

Quarterly Report to 30 September 2021

HIGHLIGHTS

- East Tennant drill campaign completed at Cottage IOCG Prospect
- Drill rig now drilling Kalarka Prospect at Canobie Project, Queensland
- SER wins two Queensland Collaborative Exploration Incentive (CEI) Grants
- Ground gravity survey complete over southern Canobie Project area
- Airborne magnetic and radiometric survey complete at South Cobar
- SER raises \$1.32M via Placement to be supported by Directors

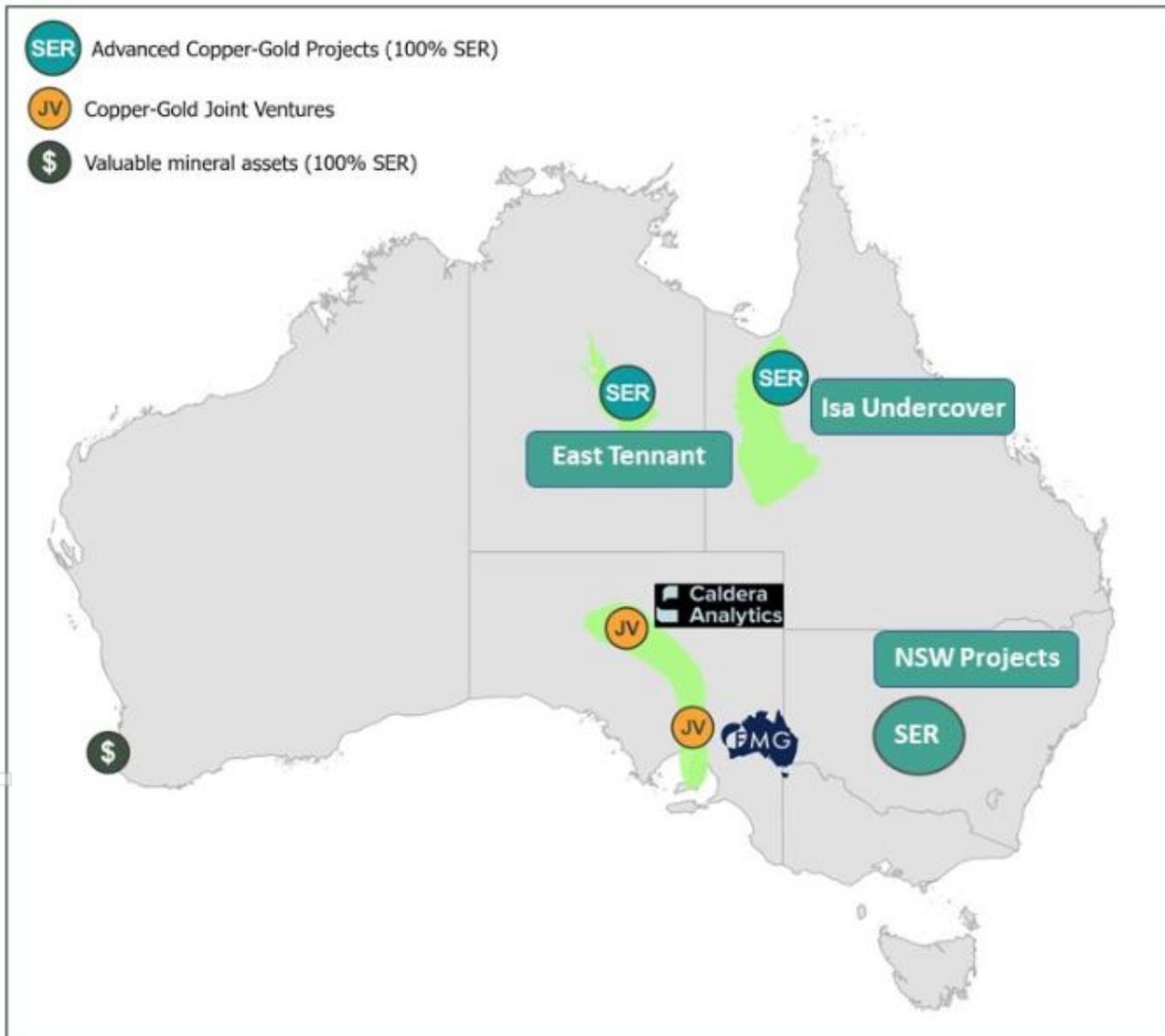


Figure 1: SER Project Locations

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

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

During the 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. Drill hole BKDD001 was drilled towards 180° with an inclination of 75°. Basement rocks were intersected from 204.3m with end of hole at 690.4m. Basement core was orientated and logged for geology and structure. Regular petrophysical measurements were taken of the entire core and selected samples of core have been submitted for detailed petrology. The core will be assayed with fire assay for gold and four-acid digest / inductively coupled plasma mass spectrometry and atomic emission spectroscopy for a full suite of elements. Assays are expected to start arriving mid-November.



Figure 2: Drilling underway at the Cottage copper-gold target

The Cottage drill program was awarded co-funding from the Northern Territory Government under the Resourcing the Territory initiative.¹

¹ resourcingtheterritory.nt.gov.au/about

ISA UNDERCOVER INITIATIVE

QUEENSLAND (SER 100%)

- SER wins two Queensland Collaborative Exploration Incentive Grants
- Drilling underway at the Kalarka base metal target
- Ground gravity survey completed over southern Canobie Project area

The Isa Undercover Initiative comprises the Canobie and Isa North projects, two major undercover extensions of the Mt Isa Province, one of the most highly mineralised copper-gold provinces in the world.

During the quarter, SER was awarded two Queensland Government Collaboration Exploration Incentive (CEI) grants with a total of \$165,000 in direct operational funding for the Isa Undercover Initiative. These grants are awarded specifically to companies undertaking 'frontier' exploration or innovative concepts aiming to expand exploration into under-explored areas².

The first grant covers \$100,000 of direct drilling costs for one 800m rotary mud/diamond drill hole into a newly identified base metal target, 'Kalarka' within EPM27378 of the Canobie Project. Drilling is already underway.

