STRATEGIC
ELEMENTS

STRATEGIC ELEMENTS LIMITED

(ABN 47 122 437 503)

Annual Report

30 June 2015

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CORPORATE INFORMATION

Strategic Elements Limited ABN 47 122 437 503	**Solicitors** Kings Park Corporate Lawyers, Level 2, 45 Richardson Street West Perth WA 6005
Directors Seng Yap Charles Murphy Matthew Howard Elliot Nicholls	**Auditors** Nexia Perth Audit Services Pty Ltd Level 3, 88 William Street, Perth WA 6000
Company Secretary Matthew Howard	**Securities Exchange Listing** ASX Limited ASX Code: SOR
Registered office Suite 6, 27 Railway Road Subiaco WA 6008 Tel: +61 8 9278 2788 Fax: +61 8 9288 4400 Web: www.strategicelements.com.au	**Share Register** Security Transfer Registrars, 770 Canning Highway, Applecross WA 6151 Tel: +61 8 9315 2333 Fax: +61 8 9315 2233 www.securitytransfer.com.au

STRATEGIC ELEMENTS

CHAIRMAN'S LETTER

Dear Shareholder,

This year has been a significant year for the Company and something we should collectively be pleased with.

Significantly, the benefit of the Pooled Development Fund has allowed the Company to increase its sector exposure across both the Technology and the Resources sectors. The Board believes that pursuing a strategy of diversification will position the Company for greater potential growth in the medium term and offer greater resilience for shareholders.

The Company has achieved a number of important milestones this year, this includes:

- Australian Advanced Materials signing a significant licence with the University of New South Wales (UNSW) to develop and exploit the Nanocube memory technology which has been under development for 2 years.
- Establishing Maria Resources with Dr Franco Pirajno and lodging the Officer Project and the Impact Projects.
- Strategic Materials developing a number of drill targets within the Golden Blocks project in New Zealand.
- Completing a successful capital raising in difficult market conditions.

The Company is working very hard in the short-term to focus on Australian Advanced Materials whilst continuing to manage and progress Maria Resources and Strategic Materials. We look forward to keeping all of our shareholders up to date on the exciting developments occurring within the Company moving forward.

Finally, the Board would like to thank all shareholders for their continuing support of the Company, specifically in our recent capital raising, which was one of the most successful Share Purchase Plan raisings for any small cap Company in the last couple of years.

We look forward to providing more value to shareholders over the coming period.

Seng Yap
Chairman

AAM MARIA RESOURCES Strategic Materials

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity comprising Strategic Elements Limited and the entities it controlled during the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications and experience:

Seng Yap – Non-Executive Chairman
Mr Yap was appointed Chairman in October 2006.

Mr Yap has worked as a senior advisor to leading venture capital groups and multi-nationals in Australia, Japan and China in a series of transactions worth in excess of AU$500 million. Earlier in his career Mr Yap was employed by Schlumberger Limited, working in international oil and gas exploration projects across New Zealand, Asia and Australia. Mr Yap previously served as the head of the Joint Venture between the NSW Investment Corporation and the Venture Capital operation of Daiwa Securities.

Mr Yap holds a Bachelor of Engineering degree from Kyoto University in Japan, a postgraduate Diploma in Investments and Securities Analysis from the Securities Institute of Australia and a postgraduate Company Director's Diploma.

Mr Yap is currently a director of the large Japanese multi-national Hokuriku Coca Cola and has managed their Asian partnerships and market entries.

Charles Murphy – Managing Director
Mr Murphy was appointed to the board in October 2006.

Mr Murphy led the Company's registration as a Pooled Development Fund. Mr Murphy has experience as a corporate advisor to resources and technology companies providing advice on transaction structuring, strategy and business development. He co-founded and developed ASX listed MEC Resources Ltd (December 2005 to November 2007), a Pooled Development Fund investing into a portfolio of energy and commodities investments. Mr Murphy also developed ASX listed Company BioPharmica Ltd (December 2003 to October 2007) which made investments into a portfolio of technology projects. He has successfully formed alliances and JV's for multi-million dollar exploration and technology programs as well as forming global collaborations with companies such as General Electric. Mr Murphy is a qualified responsible Fund Manager and has a Masters Degree in Business Administration (MBA). Mr Murphy is not currently a director of any other Australian listed companies and has not held any other directorships during the last 3 years.

Matthew Howard – Executive Director and Company Secretary
Mr Howard was appointed to the board in December 2008.

Mr Howard has worked with some of the largest financial institutions including Goldman Sachs JBWere, Macquarie Bank, ANZ Bank and National Australia Bank. He has helped close numerous multi-million dollar transactions with some of the largest Fortune 100 US technology companies in the Asia Pacific region including Oracle and BEA Systems. He has a combined Business and Information Technology Degree, holds a postgraduate qualification in Corporate Governance and a Masters in Applied Finance. Mr Howard is not currently a director of any other Australian listed companies and has not held any other directorships during the last 3 years.

DIRECTORS' REPORT (continued)

Elliot Nicholls – Executive Director
Mr Nicholls was appointed to the board in January 2009.

Mr Nicholls has worked in corporate advisory focusing on financial analysis and business model development. He has worked with clients in the mining and resources, oil & gas and industrial sectors including Rio Tinto and Hismelt. He has experience in financial analysis of large infrastructure projects in Australia and has been involved in projects investigating and resolving inter-company financial matters throughout the Asia-Pacific for Telstra Corporation. Mr Nicholls has a Bachelor of Electronic Engineering with First Class Honours and a Bachelor of Commerce (Finance) from The University of Western Australia.

