



STRATEGIC ENERGY RESOURCES LIMITED
ACN 051 212 429

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South Melbourne VIC 3205

30 July 2018

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Quarterly Report to 30 June 2018

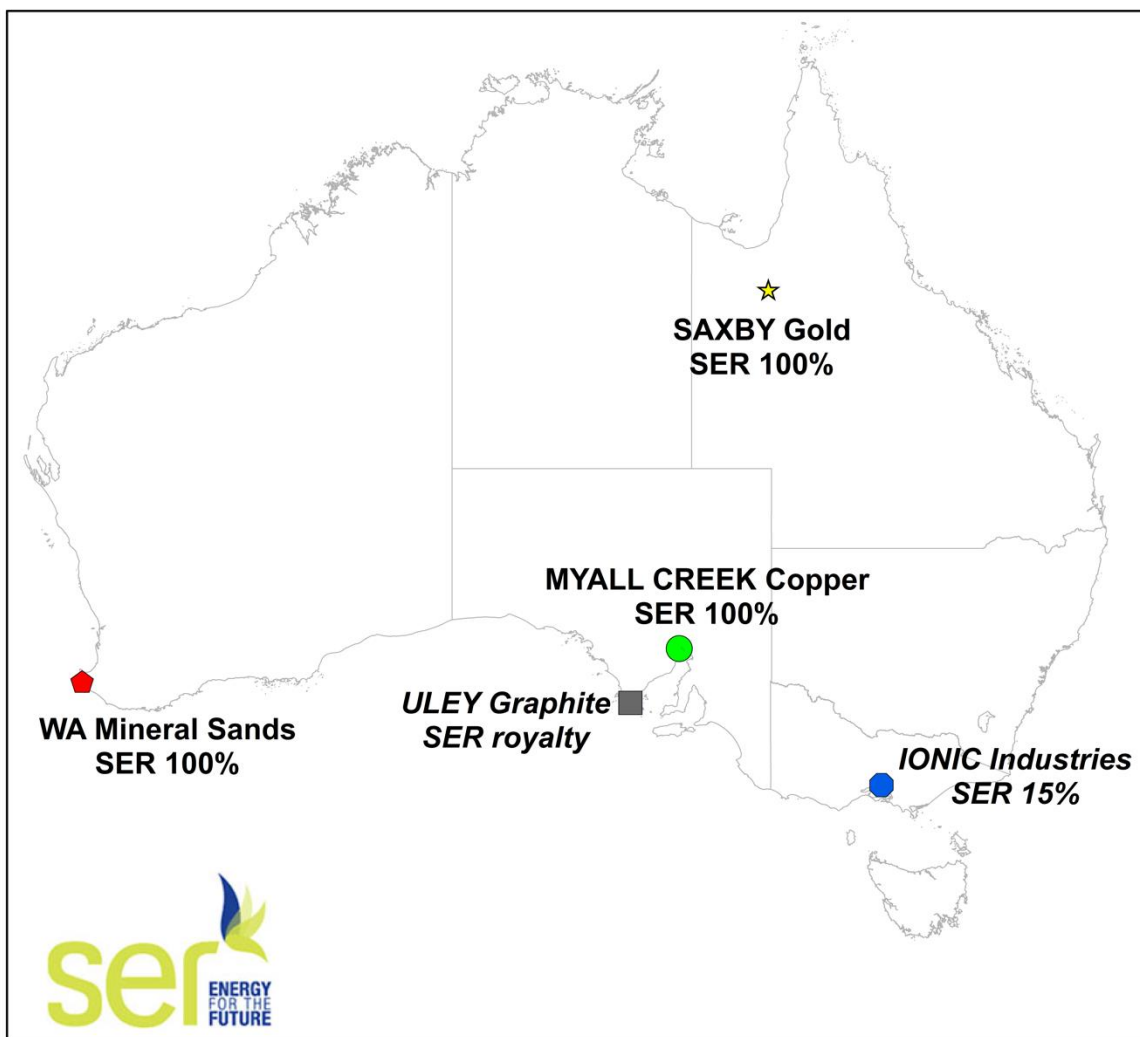


Figure 1: SER Exploration Projects

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

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MINERAL EXPLORATION

HEAVY MINERAL SANDS EXPLORATION WESTERN AUSTRALIA (SER 100%)