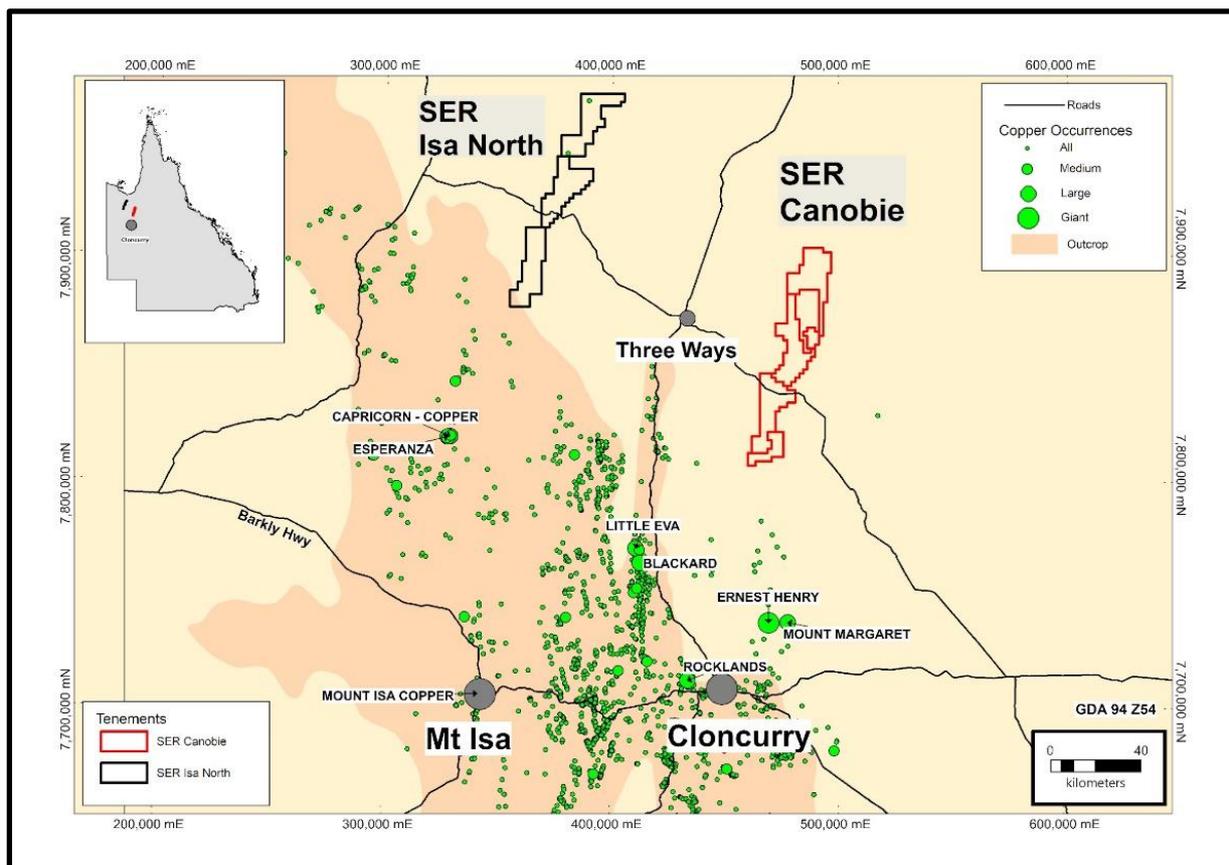


Figure 3: The location of SER's "Isa Undercover Initiative" projects within the Mt Isa Region

² SER Announcement: Exploration Update 30 July 2021

The Kalarka target is a discrete 750 x 600m, 40nT aeromagnetic response characterised by an elevated Electromagnetic (EM) response and partially coincident anomalously higher density. SER has modelled a steep westerly dipping plate as the source of the EM response, which will be tested in the upcoming drilling. The target is interpreted to lie within a NNW orientated, ~20 x 4km sub-basin defined by a structurally controlled region of low magnetic response, rimmed by a conductive zone and evident in an historical seismic line that crosses the tenement.

