

21 April 2020

Quarterly Report to 31 March 2020

- SER wins key Copper-Gold ground in East Tennant
- Gravity Survey at Billa Kalina reveals compelling IOCG target
- Airborne Magnetic Survey completed by FMG at Myall Creek
- Saxby drill core sent for hyperspectral logging

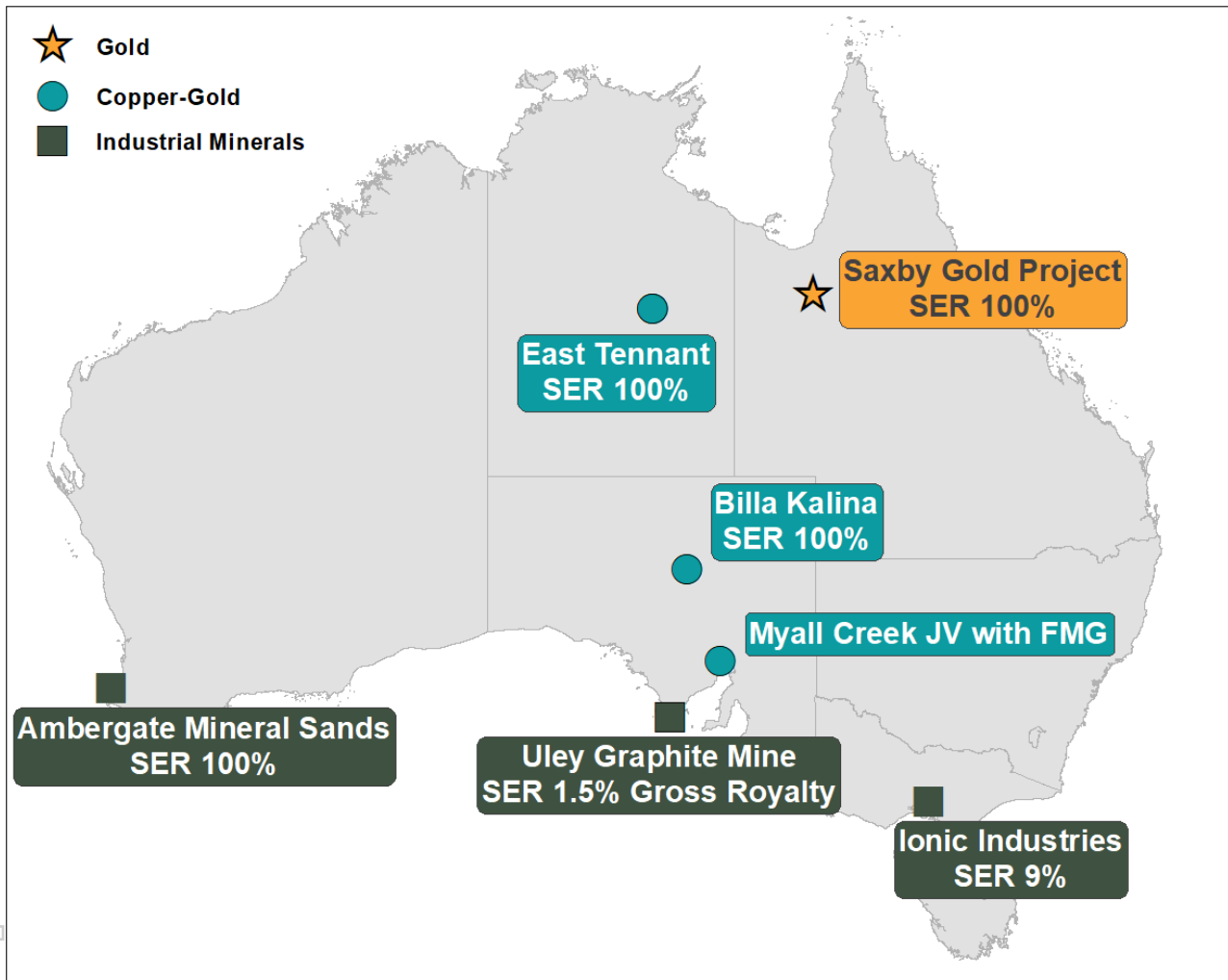


Figure 1: SER Project Locations

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.

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

In February 2020, SER won the exclusive right to apply for key Exploration Licences within the East Tennant Iron Oxide Copper-Gold (IOCG) province in the Northern Territory. SER has now lodged the applications.

In 2019, a wide-ranging government survey program revealed previously unrecognised major features in the East Tennant region favourable for hosting large mineral systems. The area was placed under moratorium and a competitive tender process initiated. The fiercely competed process resulted in SER winning key ground surrounded by another winner, Newcrest Mining Ltd (ASX:NCM). Importantly for SER, an area immediately adjacent to our application will be drilled by the Mineral Exploration Cooperative Research Centre (MinEx CRC: the world's largest mineral exploration collaboration with \$218m to discover new mineral deposits) under the National Drilling Initiative.

