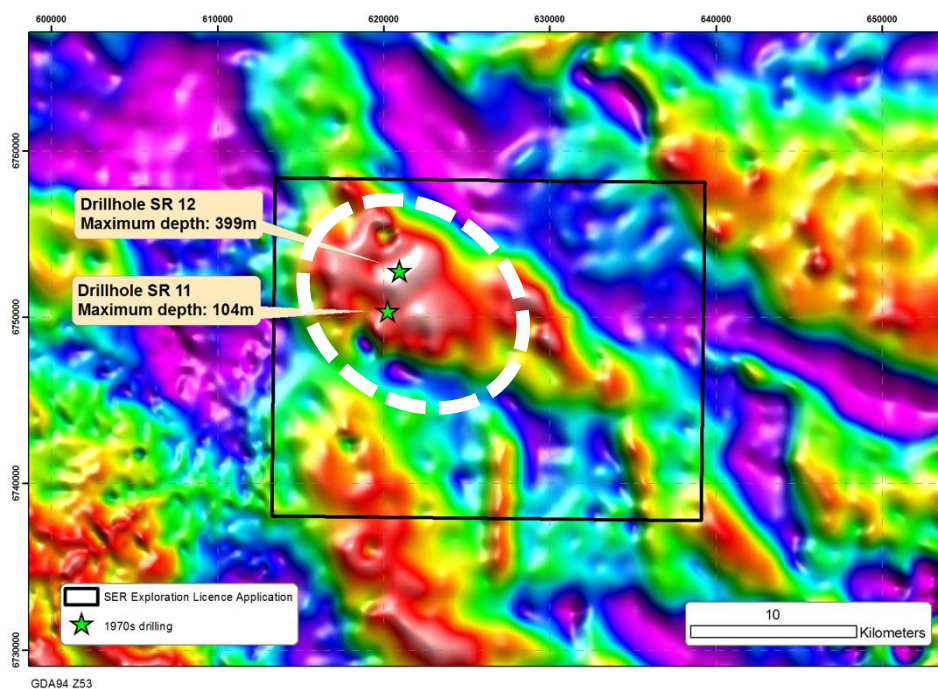


Figure 7: EL6335 Detailed Residual Bouguer Gravity Image with gravity survey area in dashed white oval

HEAVY MINERAL SANDS

WESTERN AUSTRALIA (SER 100%)

During the quarter, SER completed planning for the infill drilling and sampling required to upgrade the Ambergate JORC 2012 Inferred Mineral Resource³ to the “Indicated” category. The upgrade will require approximately 7400m of aircore drilling and associated lab work.

An indicated resource will allow SER to publish a Scoping Study using similar methodology to SER’s internal techno-economic study conducted earlier this year. As the techno-economic study was based on an inferred resource, it could not be released publicly due to ASX and JORC requirements. Market conditions for Mineral Sands remain favourable.