Mr Nicholls is not currently a director of any other Australian listed companies and has not held any other directorships during the last 3 years.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

Director	Number of fully paid ordinary shares	Number of options over ordinary shares
S Yap	11,700,001	-
C Murphy	27,284,001	-
M Howard	6,411,334	-
E Nicholls	9,350,000	-

Details of unissued ordinary shares issued to consultants of the Company under options as at the date of this report are as follows:

Options series	Number of options	Exercise price	Expiry date
Employee share options	1,500,000	10 cents	1 July 2016

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal activities

The Company is a registered Pooled Development Fund (PDF).

DIRECTORS' REPORT (continued)

Review of operations

The Company is registered as a registered Pooled Development Fund (PDF) under the Australian Government's Pooled Development Fund Act 1992 ("PDF Act"). The Company invests into small to medium sized Australian companies to assist in the development or expansion of the company.

During the year, the Company has continued to invest and develop its wholly owned investees:

Investee	Sector	Owned
Australian Advanced Materials P/L	Technology	100%
Strategic Materials P/L	Resources	100%
Maria Resources P/L	Resources	100%

The Company is pleased with the development of these investees and has made considerable progress in developing in growing the Company for all shareholders. The Company pursued a deliberate strategy to position investments in both the Technology sector and the Resources sector. The Board believes shareholders will ultimately benefit from the fact that a PDF is able to invest in multiple sectors. Whilst the Board is very pleased with the Company's Resources investments, it will focus in the short term on developing Australian Advanced Materials.

Australian Advanced Materials

The Company announced that it had signed a global licence from UNSW to use, develop and commercially exploit a new type of resistive random access memory (RRAM) using tiny nanocubes made from cerium oxides (rare earth). The technology works by applying jolts of voltage to the nanocube memory cells, changing their state between resistive and conductive to create and store digital zeroes and ones (data). The Company also announced it would embark on an exercise to build a prototype memory device based on the nanocube memory cell.

The Company has a close working relationship with UNSW and believes working directly with the founding researchers represents the best short term development approach. Additional work has been done to properly patent core intellectual property to secure the nanocube memory cell IP.

The Company will continue to update shareholders with key developments as they occur.

Strategic Materials

During the year, Strategic Materials progressed the Golden Blocks project and remains convinced of the mineral potential. In a report on mineral prospectivity of Kahurangi in 2009, leading research institute GNS stated, "despite its high mineral potential, past workings have been on a small scale, and little exploration has been carried out in the last 20 years. **The area is one of the most prospective regions of New Zealand** as a result of its geological history".

As a result of the cumulative work to date, the Company is assessing a drilling program targeting the potential continuation of the Pioneer Shoot. The Pioneer Shoot was the last section of the Aorangi Mine being mined on Level 4 in 1914 when the mine closed due to water, gas and labour shortages.

Exploration assays from within the 200m of unmined workings left in Level 3 of the mine contained gold grades of **663.9 g/t** over 0.75m including **5342.5 g/t** over 0.25m. Unmined stone around this shoot was also exceptionally good. Gold was also showing in the floor of Level 3 and government mine inspectors believed that the reef continued at depth and that valuable ore shoots may be looked for in the deeper ground.

DIRECTORS' REPORT (continued)

As previously announced, the Company is currently working on generating the first 3D Mine Model of the historic high-grade mine to assist positioning the Pioneer Shoot and guide further 'near mine' surface exploration. Additional permit approvals are being assessed to allow for drilling.

Maria Resources

On May 1 2015, the Company announced a collaboration with one of Western Australia's most respected economic geologists who recently retired after 21 years with the Western Australian government. The collaboration with Dr Franco Pirajno has been formed to conduct frontier exploration in Western Australia targeting areas that may have seen basic mapping by the Western Australian government but limited commercial exploration. Importantly, these areas will have potential for styles of mineral deposits more commonly known overseas.

Maria Resources has lodged two projects with Dr Pirajno.

Officer Project	The Company announced it will fund a major copper hunt targeting rocks sticking out of the sand in the deserts of Western Australia, long ignored for their mineral potential. By applying an overseas model the Company recognised that certain areas of 'Permian' rocks in the Great Victoria and Gibson deserts have excellent potential for a style of copper more commonly known in Germany and Poland. The 700 km^2 Officer Project is the first project developed in collaboration with world leading geologist Dr Franco Pirajno. After reviewing the limited exploration within a 54,000km^2 area the Company discovered highly anomalous copper in several historic drill holes drilled 8km apart, which confirmed the Company's position and provides a clear exploration focus. The Officer Basin has extensive areas of Permian age (approx. 290-250 million years ago) shale and sandstone rocks at surface. The general consensus to date has been that Permian age rocks in WA are economically uninteresting for base metals and hence the Officer Basin has remained overlooked and misunderstood.
Impact Projects	The Ilkurka Project and the Lennis Project are the two impact projects covering potential impact structures caused by meteorites striking the Great Victoria Desert over a hundred million years ago. Meteorite impact structures potentially contain mineral deposits (e.g. copper, nickel, uranium, gold, diamonds) due to the enormous energy, heat and pressure created by the impact.

Maria Resources is currently waiting for Exploration Licences to be granted before conducting fieldwork. The Company will keep shareholders informed of the progress.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Corporate

During the year the Company raised the sum of $1,442,000 through the issue of 48,066,667 shares at an issue price of 3 cents per share.

During the year 1,500,000 unlisted options were issued to consultants of the Company. The unlisted options have an exercise price of 10 cents and an expiry date of 1 July 2016.

Operating result for the year

The consolidated entity's loss for the year ended 30 June 2015 was $921,439 (year ended 30 June 2014: $726,342).

