

20 July 2020

Quarterly Report to 30 June 2020

- SER raises \$2m ahead of multiple drilling campaigns
- Sale of Uley Graphite Royalty to Vox Royalty Corp for AUD\$500,000
- Drilling at Saxby Gold Project to commence this quarter

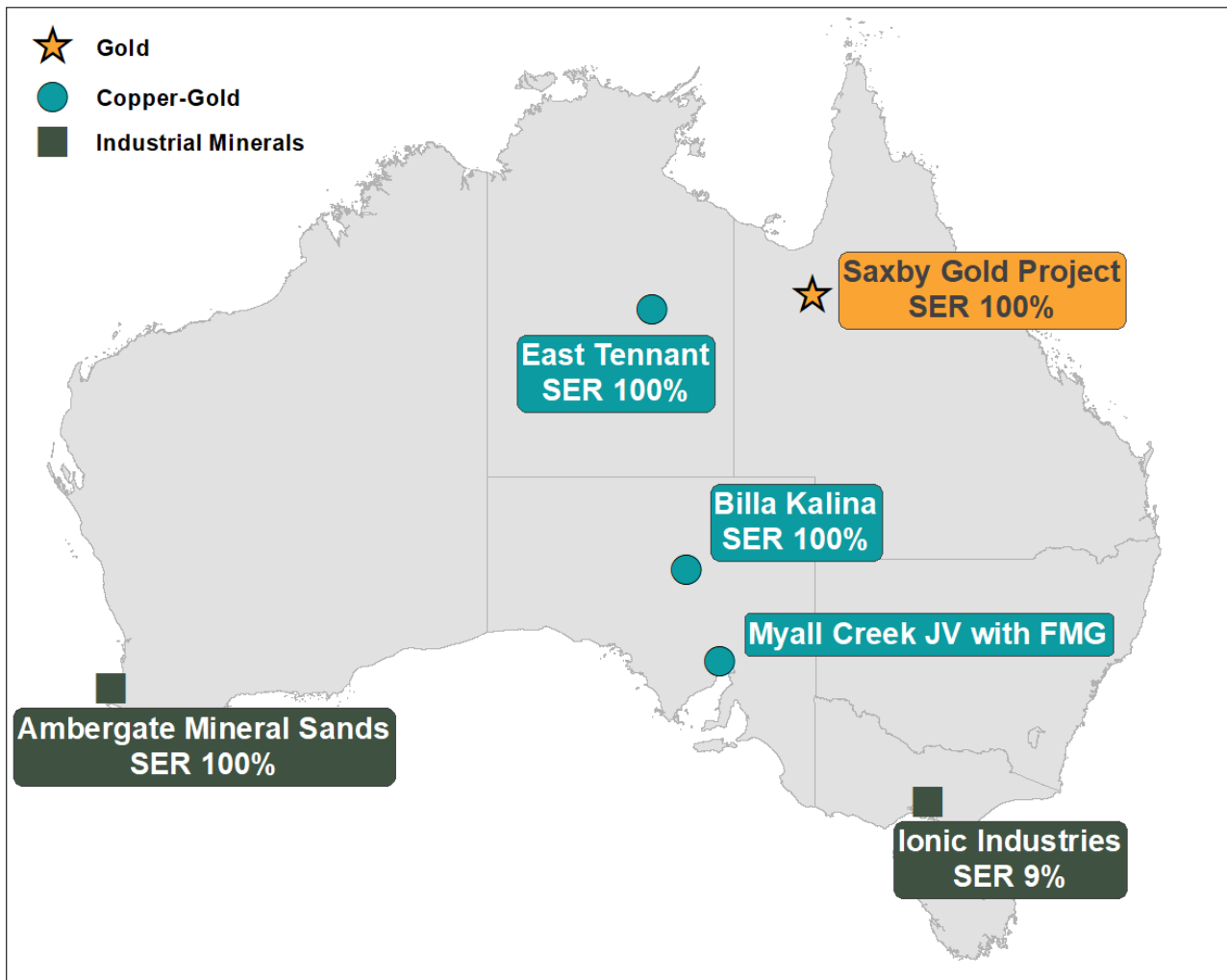


Figure 1: SER Project Locations

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

CAPITAL RAISING TO FUND DRILLING

In June 2020, SER raised over \$2m (approximately \$1.4m remains subject to shareholder approval) in new funds for drilling at our gold and copper projects, starting with the high-grade Saxby Gold Project in Queensland.