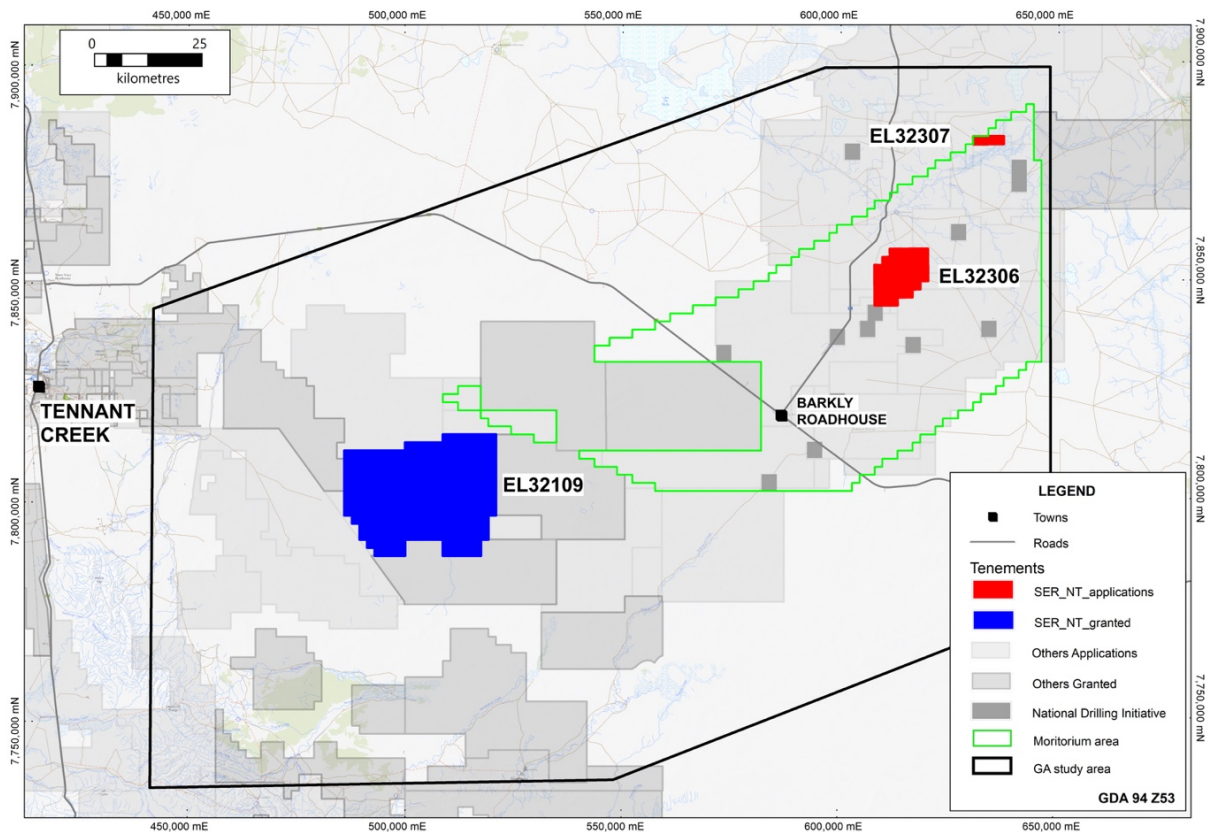


Figure 2: Exploration Licence tenure in the East Tennant region (SER new ELAs in red, SER's EL32109 in blue)

East Tennant Regional Potential and Background to the Ground Release

In 2019, data acquired under Geoscience Australia’s \$100m “Exploring for the Future” program revealed a lithospheric connection between the Tennant Creek and Mt Isa mineral fields. In particular, previously unrecognised major features favourable for hosting large mineral systems were seen in the East Tennant region¹.

As a result, the MinEx CRC selected the East Tennant region for the National Drilling Initiative which will drill multiple holes through cover to map the regional geology, structural architecture and mineral systems.

The region has seen very limited historical mineral exploration and cover is assessed as relatively shallow (less than 250m depth to basement).

A moratorium on Exploration Licence Applications was placed over the region and a competitive tender process initiated in October 2019. The area was filled with applications from multiple exploration companies including both Majors and Juniors.