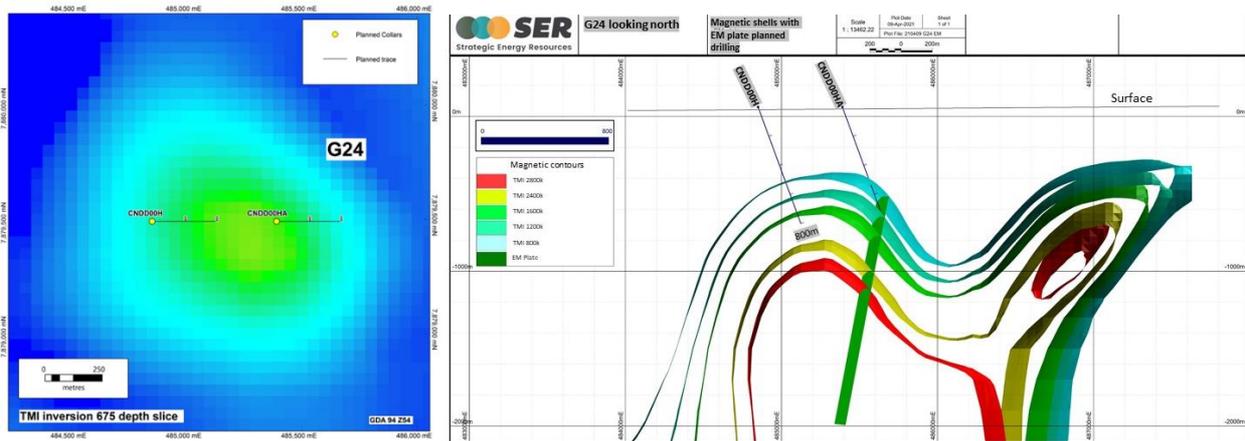


Figure 4: Left: Kalarka magnetic anomaly with planned drill collars and traces

Right: Cross section looking north at magnetic intensity modelled shells with interpreted EM plate steeply dipping west

In addition to the Kalarka drilling grant, a joint CEI submission with machine learning pioneers Caldera Analytics to develop a deep learning-based model to interpret basement geology from geophysical data was awarded a \$65,000 grant. The project commenced earlier this quarter and will deliver a deep learning model that performs lithology interpretation based on existing geophysics in the Isa Undercover area, greatly assisting SER's exploration efforts in the region.

