

27 July 2023

JUNE 2023 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Farm-in and Joint Venture Agreement (FJV) executed with Fortescue at Canobie
- East Tennant Project sold to Middle Island Resources Limited (ASX:MDI)
- Oversubscribed capital raise complete raising \$2.5m
- Mundi landholder agreements secured and reconnaissance trip completed

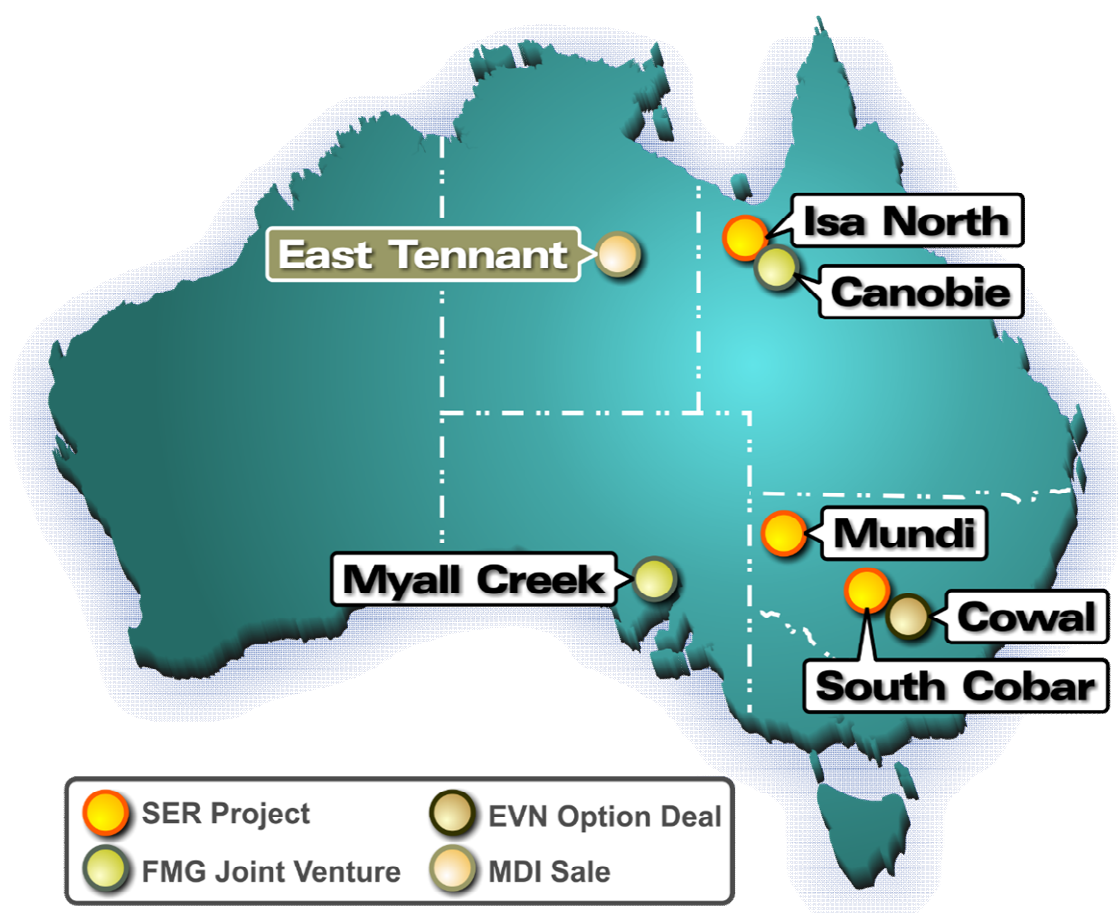


Figure 1: SER Project locations

CANOBIE PROJECT

QUEENSLAND (FMG EARNING-IN)

- Farm-In and Joint Venture Agreement (FJV) executed with Fortescue at Canobie
- Fortescue to spend up to \$8M over 6 years to earn up to 80% joint venture interest; includes up to 6,000m basement drilling
- SER to operate during Farm-in period enabling drilling to commence this year
- FJV targeting IOCG and magmatic Nickel Copper styles of mineralisation

During the quarter SER executed a Farm-In and Joint Venture Agreement with FMG Resources Pty Ltd to explore the Canobie Project in northwest Queensland. The Canobie Project consists of EPM 15398, EPM 27378, EPM 27586, EPM 27587, EPM 27588, EPM 27638, EPM 27676, and EPM 28180, covering over 1,800km² within the Mt Isa Eastern Succession. The Project is highly prospective for IOCG and magmatic nickel sulphide given the proximity to major structures including the Quamby Fault Zone and Gidyea Suture Zone. These fault systems host several significant copper-gold deposits to the south including the giant Ernest Henry mine and the Mount Margaret, Eloise and Roseby deposits.

