

DECEMBER 2021 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Canobie drilling returns highly encouraging Nickel intercepts from both drill holes
- Isa North Project tenement transfer from Newcrest now complete
- Machine Learning Project covering Isa Undercover Initiative nears completion
- East Tennant Exploration Licence covering Government drill hole NDIBK09 awarded to SER
- Benmara divestment complete with Resolution Minerals (ASX:RML)

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

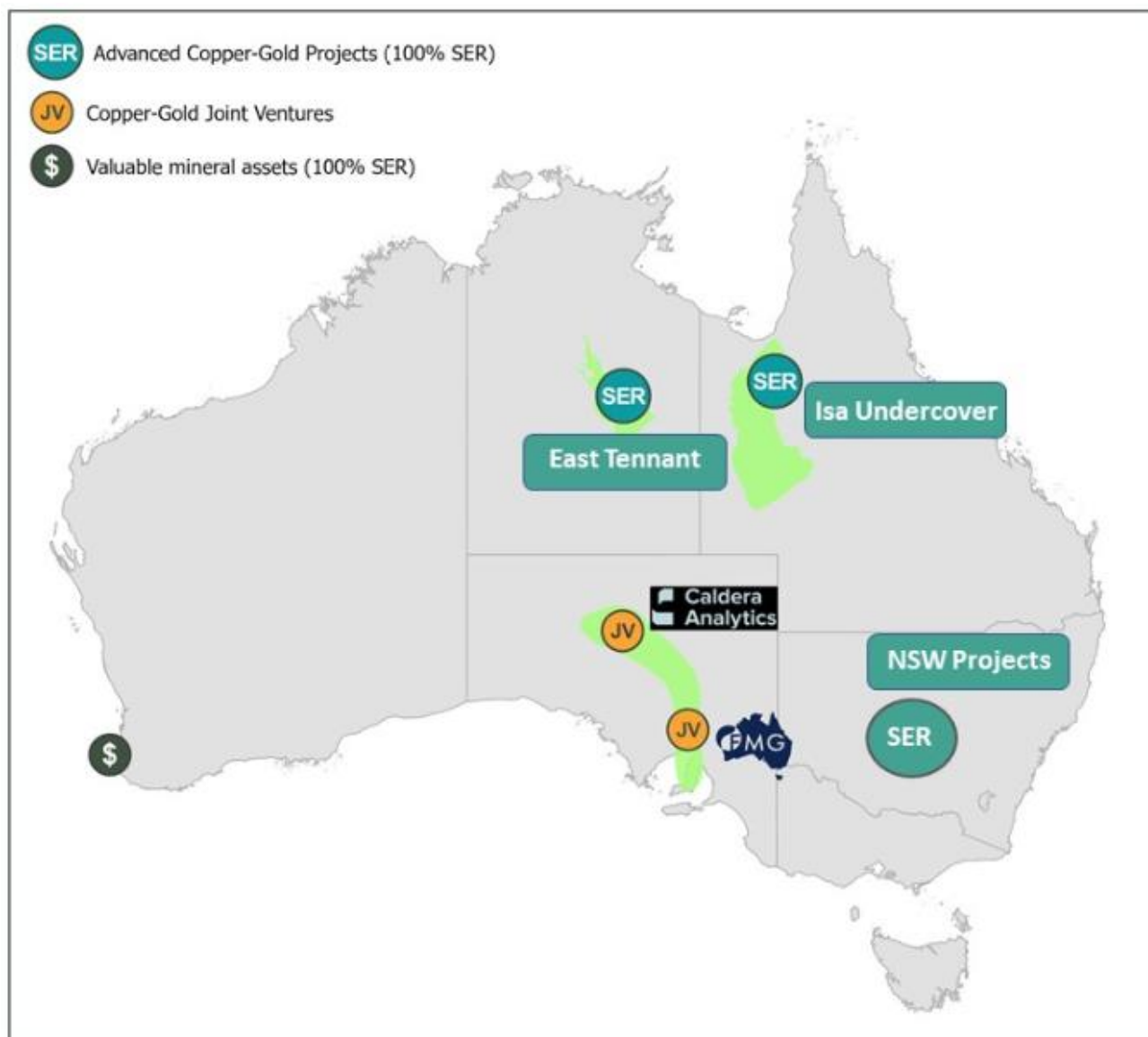


Figure 1: SER Project Locations

CANOBIE PROJECT

QUEENSLAND (SER 100%)