During the quarter, SER defined a significant increase to the JORC 2012 Inferred Mineral Resource at Ambergate for an updated total of **11.2Mt grading 5.1% Heavy Minerals for a total Heavy Mineral content of 569,000t**. The resource is calculated with a low-grade Heavy Mineral cut-off of 3% and Slimes cut off of <22%. The heavy mineral assemblage at Ambergate includes: 73% ilmenite (average TiO₂ content of 58.7%), 12% leucoxene, 12% zircon, 0.6% monazite and 2% other minerals. Full details of the updated resource are available in SER's ASX Announcement of 17 April 2018.

The additional mineral lies immediately west of SER's existing exploration licence on new ground identified and pegged by SER last year and granted in early 2018.

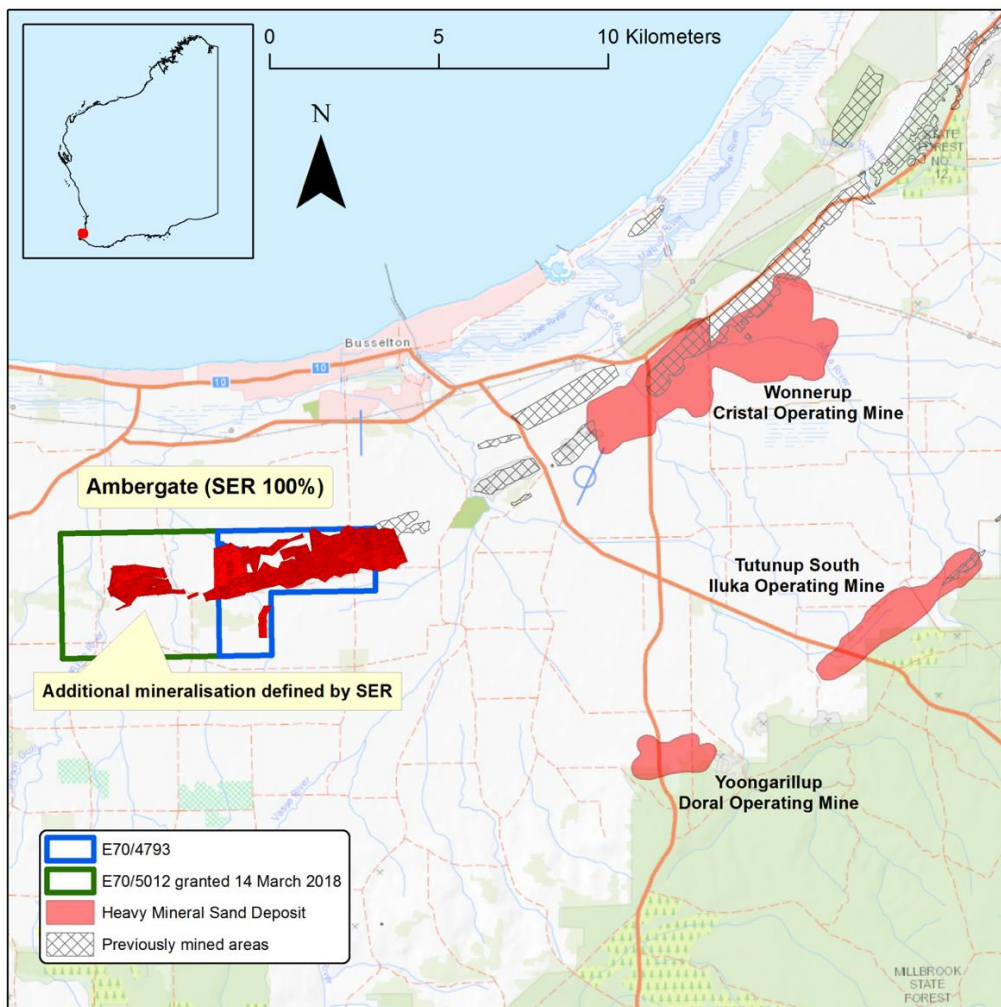


Figure 2: Ambergate Heavy Mineral Resource with surrounding operating heavy mineral mines

SER is considering several options to advance the project including additional drilling and assaying to further upgrade the resource and preliminary optimisation studies to consider development options.