The capital raising was cornerstoned by well-regarded and respected resources investor, Datt Capital, who will become a substantial holder of SER. The Lead Manager to the Placement was 180 Markets and SER Directors also participated.

SER Executive Chairman, Stuart Rechner, said: “We welcome Datt Capital to the SER register, are grateful for their faith in our projects and team and acknowledge their success following junior explorers who are taken over by majors or grow into developers.”

Datt Capital Managing Director, Emanuel Ajay Datt, commented: “We were attracted to Strategic Energy Resources for several reasons, namely its suite of high-quality exploration assets in underexplored regions prospective for Tier 1 mineral deposits. We have also been impressed by the management team's consistent ability to secure new ground in these regions and considerable technical ability; both of which have the potential to build significant value for shareholders over the next 12 months.”

The Company will issue a total of 650m shares at \$0.0034 (0.34 cents) to raise \$2,210,000 (before costs). Approximately 238m shares have already been issued and the remainder will be issued following shareholder approval at the General Meeting scheduled for 10 August 2020. In addition, at the General Meeting the Company will seek shareholder approval to undertake a share consolidation on a 10:1 basis.

SALE OF ULEY GRAPHITE MINE ROYALTY

During the quarter, SER entered into a Royalty Sale and Purchase Agreement to sell its 1.5% Gross Revenue Royalty on production from the Uley Graphite Project in South Australia to Vox Royalty Australia Pty Ltd, a wholly owned subsidiary of Vox Royalty Corp (TSXV:VOX) (Vox Royalty) for total consideration of AUD\$500,000.

The consideration comprises AUD\$80,000 cash, AUD\$200,000 in Vox Royalty shares upon satisfaction of certain completion conditions and AUD\$220,000 in Vox Royalty shares upon commercial production at Uley.

SHARE SALE FACILITY OF UNMARKETABLE PARCELS

On 30 June 2020, the Company launched a share sale facility for shareholders who hold less than a marketable parcel of shares to have their shares sold without paying brokerage. Under ASX Listing Rules, any shareholding valued at less than \$500 is considered to be an Unmarketable Parcel. While the Company values each of its shareholders, it incurs significant administrative and share registry fees for these small holdings. Each shareholder has the right to opt-out of the Share Sale Facility by returning a Share Retention Form to the Company by no later than 11 August 2020.

SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

Preparations for drilling at the Saxby Gold Project in Queensland are well advanced with drilling to commence in the coming quarter. Drill tender invitations have been issued and quotes received.

Discovery hole SXDD005 has undergone hyperspectral logging via HyLogger by the Geological Survey of Queensland. HyLogger is a spectroscopic logging and imaging system that uses continuous visible and infrared spectroscopy and digital imaging to examine core without destroying it. The data collected will provide new insights into host rock and alteration mineralogy and potential vectors to mineralisation. This data will complement the detailed structural analysis of drill core and geochronology that is currently underway.

During the quarter, Exploration Permit for Minerals EPM27378 “Saxby North” (adjacent to EPM15398 “Saxby”) was granted. SER has now secured the most prospective ground in the district.