- **Drill results from the Kalarka Prospect advance the potential of the region to host significant Ni + Cu sulphide mineralisation**
- **Gravity interpretation identifies potential “ore junction” and related chonoliths**
- **Leading Ni sulphide expert Dr Steve Beresford engaged to guide exploration**

During the quarter, SER completed a two-hole 1,574m diamond drilling program at the Kalarka Prospect within the Canobie Project, Northwest Queensland. The two drill holes were designed to test a discrete 750 x 600m, 40nT aeromagnetic response characterised by an elevated Electromagnetic (EM) response and partially coincident anomalously higher density.

The results from the drilling campaign were released during the quarter, with both holes intersecting thick intervals of nickel-elevated ultramafic rock with semi massive sulphide zones. Drill holes were collared 535m apart; best intersections included:

- **CNDD001A:**
 - **132m of disseminated Ni-Cu sulphides within ultramafic @ 0.1% Ni from 507m including 2m @ 0.68% Ni, 0.17% Cu (from 635m)**
- **CNDD002:**
 - **43m of disseminated Ni-Cu sulphides within ultramafic @ 0.1% Ni from 615m and 0.6m @ 0.96% Ni, 0.11% Cu (from 661.6m)**

All assay results are provided in the ASX release dated 20th December 2021.

Previous drill results at the nearby Tea Tree Nickel-Copper Sulphide Prospect (Fig. 2) recorded a 10.4m intersection at 0.25% Nickel and 0.28% Copper in drill hole TT00D1¹, located approximately 2.75km southeast of Kalarka. The results from these two Kalarka holes particularly the thick sequence of ultramafic rocks are an advancement to the previously known prospectivity of Tea Tree.

SER remains highly encouraged by the significant intervals of ultramafic rocks coupled with an increase in nickel grade within the sulphide zone compared to previous results at the nearby Tea Tree Prospect. These results demonstrate, at a local scale, the potential for accumulations of nickel sulphides to occur within a sulphur saturated magmatic system. This advances the potential of the region to host significant Ni + Cu sulphide mineralisation as broad zones of thick nickel and copper-bearing disseminated sulphides can be associated with more massive accumulations, as demonstrated between Western and Eastern Deeps systems at Voisey’s Bay (Labrador, Canada) and within the Nebo-Babel deposit (West Musgraves Ranges, W.A.).

Furthermore, a revised interpretation of the detailed gravity data at Canobie shows that it maps mafic units across the project area and reveals that both the Kalarka and Tea Tree prospect form part of a larger ore junction. Importantly, extending north and south from the main ore junction are elongate gravity features interpreted as “chonolith” intrusions which have the potential to host higher tenor nickel-copper sulphide mineralisation (Fig. 3).

¹ASX Announcement 26 August 2020: [Exploration Update: Saxby Gold Project](#)