Review of financial condition

At 30 June 2015, the consolidated entity had $2,149,278 in cash and term deposit balances (30 June 2014: $1,732,018).

Significant changes in the state of affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the year.

Significant events after balance date

No matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations has been made in the Review of Operations above.

Environmental legislation

With respect to its environmental obligations regarding its exploration activities the consolidated entity endeavours to ensure that it complies with all regulations when carrying out any exploration and evaluation activities and is not aware of any breach as this time.

DIRECTORS' REPORT (continued)

Indemnification and insurance of Directors and Officers

The Company has entered into Director and Officer Protection Deeds ("Deed") with each Director and the Company Secretary ("Officers"). Under the Deed, the Company indemnifies the relevant Officer to the maximum extent permitted by law against legal proceedings, any damage or loss incurred in connection with the Officer being an officer of the Company. The Company has paid insurance premiums to insure the Officers against liability arising from any claim against the Officers in their capacity as officers of the Company.

Dividends

No dividends have been paid or declared in the year.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for the key management personnel ("KMP") of Strategic Elements Limited (the "Company") for the financial year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Company, and includes the three executives in the Parent and the Group.

Key Management Personnel

Seng Yap (Chairman)

Charles Murphy (Managing Director)

Matthew Howard (Executive Director)

Elliot Nicholls (Executive Director)

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

REMUNERATION REPORT (continued)

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The maximum aggregate payable to non-executive directors approved by shareholders is $100,000 per annum.

Each non-executive director receives a fee for being a director of the Company. The remuneration of non-executive directors for the year ended 30 June 2015 is detailed in Table 1 in this report.

Director and executive remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary. No advice has been obtained during the year.

Directors and executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company. The fixed remuneration component of the most highly remunerated Company directors and executives is detailed in Table 1 in this report.

Variable remuneration

The objective of the short term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is to be set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Actual payments may be granted to each executive dependent on the extent to which specific operating targets set at the beginning of the financial year are met. In 2015 an accrual of $25,000 each has been recorded for Executive Director Charles Murphy, and Executive Director Matthew Howard and an accrual of $5,000 has been recorded for Executive Director Elliot Nicholls.

The Company may also make payments to reward senior executives in a manner that aligns remuneration with the creation of shareholder wealth.

REMUNERATION REPORT (continued)

Employee Share Option Plan

Under the terms of the Company's employee share option plan (Plan), the Board may offer options to Eligible Persons or Directors of the Company or any subsidiary based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in future and other factors the Board considers relevant. Upon receipt of such an offer, the Eligible Person may nominate an associate to be issued with the options. The maximum number of options to be issued under the Plan at any one time is 5% of the total number of shares on issue in the Company provided that the Board may increase this percentage, subject to the Corporations Act and the ASX listing rules.

The Company does not have a policy for key management personnel to hedge their equity positions against future losses.

Executive Service Agreements

The Company has entered into Executive Service agreements with the following directors:

- Mr Charles Murphy (Managing Director)
  - Under the agreement the Company will pay up to a maximum of $166,050 per annum (exclusive of GST) in return for executive services and will provide reimbursement for all reasonable travel, accommodation and general expenses.
  - Termination by the Company is no less than a 3 month notice or by paying the aggregate of amounts which, but for such termination would otherwise have been paid. In addition to this a 3 month termination payment will be paid.
- Mr Matthew Howard (Director)
  - Under the agreement the Company will pay up to a maximum of $125,050 per annum (exclusive of GST) in return for executive services and will provide reimbursement for all reasonable travel, accommodation and general expenses.
  - Termination by the Company is no less than a 3 month notice or by paying the aggregate of amounts which, but for such termination would otherwise have been paid. In addition to this a 3 month termination payment will be paid.
- Mr Elliot Nicholls (Director)
  - Under the agreement the Company will pay up to a maximum of $78,000 per annum (exclusive of GST), in return for executive services and will provide reimbursement for all reasonable travel, accommodation and general expenses.
  - Termination by the Company is no less than a 3 month notice or by paying the aggregate of amounts which, but for such termination would otherwise have been paid.

REMUNERATION REPORT (continued)

Table 1: Remuneration of key management personnel (KMP) for the year ended 30 June 2015 and the year ended 30 June 2014:

		Short-term employee benefits		Post-employment benefits	Equity		Total	Performance Related %
		Fixed Salary & fees	Variable remuneration	Superannuation	Shares	Options		
Executive directors								
Charles Murphy	2015	166,050	25,000				191,050	13.09
	2014	166,050	25,000	-	-	-	191,050	13.09
Matthew Howard	2015	125,050	25,000				150,050	16.66
	2014	125,050	25,000	-	-	-	150,050	16.66
Elliot Nicholls	2015	25,000	5,000				30,000	16.67
	2014	25,000	5,000	-	-	-	30,000	16.67
Sub-total Executive	2015	**316,100**	**55,000**	**-**	**-**	**-**	**371,100**	**14.82**
directors	2014	**316,100**	**55,000**	**-**	**-**	**-**	**371,100**	**14.82**
Non-Executive director								
Seng Yap	2015	-	-	-	-	-	-	-
	2014	-	25,000	-	-	-	25,000	100.00
Sub-total Non-Executive	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
director	**2014**	**-**	**25,000**	**-**	**-**	**-**	**25,000**	**100.00**
Total	**2015**	**316,100**	**55,000**				**371,100**	**14.82**
	2014	**316,100**	**80,000**	**-**	**-**	**-**	**396,100**	**20.20**

There were no shares or options granted to KMP as part of remuneration for the financial year ended 30 June 2015.

No options granted were forfeited during the year.