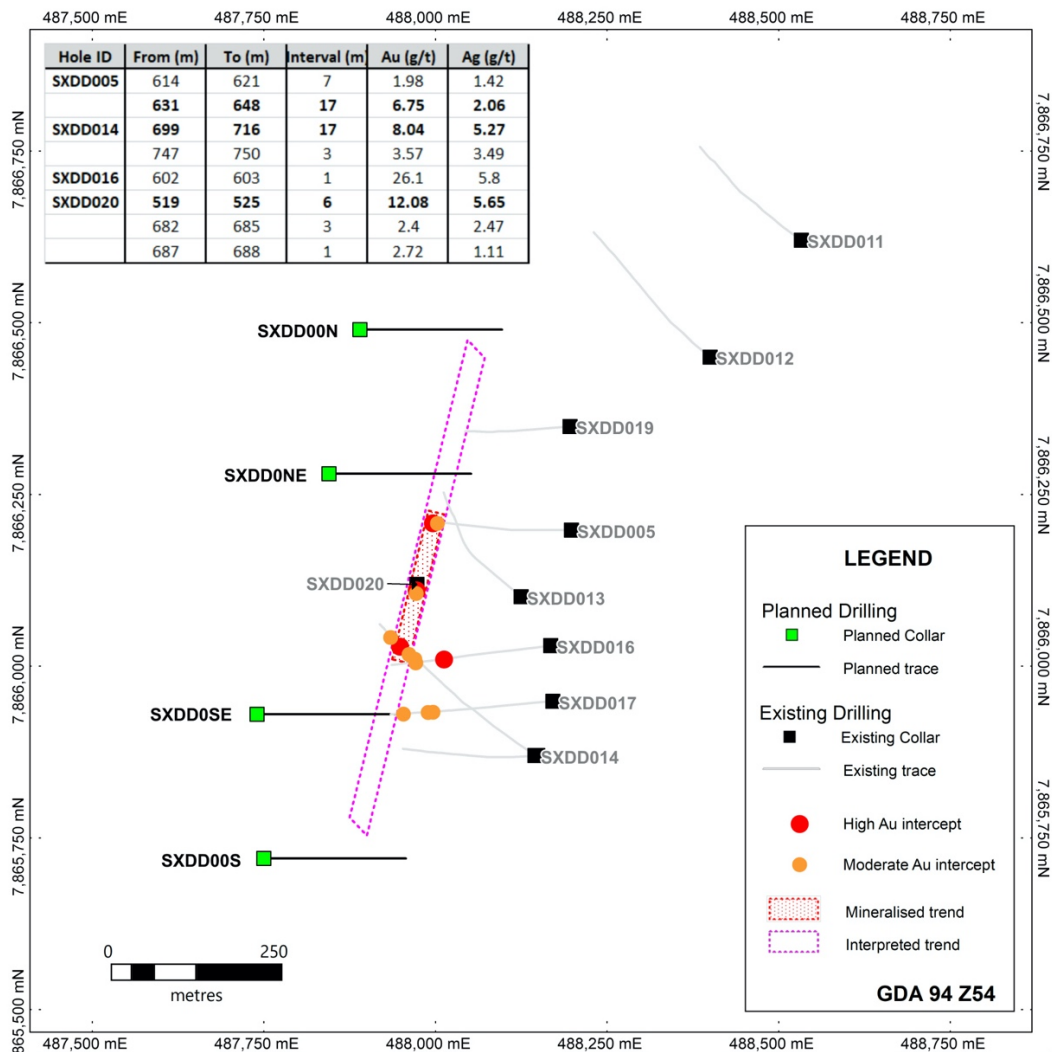


Figure 2: Saxby upcoming drill plan (green collars) and historical intercepts

EAST TENNANT COPPER-GOLD PROJECT NORTHERN TERRITORY (SER 100%)

Preparations are well advanced for the National Drilling Initiative (NDI) drill campaign in the East Tennant Iron Oxide Copper-Gold (IOCG) province of the Northern Territory. This drilling will occur in close proximity to SER's three tenements in the province and is scheduled to commence next quarter.

