



STRATEGIC ENERGY RESOURCES LIMITED

ACN 051 212 429

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24 April 2017

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## Quarterly Report to 31 March 2017

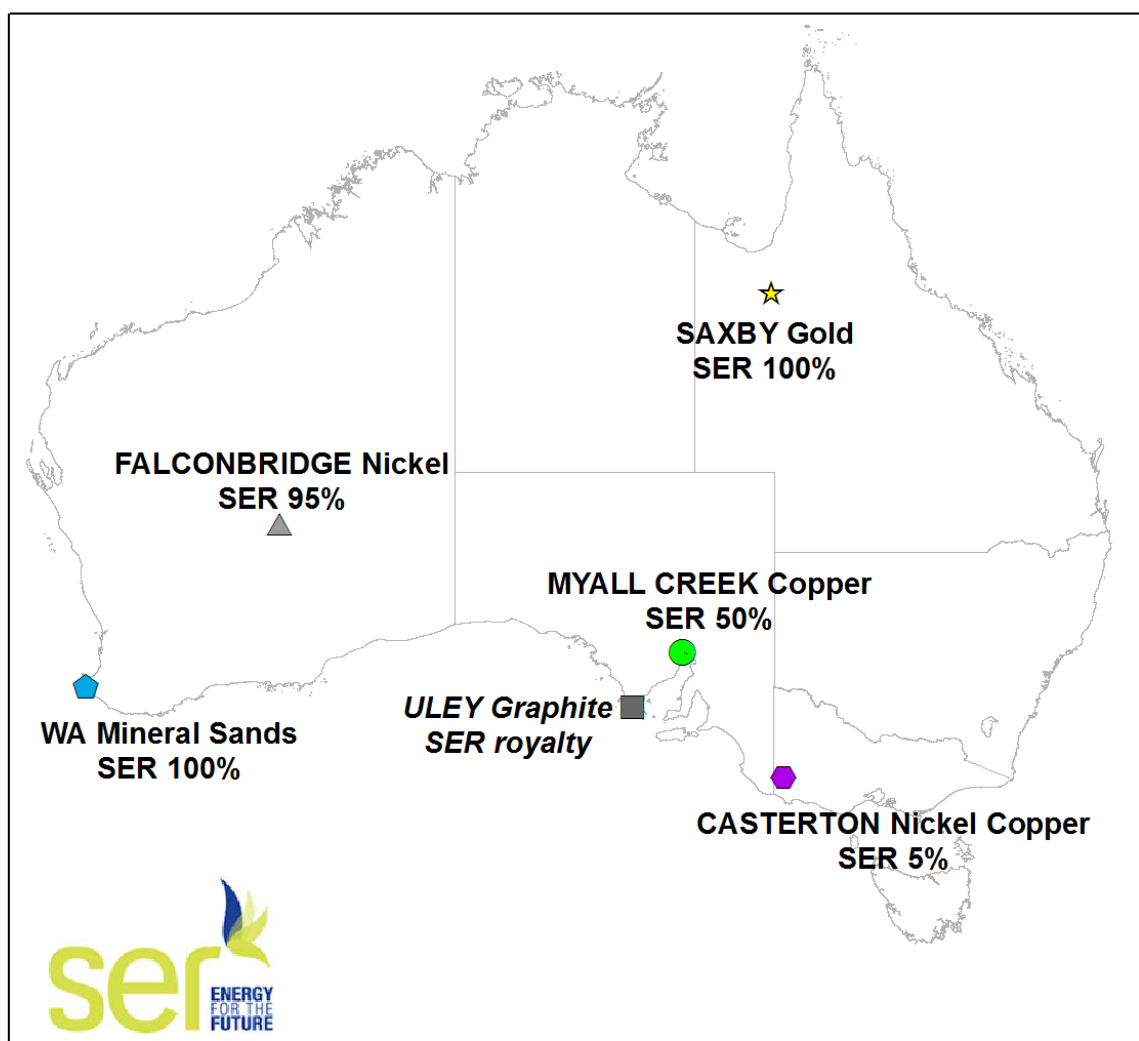


Figure 1: SER Exploration Projects

*Strategic Energy Resources Limited (ASX Code: SER) is a diversified mineral exploration company and major shareholder of Ionic Industries Ltd and Valence Industries Ltd*

# MINERAL EXPLORATION

## NEW INVESTOR PRESENTATION

On 27 February 2017, SER published a new investor presentation with detailed updates on our key projects. The presentation is available from the ASX website here: <http://www.asx.com.au/asxpdf/20170227/pdf/43gblkfft8cqbb.pdf>

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

During the quarter, SER announced a maiden JORC 2012 Inferred Mineral Resource Estimate for our Ambergate heavy mineral sands project in Western Australia. SER defined a JORC 2012 Inferred Mineral Resource of **7.8Mt grading 5.1% Heavy Minerals for a total Heavy Mineral content of 394,000t**. The resource is calculated with a low grade Heavy Mineral cut-off of 3% and Slimes cut off of <22%. The valuable mineral assemblage is similar to nearby deposits currently being mined and mineralisation occurs at surface and shallow depths.