3,500,000 options granted to directors or executives expired during the year.

----------END OF REMUNERATION REPORT----------

DIRECTORS' REPORT continued

Directors' meetings

The directors meet regularly to discuss the matters of the Company and occupy the same office. Therefore decisions of the Company are frequently resolved via circular resolution. The Company aims however to have quarterly Board meetings.

The Board meeting for the June 2015 quarter however, was re-scheduled, this meant only 3 meetings were recorded in the 2015 year. Therefore, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Total number of directors' meetings	Board Meetings	
	Number of meetings eligible to attend	Number of meetings attended
Seng Yap	3	3
Charles Murphy	3	3
Matthew Howard	3	3
Elliot Nicholls	3	3

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, Nexia Perth Audit Services Pty Ltd (Nexia Perth), to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 15 and forms part of this directors' report for the year ended 30 June 2015.

Non-Audit Services

The following non-audit services were provided by our auditors, Nexia Perth. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Nexia Perth received, or were due to receive the following amounts for the provision of services not related to the audit of the financial report:

Audit of Australian Financial Services Licence (AFSL) - $2,500 (2014:$2,500).

Signed in accordance with a resolution of the directors.

Charles Murphy
Managing Director
Perth WA, 21st August 2015

nexia australia

chartered accountants and business advisors

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Strategic Elements Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director

Perth
21 August 2015

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

		CONSOLIDATED	
		2015	**2014**
	Notes	**$**	**$**
Depreciation	2	(3,444)	(4,037)
Insurances		(27,934)	(27,372)
Professional fees		(43,688)	(40,498)
Project development expenditure		(336,981)	(180,276)
Regulatory & compliance		(46,802)	(46,320)
Remuneration	21(b)	(371,100)	(396,100)
Other employees' costs		(4,747)	-
Rent & outgoings		(27,524)	(24,698)
Share based payment		(7,270)	-
Other expenses		(78,170)	(66,146)
		(947,660)	**(785,447)**
Foreign exchange gains		(597)	2,069
Interest received	2	28,624	58,819
Interest expense	2	(1,806)	(1,783)
		26,221	59,105
Loss before income tax		**(921,439)**	**(726,342)**
Income tax expense	3	-	-
Loss for the year		**(921,439)**	**(726,342)**
Other comprehensive income		-	-
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Total other comprehensive income		-	-
Total comprehensive loss		**(921,439)**	**(726,342)**
Basic and diluted loss per share (cents per share)	4	(0.65)	(0.53)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		CONSOLIDATED	
		2015	2014
	Notes	$	$
Assets			
Current assets			
Cash and cash equivalents	5	2,149,278	1,732,018
Trade and other receivables	6	41,480	22,464
Other current assets	7	47,839	28,069
Total current assets		**2,238,597**	**1,782,551**
Non-current assets			
Property, plant & equipment	8	7,894	8,951
Total non-current assets		**7,894**	**8,951**
Total assets		**2,246,491**	**1,791,502**
Liabilities			
Current liabilities			
Trade and other payables	10	145,355	177,463
Total current liabilities		**145,355**	**177,463**
Total liabilities		**145,355**	**177,463**
Net assets		**2,101,136**	**1,614,039**
Equity			
Issued capital	12	6,567,838	5,166,572
Share based payment reserve	13	7,270	90,424
Accumulated losses	14	(4,473,972)	(3,642,957)
Total equity		**2,101,136**	**1,614,039**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Consolidated	Issued capital $	Accumulated losses $	Option reserve $	Total $
Balance at 1 July 2013	5,166,572	(2,916,615)	90,424	2,340,381
Loss for the year	-	(726,342)	-	(726,342)
Total comprehensive loss for the year	-	(726,342)	-	(726,342)
Balance at 30 June 2014	**5,166,572**	**(3,642,957)**	**90,424**	**1,614,039**

Consolidated	Issued capital $	Accumulated losses $	Option reserve $	Total $
Balance at 1 July 2014	**5,166,572**	**(3,642,957)**	**90,424**	**1,614,039**
Loss for the year	-	(921,439)	-	(921,439)
Total comprehensive loss for the year	-	(921,439)	-	(921,439)
Shares issued for cash	1,442,000	-	-	1,442,000
Share issue costs	(40,734)	-	-	(40,734)
Expiry of options	-	90,424	(90,424)	-
Share based payment	-	-	7,270	7,270
Balance at 30 June 2015	**6,567,838**	**(4,473,972)**	**7,270**	**2,101,136**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

		CONSOLIDATED	
		2015	2014
	Notes	$	$
Cash flows from operating activities			
Payments to suppliers		(248,724)	(200,804)
Payments to directors & employees		(320,662)	(395,846)
Payments for project development		(438,454)	(345,240)
Interest received		28,624	65,312
Interest paid		(1,806)	(545)
Net cash used in operating activities	5	(981,022)	(877,123)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,387)	(2,577)
Net cash used in investing activities		(2,387)	(2,577)
Cash flows from financing activities			
Shares issued for cash		1,442,000	-
Share issue costs		(40,734)	-
Net cash provided by financing activities		1,401,266	-
Net decrease in cash and cash equivalents		417,857	(879,700)
Cash and cash equivalents at beginning of the year		1,732,018	2,609,649
Effects of exchange rate changes on cash and cash equivalents		(597)	2,069
Cash and cash equivalents at end of the year	5	**2,149,278**	**1,732,018**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of compliance and preparation

The Company is a listed Pooled Development Fund (PDF), incorporated in Australia and operating in Australia and New Zealand. The Company's principal activity is a Pooled Development Fund.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards issued by the Australian Accounting Standards Board and Australian Interpretations.