Significant terms include:

1. FMG may earn a 51% interest in the Canobie Project (**Stage 1 Interest**) by incurring \$4M in expenditure on exploration which will include a minimum of 3,000m of basement drilling within the first three years. This includes a minimum obligation of \$2.5M in expenditure on exploration within the first 2 years.
2. During the Stage 1 Period SER will operate and conduct all exploration activities as directed by the Exploration Committee which will comprise two members from each Party.
3. FMG may earn an additional 29% interest (for a total interest of 80%) (**Stage 2 Interest**) by incurring an additional \$4M in expenditure on exploration over an additional 3 years which shall include a minimum of 3,000m of basement drilling (Stage 2 Period).
4. Co-contribution to expenditure may occur after FMG earns the Stage 1 Interest (FMG 51%: SER 49%) or the Stage 2 Interest (FMG 80%: SER 20%). If SER elects not to contribute, its JV Interest will be diluted according to industry formula.

Subsequent to the end of the quarter, several key milestones have been completed which pave the way for a maiden drill program this field season. These include the formation and inaugural meeting of the Exploration Committee, finalisation of the operating budget for the coming year and agreement on drill targets to be tested this year. The Company will continue to provide updates on the status of the project in the coming months.

EAST TENNANT PROJECT

NORTHERN TERRITORY (DIVESTMENT)

- East Tennant Project sold to Middle Island Resources Limited (ASX:MDI)
- Transaction provides ongoing exposure to broader East Tennant region

During the quarter SER announced the signing of a binding Sale and Purchase Agreement (“SPA”) with ASX-listed Middle Island Resources Limited (ASX:MDI) for the sale of SER’s East Tennant Project. The sale includes EL32109, EL32306, EL32307, EL32617, EL32670 and EL32809 which are located near to Middle Island’s existing exploration projects (Fig 2).

The consideration for the sale of the East Tennant Projects was 18,240,000 fully paid ordinary MDI shares, for a deemed issue price of \$0.035 (3.5 cents). After the end of the quarter, all key conditions were satisfied, and SER was issued with the shares which are now subject to a 12-month escrow restriction. SER maintains ongoing exposure to the East Tennant region through the holding of approximately 13% of the current shares on issue of MDI, an East Tennant focused explorer.