The NDI is funded by the Mineral Exploration Cooperative Research Centre (MinEx CRC: the world's largest mineral exploration collaboration with \$218m to discover new mineral deposits) of which SER is a member. The NDI will drill multiple holes through cover to map the regional geology, structural architecture and mineral systems in this underexplored province identified by Geoscience Australia as favourable for hosting large mineral systems.

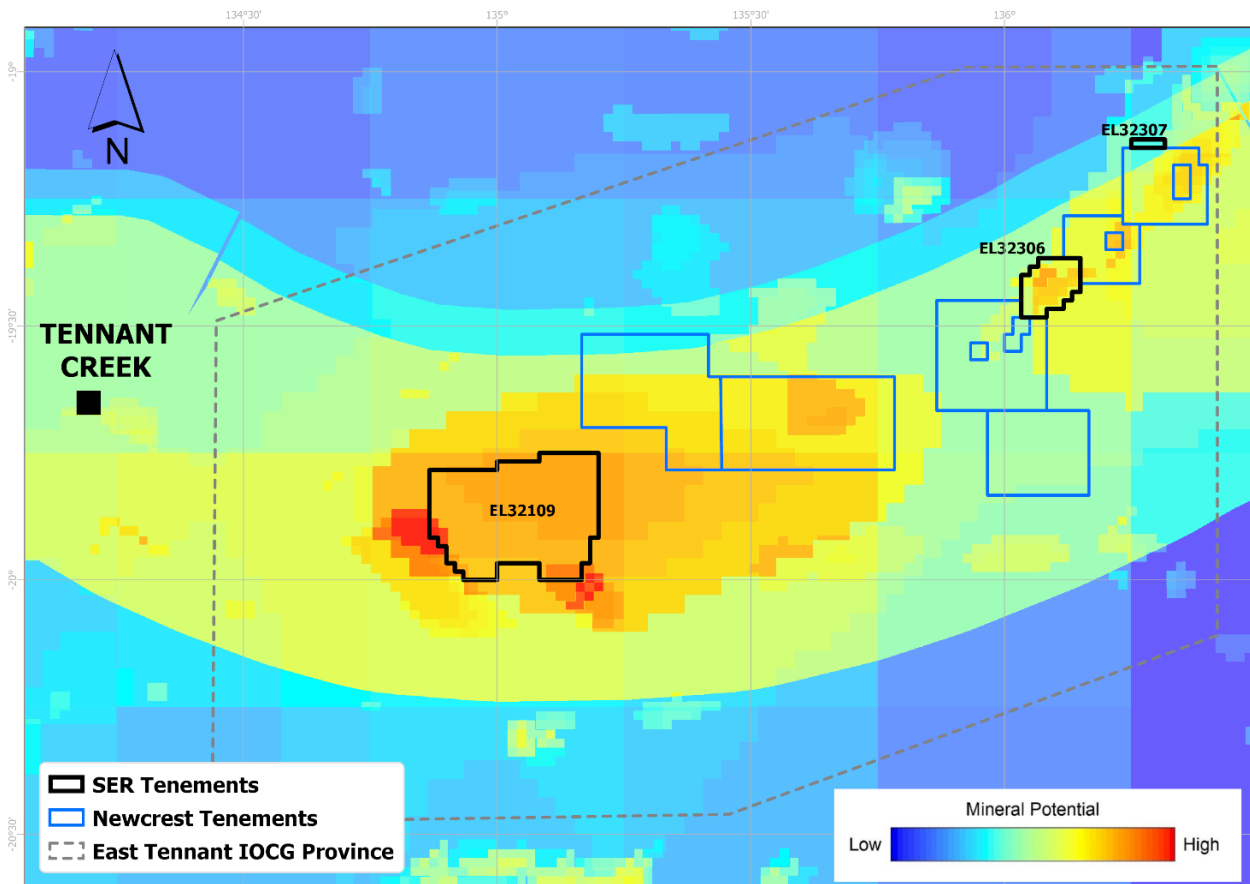


Figure 3: Geoscience Australia IOCG Prospectivity¹ map of East Tennant Project with SER applications

The results from the NDI will be critical to understanding the geology of the province and could significantly upgrade the prospectivity of SER's tenements. SER has planned a systematic ground gravity survey to allow prospect scale geophysical modelling for the definition and prioritisation of drill targets.