Following a detailed review, SER surrendered two of our West Australian Heavy Mineral Sands projects, Metricup and Witchcliffe. SER's review considered technical factors such as grade, tonnage, mineral assemblage / quality, slimes content, overburden / strip ratio and non-technical issues including existing land-use. The surrender of these licences will allow greater focus on the highest potential projects.

MYALL CREEK COPPER-GOLD PROJECT SOUTH AUSTRALIA (SER 100%)

SER is in the final stages of negotiations with the Commonwealth Department of Defence to secure access to explore at our Myall Creek Copper-Gold project in South Australia. SER is targeting both Iron Oxide Copper Gold (IOCG) mineralisation in the Proterozoic basement and sediment-hosted mineralisation in the overlying sediments. Key IOCG host rocks are present within the project area and overlying sediments include a 15km zone with anomalous copper in historic drilling.

In recent years, the Department of Defence has expanded the Cultana Training Area approximately four-fold by acquiring the surrounding pastoral leases. The Cultana Training Area Expansion now covers the majority of SER's EL6140 and EL5898.

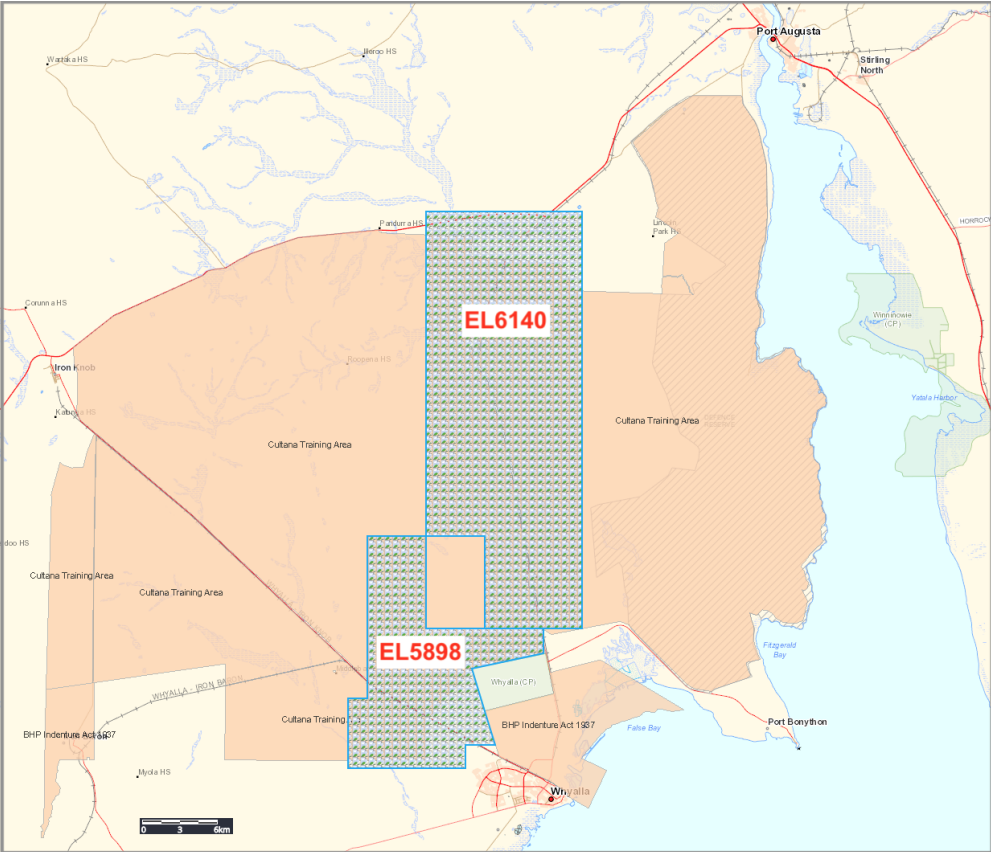


Figure 3: SER's Myall Creek project (EL6140 and EL5898) now within Defence Cultana Training Area Expansion

SER is well placed to secure ongoing access as SER is one of the only groups to have been previously granted a Deed of Access to explore within the Cultana Training Area. SER completed our previous exploration program, including a major drilling campaign, and rehabilitation without incident and received favourable feedback from Defence.