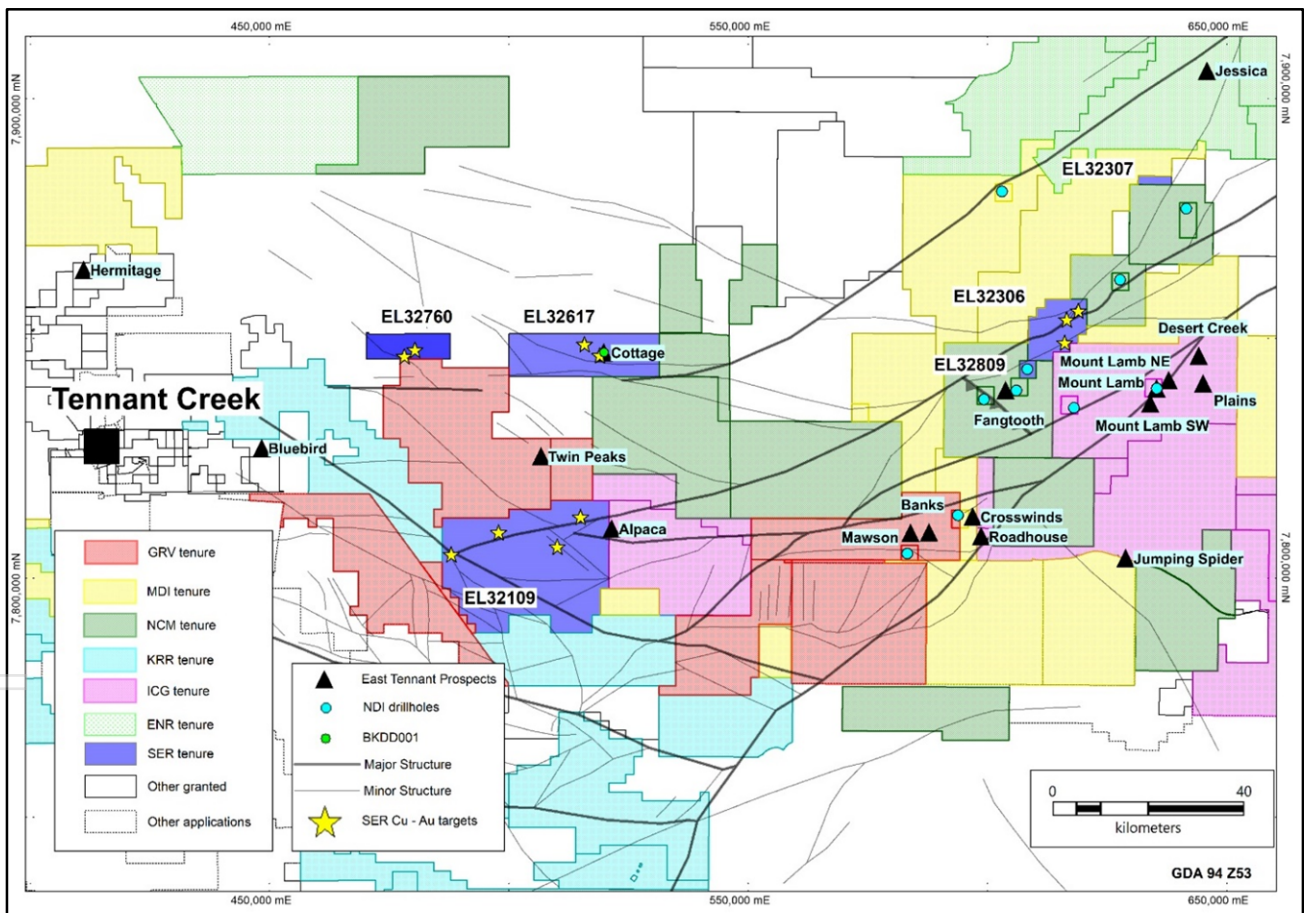


Figure 2: Location of the SER’s East Tennant Projects were sold to Middle Island Resources

MUNDI PROJECT

NEW SOUTH WALES (SER 100%)

- Landholder access secured and reconnaissance visit complete
- Magnetotelluric (MT) survey set to begin in late September

The Mundi Project is a large-area, conceptual greenfield exploration project spanning over 200km² of the Curnamona Province, approximately 115km NNW of Broken Hill. The Curnamona Province is a known iron oxide copper-gold (IOCG) mineral province with the potential for other mineral systems, such as Broken Hill Type Pb-Zn-Ag. This Greenfields project contains no basement outcrop with very little previous exploration. SER was drawn to the project following the identification of a large crustal conductivity anomaly, which was initially identified in the lower- to middle-crust by the 55km-spaced AusLAMP long period magnetotelluric (MT) survey and further resolved in the upper crust by the 2km- to 4km-spaced Curnamona Crustal broadband MT (CCMT) transect, undertaken in 2017¹. The "finger"-shaped conductor identified in the CCMT, which is closest to surface at station CC56 (Fig. 3), has strong similarities to MT conductivity anomalies that have been demonstrated to be associated with IOCG mineralisation in South Australia's Gawler Craton².