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

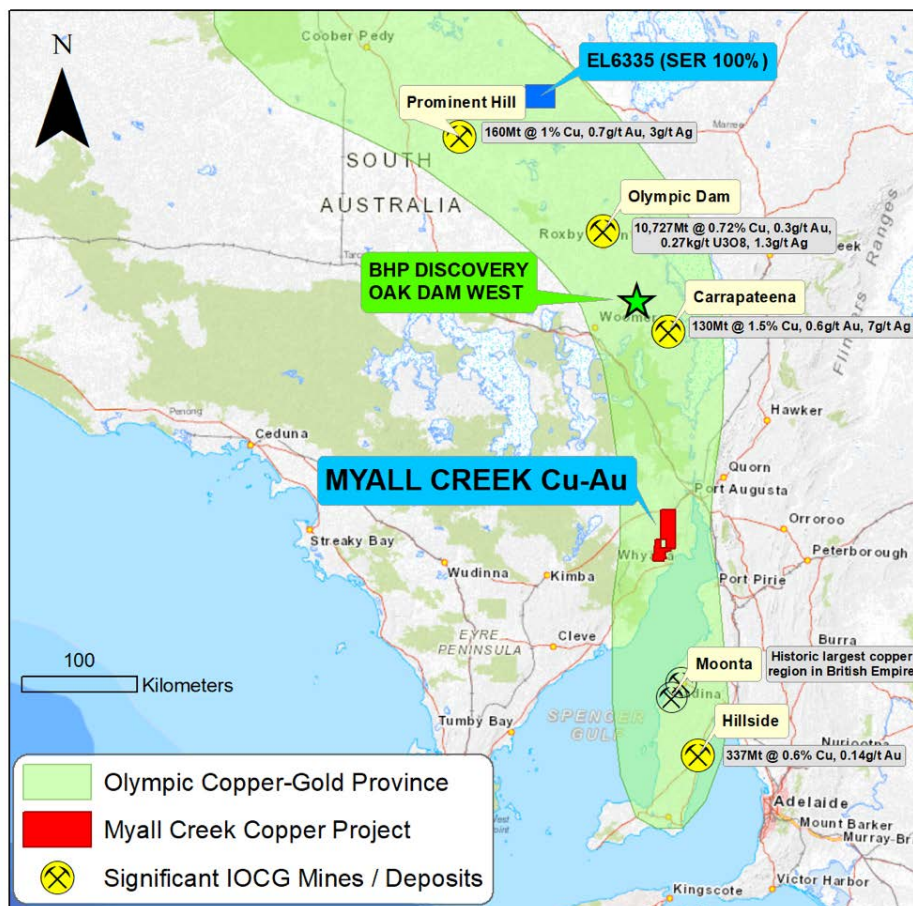
BILLA KALINA COPPER-GOLD PROJECT SOUTH AUSTRALIA (SER 100%)

During the quarter, SER met with the Board of the Arabana Aboriginal Corporation, the representatives of the Traditional Owners of the land covering our Billa Kalina Copper-Gold project. SER staff have had a long, cooperative history working with the Arabana People. Given COVID-19 related disruptions, there may be some delay in presenting to the broader Arabana group which is required before ground disturbing activities.

Unfortunately, SER was not successful in receiving South Australian government funding for drilling under the Accelerated Discovery Initiative. 3D inversion modelling of gravity and magnetic data is underway to refine the drill target.

