

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 2020

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	(57)	(173)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(68)	(130)
	(e) administration and corporate costs	(80)	(160)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (Royalties and COVID-19 subsidies) *	11	48
1.9	Net cash from / (used in) operating activities	(193)	(413)
<p>* Year to date amounts in others include following amounts: - \$80,000 receipts from Sale of Uley Graphite Royalty, - \$77,000 PAYG, Job Keeper and other government subsidies, and - \$110,000 payments made to extinguish the Saxby royalty.</p>			
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(894)	(1,088)

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	(e) investments	-	(500)
	(f) other non-current assets	-	-
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)	(10)	(20)
2.6	Net cash from / (used in) investing activities	(904)	(1,608)
<i>*Included in the amount noted above is \$500,000 of cash on deposit held with original term to maturity greater than 3 months. This term deposit was matured subsequent to the quarter end.</i>			
3.	Cash flows from financing activities	-	1,403
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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	-	(22)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(9)
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	-	1,372
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,393	945
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(193)	(413)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(904)	(1,608)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,372

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4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	296	296

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	296	1,193
5.2	Call deposits	-	200
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) **	296	1,393

**Total cash and cash equivalents above exclude \$500,000 of cash on deposit held with original term to maturity greater than 3 months. This term deposit was matured subsequent to the quarter end.

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	33
6.2	Aggregate amount of payments to related parties and their associates included in item 2	72

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		

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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(193)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(894)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,087)
8.4 Cash and cash equivalents at quarter end (item 4.6)	296
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	296
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.27
<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>	
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?	
Answer: No. SER conducted a major drilling campaign last Quarter, resulting in an unusually high level of expenditure.	
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?	
Answer: SER has recently sold some non-core assets for TSX and ASX stock that could be sold for cash if required. In addition, cash on deposits of \$500,000 was matured after the quarter end and available for operational use. SER announced subsequent to the end of the period, on 28 January 2021, that it had raised a total of approximately \$2.2 million by way of a placement of shares.	
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?	
Answer: Yes, see answer to question 2 above.	
<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>	

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: 28 January 2021

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.

28 January 2021

Quarterly Report to 31 December 2020

- National Drilling Initiative completed 10 holes in East Tennant region
- Nine Copper-Gold targets identified within SER tenure at East Tennant
- Drilling completed at Saxby, prospect not large enough given depth
- Fertility of Canobie District proven, SER secures entire belt, defines targets
- Sale of ELA32228 to Resolution Minerals for \$350,000 in RML shares
- SER wins key ground in Cobar Basin and Lachlan Fold Belt
- SER raises \$2.2M via Heavily Oversubscribed Placement