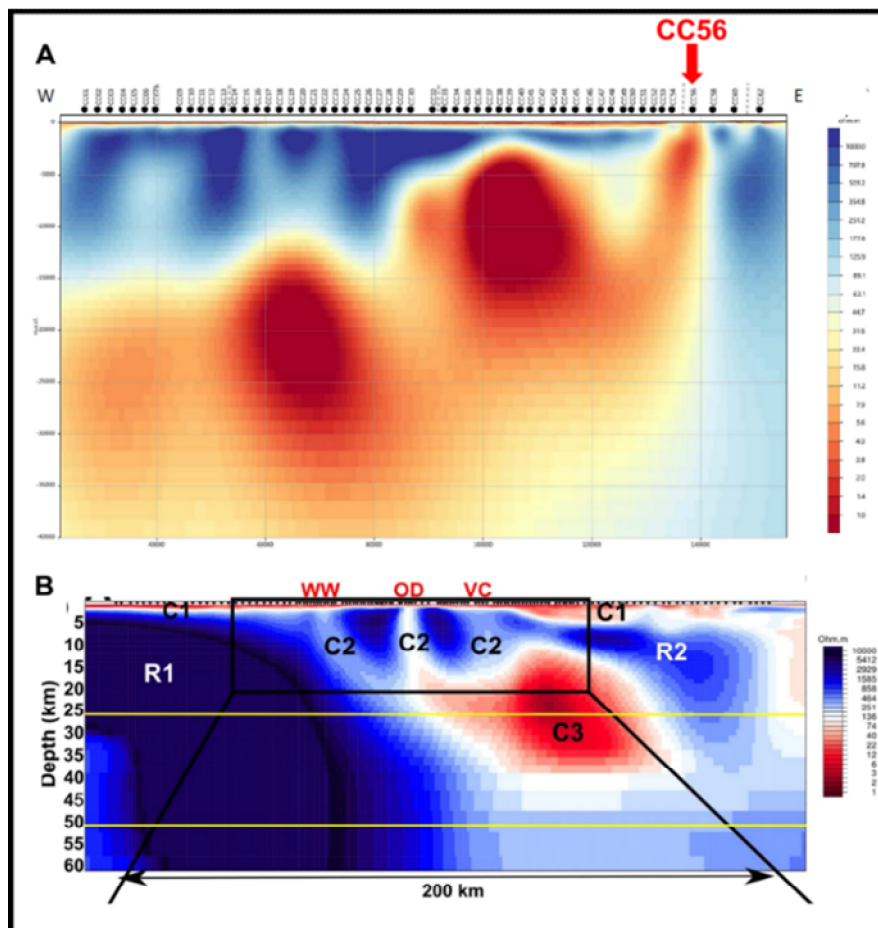


Figure 3: (A) 2D resistivity model to a depth of 40km of the CCMT transect that crosses Mundi from Kay et al. (2019). (B) 2D resistivity model to a depth of 60km across the Gawler Craton from Heinson et al. (2018). Note the similarity between feature C2 under Wirrda Well (WW), C2 under Olympic Dam (OD), C2 under Vulcan and the feature under station CC56 of the CCMT transect, which lies within the Mundi Exploration Licence

¹ Kay, B., Heinson, G., Robertson, K., Thiel, S., 2019, Lithospheric architecture in the Curnamona from MT. In Gilmore, P.J. (compiler), 2019, Uncover Curnamona 2019: Symposium Presentations. Geological Survey of New South Wales Report GS2019/1007.

² Heinson, G., Didana, Y., Soeffky, P., Thiel, S., Wise, T., 2018, The crustal geophysical signature of a world-class magmatic mineral system. Scientific Reports, 8:10608, p6.

SER secured NSW New Frontiers funding to undertake a broadband magnetotelluric (MT) survey across the shallowest portion of the CCMT anomaly. The data will improve our understanding of the nature and geometry of the shallowest expression of the CCMT anomaly and is expected to define a target or targets that will be testable by drilling.

During the period SER secured landholder access from both the NSW National Parks and Wildlife Service (NPWS) which covers the northern area of the project and the landholder to the south. SER completed initial site reconnaissance and has defined a detailed MT program set to commence in September.

CORPORATE AND INVESTMENTS

During the quarter the Company restricted exploration activities as reflected in the low exploration spend while the terms of the Fortescue FJV Agreement were being negotiated. On the back of the strength of the FJV Announcement, the Company completed a heavily oversubscribed capital raise and received firm commitments from institutional and sophisticated investors to raise gross proceeds of \$2.5 million. The Placement will result in the issue of 178,571,428 fully paid ordinary shares at \$0.014 (1.4 cents) per share via two tranches. Tranche 1 was completed on 3 July 2023 resulting in the issue of 71,428,571 Shares under the Company's existing placement capacity. Tranche 2 will result in 107,142,857 Shares being issued at the upcoming EGM in August. The Directors supported the Placement and will subscribe for 9,000,000 Shares totaling \$126,000 following shareholder approval as part of Tranche 2 at the August EGM.