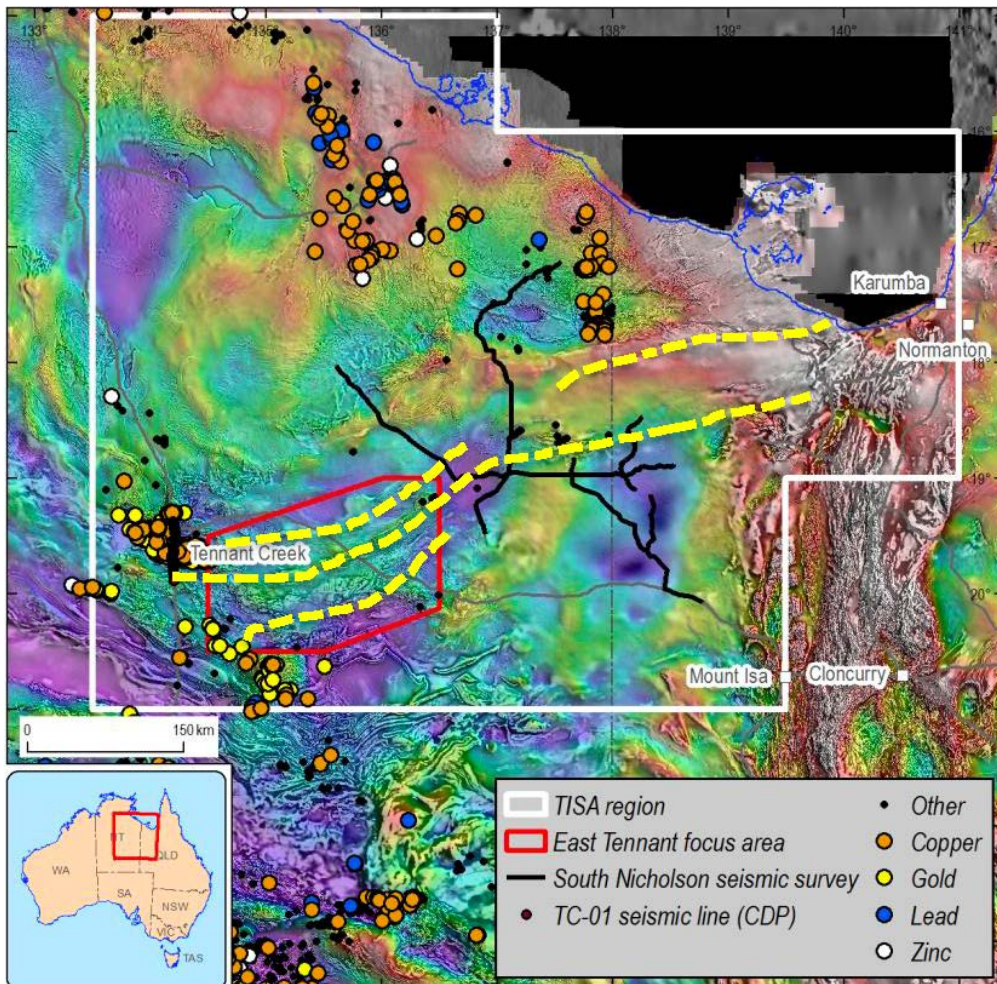


Figure 3: Tennant Creek to Mt Isa (TISA) region with crustal structures (yellow dashed lines) over gravity image

¹ For further details regarding Geoscience Australia’s work at East Tennant see: <https://www.ga.gov.au/efft/minerals/fis/east-tennant>

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The East Tennant region is covered by sediments of the Georgina Basin, has no basement outcrop and has seen very little previous exploration. SER believes prospective basement geology lies beneath the younger cover based on distinct NE-trending structures visible in regional magnetics, gravity and conductivity extending along-strike from area of known mineralisation.

IOCG prospectivity analysis undertaken by Geoscience Australia shows SER project areas covering multiple high priority target zones.

