



August 2nd, 2016
ASX Announcement

Strategic Elements to Escalate Project Development

ASX listed Strategic Elements (ASX: SOR) is pleased to provide an update to the market on its plans to escalate the development of its investee projects and expand its technology portfolio.

The Company has performed strongly over the past 12 months and this combined with a low fixed cost structure has led to a strong current cash position of approximately \$7.2M. The Company is appreciative of the overwhelmingly positive feedback it has recently received from a large number of shareholders.

Appropriately, the recent capital raising necessitated a review of strategy to progress (a) the Nanocube technology (b) existing resources projects and (c) additional acquisitions.

Managing Director, Charles Murphy said, "Sometimes, it really pays to seek out smart, industry experienced people to assist you. We have received terrific feedback which has focused development on certain aspects of the technology. The process of stepping out of the UNSW lab and into engagement with the industry has started and we certainly think the technology will surprise a lot of people."

Nanocube Technology

Over the past month, the project team has been actively developing a specific feature of the Nanocube technology. Work is continuing on this aspect and if testing is successful, the Company believes it will provide an extremely strong 'pull factor' for key industry players to work with the technology. The results of this work are expected in approximately 6 weeks.

To date, development of the technology has solely been conducted at the University of New South Wales. The Company has been able to effectively demonstrate the potential of the Nanocube technology as a printable, non-volatile, reliable, transparent memory cell.

An extension of the University of New South Wales research and development agreement is currently being finalised with the intention to increase the size of the project team. It is intended that the UNSW team will work by themselves and collaboratively with overseas industry groups introduced by the Company.

Work under this expanded agreement is expected to commence from approximately August 8th, 2016..

Nanocube Technology

To escalate the Nanocube technology project, it is critical that the Company receives the best possible advice on development, IP and markets. Printed Electronics is an emerging sector with completely different supply chains, manufacturing facilities and applications than traditional electronics. The best advice can only come from sector experts that have **real** hands-on experience in Printed Electronics.

It is important for shareholders to understand that nearly all of this expertise only exists outside Australia. Therefore a key priority **for the Company** has been on meeting, assessing and engaging specific parties.

Work has commenced with the assistance of selected groups to escalate development, engage partners and secure further intellectual property.

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Other Technology Activities

The Company has formed a 100% owned investee Company "Stealth Mode Technologies Pty Ltd" (SMT) to expand its involvement in the technology sector. The Company has an obvious interest in Printed and Flexible Electronics.

With the Company meeting numerous groups in the Printed Electronics sector, a range of different technologies have been introduced. None to date have provided a compelling case to divert funding from any potential spend on the Nanocube technology. For the same reasons, no work is planned in the near term for the UV light project the Company has with UNSW.

The Company will continue to review opportunities and conduct due diligence. Shareholders will be updated if a decision is made to acquire a technology project in SMT or proceed with work on additional projects with UNSW.

Resources Projects

The Company has commenced preparation of a comprehensive exploration program over the historic goldfield at Golden Blocks. The initial objective is to identify drill targets along the trend of the historic gold mines. The Company expects the new Exploration Permit to be granted by late 2016, however this exploration program may be able to start in part prior to the issue of the new Exploration Permit. Shareholders will be updated on the timing of this program.

Along with the Aorangi Gold Mine, there are four other old gold mines situated along a **2.4 km** zone of gold mineralisation known as the "Golden Blocks Lode". The Golden Blocks Lode potentially has gold mineralisation beneath, between and around the known mines not detected with 1914 exploration techniques¹.

As a result of the cumulative work to date, the Company is also 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 labor 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. It was reported that unmined stone around this shoot was also exceptionally good, gold was also showing in the floor of Level 3, government mine inspectors believed the reef continued at depth and that valuable ore shoots may be looked for in the deeper ground².

The approvals and planning process is continuing for the Western Australian based copper and impact structure projects. The resources projects are of less priority than the Nanocube technology project, however the Company may opportunistically conduct work where possible.

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More on the Company

Strategic Elements shares are listed on the Australian Stock Exchange under the code "SOR". The Company is registered under the Pooled Development Program run by the Australian Federal Government to encourage investment into SME's. To assist Pooled Development Fund's to invest and raise capital, the Federal Government enables most shareholders in a Pooled Development Fund to make capital gains and receive dividends tax-free.

¹ ASX Announcement 26/11/2013

² ASX Announcement 18/03/2014