Funds raised from the capital raise will be used to conduct a diamond drill program and magnetotelluric (MT) survey at the Isa North Project in northwest Queensland, the diamond drill program at the Achilles Cu-Au Prospect in NSW and the MT survey at the Mundi project in NSW as well as working capital. Details of these exploration programs will follow in the coming quarter.

The Company currently holds investments in both listed and unlisted companies. This includes 13,273,778 shares in Resolution Minerals Ltd (ASX: RML), 18,240,000 shares in Middle Island Resources Ltd (ASX:MDI) and 87,155,625 shares in Ionic Industries Limited (an unlisted graphene technology company).

Payments to related parties of the entity and their associates during the quarter were \$126k comprising Director and consulting fees as outlined in the Appendix 5B.

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

- Exploration & Evaluation expenditure - \$361k; and
- Employee, administration and corporate costs - \$83k.

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

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INTERESTS IN MINING TENEMENTS

Mining Tenement	Location	Beneficial Percentage held	License Description / Notes	Interest acquired/farm-in or disposed/farm-out during the quarter
EPM26439	Queensland	100%	Isa North 1	-
EPM26440	Queensland	100%	Isa North 2	-
EPM26442	Queensland	100%	Isa North 3	-
EL9012	New South Wales	100%	South Cobar	-
EL9057	New South Wales	100%	East Cowal	-
EL9367	New South Wales	100%	Garema	-
EL9373	New South Wales	100%	Nymagee	-
EL9362	New South Wales	100%	Mundi 1	-
EL9388	New South Wales	100%	Mundi 2	-
EL6626	South Australia	80%	Mabel Creek	-
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	-
EL9368	New South Wales	100%	Option Agreement for sale with EVN	-
EL6140	South Australia	100%	Farm-In Agreement with FMG	-
EL5898	South Australia	100%	Farm-In Agreement with FMG	-
EPM15398	Queensland	100%	Farm-In Agreement with FMG	Farm-in
EPM27378	Queensland	100%	Farm-In Agreement with FMG	Farm-in
EPM27586	Queensland	100%	Farm-In Agreement with FMG	Farm-in
EPM27587	Queensland	100%	Farm-In Agreement with FMG	Farm-in
EPM27588	Queensland	100%	Farm-In Agreement with FMG	Farm-in
EPM27638	Queensland	100%	Farm-In Agreement with FMG	Farm-in
EPM27676	Queensland	100%	Farm-In Agreement with FMG	Farm-in
EPM28180	Queensland	100%	Farm-In Agreement with FMG	Farm-in
EL32109	Northern Territory	100%	East Tennant 1	Disposed
EL32306	Northern Territory	100%	East Tennant 2	Disposed
EL32307	Northern Territory	100%	East Tennant 3	Disposed
EL32809	Northern Territory	100%	East Tennant 4	Disposed
EL32617	Northern Territory	100%	Barkly 1	Disposed
EL32670	Northern Territory	100%	Barkly 2	Disposed

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 June 2023

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	(7)	(46)
(b) development	-	-
(c) production	-	-
(d) staff costs	(20)	(119)
(e) administration and corporate costs	(63)	(402)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	64
1.8 Other (provide details if material)	-	300
1.9 Net cash from / (used in) operating activities	(90)	(198)
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	(354)	(1,257)
(e) investments	-	16
(f) other non-current assets	-	-

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 (12 months) \$A'000
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 (provide details if material)	-	(1)
2.6	Net cash from / (used in) investing activities	(354)	(1,242)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	935	1,810
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	935	1,810
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	484	605
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(90)	(198)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(354)	(1,242)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	935	1,810

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	975	975

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	975	484
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)	975	484

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	35
6.2	Aggregate amount of payments to related parties and their associates included in item 2	91

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		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(90)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(354)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(444)
8.4 Cash and cash equivalents at quarter end (item 4.6)	975
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	975
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.19
<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: 27 July 2023

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 entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 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.
- 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.

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

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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