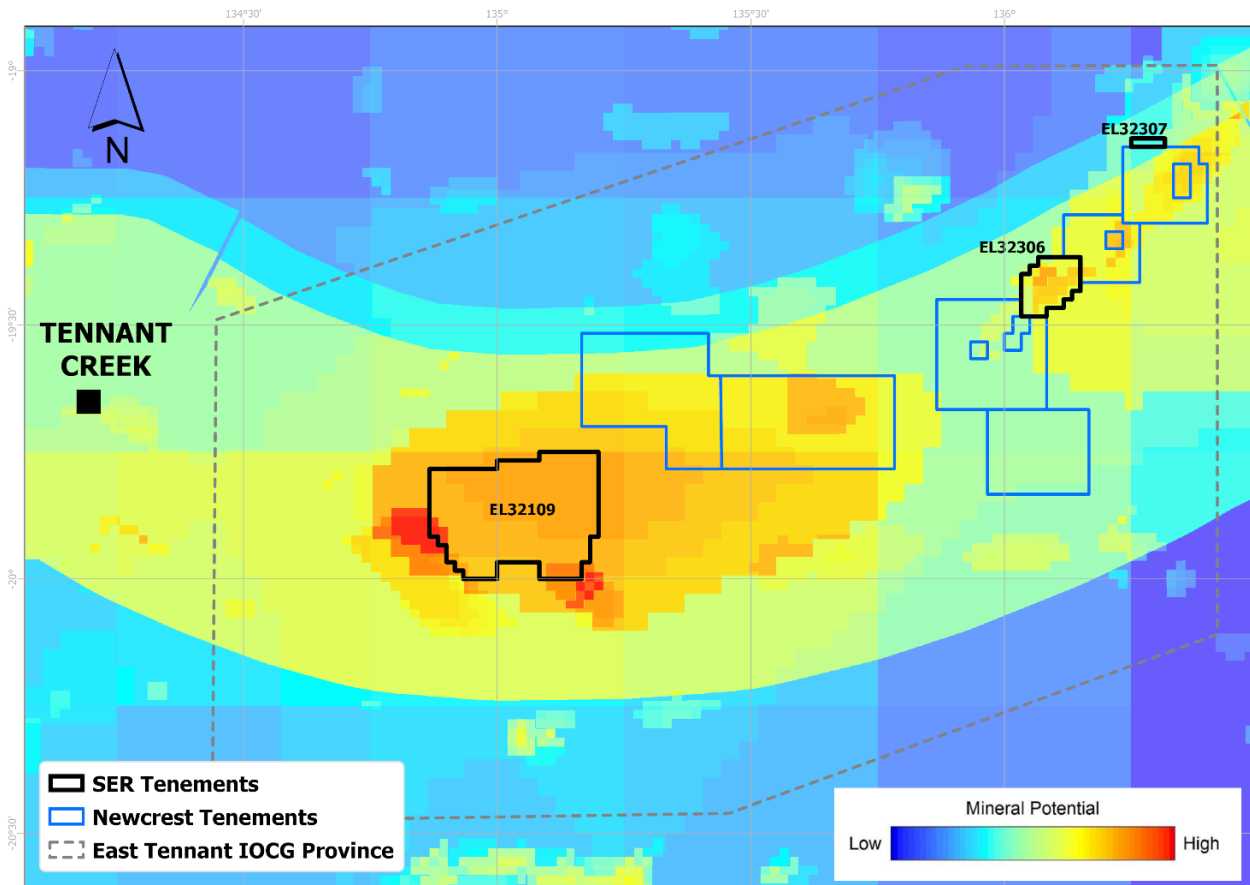


Figure 4: Geoscience Australia IOCG Prospectivity² map of East Tennant Project with SER applications

Geoscience Australia has also collected and interpreted Broadband and Audio Magnetotelluric (MT) data over the area through the “Exploring for the Future” program. SER is incorporating this recently released data into our target models.

SER’s first stage of field exploration will be covering our new ground with a systematic gravity survey to allow prospect scale geophysical modelling to prioritise drill targets.

² Ore Geology Reviews (October 2019): <https://www.sciencedirect.com/science/article/pii/S0169136819303099?via%3Dihub>

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

During the quarter, SER completed a detailed ground gravity survey at our Billa Kalina project in the Olympic Copper-Gold Province, South Australia.

The survey of over 1000 new ground gravity stations has revealed a classic “bullseye” density anomaly of 3km x 2km. The density anomaly is coincident with a large magnetic anomaly. The project area is 60km northeast of the Prominent Hill copper-gold mine. SER has applied for South Australian government funding for drilling under the Accelerated Discovery Initiative.