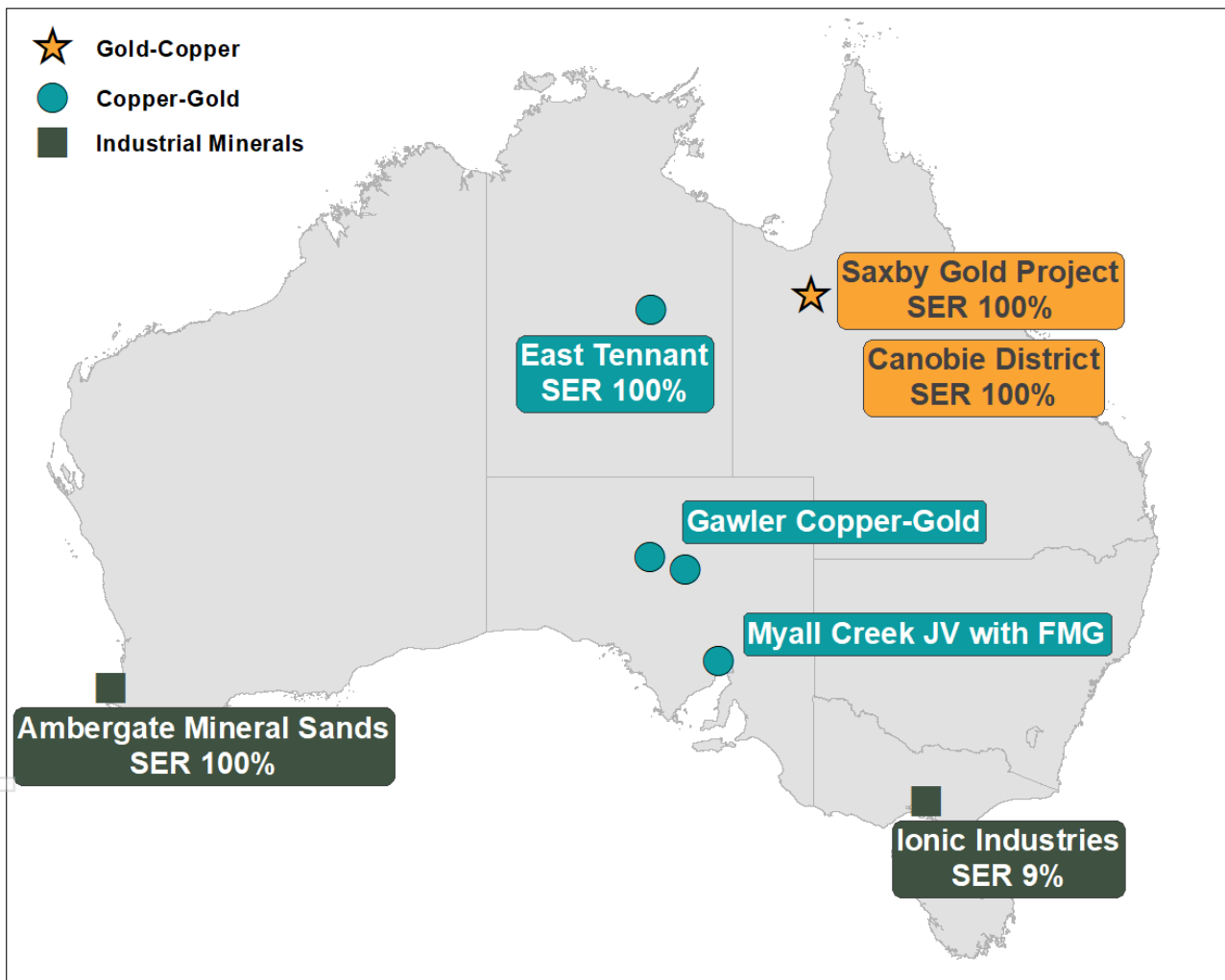


Figure 1: SER Project Locations

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

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

- Multiple Copper-Gold targets identified within SER tenure
- Neighbouring explorers find evidence of copper mineralisation
- National Drilling Initiative regional drilling results expected first quarter 2021
- New tenement pegged over high priority targets identified in regional review

Following our extensive and detailed ground gravity survey at East Tennant, SER engaged expert geophysical consultancy Arrow Geosciences to process all available geophysical data and, together with SER, interpret the results and generate targets. Arrow Geosciences is led by former Chief Geophysicist for Rio Tinto, Theo Aravanis.

SER's more than 3000 new gravity stations were merged with existing stations collected by Geoscience Australia and St Barbara to provide a comprehensive, high-quality dataset.

We have identified nine compelling IOCG targets: four within SER's EL32109, three within SER's EL32306 and two in open ground which SER has now pegged. None of the targets have ever been drill tested.