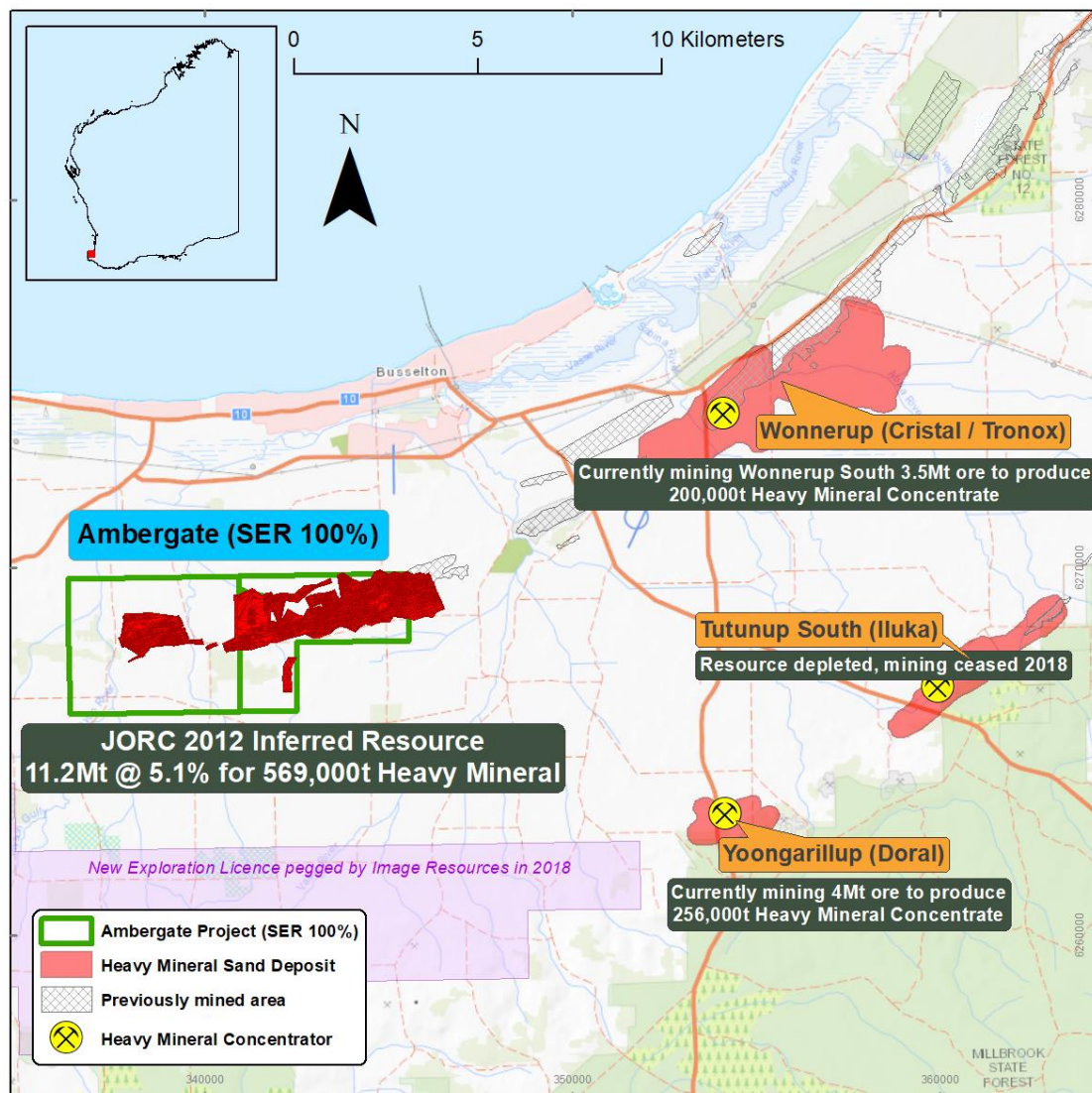


Figure 8: Ambergate Heavy Mineral Resource with surrounding heavy mineral mines⁴

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

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

INVESTMENTS AND CORPORATE

IONIC INDUSTRIES UPDATE (SER 9%)

Ionic has continued progress on its electric double-layer supercapacitor (EDLC) 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 Dennis Hong has been appointed to the Ionic Board. Mr Hong's background in telecommunications and engineering combined with his experience in taking Australian-born technologies to global markets through China will be invaluable to the company as it progresses toward commercialisation of its EDLC technologies. Mr Hong is a major shareholder in Ionic.

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.

This announcement is authorised for release to the market by the Board of Directors of Strategic Energy Resources Limited.

Stuart Rechner

Executive Chairman

Strategic Energy Resources Limited

For further information, contact Mr Rechner +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%	-
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	Granted 18 November 2019
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")

31 December 2019

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	(213)	(346)
(b) development	-	-
(c) production	-	-
(d) staff costs	(33)	(68)
(e) administration and corporate costs	(74)	(164)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	6
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	(318)	(572)
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	-	-
	(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)
2.6	Net cash from / (used in) investing activities	-	(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
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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,080	1,054
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(318)	(572)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(20)
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	-	-
4.6	Cash and cash equivalents at end of period	762	762

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	462	480
5.2	Call deposits	300	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)	762	1,080

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
113
-

Director's and consulting fees paid during the December 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.

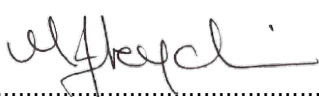
N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	367
9.2 Development	-
9.3 Production	-
9.4 Staff costs	36
9.5 Administration and corporate costs	55
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	458

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	EL32109 Northern Territory	The Company was granted an Exploration licence on 18 November 2019	-	100%

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 2020

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.