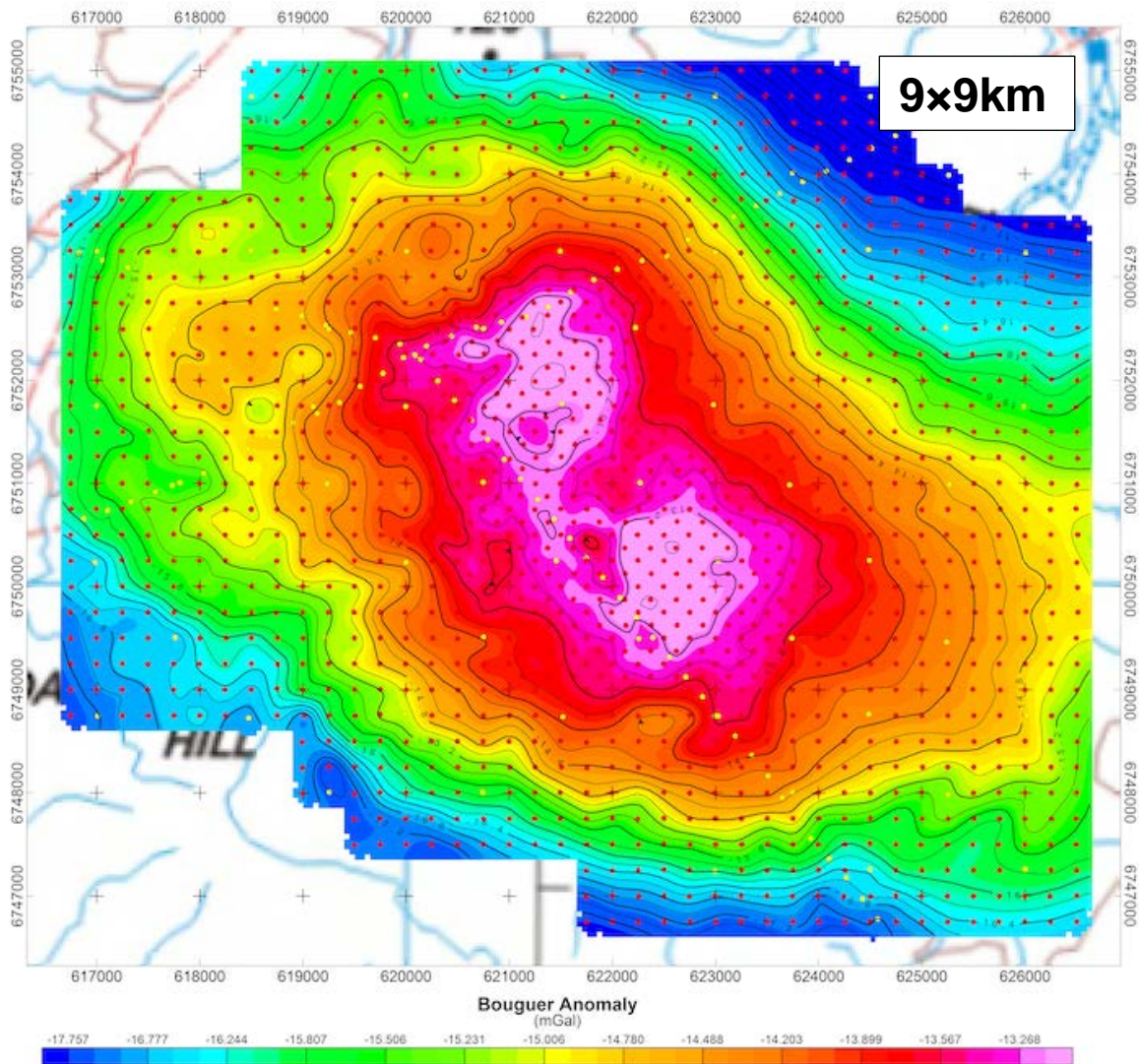
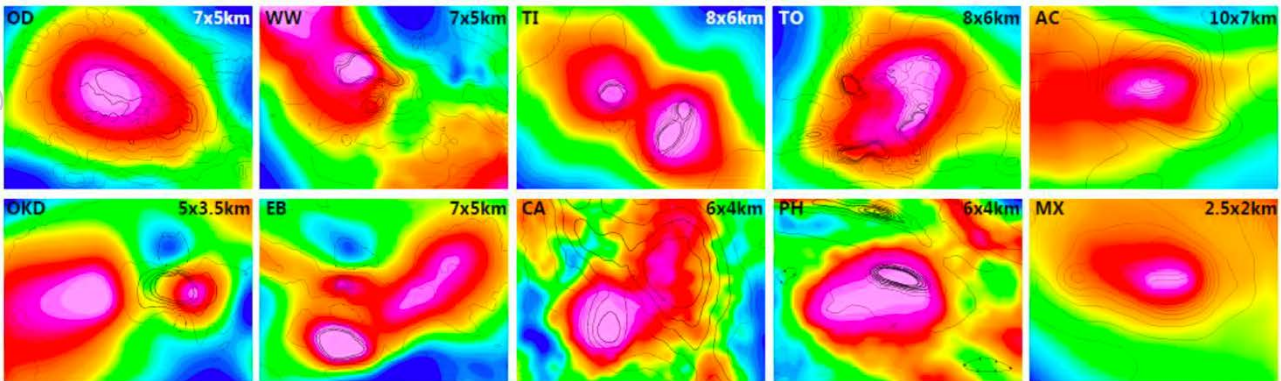


Figure 5: Bouguer Gravity Anomaly (2.67gm/cc), 0.2mGal contours, Red dots this survey / Yellow dots 2014 survey

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The density anomaly identified at Billa Kalina compares favourably with the gravity responses of known IOCG deposits on the Gawler Craton.



OD: Olympic Dam, WW: Wirrda Well, TI: Titan, TO: Torrens, AC: Acropolis, OKD: Oak Dam, EB: Emmie Bluff, CA: Carrapateena, PH: Prominent Hill, MX: Manxman.

Figure 6: Gravity responses of known Gawler Craton IOCG deposits (after OZL³, magnetic contours, box size top right)

The key geophysical anomalies in this region of the northeastern Gawler Craton are mostly held by major companies such as BHP, OZ Minerals and FMG (see Figure 7). SER won EL6335 in a competitive process following BHP's announcement of a significant IOCG discovery at Oak Dam West.