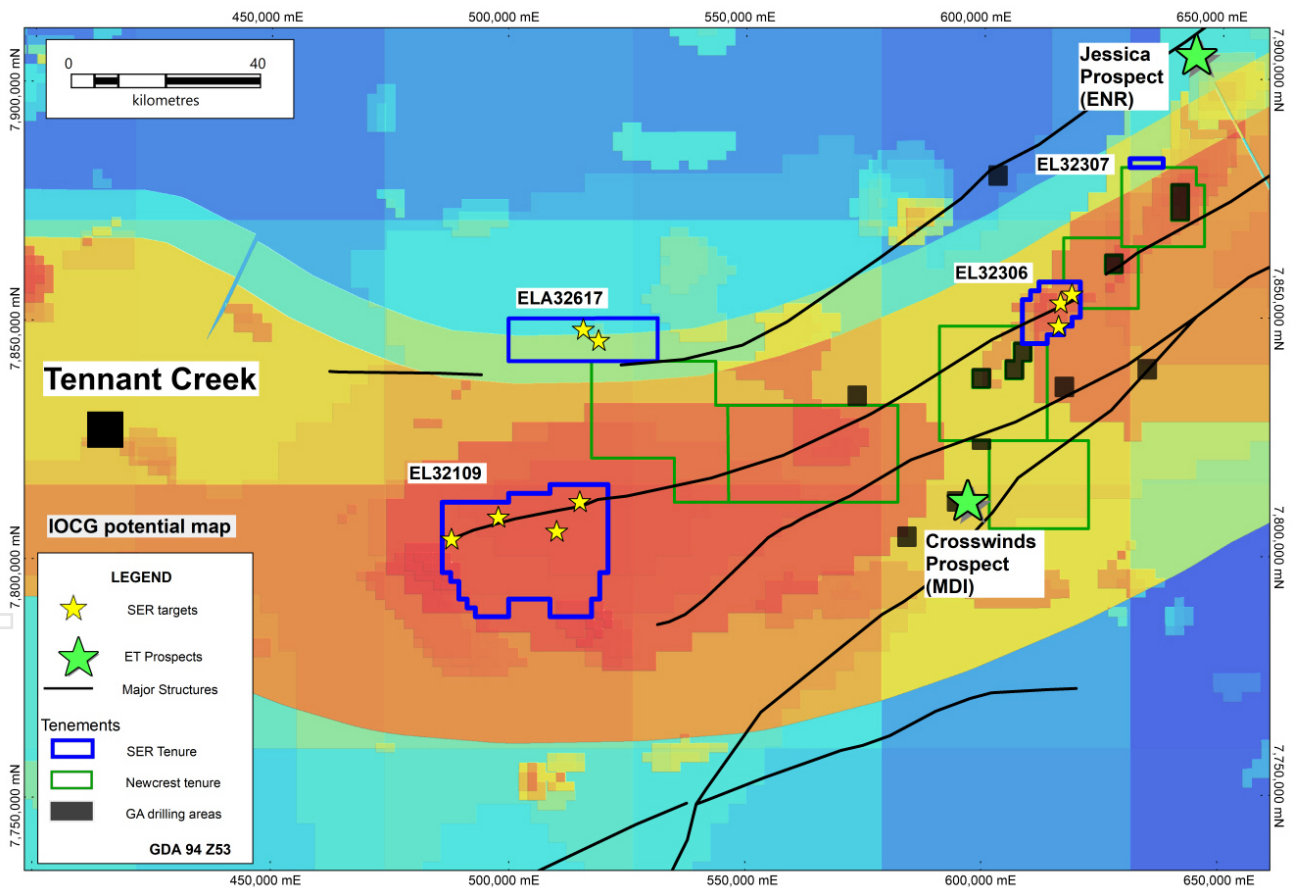


Figure 2: SER's East Tennant Copper-Gold Project (4 tenements in blue) over Geoscience Australia IOCG Prospectivity map with targets (yellow stars), copper mineralisation (green stars) and NDI regional drilling sites (black squares)

Neighbouring Explorers in the East Tennant IOCG Province have recently started to uncover secondary copper mineralisation in cover sequences during early reconnaissance exploration¹ providing further evidence of the prospectivity of the region.

SER's initial nine targets will be modelled to estimate their depth and understand the underlying geology related to their geophysical expression. Any further geophysical work required to advance the targets (for example, detailed ground magnetics and/or electrical geophysics) will be designed and initiated. Final targets will be ranked and prepared for drill testing.

New tenement application ELA32617 covers 284km² to the north of EL32109 and captures regionally significant and untested coincident magnetic and gravity anomalies. Existing gravity data covering ELA32617 is too sparse to model the predicted depth to target and infill gravity will be collected in early 2021. Gravity is a pivotal dataset to target IOCGs as they involve the introduction of iron-rich fluid into a host rock which increases the density.

National Drilling Initiative Regional Stratigraphic Drilling

On 17 December 2020, the Mineral Exploration Cooperative Research Centre (MinEx CRC, SER is an Affiliate member) announced the completion of the 10 hole, 4000m National Drilling Initiative (NDI) regional stratigraphic drilling campaign in the East Tennant region. The aim of the drilling was to assess the mineral potential of basement rocks and the results (expected this quarter) are eagerly awaited by SER and many other explorers.

The NDI will also map the regional geology, structural architecture and mineral system pathfinders in this underexplored province identified by Geoscience Australia as favourable for hosting large mineral systems. The results from the NDI could significantly upgrade the prospectivity of SER's tenements.

At this stage, we know the drilling program uncovered a range of igneous and metasedimentary rocks with prospective basement typically concealed beneath less than 200m of Georgina Basin sediments and less than 30m of Cambrian basalt. Drill core is now undergoing a range of detailed analyses for comprehensive characterisation.

Once available, SER will use the drilling results to refine our understanding of the relationship between geophysical expression and underlying geology in the region. This will also include depth to basement, depth to targets and vectors to mineralising systems. There is no historical drilling recorded on any of SER's tenements.

The official press release regarding the NDI is available via the MinEx CRC website: <https://minexcrc.com.au/press-release-1-drilling-program-unlocks-hidden-mineral-potential-in-the-east-tennant/>

¹ See MDI announcement of 23 December 2020 and ENR announcement of 19 August 2020