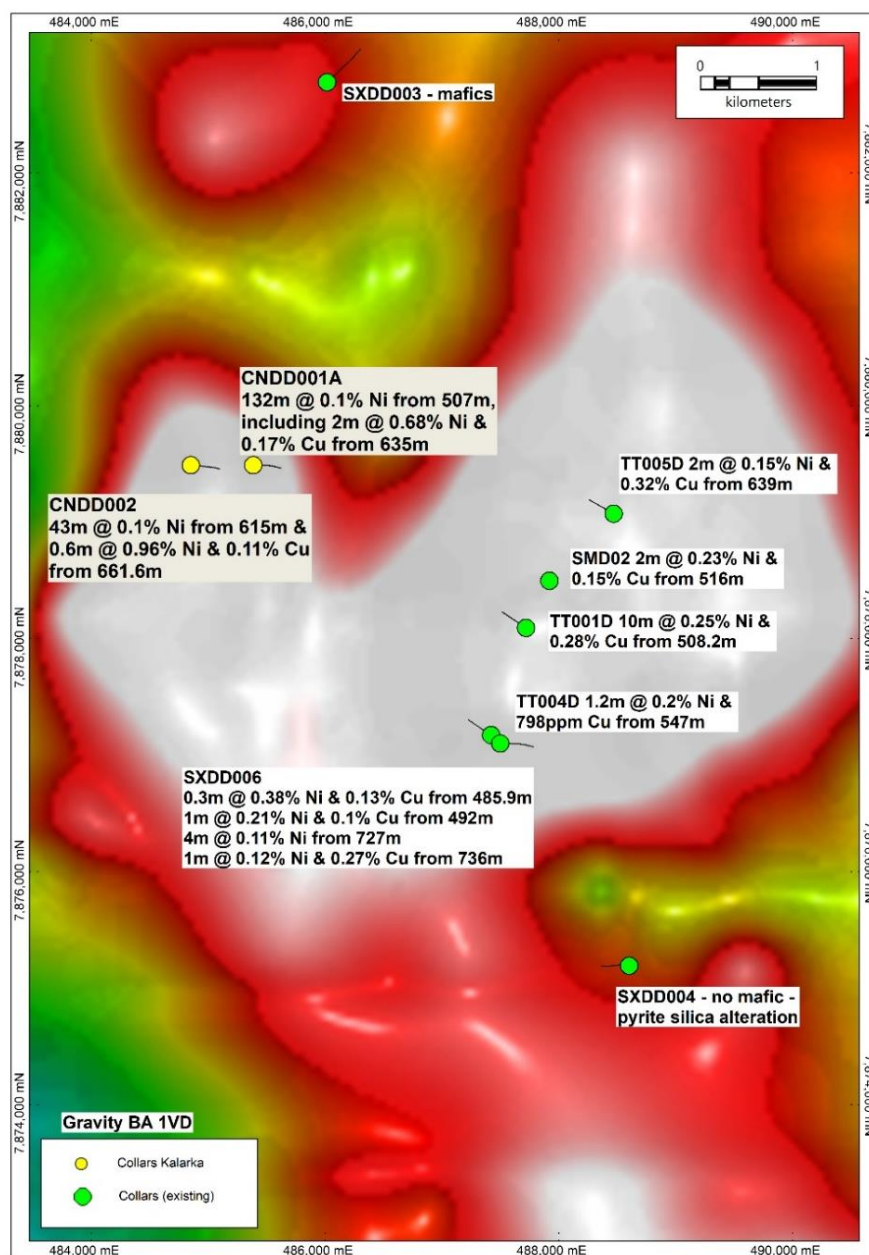


Figure 2: Bouguer Gravity 1 VD image with Tea Tree Ni-Cu sulphide intercepts

Whilst SER acknowledges that the nickel grade and tenor is low, this may be due to sulphur over saturation driven by the interaction of magma with graphite. Historical drilling targeted conductors subsequently revealed to be caused by graphite. There is evidence of other potential sulphur and metal source units locally in the rock record suggesting there could be untested parts of the system which assimilated different, more favourable host rocks.

The Kalarka drill program received co-funding through the Queensland Government Collaboration Exploration Initiative.²

² business.qld.gov.au/industries/mining-energy-water/resources/geoscience-information/exploration-incentives/exploration-grants