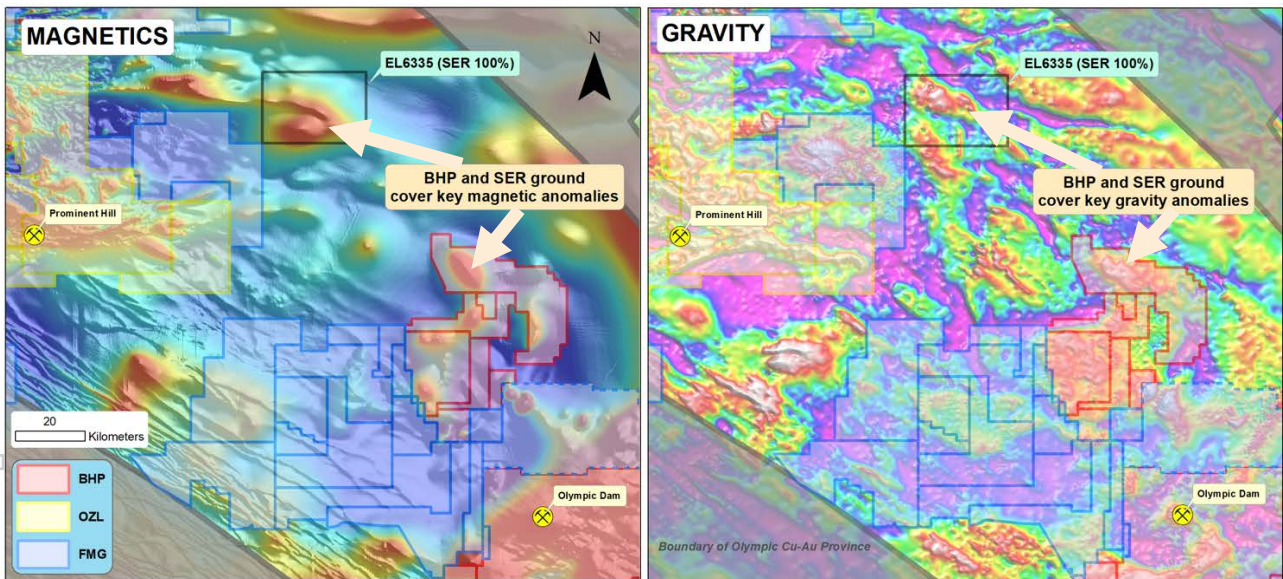


Figure 7: Regional geophysical images of the NE Gawler Craton showing major land holdings and key anomalies

SER will now conduct 3D inversion modelling of the new gravity data to refine the target ahead of drill testing with a single deep hole.

³ OZL presentation 2 December 2019 "Stuart Shelf hematite rich end members"
http://www.energymining.sa.gov.au/_data/assets/pdf_file/0003/355008/09_Mitchell_Neumann.pdf

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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, has completed a detailed airborne magnetic / radiometric survey over SER's Myall Creek Copper-Gold Project in the Olympic Copper-Gold Province, South Australia.

The survey has produced high quality data which FMG will process and interpret to define drill targets. SER welcomes the new data from FMG and looks forward to the drill testing of targets.