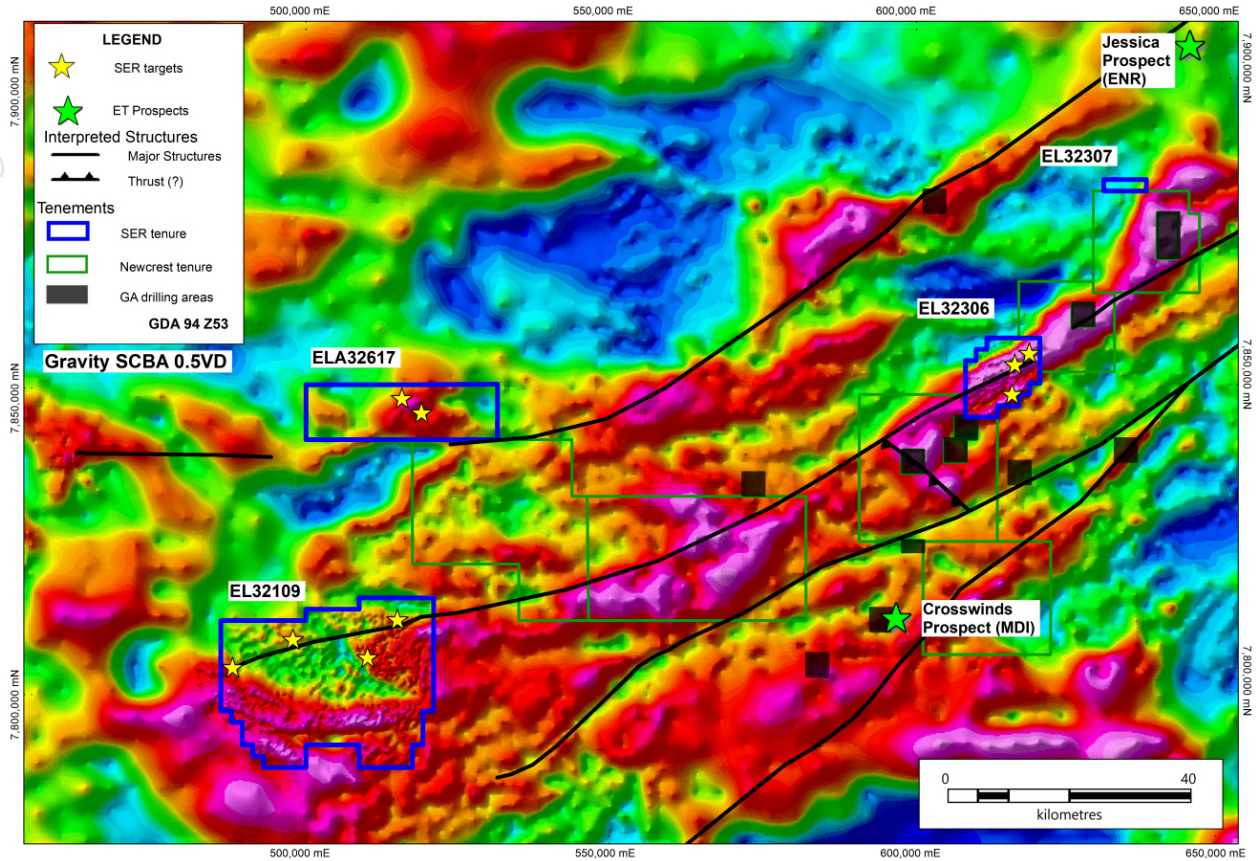


Figure 3: Regional Gravity image with SER tenure, major structures and targets

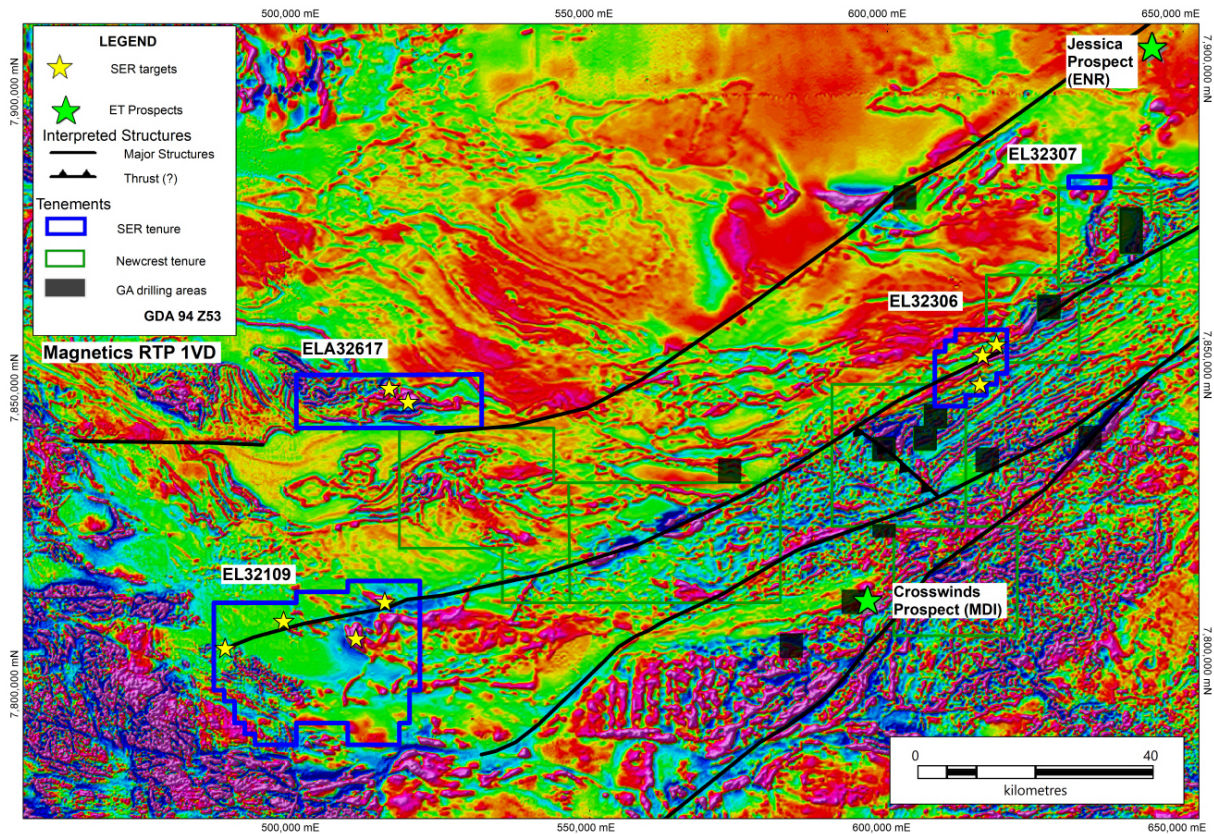


Figure 4: Regional Magnetics image with SER tenure, major structures and targets

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CANOBIE COPPER-GOLD DISTRICT QUEENSLAND (SER 100%)

During the quarter, SER received assays from our drilling campaign at the Saxby Gold Prospect within the broader Canobie District. Drilling targeted strike extensions of the controlling structure for brittle extensional veins that host gold mineralisation. Results were below expectations and indicate the prospect is not of sufficient scale to be economic given the depth of cover. However, the presence of multiple high-grade gold intercepts associated with IOCG-style hydrothermal alteration and Williams / Naraku intrusions confirm the fertility of the broader region.