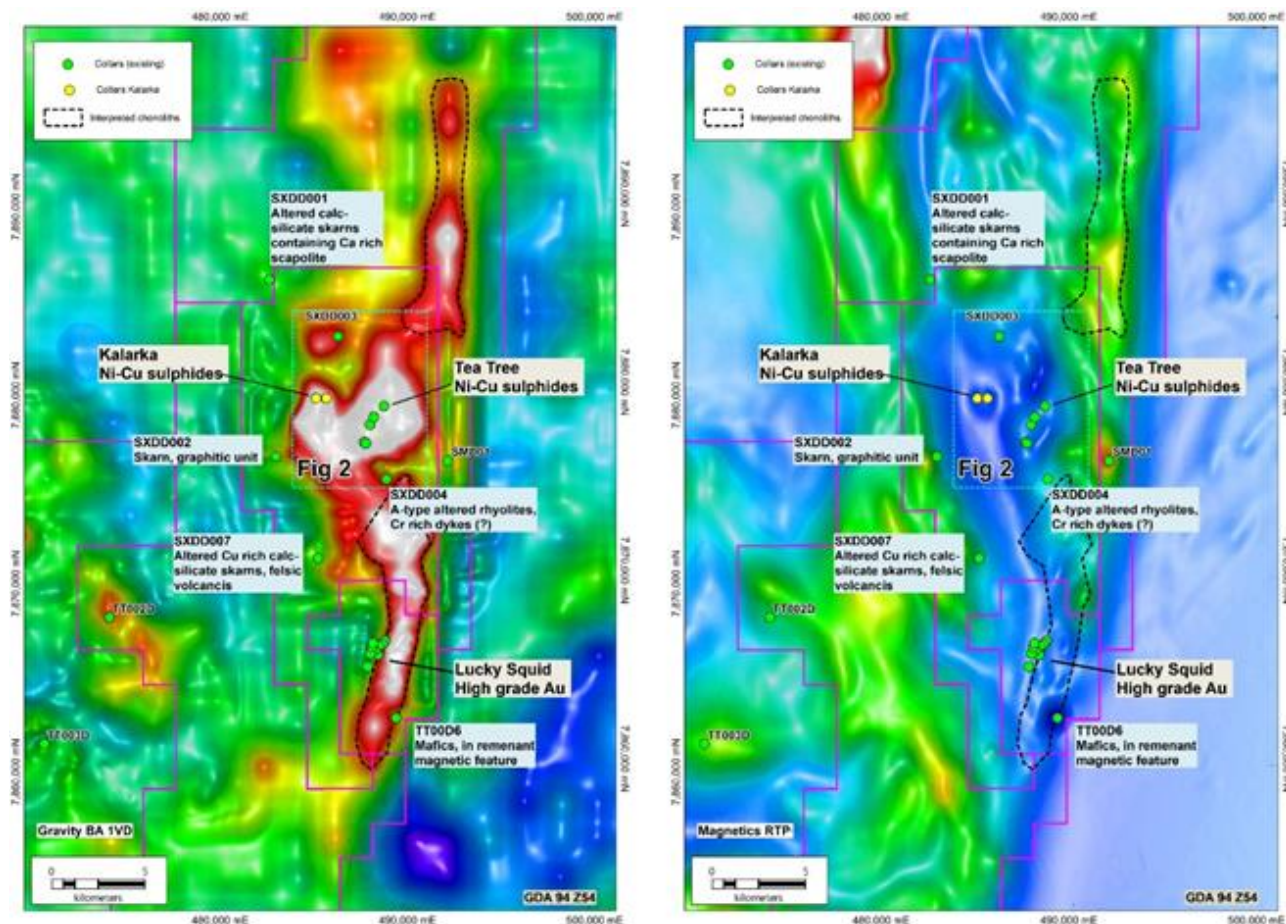


Figure 3: Left: Drill hole intersections surrounding the Kalarka Prospect over a Bouguer Gravity Image. Right: Reduction to Pole Magnetic Image. Note the elongate density highs (interpreted chonoliths) extending north and south from the ore junction.

FUTURE WORK PROGRAM

A complete review of the project has been undertaken by Dr Steve Beresford, the former Chief Geologist of major nickel explorers and producers IGO, First Quantum and MMG. During the first quarter of 2022 SER will re-log available drill core, undertake selected additional geochemical analysis, and petrology and petrophysical data collection to map the lithochemical signatures and allow vectoring into more prospective portions of the intrusive system. A similar “ore junction” gravity anomaly, approximately 50km to the southwest of the Tea Tree Prospect was identified as part of the project review and was secured during the quarter.

ISA NORTH PROJECT

QUEENSLAND (SER 100%)

In May 2020 SER announced the acquisition of the Isa North Copper-Gold Project from Newcrest Mining Ltd (ASX:NCM). The Isa North Project comprises three exploration licences covering an underexplored 976km² belt located along the projected northern extension of the mineralised Mt Isa – Gunpowder Fault Zone. Several large deposits lie on or adjacent to this fault system, including the Mt Isa, Mt Oxide and Gunpowder copper deposits and the Mt Isa, Hilton and George Fisher lead-zinc-silver deposits.

The transfer process was officially completed in December and SER has since commenced land access negotiations and begun a review of the geophysical data covering the project. In the current quarter SER seeks to view historical core from previous drilling and further define drill targets with a view of conducting a drill program in 2022.