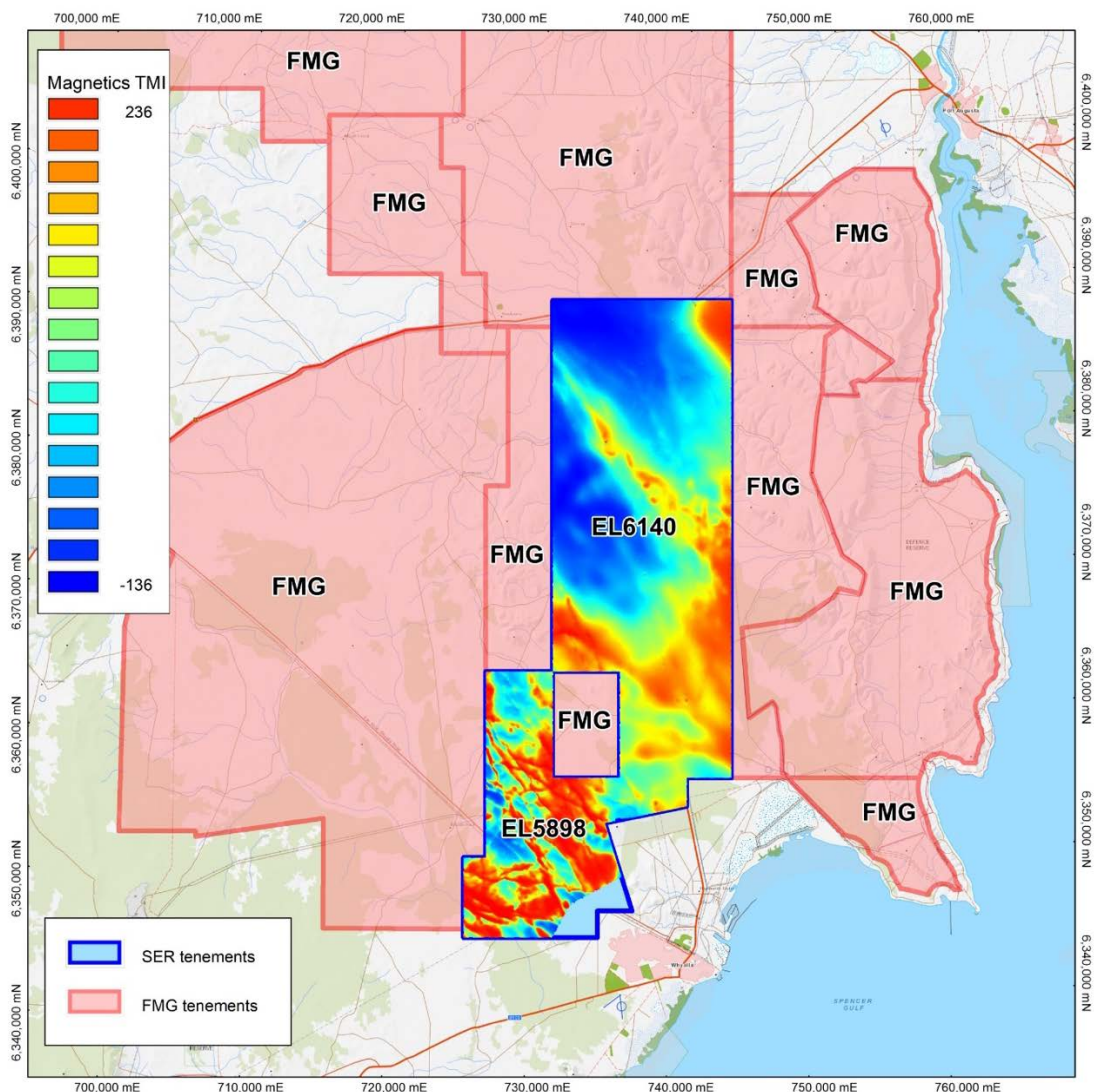
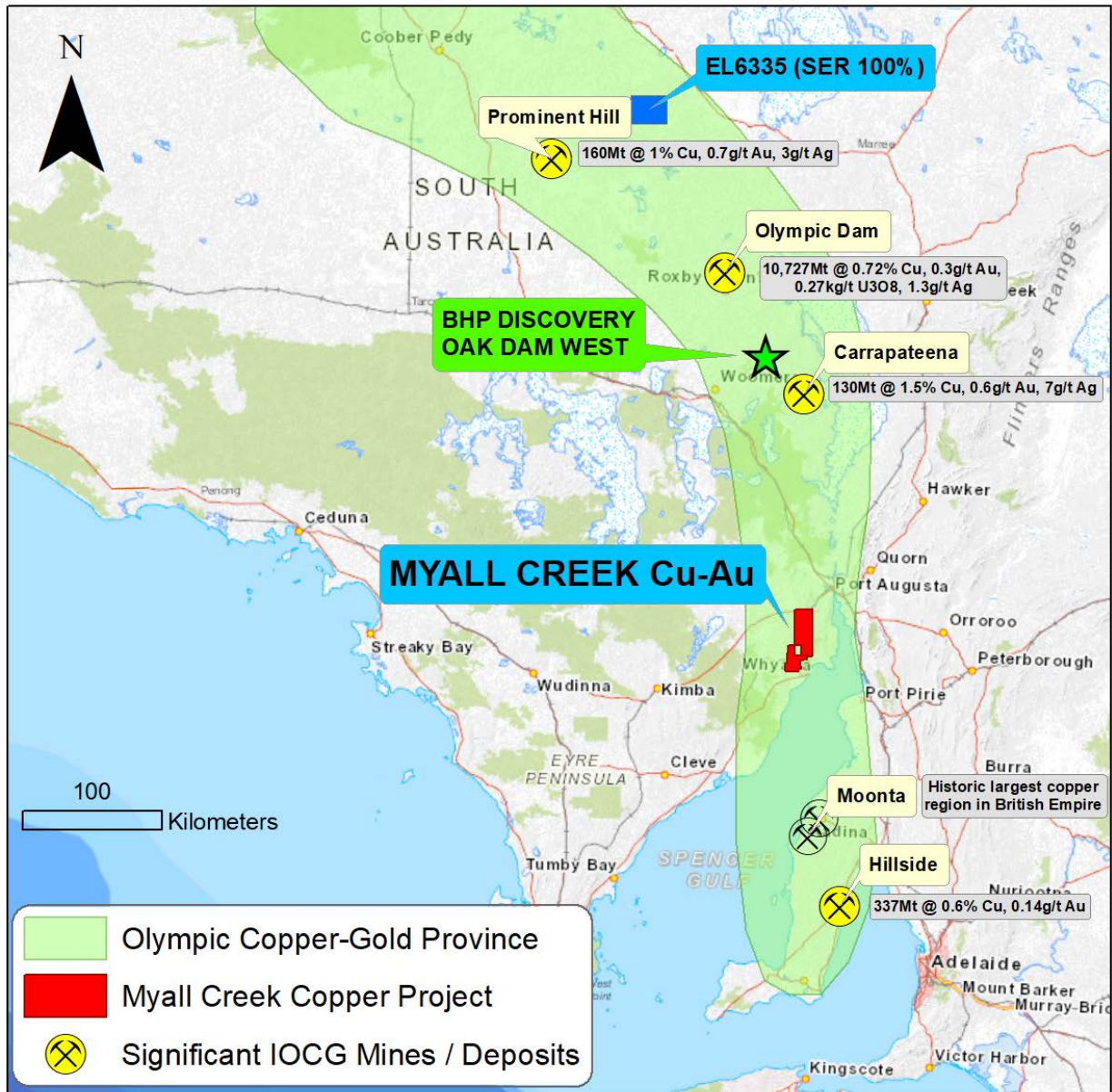