The financial report complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The accounting policies detailed below have been consistently applied to all of the years presented. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group" or the "consolidated entity" and individually as "Group entities"). The financial report was authorised for issue on 21st August 2015.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars which is the consolidated entity's functional currency.

b. Adoption of new and revised standards

New and amended standards adopted in the current year

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*
- Interpretation 21 *Accounting for Levies*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

New standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *Financial Instruments*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Adoption of new and revised standards (continued)

AASB 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

The standard is not expected to have a material impact on the group's financial instruments.

AASB 15 *Revenue from Contracts with Customers*

AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

AASB 15 is mandatory for financial years commencing on or after 1 January 2017. Management is currently assessing the impact of the new rules. At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months.

c. Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model and is based on the assumptions detailed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Strategic Elements Limited ('Company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Strategic Elements Limited and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

e. Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

f. Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Cash and cash equivalents

Cash includes cash on hand and at call and deposits with banks or financial institutions and investments in money market instruments which are readily convertible to cash and used in the cash management function on a day to day basis, net of bank overdraft.

h. Project development expenditure

Project development costs, excluding the costs of acquiring tenements and permits, are expensed as incurred. Acquisition costs will be assessed on a case by case basis and, if appropriate, they will be capitalised. These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either:

- They are expected to be recouped through successful development and exploitation of the area of interest, or
- The activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest, are continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full against profit/(loss) in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

i. Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Trade and other payables

Trade payables and other payables are carried at amortised cost using the effective interest method and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

k. Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Share based payment transactions

Equity settled transactions:

The Group may provide benefits to Officers, Directors and consultants in the form of share-based payments, whereby services are rendered in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options granted is determined using an appropriate valuation model, further details of which are given in Note 9.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Strategic Elements Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of loss per share (see Note 4).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Office equipment – 2.5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in statement of profit or loss and other comprehensive income in the other expenses line item.

(ii) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date, they are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

o. Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An impairment loss is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Earnings per share

Basic earnings per share is calculated as net profit/loss, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

q. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Strategic Elements Limited.

r. Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

s. Parent entity financial information

The financial information for the parent entity, Strategic Elements Limited, disclosed in Note 19 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Strategic Elements Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2. INCOME AND EXPENSES

	CONSOLIDATED	
	2015	2014
	$	$
(a) Interest		
Bank interest received and receivable	28,624	58,819
Bank interest paid and payable	(1,806)	(1,783)
	26,818	57,036
(b) Expenses		
Depreciation of non-current assets	(3,444)	(4,037)

NOTE 3. INCOME TAX

	CONSOLIDATED	
	2015	2014
Reconciliation of tax benefits to statutory tax:	$	$
Loss for the year	(921,439)	(726,342)
Tax benefit at the applicable tax rate of 30%	(276,432)	(217,903)
s.40-880 expenses	(46,387)	(46,183)
Change in temporary differences	58,472	(65,525)
Difference in tax rate of Parent Company taxed at 25% due to Pooled Development Status	34,477	33,731
Overprovision of prior year tax losses	(49,968)	56,048
Unrecognised tax losses	279,838	239,832
Tax benefit reported in statement of comprehensive income	-	-
Unrecognised deferred tax assets:		
Carried forward tax losses	1,148,737	918,867
Temporary differences	13,930	7,626
Components of deferred tax		
Prepayments	(9,222)	(4,098)
Accruals	23,152	11,724
Tax Losses	1,148,737	918,867
Unrecognised deferred tax assets	(1,162,667)	(926,493)
	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3. INCOME TAX (CONTINUED)

The potential deferred tax benefit of tax losses has not been recognised as an asset because recovery of tax losses is not considered probable in the context of AASB 112. The benefit of these tax losses will only be realised if:

a) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.

b) The Group complies with the conditions for deductibility imposed by the law; and

c) No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

NOTE 4. LOSS PER SHARE

	CONSOLIDATED	
	2015	2014
	Cents per share	Cents per share
Basic loss per share from continuing operations	(0.65)	(0.53)

Basic loss per share
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

- Loss ($)	(921,439)	(726,342)
- Weighted average number of ordinary shares (number)	141,910,582	138,223,276

Diluted loss per share
Diluted loss per share has not been calculated as the result is anti-dilutive in nature.

NOTE 5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2015	2014
	$	$
Cash at bank and on hand	2,149,278	232,018
Short-term deposits	-	1,500,000
	2,149,278	1,732,018

Cash at bank earns interest at floating rates based on daily bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5. CASH AND CASH EQUIVALENTS (CONTINUED)

Short-term deposits are made for varying periods of between one month and three months, depending on the immediate cash requirements of the Group.

These deposits earn interest at their respective short-term deposit rates.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related item in the statement of financial position as noted above.

Reconciliation of loss for the year to net cash flows from operating activities:

	CONSOLIDATED	
	2015	2014
	$	$
Loss from ordinary activities after income tax	(921,439)	(726,342)
Depreciation	3,444	4,037
Foreign exchange loss/(gain)	597	(2,069)
Share based payment	7,270	-
Changes in working capital:		
Decrease/(increase) in other receivables	(19,016)	8,511
Decrease/(increase) in other assets	(19,770)	10,757
Decrease in trade creditors and accruals	(32,108)	(172,017)
Cash flows from operations	(981,022)	(877,123)

NOTE 6. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2015	2014
	$	$
GST recoverable	40,433	22,464
Other receivable	747	-
	41,180	22,464

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 7. OTHER CURRENT ASSETS

	CONSOLIDATED	
	2015	2014
	$	$
Deposits	11,844	11,844
Prepayments	35,308	15,538
Other current assets	687	687
	47,839	28,069