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Upon obtaining access, SER has planned a detailed ground gravity survey within EL5898 to refine drill targets generated by previous holder St Barbara but never tested.

In 2018, Fortescue Metals Group (FMG) has taken a keen interest in the area, pegging all available ground around Myall Creek.

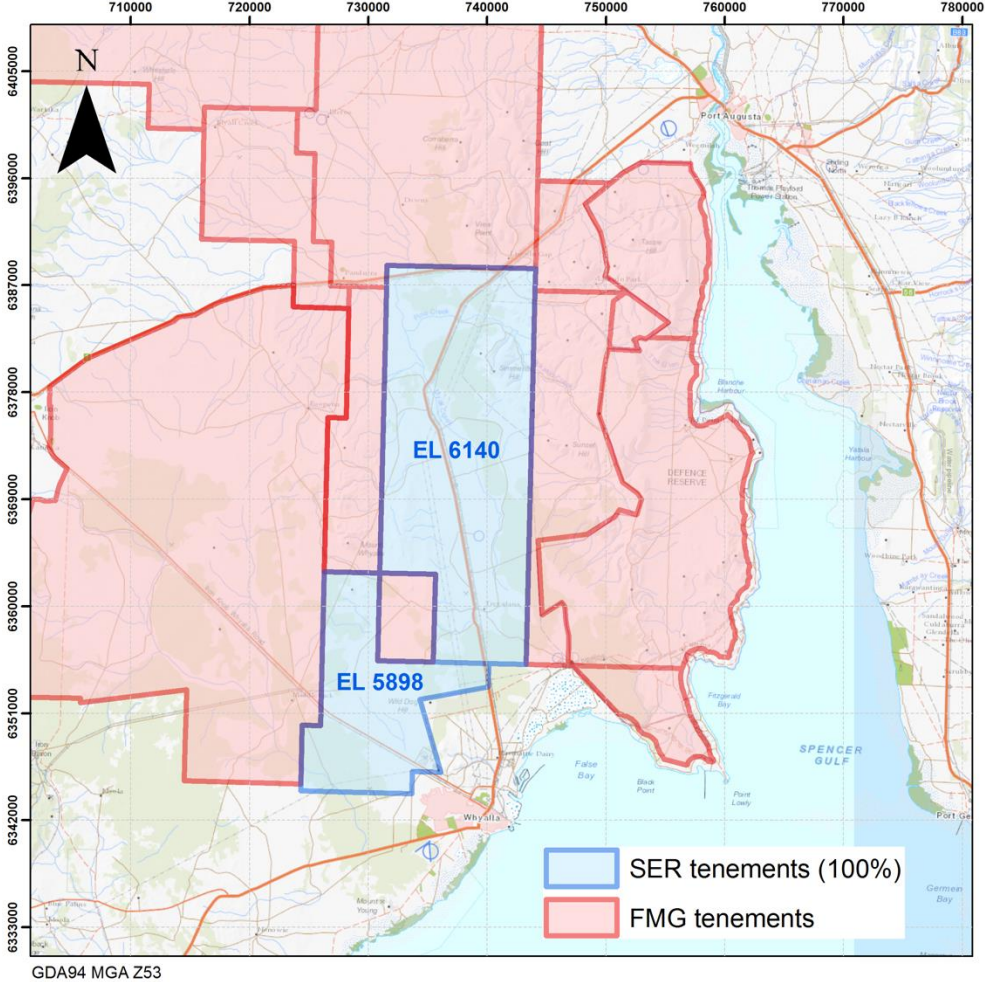


Figure 4: Myall Creek project surrounding tenements

SAXBY GOLD PROJECT QUEENSLAND (SER 100%)

Toward the end of the quarter, SER entered preliminary negotiations regarding the potential farm-out of our 100% held Saxby Gold project. SER will keep shareholders informed should these negotiations develop into an agreement.

MINERAL EXPLORATION OPPORTUNITIES

During the quarter, SER evaluated a number of additional opportunities in mineral exploration. SER has also internally generated a significant new mineral exploration project which we intend to announce next quarter.