Figure 8: New magnetic data (TMI image) over SER tenements and surrounding FMG tenements

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

Figure 9: Location of Myall Creek within Olympic Cu-Au Province

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SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

Selected drill holes from the Saxby high grade gold project have been scheduled for hyperspectral logging via HyLogger by the Geological Survey of Queensland. The HyLogger spectral scanner is a rapid spectroscopic logging and imaging system that uses continuous visible and infrared spectroscopy and digital imaging to examine core without destroying it. The work will be funded by the Queensland Government.

The data collected from core scanning will provide new insights into host rock and alteration mineralogy, vectors to mineralisation, objective determination of lithostratigraphic units and their boundaries, and inputs to geological modelling and geometallurgical characteristics. This data will complement the detailed structural analysis of drill core designed to determine the orientation of controlling structures to inform future drill planning.

On 17 February 2020, SER released a major Exploration Update regarding Saxby available via the ASX platform.⁴



Figure 10: Drillhole SXDD020 (518.49-522.63m) drilled by SER late 2019; interval 520-521m assayed > 50g/t Au

⁴ <https://www.asx.com.au/asxpdf/20200217/pdf/44f4hrqn7bmd65.pdf>

INVESTMENTS AND CORPORATE

In light of continuing market uncertainty and travel restrictions relating to COVID-19 virus, SER has adopted a number of cost reduction measures including decreased discretionary expenditure and reduced personnel hours. In the short term, field operations will be delayed by Government restrictions on work and travel.

SER will access available Government assistance and is considering the sale of non-core assets. Immediate cashflow will be supported by Director loans with a view to capital raising as the COVID-19 crisis resolves.

On 2 March 2020, SER released an updated Investor Presentation via the ASX platform.⁵

On 13 March, SER released the Half-year Financial Report.⁶

Payments to related parties and their associates during the quarter was \$0.09m. These payments related to Director fees and consulting fees as outlined in section 6 of the Appendix 5B.

IONIC INDUSTRIES UPDATE (SER 9%)

At the end of 2019, Ionic raised \$550,000 via Melbourne Capital to fund ongoing R&D and support a share buy-back.

In February 2020, Ionic won a grant program with the Advanced Manufacturing Growth Centre (AMGC). The \$591,000 government-funded program involving Ionic (\$204,000), Monash University, Nantong Jianghai Capacitor Co and CCP Technologies will focus on scaling up manufacturing of supercapacitor electrode materials. This is an important milestone for Ionic as it represents first steps into the world of manufacturing, bringing technologies out of the lab and into the real world. Further details can be found on the AMGC website: <https://www.amgc.org.au/project/supercapacitor-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.

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.

⁵ <https://www.asx.com.au/asxpdf/20200302/pdf/44fnfbzbfhyc15.pdf>

⁶ <https://www.asx.com.au/asxpdf/20200313/pdf/44q1dfsbthhd0k.pdf>

INTERESTS IN MINING TENEMENTS

Mining Tenement	Location	Beneficial Percentage held	License Description	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%	-	-
E70/5344	Western Australia	N/A	Application only	-
M70/1385	Western Australia	N/A	Application only	-
EL32109	Northern Territory	100%	-	-
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	-

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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 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed) *	(12)	(25)
(b) development	-	-
(c) production	-	-
(d) staff costs	(36)	(104)
(e) administration and corporate costs	(50)	(214)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	7
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)	-	-
1.9 Net cash from / (used in) operating activities	(97)	(336)
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)	(326)	(659)
(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.

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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	17	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) **	-	(20)
2.6	Net cash from / (used in) investing activities	(309)	(662)
<i>**Included in the amount noted above is \$20,000 of cash on deposit held with a term to maturity greater than 3 months</i>			
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	300
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	-	-
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	762	1,054
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(97)	(336)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(309)	(662)
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	356	356

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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	356	462
5.2 Call deposits	-	300
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)	356	762

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**

37

52

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 (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		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(97)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(326)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(423)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	356
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	356
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.84

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: No. In response to the COVID-19 crisis, outgoings will reduce significantly. SER has halted field exploration, decreased discretionary expenditure and reduced personnel hours.

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: SER is expecting it will have access to available Government assistance and is considering the sale of non-core assets. Immediate cashflow will be supported by Director loans with a view to capital raising as the COVID-19 crisis resolves.

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: In the short term, field operations will be prevented by Government restrictions on work and travel. SER will continue target generation, drill planning and geological modelling in line with its reduced cash outflows outlined above and are less capital intensive than field operations.

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: 21 April 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

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

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.

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