SER is convinced the Canobie District represents an extension of the Cloncurry IOCG province. Less than 30 drillholes in the entire district have penetrated Proterozoic basement and these include multiple high-grade gold hits, significant Ni-Cu sulphide intercepts and numerous intersections of copper, zinc and uranium mineralisation within intensely altered rocks that have never been followed up. This extraordinary strike rate from a limited number of holes has led SER to peg 1640km² of tenure to secure the entire belt. SER is nearing completion of a comprehensive regional geophysical review with a view to commencing district-scale geophysical data collection and target generation.

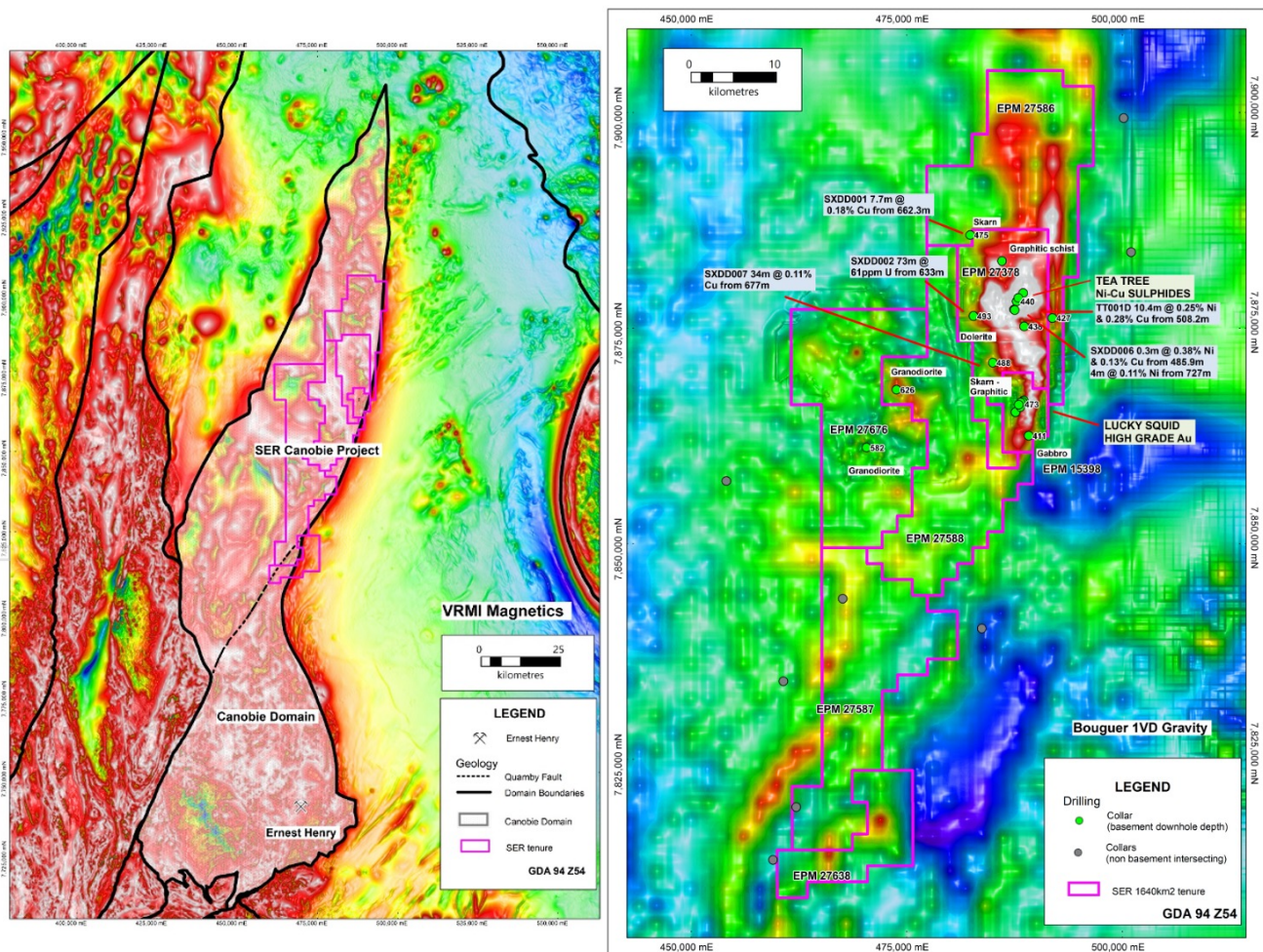


Figure 5: Canobie District Magnetics (left) and Gravity (right, zoomed to SER tenure) images with historical drillholes intersecting basement, significant intersections and location of the giant Ernest Henry Copper-Gold deposit

SALE OF ELA32228 TO RESOLUTION MINERALS

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 which covers 663km² of the Murphy Inlier in the Northern Territory. The exploration licence application was lodged in August 2019, has had no significant expenditure since lodgement and is not a core project for SER.