ISA UNDERCOVER MACHINE LEARNING PROJECT

During the quarter progress continued towards the development of a deep learning-based model to interpret basement geology from geophysical data covering the Canobie and Isa North Project areas. The model seeks to perform lithological interpretations based on the existing geophysics, ultimately to further advance the concept of “live geological interpretation”, one that is not static, but rather one that adapts and changes as more data is acquired. The project is set to conclude in the first quarter of 2022 with the outcomes used to refine drill testing methodology over the region.

The Machine Learning Project is part of an ongoing partnership with Caldera Analytics and received co-funding through the Queensland Government Collaboration Exploration Initiative.³

EAST TENNANT COPPER-GOLD PROJECT

NORTHERN TERRITORY (SER 100%)

- **Drill results confirm no significant intercepts returned at the Cottage Prospect**
- **Exploration Licence Application covering Government drill hole NDIBK09 awarded to SER**

During the last quarter, SER completed a single inclined diamond drill hole designed to test a pipe like feature evidenced in gravity modelling at the Cottage Prospect within the East Tennant Copper-Gold Project.

The drill target, “Cottage”, located on EL32617, was selected following the identification of a regionally significant gravity and magnetic feature during our extensive review of the emerging East Tennant Iron Oxide Copper-Gold (IOCG) province. The prospectivity of the region was later confirmed by results from the MinEx CRC National Drilling Initiative campaign in 2021.

On-site logging of core undertaken during the drill program suggested that a major mineralising system was not intersected which was confirmed during the quarter with geochemical results confirming no significant mineralised intersections. While these results are disappointing, we are encouraged by neighbouring explorers which are targeting similar amplitude gravity and magnetic anomalies to better understand and refine our exploration model. In the coming year, alternative geophysical techniques will be investigated including ground based Induced Polarisation (IP) as a means of locating disseminated sulphides that may be associated with a gravity and/or magnetic high.

Towards the end of the quarter SER was deemed the successful applicant for Exploration Licence EL32809 which encompasses the previously reported MinEx CRC drill hole NDIBK09 (Fig 4.). The four blocks adjoining SER’s EL32306 were awarded via a competitive application process with Newcrest securing EL32810 immediately to the south-west. The application will now proceed to grant.

³ business.qld.gov.au/industries/mining-energy-water/resources/geoscience-information/exploration-incentives/exploration-grants