Towards the end of the quarter a detailed ground gravity survey was completed over priority targets at the southern end of the Canobie Project. The survey collected over 730 gravity stations at 500m and 250m spacings. The data is now being incorporated into the existing datasets which will be used to model targets and design future drill programs.

SOUTH COBAR AND EAST COWAL NEW SOUTH WALES (SER 100%)

During the quarter, Thomson Airborne completed an airborne magnetic and radiometric survey over the entire of SER's South Cobar project (EL9012). The survey utilised a fixed-wing single engine Cessna 210 to fly 100m spaced East/West orientated lines with more detailed infill lines across a northern area, which included Achilles 1 and a central region which covers the Mount Bowen, Ural Mine and Tooronga East prospects. Data interpretation is underway along with the negotiation of access agreements with landholders. SER will follow up with on-ground activities on EL9012 including a geochemical sampling program ahead of drilling at the Achilles 1 prospect.

BENMARA PROJECT

NORTHERN TERRITORY (ASX: RML OPTION TO PURCHASE FROM SER)

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.

SER has received the initial Consideration for the Option, being 2,500,000 RML shares. To exercise the Option, RML shall pay SER an additional \$250,000 in RML shares or cash, at RML's election. Alternatively, RML may elect at the end of the Option Period to "walk away" with SER retaining an unencumbered 100% interest in the Tenement.

During the last quarter, RML completed a Versatile Time Domain Electromagnetic (VTEM) geophysical survey which identified a 4km strike length area prospective for sediment-hosted copper and other metals. Subsequent to the end of the quarter, RML completed a 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. Assays results are anticipated late November.

Details of the RML drilling are available here: [RML Announcement - 14 October 2021](#)

CORPORATE AND INVESTMENTS

During the Quarter, SER raised \$1.32m via an oversubscribed placement of 30,000,000 fully paid ordinary shares (Shares) at \$0.044 (0.44 cents) per share. A total of 27,625,000 (excluding Director participation) shares were issued on 14 September 2021 within the Company's existing 15% placement capacity under ASX Listing Rule 7.1.

The Directors supported the Placement and will subscribe for 2.375M Shares (subject to shareholder approvals) totalling \$104,500 of which shareholder approval will be sought at the Company's upcoming Annual General Meeting.

Payments to related parties of the entity and their associates during the quarter were \$117k comprising Director and consulting fees as outlined in the Appendix 5B.

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

- Exploration & Evaluation expenditure - \$408k; and
- Employee, administration and corporate costs - \$140k.

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 Limited (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 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 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 | - | Isa North 1 | Transfer to SER underway |
| EPM26340 | Queensland | - | Isa North 2 | Transfer to SER underway |
| EPM26342 | Queensland | - | Isa North 3 | Transfer to SER underway |
| 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 | - |
| ELA32670 | Northern Territory | 100% | Application only | |
| EL32228 | Northern Territory | 100% | Option Agreement with RML | - |
| EL9012 | New South Wales | 100% | South Cobar | - |
| EL9057 | New South Wales | 100% | East Cobar | - |

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 September 2021

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | | |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (137) | (137) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (34) | (34) |
| | (e) administration and corporate costs | (106) | (106) |
| 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) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (277) | (277) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | | |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (4) | (4) |
| | (d) exploration & evaluation | (271) | (271) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

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) | (41) |
| 2.6 | Net cash from / (used in) investing activities | (316) | (316) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 1,216 | 1,216 |
| 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 | (67) | (67) |
| 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 | 21 |
| 3.10 | Net cash from / (used in) financing activities | 1,170 | 1,170 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,076 | 2,076 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (277) | (277) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (316) | (316) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,170 | 1,170 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 2,653 | 2,653 |

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

| 5. Reconciliation of cash and cash equivalents | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | | |
| 5.1 Bank balances | 2,653 | 2,076 |
| 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) | 2,653 | 2,076 |

| 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 | 89 |
| <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 | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|---|
| <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> | | |
| 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) | (277) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (271) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (548) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 2,653 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 2,653 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 4.84 |
| <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: N/A | |
| 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: N/A | |
| 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: N/A | |
| <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

- 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: 22 October 2021

Authorised 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

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.