MYALL CREEK COPPER-GOLD PROJECT SOUTH AUSTRALIA (SER 100%, FMG earning-in)

Farm-in and Joint Venture partner FMG Resources Pty Ltd (FMG), a wholly owned subsidiary of the Fortescue Metals Group Ltd, was successful in winning South Australian government funding under the Accelerated Discovery Initiative for the “Roopena Fault Zone infill ground gravity”. This survey will cover FMG tenements surrounding SER’s ground.



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

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

IONIC INDUSTRIES UPDATE (SER 9%)

While the COVID-19 crisis has posed significant challenges for Ionic, progress continues to be made on key technologies and Ionic's financial position has been reinforced through several measures, including:

- further investment from existing shareholders;
- deferral of some payments;
- personnel taking a higher proportion of pay in shares;
- leveraged R&D expenditure to advance funds from Radium finance; and
- received grant from the Advanced Manufacturing Growth Centre.

Monash University has been under partial shutdown, restricting laboratory access. However, research has still advanced, with significant progress made in planning the next phase of the super-capacitor program – scaling up production of electrode materials.

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.

Payments to related parties of the entity and their associates during the quarter were \$0.11m. These payments related to Director fees and consulting fees as outlined in section 6 of the Appendix 5B.

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

Stuart Rechner
Executive Chairman

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

The information in this report that relates to Exploration Results is based on information compiled by Mr Stuart Rechner BSc (Geology) MAIG MAusIMM, a Member of Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Rechner is a Director and shareholder of Strategic Energy Resources Ltd. Mr Rechner has sufficient experience which is relevant to the styles of mineralisation and types of deposits 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 this report 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	License Description / Notes	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%	Billa Kalina	-
EPM15398	Queensland	100%	Saxby	-
EPM27378	Queensland	100%	Saxby North	Granted 18 June 2020
E70/4793	Western Australia	100%	Ambergate	-
E70/5012	Western Australia	100%	Ambergate West	-
E70/5344	Western Australia	N/A	Application only	-
M70/1385	Western Australia	N/A	Application only	-
EL32109	Northern Territory	100%	East Tennant	-
EL32228	Northern Territory	N/A	Application only	-
EL32306	Northern Territory	N/A	Application only	-
EL32307	Northern Territory	N/A	Application only	-
ELA5911	New South Wales	N/A	Application only	-

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

ABN

14 051 212 429

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed) *	(5)	(30)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(39)	(143)
	(e) administration and corporate costs	(37)	(251)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	9	9
1.8	Other (PAYG & Jobkeeper subsidy)	51	51
1.9	Net cash from / (used in) operating activities	(21)	(357)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(191)	(850)
	(e) investments	-	-
	(f) other non-current assets	-	-

*Part of the exploration expenses are capitalised as exploration assets but presented as exploration expenses in the past previous quarterly reports. These capitalised exploration expenses are now reclassified and presented under investing activities 2.1(d) below.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	17
	(e) 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) *	24	4
2.6	Net cash from / (used in) investing activities	(167)	(829)
*Receipts during the quarter represent \$24,000 cash on term deposit, which matured during the quarter. At maturity this amount reclassified from short-term investment into cash and cash equivalents.			
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	807	1,107
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(39)	(39)
3.5	Proceeds from borrowings	9	9
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) Advances received for Share Capital	-	-
3.10	Net cash from / (used in) financing activities	777	1,077
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	356	1,054
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(21)	(357)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(167)	(829)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	777	1,077
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	945	945

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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	945	356
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)	945	356

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

42

63

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Directors loan)	100	9
7.4	Total financing facilities	100	9

7.5 Unused financing facilities available at quarter end

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

During the quarter Directors advanced loans (all Directors participating) to the Company for working capital purposes which were due to be repaid on or before 31 December 2020. The Loans were unsecured and did not bear any interest. The outstanding directors loans were repaid in full after quarter end.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(21)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(191)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(212)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	945
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	945
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.46

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

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

Date: 20 July 2020

Authorised by: By the Board

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow 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 cash flow 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.
- 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.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.