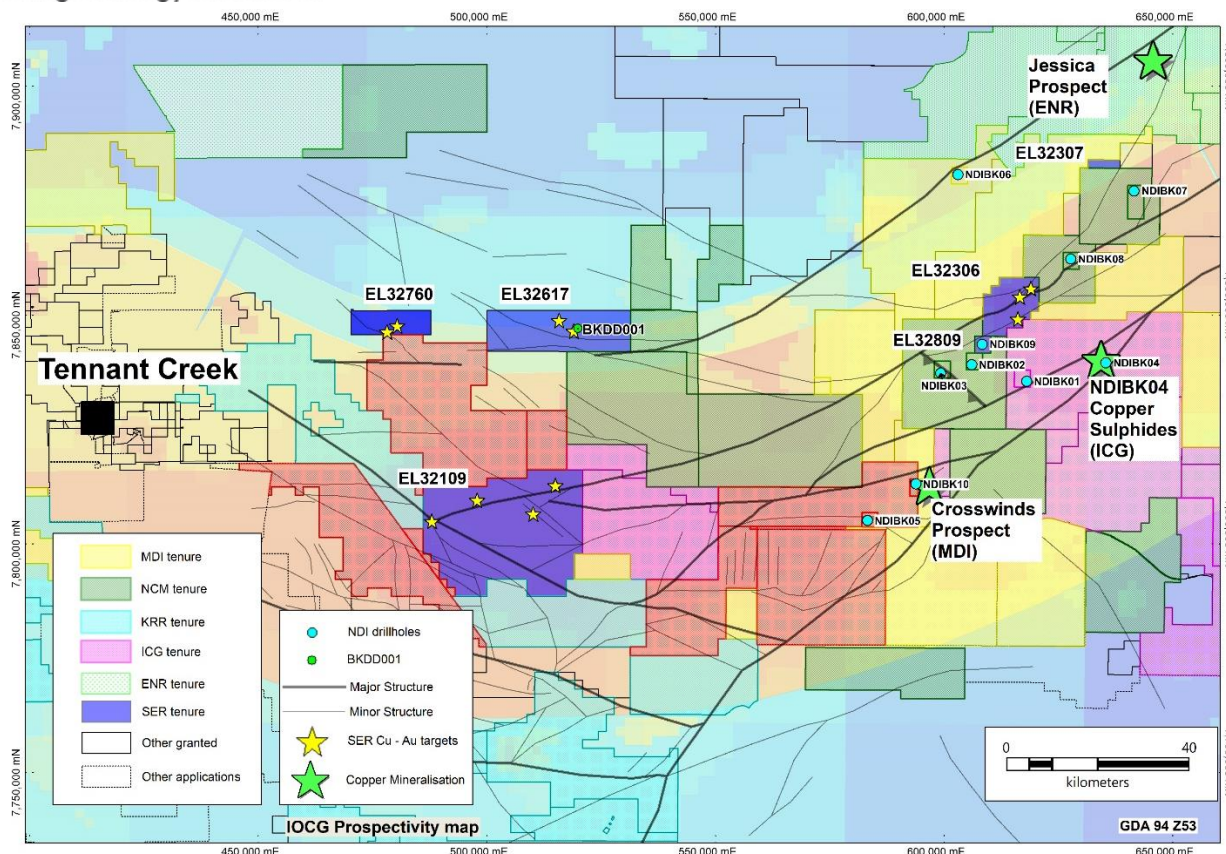


Figure 4: The location of newly awarded EL32809 alongside EL32306 within the East Tennant region.

BENMARA PROJECT

NORTHERN TERRITORY (ASX:RML PURCHASE COMPLETE)

In December 2020, SER executed a binding term sheet with Resolution Minerals Ltd (ASX:RML) giving RML a 12-month Option to purchase exploration licence application ELA32228. In the quarter RML elected to make the final payment of the additional \$250,000 in RML shares, issuing 13,773,778 shares to SER resulting in SER now holding 16,273,778 shares in RML.

RML has significantly advanced the project already, completing a Versatile Time Domain Electromagnetic (VTEM) geophysical survey over the project, with a follow up 15-hole Reverse Circulation (RC) drilling program for a total of 2,892 metres, testing the large-scale targets on Benmara that are prospective for sediment hosted battery metals – copper, silver, lead, zinc and cobalt with assays released in December.

Details of the RML drilling are available from their announcement to the ASX on 11 November 2021.

CORPORATE AND INVESTMENTS

During the Quarter, SER sold 18,031 shares in VOX Royalty Corporation (CVE: VOX) for a net proceed of \$68,959.49. SER retains a further 40,000 shares which were a result of the sale of the Royalty associated with Uley Graphite Project held by Quantum Graphite Ltd (ASX: QGL).

Payments to related parties of the entity and their associates during the quarter were \$130k comprising Director and consulting fees as outlined in the Appendix 5B.

The Company's major cashflow movements for the quarter included:

- Exploration & Evaluation expenditure - \$1,330k; and
- Employee, administration and corporate costs - \$102k.

This announcement is authorised by the Strategic Energy Resources Limited Board.

For further information please contact:

Dr David DeTata
Managing Director

T +61 3 9692 7222

E info@strategicenergy.com.au

W www.strategicenergy.com.au

- END -

About Strategic Energy Resources

Strategic Energy Resources (ASX: SER) is a specialised undercover mineral explorer and project generator focused on discovery in greenfield frontiers of Australia. SER is actively exploring our large tenement package in the emerging East Tennant copper-gold province of the Northern Territory; the undercover extensions of the world-class Mt Isa Province in northwest Queensland; and the Cobar Basin and Lachlan Fold belt of New South Wales.