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Computer equipment	Total
Consolidated	$	$	$
At 30 June 2015			
Cost	7,936	20,103	28,039
Accumulated depreciation	(3,979)	(16,166)	(20,145)
At 30 June 2015 net of accumulated depreciation	3,957	3,937	7,894
At 30 June 2014			
Cost	7,936	17,716	25,652
Accumulated depreciation	(3,019)	(13,682)	(16,701)
At 30 June 2014 net of accumulated depreciation	4,917	4,034	8,951

Consolidated	Office equipment	Computer equipment	Total
Year ended 30 June 2015	$	$	$
At 1 July 2014 net of accumulated depreciation	4,917	4,034	8,951
Additions	-	2,387	2,387
Depreciation charge for the year	(960)	(2,484)	(3,444)
At 30 June 2015 net of accumulated depreciation	3,957	3,937	7,894
Year ended 30 June 2014			
At 1 July 2013 net of accumulated depreciation	5,877	4,534	10,411
Additions	-	2,577	2,577
Depreciation charge for the year	(960)	(3,077)	(4,037)
At 30 June 2014 net of accumulated depreciation	4,917	4,034	8,951

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9. SHARE BASED PAYMENTS

Options

There were 1,500,000 options granted during the year (2014: nil options). The options, which vested on issue, have an exercise price of 10 cents and an expiry date of 1 July 2016.

3,500,000 options expired during the year (2014: nil options).

	CONSOLIDATED			
	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	$	No.	$
Outstanding at the beginning of the year	3,500,000	0.20	3,500,000	0.20
Granted during the year	1,500,000	0.10	-	-
Expired during the year	(3,500,000)	0.20	-	-
Outstanding at the end of the year	1,500,000	0.10	3,500,000	0.20
Exercisable at the end of the year	1,500,000	0.10	3,500,000	0.20

	Options expiring 1/7/2016
Grant date share price	4.00 cents
Expected volatility	86%
Time to maturity	1.17 years
Dividend yield	0%
Risk-free interest rate	1.95%
Value per option	0.48 cents

NOTE 10. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2015	2014
	$	$
Trade payables (i)	52,745	132,969
Accrued expenses	92,610	44,494
	145,355	177,463

(i) Trade payables are non-interest bearing and are normally settled on 30 day terms with the exception of insurance premiums of $15,368 (2014: $15,427) which are payable in monthly instalments at a flat interest rate of 8.95%. The final instalment is due 13 March 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11. REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2015	2014
	$	$
Amounts received & receivable by the auditor :		
Nexia Perth Audit Services Pty Ltd		
- an audit of the financial report of the Group	21,930	21,444
- other services	2,500	2,500
	24,430	23,944

NOTE 12. ISSUED CAPITAL

	2015	2014
	$	$
Issued capital		
Ordinary shares issued and fully paid	6,567,838	5,166,572

Ordinary shares entitle the holder to participate in dividends and in the proceeds and winding up of the Company in proportion to the number of and amounts paid on the shares held.

Fully paid ordinary shares carry one vote per share and the right to dividends.

	2015		2014	
	Number of shares	$	Number of shares	$
Movement in ordinary shares on issue				
At beginning of year	138,223,276	5,166,572	138,223,276	5,166,572
Shares issued for cash	48,066,667	1,442,000	-	-
Share issue costs	-	(40,734)	-	-
At end of year	186,289,943	6,567,838	138,223,276	5,166,572

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13. RESERVES

	CONSOLIDATED	
	2015	2014
	$	$
Option Reserve		
Balance at beginning of year	90,424	90,424
Issued during the year	7,270	-
Expired during the year	(90,424)	-
Balance at end of financial year	7,270	90,424

The option reserve is used to record the value of options granted as share based payments as part of total remuneration. Refer to Note 9 for further information on these options.

NOTE 14. ACCUMULATED LOSSES

	CONSOLIDATED	
	2015	2014
	$	$
Movement in accumulated losses:		
Balance at beginning of year	(3,642,957)	(2,916,615)
Credit from option reserve on expiry of options	90,424	-
Loss for the year	(921,439)	(726,342)
Balance at end of financial year	(4,473,972)	(3,642,957)

NOTE 15. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash, term deposits, trade payables and trade receivables. These financial instruments arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15. FINANCIAL INSTRUMENTS (CONTINUED)

	CONSOLIDATED	
	2015	2014
(a) Categories of financial instruments	$	$
Financial assets		
Cash and cash equivalents	2,149,278	1,732,018
Financial liabilities		
Trade and other payables	145,355	177,463

(b) Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its assets held in cash and cash equivalents.

Profile

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	CONSOLIDATED			
	2015		2014	
	Carrying amount	Interest rate	Carrying amount	Interest rate
	$	%	$	%
Fixed rate instruments				
Short term deposits	-	-	1,500,000	3.25
Variable rate instruments				
Cash and bank balances	2,149,278	1.32	232,018	1.81

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15. FINANCIAL INSTRUMENTS (CONTINUED)

	Equity		Profit or loss	
	100bp increase	**100bp** decrease	**100bp** increase	**100bp** decrease
30 June 2015: Consolidated				
Variable rate instruments	21,493	(21,493)	21,493	(21,493)
30 June 2014:Consolidated				
Variable rate instruments	2,320	(2,320)	2,320	(2,320)

Funds that are not required in the short term are placed on deposit for a period of no more than 6 months at a fixed interest rate. The Group's exposure to interest rate risk and the effective interest rate by maturity is set out below.

(c) Net fair values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximates their carrying value.

(d) Credit risk

There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, and trade receivables, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There is no requirement for collateral.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves.