The Ambergate resource was produced via an independent Mineral Resource Estimation Study conducted by SRK Consulting. Regarding potential economic viability, the Study notes: "Past mining activities in the area, and the numerous operations with similar mineralisation style and grade tenor in the region, support the potential economic viability of the deposit". The SRK Study concludes that "Ambergate appears to have reasonable potential for economic extraction by way of small open pit surface mining."

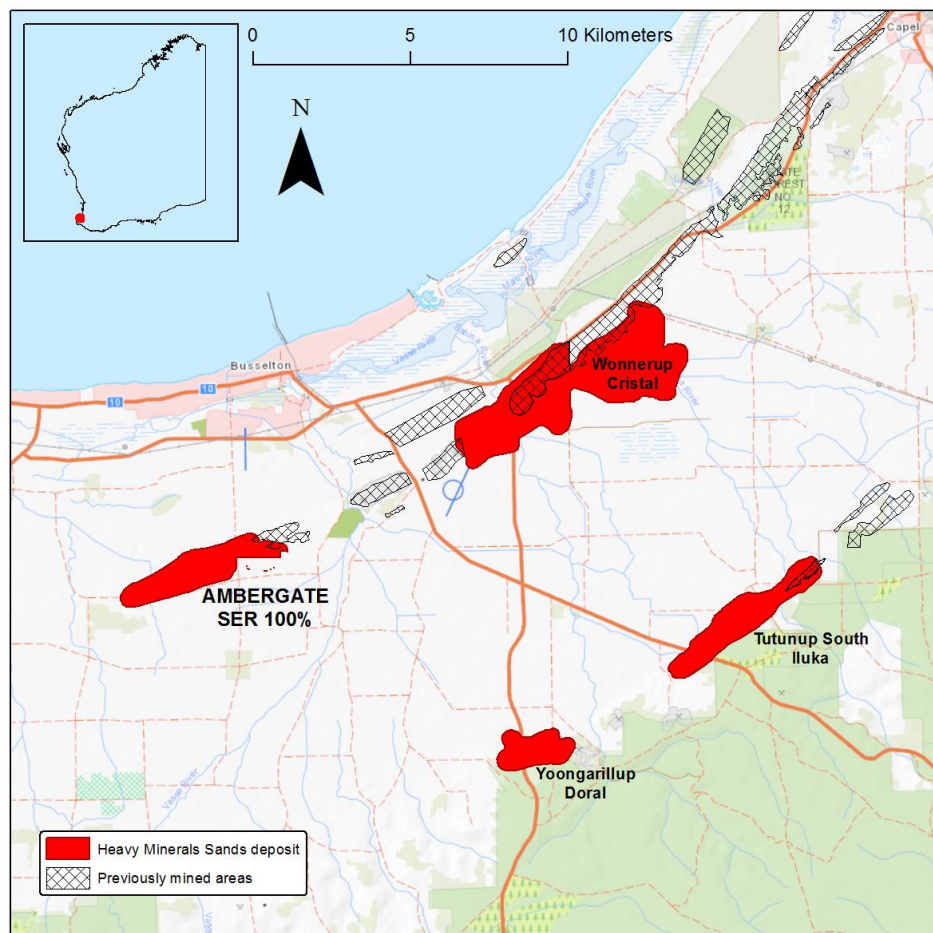


Figure 2: SER's Ambergate Project with nearby mines

SER notes that there are multiple Heavy Mineral Sands operations in the region. This includes Iluka mining ~15km East of Ambergate at Tutunup South, Cristal mining ~10km Northeast at Wonnerup, and Doral planning to mine ~10km SE at Yoongarillup. SER has commenced metallurgical test work and landholder negotiations are well advanced. A small amount of additional drilling and data collection will likely result in a higher Mineral Resource classification.