The information in this report that relates to Exploration Results is based on information compiled by Mr Stuart Rechner BSc (Geology) MAIG MAuslMM, a Member of the 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	-
EL6626	South Australia	80%	Mabel Creek	
EPM15398	Queensland	100%	Saxby	-
EPM27378	Queensland	100%	Saxby North	-
EPM27586	Queensland	100%	Canobie1	-
EPM27587	Queensland	100%	Canobie2	-
EPM27588	Queensland	100%	Canobie3	-
EPM27638	Queensland	100%	Canobie4	-
EPM27676	Queensland	100%	Canobie5	-
EPM26439	Queensland	100%	Isa North 1	-
EPM26440	Queensland	100%	Isa North 2	-
EPM26442	Queensland	100%	Isa North 3	-
E70/4793	Western Australia	100%	Ambergate	-
E70/5012	Western Australia	100%	Ambergate West	-
E70/5344	Western Australia	100%	Ambergate Far West	-
E38/3508	Western Australia	100%	Application only	-
E38/3564	Western Australia	100%	Application only	-
EL32109	Northern Territory	100%	East Tennant 1	-
EL32306	Northern Territory	100%	East Tennant 2	-
EL32307	Northern Territory	100%	East Tennant 3	-
EL32617	Northern Territory	100%	Barkly 1	-
EL32670	Northern Territory	100%	Barkly 2	-
EL32228	Northern Territory	100%	Option Agreement with RML	Disposed
EL9012	New South Wales	100%	South Cobar	-
EL9057	New South Wales	100%	East Cowal	-
ELA6393	New South Wales	100%	Garema	Application lodged
ELA6396	New South Wales	100%	Nymagee	Application lodged
ELA6397	New South Wales	100%	South Cowal	Application lodged
ELA6407	New South Wales	100%	Mundi	Application lodged
EL32809	Northern Territory	100%	East Tennant 4	Application lodged

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")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'001	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*	71	(66)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(29)	(63)
	(e) administration and corporate costs	(73)	(179)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	30	30
1.9	Net cash from / (used in) operating activities	(1)	(278)
<i>*The Company received approvals for two tenement applications post 30 September 2021, which were effective from 12 July 2021. The Company retrospectively reclassified exploration expenses amounting to \$119k from operating cash flow 1.2 (a) to investing cash flows 2.1 (d) in line with the Company's accounting policies.</i>			
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	(4)
	(d) exploration & evaluation	(1,401)	(1,672)
	(e) investments	69	69
	(f) other non-current assets	-	-

Appendix 5B

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

2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (security deposits)	-	(41)
2.6	Net cash from / (used in) investing activities	(1,332)	(1,648)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	104	1,320
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	(12)	(79)
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 (Advance from share subscription)*	(21)	-
3.10	Net cash from / (used in) financing activities	71	1,241
<i>*share subscription received quarter ended 30 September for which share issued in current quarter</i>			
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,653	2,076
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1)	(278)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,332)	(1,648)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	71	1,241
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,391	1,391

Appendix 5B

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'001	Previous quarter \$A'000
5.1	Bank balances	1,391	2,653
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)	1,391	2,653

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	28
6.2	Aggregate amount of payments to related parties and their associates included in item 2	102
<i>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.</i>		

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 (please specify)	-	-
7.4	Total financing facilities	-	-
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.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,401)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,402)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,391
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,391
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.99
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	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?	
	<p>Answer:</p> <p>No, SER conducted two major drilling campaigns last quarter, resulting in an unusually high level of expenditure for the quarter. The Company's cash position will substantially dictate the exploration programmes undertaken in future periods.</p>	
8.8.2	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?	
	<p>Answer:</p> <p>The Company will continue to assess the merits of various fundraising initiatives to ensure it has the financial capacity to progress its exploration program at an appropriate rate and will also examine alternative means of progressing exploration programs, if required.</p> <p>SER has large shareholdings in TSX and ASX companies from historical asset sales. SER recently sold some of these shares for cash. Additional sales could be made if required.</p>	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<p>Answer:</p> <p>Yes, for the following reasons:</p> <ul style="list-style-type: none"> • The Company's cash position substantially dictates the quantum of its exploration and evaluation expenditure and the Company has the capacity to control the level of expenditure based on its financial position. • The Company's Board and Management continue to be focussed on meeting its stated objectives and are cognisant of the funding requirements required to meet those objectives. The Company has a track record of successfully raising capital to continue to pursue its exploration programmes. 	
<p><i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i></p>		

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.

Date: 31 January 2022

Authorised by: The Board

Notes

1. 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.
2. 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.
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.
4. 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".
5. 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.