The Consideration for the Option is 2,500,000 RML shares which have now been issued to SER. During the Option Period, RML will be required to keep the tenement in good standing and have the tenement granted prior to the 2021 field season.

To exercise the Option, RML shall pay SER \$250,000 in RML shares or cash, at RML's election. The number of shares will be calculated using the VWAP over the 5-day period prior to RML's election to proceed. Alternatively, RML may elect at the end of the Option Period to "walk away" with SER retaining an unencumbered 100% interest in the Tenement.

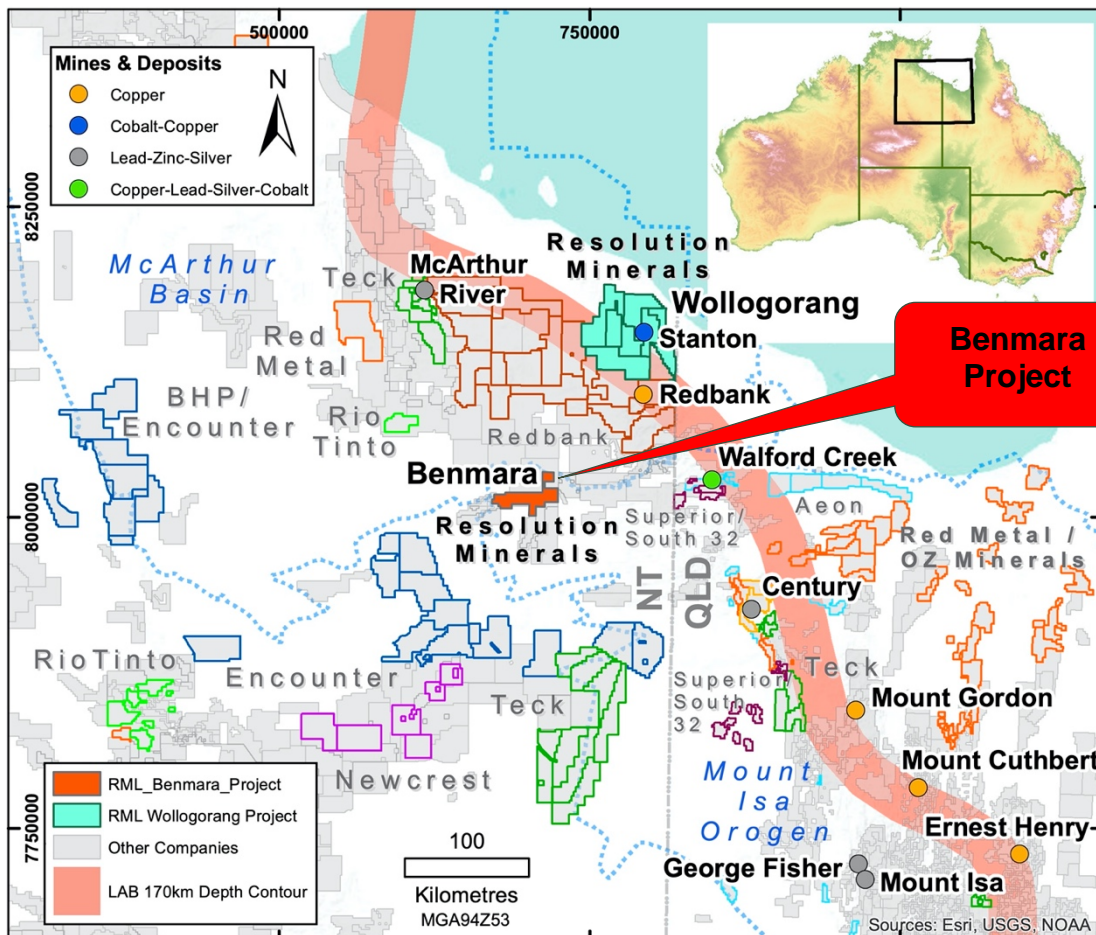


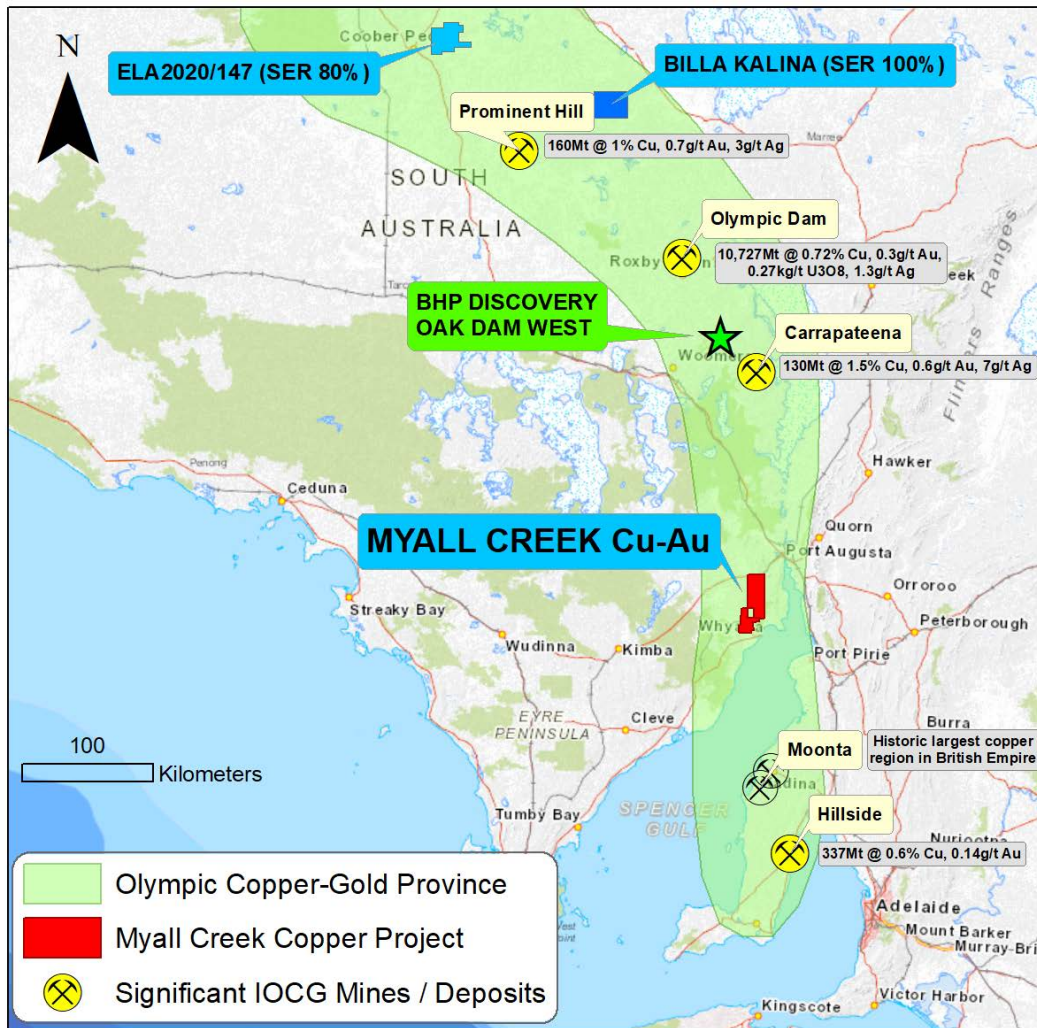
Figure 6: Location of ELA32228

GAWLER CRATON COPPER-GOLD PROJECTS SOUTH AUSTRALIA

SER continued work with award-winning data science pioneer Caldera Analytics to search for IOCG mineralisation on the Gawler Craton in South Australia. The SER / Caldera partnership “Strategic Caldera” (80% SER, 20% Caldera) has pegged ELA2020/147 east of Coober Pedy based on a synthesis of machine learning and traditional geoscientific ground selection methods. The day after we pegged ELA2020/147, Rio Tinto Exploration pegged a large land holding adjacent to our application.

Caldera Analytics (www.caldera.technology) have a deep understanding of hunting IOCGs on the Gawler using data science and machine learning. Caldera were the winners of the 2019 Oz Minerals Explorer Challenge and runners up in the 2020 South Australian Government ExploreSA Gawler Challenge.

Strategic Caldera is now building camp scale models that fuse machine learning and traditional exploration methodologies in order to refine target areas for further geophysical work and subsequent drill testing.



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

Figure 7: Location of SER IOCG projects within Olympic Cu-Au Province

COBAR BASIN AND LACHLAN FOLD PROJECTS NEW SOUTH WALES

Shortly after Quarter end, SER announced the awarding of highly prized exploration licences in NSW's Cobar Basin and Lachlan Fold Belt. The South Cobar project (EL9012) is located along strike and surrounding the undeveloped Browns Reef Zn-Pb-Cu volcanic massive sulphide deposit, while the East Cowal project (ELA6137) is located 7km east of the operating Cowal Gold Mine and 4km north of the Marsden Copper-Gold porphyry deposit, both owned by Evolution Mining.

Both tenements lie within NSW Mineral Allocation areas (MAAs) covering extensions to known mineralised terranes. Exploration licence applications cannot be lodged in MAAs without Ministerial consent. The MAAs open every two years with expressions of interest reviewed by an expert assessment panel who make a recommendation to the Minister. SER successfully received Ministerial consent and has now been granted EL9012 and received formal notice that ELA6137 will be granted shortly.