The following table details the Group's expected contractual maturity for its financial liabilities:

30 June 2015: Consolidated	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
Financial liabilities	$	$	$	$	$
Non-interest bearing	129,987	-	-	-	129,987
Interest bearing	1,708	3,415	10,245	-	15,368
	131,695	3,415	10,245	-	145,355

30 June 2014: Consolidated	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
Financial liabilities	$	$	$	$	$
Non-interest bearing	162,036	-	-	-	162,036
Interest bearing	1,864	3,728	9,835	-	15,427
	163,900	3,728	9,835	-	177,463

(f) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Group funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating capital raisings as required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group has no hedging policy in place to manage those risks, however, all foreign exchange purchases are settled promptly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2015	2014	2015	2014
Consolidated	$	$	$	$
New Zealand dollars	1,496	93,087	9,075	42,011

Foreign currency sensitivity analysis
The Group is exposed to New Zealand Dollar (NZD) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	Increase		Decrease	
	2015	2014	2015	2014
	$	$	$	$
NZD impact				
Profit or loss (i)	150	9,309	(150)	(9,309)
Other equity	150	9,309	(150)	(9,309)

(i) This is attributable to the exposure outstanding on NZD payables and NZD bank account balance at year end in the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16. COMMITMENTS

a) Project development expenditure commitments

In order to maintain current rights of tenure to mining tenements and permits, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	CONSOLIDATED	
	2015	2014
	$	$
Within one year	126,022	50,439
Later than one year but not later than 5 years	4,270,801	172,195
	4,396,823	222,634

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 17. SEGMENT INFORMATION

The Group is managed primarily on the basis of its investments, currently advanced material technologies and metals and mining. Operating segments are therefore determined on the same basis.

For metals and mining projects, reportable segments disclosed are based on aggregating tenements and permits where the tenements and permits are considered to form a single project. This is indicated by:

- having the same ownership structure;
- exploration being focused on the same mineral or type of mineral;
- exploration programs targeting the tenements and permits as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the areas; and
- shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

For advanced material technologies, research and development undertaken is aggregated for each key development the Group pursues. Complimentary technologies will be aggregated, alternative technologies will be reported separately.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17. SEGMENT INFORMATION (CONTINUED)

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense;
- deferred tax assets and liabilities;
- discontinuing operations.

	Metals and mining	Advanced Materials	Unallocated (Corporate)	Total
Consolidated	**$**	**$**	**$**	**$**
Year ended 30 June 2015				
Segment revenue	60	-	28,564	28,624
Segment result	(239,812)	(132,429)	(549,198)	(921,439)
Included within segment result:				
Depreciation	-	-	(3,444)	(3,444)
Interest income	60	-	28,564	28,624
Segment assets	78,909	124,830	2,042,752	2,246,491
Segment liabilities	5,087	3,875	136,393	145,355

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17. SEGMENT INFORMATION (CONTINUED)

	Metals and materials	Research & development	Unallocated (Corporate)	Total
Consolidated	**$**	**$**	**$**	**$**
Year ended 30 June 2014:				
Segment revenue	-	-	58,819	58,819
Segment result	(204,998)	(671)	(520,673)	(726,342)
Included within segment result:				
Depreciation	-	-	(4,037)	(4,037)
Interest income	-	-	58,819	58,819
Segment assets	68,359	7,691	1,715,452	1,791,502
Segment liabilities	110,409	-	67,054	177,463

NOTE 18. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Strategic Elements Limited and the subsidiaries listed in the following table.

	Country of	% Equity Interest		Investment $	
Name	Incorporation	2015	2014	2015	2014
Maria Resources Pty Ltd (previously APEC Ventures Pty Ltd)	Australia	100	100	1	1
Strategic Materials Pty Ltd	Australia	100	100	1	1
Australian Advanced Materials Pty Ltd	Australia	100	100	1	1

Strategic Elements Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Transactions with related entities:

Director related entities

Remuneration for Directors is paid to entities controlled by the Directors. Please refer to the Remuneration report in the Directors Report and Note 21 for more detail.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2015 the parent company of the Group was Strategic Elements Limited.

Financial position of Parent entity at year end

	30 June 2015 $	30 June 2014 $
Assets		
Current assets	2,034,171	1,689,420
Non-current assets	203,360	8,951
Total assets	2,237,531	1,698,371
Liabilities		
Current liabilities	136,395	50,660
Total liabilities	136,395	50,660
Equity		
Issued capital	6,567,838	5,166,572
Retained earnings	(4,473,972)	(3,609,285)
Reserves		
Share based payments	7,270	90,424
Total equity	2,101,136	1,647,711

Financial performance of Parent entity for the year

	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Loss for the year	(955,111)	(931,043)
Other comprehensive income	-	-
Total comprehensive loss	(955,111)	(931,043)

NOTE 20. CONTINGENT LIABILITIES

There are no contingent liabilities outstanding at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21. DIRECTORS' AND EXECUTIVES' DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

Seng Yap	Chairman (Non-executive)
Charles Murphy	Managing Director
Matthew Howard	Executive Director
Elliot Nicholls	Executive Director

(b) Key management personnel compensation

The key management personnel compensation for the year is as follows:

	Year ended 30 June 2015	Year ended 30 June 2014
	$	$
Short term benefits	371,100	396,100
Total	371,100	396,100

Information regarding individual directors' and executives' compensation disclosures as permitted by *Corporations Regulations* 2M.3.03 and 2M.6.04 is provided in the remuneration report section of the Directors' report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21. DIRECTORS' AND EXECUTIVES' DISCLOSURES (CONTINUED)