Full details of the Ambergate resource are available in our 30 January 2017 ASX announcement here: <http://www.asx.com.au/asxpdf/20170130/pdf/43flm3q4b7bcnb.pdf>

Ambergate is the first and smallest of SER's mineral sands projects. We plan to explore our four other projects in the region with a view to building a heavy mineral sands resource base during what we consider to be an exciting growth period for mineral sands demand.

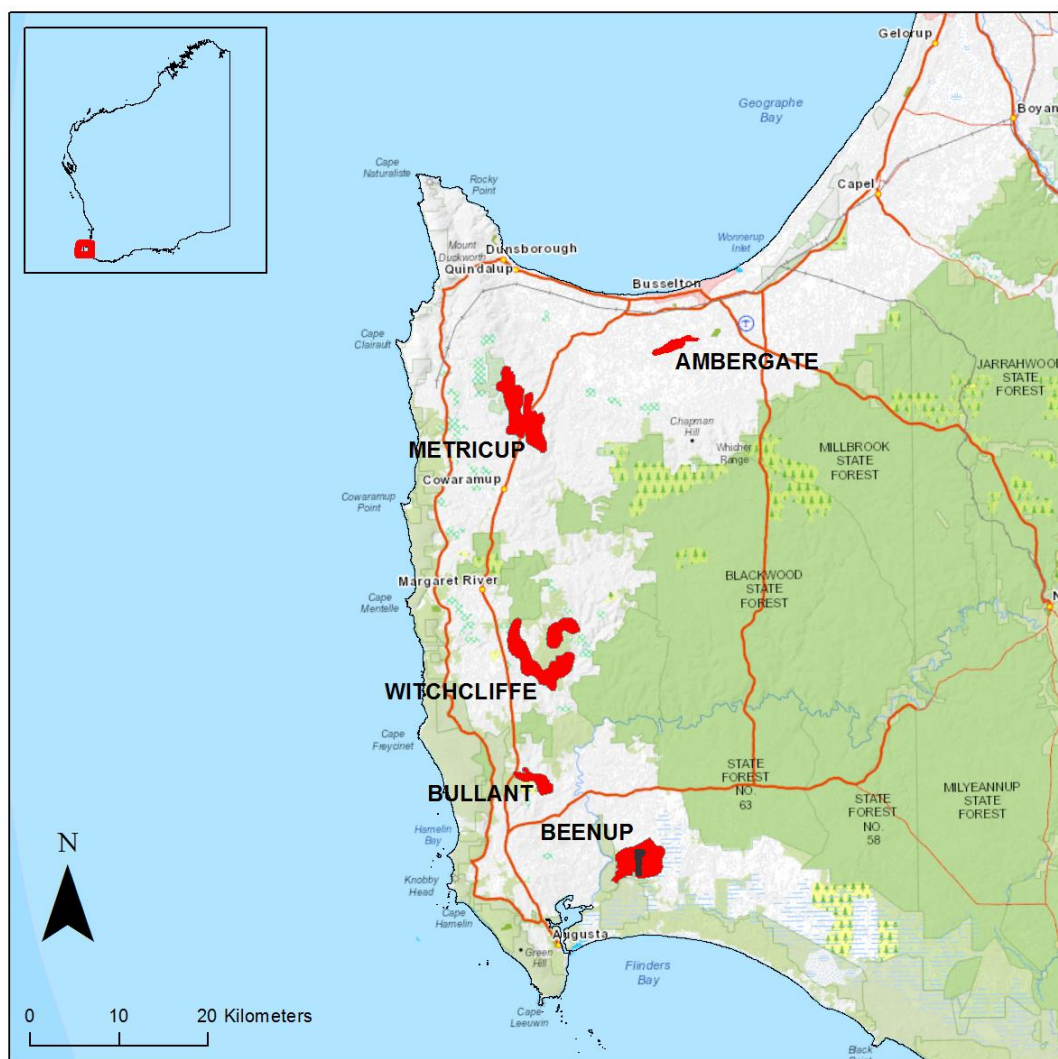


Figure 3: SER's Western Australia Heavy Mineral Sands projects

## SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

During the quarter, SER continued preparation for drilling at our 100% Saxby Gold Project in northwest Queensland. Historic drilling at Saxby includes high grade intersections of 17m @ 6.75g/t Au and 15m @ 9.09 g/t Au in two holes 190m apart. These intersections include higher grade zones of 9m @ 11.27g/t Au and 8m @ 15.1 g/t Au respectively.