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CORPORATE AND INVESTMENTS

QUANTUM GRAPHITE

On 22 June 2018, Quantum Graphite Limited (QGL) held an Annual General Meeting. SER observed irregularities in the notice, conduct and voting of the AGM and have reported these to ASIC.

IONIC INDUSTRIES UPDATE (SER 15%)

Ionic Industries (Ionic) continues to make steady progress across water and energy programs.

On water treatment, Ionic is working intensively with CRC-P partners (Monash and Clean TeQ) toward demonstrating a commercial advanced graphene material product that can be produced at scale with competitive pricing.

On supercapacitors, Ionic has been working with a number of companies in Australia and overseas to understand the requirements that they have for energy storage devices, the challenges they face in developing products for their markets and figuring out ways that supercapacitors can form part of the solution. Ionic recently achieved some excellent results on small prototypes of Origami Capacitor devices and is working now to adapt these to meet precise requirements for applications in the Internet of Things market.

Regarding printable, 3D-stacked micro supercapacitors – “MICRENS”, work continues on the miniaturisation of the printed electrodes to consistently deliver at commercial scales the extraordinary performance seen in Ionic’s patented devices. Ionic is currently engaging with various companies in the medical devices and wearable technology markets to identify a suitable partner for this project.

Subsequent to the quarter, Mr Chris Gilbey OAM was appointed to the Ionic Board. Mr Gilbey is currently, and will remain, the CEO and Executive Chairman of Imagine Intelligent Materials Limited (Imagine). At Imagine, Mr Gilbey built the first commercial graphene manufacturing plant in Australia and has pioneered the development of conductive coatings using graphene. Chris’s past experience at Imagine closely resembles the journey Ionic is now working through and his expertise in graphene sales and marketing will help drive progress on the commercialisation of Ionic’s graphene technologies.

INTERESTS IN MINING TENEMENTS

| Mining Tenement | Location | Beneficial Percentage held | Interest acquired/farm-in or disposed/farm-out during the quarter |
|-----------------|-------------------|----------------------------|---|
| EL6140 | South Australia | 100% | - |
| EL5898 | South Australia | 100% | - |
| EPM15398 | Queensland | 100% | Renewal pending |
| E70/4793 | Western Australia | 100% | - |
| E70/4797 | Western Australia | 0% | Surrendered on 5 April 2018 |
| E70/4799 | Western Australia | 0% | Surrendered on 30 May 2018 |
| E70/4805 | Western Australia | 100% | - |
| E70/4807 | Western Australia | 100% | - |
| E70/4874 | Western Australia | 100% | - |
| E70/5012 | Western Australia | 100% | - |

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

ABN

14 051 212 429

Quarter ended ("current quarter")

30 JUNE 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (65) | (268) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (28) | (143) |
| (e) administration and corporate costs | (54) | (288) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 12 | 31 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | 6 | 6 |
| 1.9 Net cash from / (used in) operating activities | (129) | (662) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

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Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other Exploration and Evaluation | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|---|---|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | 2,178 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | (25) |
| 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 | - | 2,153 |

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,794 | 174 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (129) | (662) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 2,153 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,665 | 1,665 |

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| 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 | 1,665 | 294 |
| 5.2 Call deposits | - | 1,500 |
| 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) | 1,665 | 1,794 |

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 80 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Director's fees and consulting fees paid during the June 2018 quarter.

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

N/A

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|--|---|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

N/A

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Mining exploration entity and oil and gas exploration entity quarterly report

| 9. Estimated cash outflows for next quarter | | \$A'000 |
|---|--------------------------------------|------------|
| 9.1 | Exploration and evaluation | 150 |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | 50 |
| 9.5 | Administration and corporate costs | 100 |
| 9.6 | Other (provide details if material) | - |
| 9.7 | Total estimated cash outflows | 300 |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---|---------------------------------|---|----------------------------------|----------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | E70/4797 E70/4799 | WA Mineral sands tenement relinquishments | 100% 100% | - - |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | - | - | - | - |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
 (Company secretary)

Date: 30 July 2018

Print name: Melanie Leydin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.