(c) Option holdings of Key Management Personnel

						Vested as at end of year		
30 June 2015	Balance at beginning of year	Granted as remuneration	Options exercised	Expired during the year	Balance at end of year	Total	Exercisable	Not Exercisable
Directors								
Seng Yap	3,500,000	-	-	(3,500,000)	-	-	-	-
Charles Murphy	-	-	-	-	-	-	-	-
Matthew Howard	-	-	-	-	-	-	-	-
Elliot Nicholls	-	-	-	-	-	-	-	-
Total	3,500,000	-	-	(3,500,000)	-	-	-	-

						Vested as at end of year		
30 June 2014	Balance at beginning of year	Granted as remuneration	Options exercised	Expired during the year	Balance at end of year	Total	Exercisable	Not Exercisable
Directors								
Seng Yap	3,500,000	-	-	-	3,500,000	3,500,000	3,500,000	-
Charles Murphy	-	-	-	-	-	-	-	-
Matthew Howard	-	-	-	-	-	-	-	-
Elliot Nicholls	-	-	-	-	-	-	-	-
Total	3,500,000	-	-	-	3,500,000	3,500,000	3,500,000	-

(d) Shareholdings of Key Management Personnel

Ordinary shares held in Strategic Elements Limited (number)

30 June 2015	Balance at beginning of year	Granted as remuneration	On exercise of options	Net change Other	Balance at end of year
Directors					
Seng Yap	11,700,001	-	-	-	11,700,001
Charles Murphy	27,284,001	-	-	-	27,284,001
Matthew Howard	6,078,000	-	-	333,334	6,411,334
Elliot Nicholls	9,350,000	-	-	-	9,350,000
Total	54,412,002	-	-	333,334	54,745,336

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21. DIRECTORS' AND EXECUTIVES' DISCLOSURES (CONTINUED)

(d) Shareholdings of Key Management Personnel (continued)

30 June 2014	Balance at beginning of year	Granted as remuneration	On exercise of options	Net change Other	Balance at end of year
Directors					
Seng Yap	11,700,001	-	-	-	11,700,001
Charles Murphy	27,284,001	-	-	-	27,284,001
Matthew Howard	6,078,000	-	-	-	6,078,000
Elliot Nicholls	9,350,000	-	-	-	9,350,000
Total	54,412,002	-	-	-	54,412,002

NOTE 22. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Strategic Elements Limited (the 'Company'):

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards and Corporations Regulations 2001 professional reporting requirements and other mandatory requirements;

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ended 30 June 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.

Charles Murphy
Managing Director
Dated this 21st day of August 2015

Independent auditor's report to the members of Strategic Elements Limited

Report on the financial report

We have audited the accompanying financial report of Strategic Elements Limited, which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Strategic Elements Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Strategic Elements Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the remuneration report

We have audited the remuneration report included of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Strategic Elements Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director

Perth, 21 August 2015

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by the ASX Limited and not shown elsewhere in this report is as follows. This information is current as at 19 August 2015.

1) Substantial shareholders

The names of the substantial shareholders listed in the Company's register are:

Holder	Number of fully paid ordinary shares	Percentage
Robinia Partners Pty Ltd	27,284,001	14.65%
Seng Yap	11,700,001	6.28%
Emnet Pty Ltd	9,350,000	5.02%
Total	**48,334,002**	**25.95%**

2) Information on equity security classes

a) Ordinary Shares

186,289,943 fully paid ordinary shares are held by 2,180 shareholders. All issued shares carry one vote per share and carry the rights to dividends. 55 shareholders had an unmarketable parcel given a share value of 20c.

The number of shareholders by size of holding:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	48	5,667
1,001 – 5,000	291	1,122,422
5,001 – 10,000	593	5,155,656
10,001 – 100,000	1,032	35,245,177
100,001 and over	216	144,761,021
Total	2,180	186,289,943

b) Options

1,500,000 unlisted options are held by 2 individual option holders. Options do not carry the right to vote.

The number of option holders by size of holding:

	Options expiring 1 July 2016 Exercisable at $0.10 (Unquoted)	
	Number of holders	**Number of shares**
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	2	1,500,000
Total	2	1,500,000

c) The Company's unquoted equity securities are as follows:

Class	Holders	Number	Expiry date
Options exercisable at $0.10	1	1,500,000	1 July 2016

3) Top 20 shareholders

Twenty largest holders of quoted equity securities are:

Fully paid ordinary shares

Name	Number	Percentage
ROBINIA PTNRS PL	27,284,001	14.65%
YAP SENG	11,700,001	6.28%
EMNET PL	9,350,000	5.02%
HOWARD FAMILY A/C	6,370,334	3.42%
JACOBS NEIL PETER	5,616,412	3.01%
MURPHY STEVEN MURPHY J	4,333,334	2.33%
FEAR GOD PL	3,100,000	1.66%
KANG ANDREW	3,066,666	1.65%
BARNAO DAVID ANTHONY	3,020,922	1.62%
OSUM PL	2,916,666	1.57%
CITICORP NOM PL	2,561,461	1.37%
PARISI HLDGS PL	2,050,000	1.10%
NICHOLLS JOHN + DENISE	2,030,000	1.09%
YAP KAH ON	1,600,000	0.86%
MAK CARRIE LAI YAN	1,340,000	0.72%
DINGJO PL	1,200,000	0.64%
CASALI RICHARD CHARLES	1,169,889	0.63%
KANG IRENE MEI MEI	1,333,334	0.61%
WANG CHUN BAI	1,123,564	0.60%
SPEIJERS J M + R S	1,108,334	0.59%
TOTAL	92,274,918	49.42%

4) On-Market Buy Back

At the date of this report, the Company is not involved in an on-market buy back.