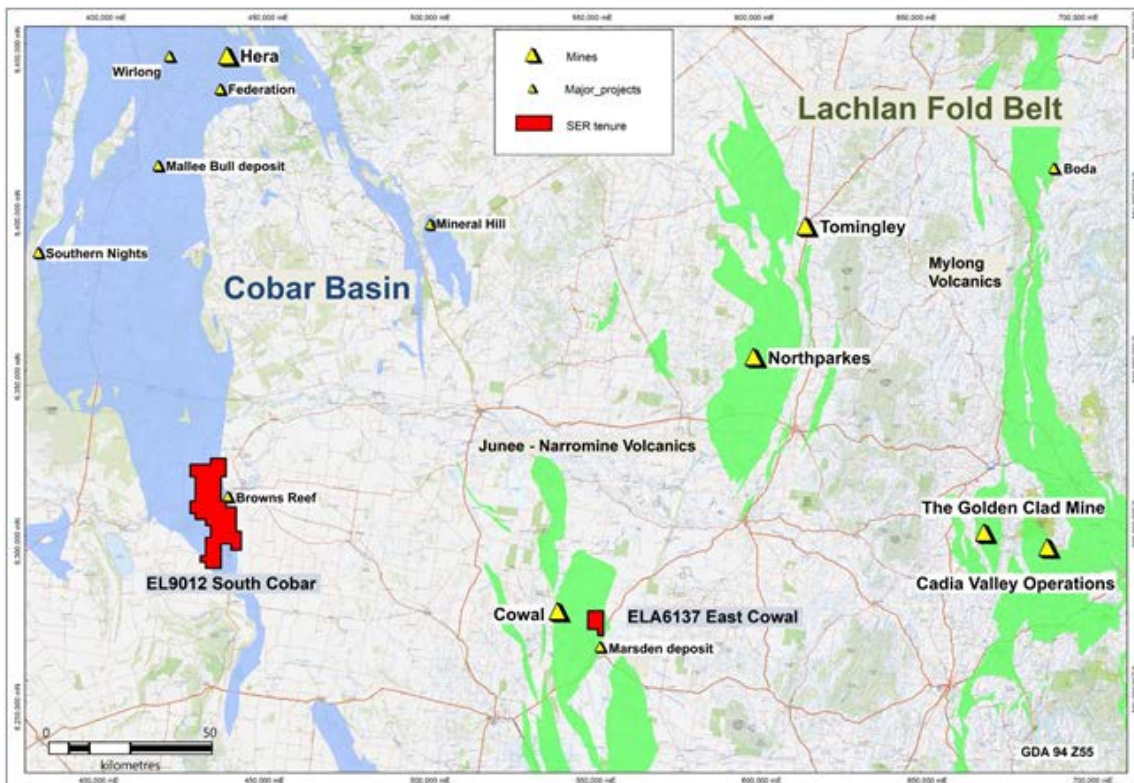


Figure 8: Location of South Cobar and East Cowal tenements with known mines and significant mineral deposits

CORPORATE AND INVESTMENTS

On 7 October, Mr Anthony McIntosh BCom GAICD was appointed as a Non-Executive Director. Mr McIntosh brings investor relations, marketing and strategic planning skills, as well as a strong network of stockbroker and fund manager supporters. Mr McIntosh served as a board member of Echo Resources Ltd for seven years until it was acquired by Northern Star Resources for \$235 million in 2019.

In late 2020, Ionic Industries raised \$2 million from sophisticated and institutional investors at a price of 0.75 cents per share. SER is a major shareholder of Ionic with 87,155,625 shares. Funds will be used for ongoing supercapacitor technology development and scaled-up manufacturing and to advance the company towards IPO.

After the conclusion of Quarter, SER successfully raised \$2.2M via a heavily oversubscribed placement of 52,639,586 fully paid ordinary shares (Shares) at \$0.043 (0.43 cents) per share. The shares are to be issued in two Tranches. Tranche one is to consist of the issue of 40,000,052 Shares under the Company's existing 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX Listing Rule 7.1A.

Tranche two will be subject to shareholder approval with participation by Directors and other existing majority shareholders for a further 12,639,534 Shares at \$0.043 (4.3 cents) per share to raise an additional \$543,500. The General Meeting of Shareholders to seek approval will be called in the near future.

Payments to related parties of the entity and their associates during the quarter were \$105k comprising Director and consulting fees as outlined in the Appendix 5B.

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

Executive Chairman Stuart Rechner

For further information, please 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 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 TENEMENT

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	-
ELA2020/147	South Australia	80%	Application only	-
EPM15398	Queensland	100%	Saxby	-
EPM27378	Queensland	100%	Saxby North	-
EPM27586	Queensland	100%	Application only	-
EPM27587	Queensland	100%	Application only	-
EPM27588	Queensland	100%	Application only	-
EPM27638	Queensland	100%	Application only	-
EPM27676	Queensland	100%	Application only	-
E70/4793	Western Australia	100%	Ambergate	-
E70/5012	Western Australia	100%	Ambergate West	-
E70/5344	Western Australia	100%	Ambergate Far West	Granted 8 December 2020
M70/1385	Western Australia	N/A	Application withdrawn	Withdrawn 1 December 2020
E38/3508	Western Australia	100%	Application only	-
E38/3564	Western Australia	100%	Application only	Application 15 December 2020
EL32109	Northern Territory	100%	East Tennant 1	-
EL32306	Northern Territory	100%	East Tennant 2	-
EL32307	Northern Territory	100%	East Tennant 3	-
ELA32617	Northern Territory	100%	Application only	Application 7 December 2020
EL32228	Northern Territory	N/A	Application only	Sold 12-month Option to RML
EL9012	New South Wales	100%	South Cobar	Granted 6 November 2020
ELA6137	New South Wales	100%	Application only	-