SER's analysis reveals drilling to date has not adequately tested the potential demonstrated by previous high grade intersections due to deviation of inclined drill holes. SER plans to drill several vertical drill holes surrounding the best intersections to test the extent and continuity of high grade gold at Saxby. Vertical holes are much less likely to deviate to the extent experienced with the earlier inclined drilling.

See our announcement of 7 December 2016 for further details regarding the geology and mineralisation at Saxby: <http://www.asx.com.au/asxpdf/20161207/pdf/43djpzwkmk8b60.pdf>

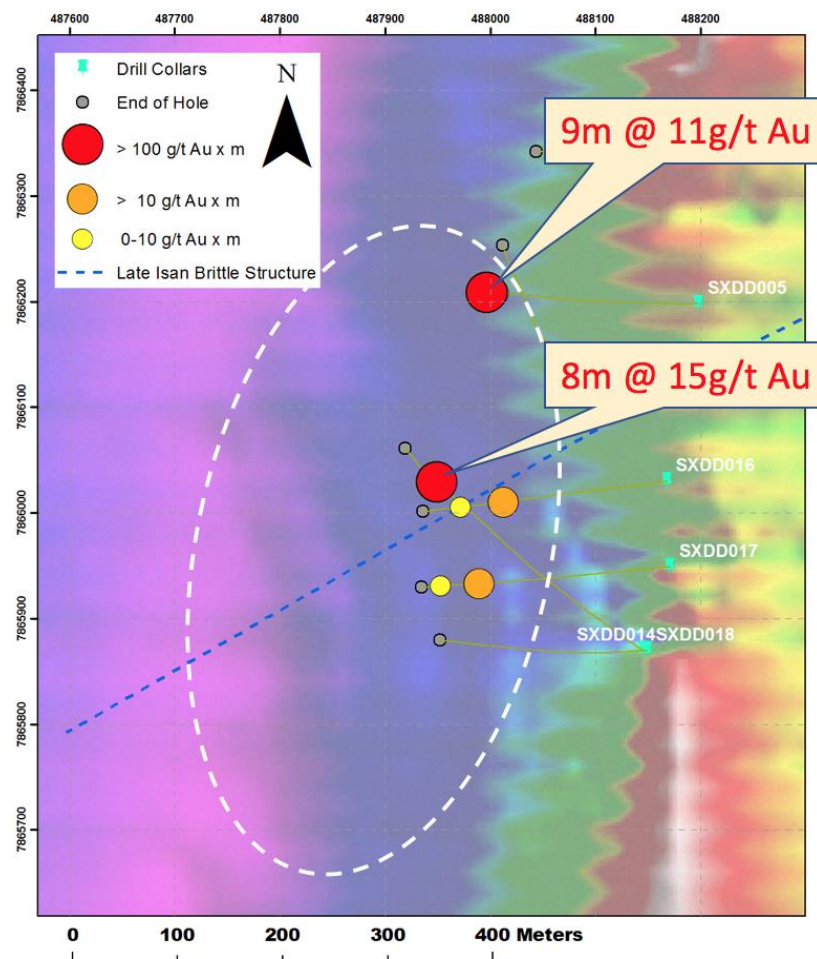


Figure 4: Previous drilling at Saxby over Magnetics with gold intercepts and SER focus area (white dashed)

## CASTERTON VICTORIA (SER 5%)

During the quarter, joint venture partner Encounter Minerals conducted sampling of the Nolan's Creek prospect in western Victoria. Samples were analysed by portable XRF which resulted in several samples being submitted for chemical assay for Au, Ag, Pb, Zn, As, Sb. We expect to report on the results of this work in the near future.



## **INVESTMENTS AND CORPORATE**

### **IONIC PARTNERS WITH CLEANTEQ ON WATER FILTRATION**

During the quarter, Ionic Industries Ltd (Ionic) together with joint venture partner CleanTeQ Holdings Ltd (ASX: CLQ) and Monash University, won Australian Government funding to deliver new wastewater filtration products based on the latest advances in nanotechnology using graphene oxide.

CleanTeQ Executive Director Mr Peter Voigt said that the funding will support the delivery of low energy, continuous flow processes for the water and wastewater treatment market. “The commercial market for water and wastewater treatment is estimated to be \$US54B by 2020. Freshwater scarcity is a critical barrier to energy and food production and industry in general. Contaminated freshwater sources, such as ground and surface water and municipal wastewater, are excellent sources of freshwater provided they can be economically treated. We plan to be the first to take this breakthrough technology to market in Australia and in developing countries such as China, India, South America and South Africa, where access to clean freshwater is a significant issue,” he said.

Ionic Industries Managing Director Mr Simon Savage said “our partnership with Associate Professor Majumder has been pivotal in assisting with the transition of graphene manufacturing expertise out of the laboratory and into commercial applications, and the involvement of CleanTeQ, a highly successful Australian Company, is a testament to the strength and commercial prospects of this technology,” he said.

### **IONIC PARTNERS WITH LAMINAR FOR GRAPHENE PRODUCTION**

Ionic Industries has signed an MoU with Korean manufacturer Laminar for the development of graphene and graphene oxide (GO) production technologies.

Laminar is the world’s only-manufacturer of Taylor flow reactors for the production of finely engineered chemicals and materials. Laminar’s clients include LG, Tanaka Chemicals, Nippon Mining and Metals and Sumitomo Chemicals. The Laminar reactor is ideal for processing graphene and GO using Ionic’s processes to reduce the time required and increase the controllability of a continuous flow process design compared to batch reactor.

The commercial opportunity for Ionic lies in potential licensing arrangements or joint ventures to produce graphene and GO products by combining Ionic’s proprietary processes with Laminar’s IP, equipment and manufacturing know-how. Laminar’s existing market access and client base will serve as the initial target market for these products.

Further information regarding Ionic is available at: <http://www.ionicindustries.com.au/>

## ENTITLEMENT OFFER

Subsequent to the quarter on 12 April 2017, SER announced a partially underwritten non-renounceable entitlement offer of 1 Share for each 2 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.012 (1.2 cents) per Share to raise up to approximately \$2,109,735. The Offer Document is available here: <http://www.asx.com.au/asxpdf/20170412/pdf/43hgqt70nv1xh7.pdf>

## HALF-YEAR FINANCIAL REPORT

SER's Half-Year Financial Report was published on 23 February 2017 and is available here: <http://www.asx.com.au/asxpdf/20170223/pdf/43g7nxbtdqdl4r.pdf>

## INTERESTS IN MINING TENEMENTS

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in or disposed/farm-out during the quarter
EL 5010	South Australia	75%	-
EL 5011	South Australia	50%	-
EL 5898	South Australia	100%	-
E38/1970	Western Australia	95%	-
EL 5040	Victoria	5%	-
EPM15398	Queensland	100%	-
EPM26420	Queensland		N/A Application only
E70/4793	Western Australia	100%	-
E70/4797	Western Australia	100%	-
E70/4799	Western Australia	100%	-
E70/4805	Western Australia	100%	-
E70/4807	Western Australia	100%	-
E70/4874	Western Australia	100%	Granted 24 January 2017

### Competent Persons Statements

*The information in this document that relates to the Saxby Gold Project Exploration Results is based on information reviewed by Mr Steve Konecny, who is engaged as a consultant by the Company. Mr Konecny is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the style of mineralisation, the type of deposit under consideration and the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Mr Konecny consents to the inclusion of the information in the form and context in which it appears.*

*The information in this document that relates to the Ambergate Mineral Resource Estimate is based on work conducted by David Slater of SRK Consulting (Australasia) Pty Ltd. David Slater takes responsibility for the Mineral Resource Estimate. David Slater is a Member of The Australian Institute of Mining and Metallurgy (AusIMM) and a member of the Australian Institute of Geologists (AIG) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activities undertaken, to qualify as Competent Person in terms of the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). David Slater consents to the inclusion of such information in this document in the form and context in which it appears.*

## 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 2017

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	(45)	(265)
(b) development	-	-
(c) production	-	-
(d) staff costs	(57)	(122)
(e) administration and corporate costs	(25)	(153)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(126)</b>	<b>(536)</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	-	-
(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	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other Exploration and Evaluation	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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>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	231	641
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(126)	(536)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
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>105</b>	<b>105</b>



<b>5. 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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	105	231
5.2 Call deposits	-	-
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>105</b>	<b>231</b>

**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

<b>Current quarter \$A'000</b>
75
-

Director's fees and consulting fees paid during the March 2017 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

<b>Current quarter \$A'000</b>
-
-

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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	86
9.2 Development	-
9.3 Production	-
9.4 Staff costs	47
9.5 Administration and corporate costs	49
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>182*</b>

\* Rights Issue Entitlement Offer partially underwritten to \$1.2m expected to be finalised in May 2017.

<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	-	-	-	-
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: 24 April 2017

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.