



# STRATEGIC

ELEMENTS

## Notice of Annual General Meeting

**Date of Meeting:** 27<sup>th</sup> September 2019

**Time of Meeting:** 2:30pm (WST)

**Place of Meeting:** Trinity on Hampden Conference Centre  
230 Hampden Rd, Crawley WA 6009

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

**Strategic Elements Limited**  
**ABN 47 122 437 503**

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NOTICE is hereby given that the Annual General Meeting of members of Strategic Elements Limited ("the Company") will be held at Trinity on Hampden Conference Centre: 230 Hampden Rd, Crawley WA 6009, WA on 27<sup>th</sup> September 2019 at 2:30 pm (WST).

The Explanatory Notes to this Notice provide additional information on matters to be considered at the Meeting. The Explanatory Notes and Proxy Form form part of this Notice. Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Terms and abbreviations used in this Notice and Explanatory Notes are defined in the Explanatory Notes.

## Ordinary Business

### Agenda Item 1 - Accounts and Reports

To receive and consider the Financial Reports of the Company and reports of the Directors and Auditor for the year ended 30 June 2019.

### Agenda Item 2 - Resolutions

#### Resolution 1: Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding ordinary** resolution of the Company:

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Company's Remuneration Report as set out in the Company's Annual Report for the year ending 30 June 2019."*

A voting exclusion statement is set out below.

*Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.*

#### Resolution 2: Re-election of Mr Elliot Nicholls as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*"That Mr Elliot Nicholls, being a Director of the Company who retires in accordance with Clause 11.3 of the Company's Constitution and for all other purposes, offers himself for re-election, being eligible, is re-elected as a Director of the Company."*

#### Resolution 3: Approval of 10% placement facility

To consider and, if thought fit, to pass the following resolution as a **special resolution** of the Company:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes."*

A voting exclusion statement is set out below.

#### Resolution 4: Re-Approval of Strategic Elements Performance Rights Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purposes of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders re-approve the Strategic Elements Performance Rights Plan, on the terms and conditions set out in Explanatory Notes."*

A voting exclusion statement is set out below.

**Resolution 5: Grant of Performance Rights to Mr Charles Murphy**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 3,500,000 Performance Rights to Mr Charles Murphy (or his nominee) under the terms of the Strategic Elements Performance Rights Plan as further detailed in the Explanatory Notes."*

A voting exclusion statement is set out below.

**Resolution 6: Grant of Performance Rights to Mr Matthew Howard**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 3,500,000 Performance Rights (and to Mr Matthew Howard (or his nominee) under the terms of the Strategic Elements Performance Rights Plan as further detailed in the Explanatory Notes."*

A voting exclusion statement is set out below.

**Resolution 7: Grant of Performance Rights to Mr Elliot Nicholls**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 1,500,000 Performance Rights) to Mr Elliot Nicholls (or his nominee) under the terms of the Strategic Elements Performance Rights Plan as further detailed in the Explanatory Notes."*

A voting exclusion statement is set out below.

**Note: The proposed issues sought to be approved pursuant to Resolutions 5, 6 and 7 are summarised as follows:**

<i>Performance Hurdle</i>	<i>Performance Rights</i>	<i>Recipients</i>
12 months continuous employment	750,000	Mr Murphy, Mr Howard
24 months continuous employment	750,000	Mr Murphy, Mr Howard
Achieve a market cap of \$30m	2,000,000 1,500,000	Mr Murphy, Mr Howard, Mr Nicholls

*Further detailed in information is provided in the Explanatory Notes*

**Voting Prohibitions and Exclusion Statements**

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons excluded from voting; or an associate of those persons:

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Resolution	Persons excluded from voting
<p><b>Resolution 1 – Remuneration Report</b></p>	<ul style="list-style-type: none"> <li>• By, or on behalf of, a member of the KMP named in the remuneration report for the year ended 30 June 2019, or that KMP's Closely Related Party, regardless of the capacity in which the vote is cast.</li> <li>• As a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party, unless the vote is cast for a person who is entitled to vote on this resolution:               <ul style="list-style-type: none"> <li>(a) in accordance with their directions on how to vote as set out in the proxy form; or</li> <li>(b) by the Chair pursuant to an express authorisation on the proxy form.</li> </ul> </li> </ul>
<p><b>Resolution 3– Approval of 10% Placement Facility</b></p>	<p>A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company).</p>
<p><b>Resolution 4 – Re approval of Strategic Elements Performance Rights Plan</b></p>	<p>A Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company);</p> <p>As a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party, unless the vote is cast for a person who is entitled to vote on this resolution:</p> <ul style="list-style-type: none"> <li>(a) in accordance with their directions on how to vote as set out in the proxy form; or</li> <li>(b) by the Chair pursuant to an express authorisation on the proxy form.</li> </ul>
<p><b>Resolution 5 – Grant of Performance Rights to Charles Murphy</b></p>	<p>A Director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought.</p> <p>As a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party, unless the vote is cast for a person who is entitled to vote on this resolution:</p> <ul style="list-style-type: none"> <li>(a) in accordance with their directions on how to vote as set out in the proxy form; or</li> <li>(b) by the Chair pursuant to an express authorisation on the proxy form.</li> </ul>
<p><b>Resolution 6 – Grant of Performance Rights to Matthew Howard</b></p>	<p>A Director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought.</p> <p>As a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party, unless the vote is cast for a person who is entitled to vote on this resolution:</p> <ul style="list-style-type: none"> <li>(a) in accordance with their directions on how to vote as set out in the proxy form; or</li> <li>(b) by the Chair pursuant to an express authorisation on the proxy form.</li> </ul>
<p><b>Resolution 7 – Grant of Performance Rights to Elliot Nicholls</b></p>	<p>A Director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought.</p> <p>As a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party, unless the vote is cast for a person who is entitled to vote on this resolution:</p> <ul style="list-style-type: none"> <li>(a) in accordance with their directions on how to vote as set out in the proxy form; or</li> <li>(b) by the Chair pursuant to an express authorisation on the proxy form.</li> </ul>

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However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions given on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## Proxies

Please note that:

1. a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
2. a proxy need not be a member of the Company; and
3. a member of the Company entitled to cast two or more votes may appoint a maximum of two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Pursuant to sections 250BB and 250BC of the Corporations Act:

1. if proxy holders vote, they must cast all directed proxies as directed; and
2. any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

If you appoint the Chair as your proxy (or the Chair becomes your proxy by default) and the appointment does not specify the way the proxy is to vote on Resolutions 1 and 4 to 7, you expressly authorises the Chair to exercise the proxy on Resolution 1 and 4 to 7.

### Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

1. the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
2. if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
3. if the proxy is the Chair at which the resolution is voted on – the proxy must vote on a poll, must vote that way; and
4. if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way.

### Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

1. an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
2. the appointed proxy is not the Chair;
3. at the meeting, a poll is duly demanded on the resolution; and
4. either of the following applies:
  - (a) the proxy is not recorded as attending the meeting;
  - (b) the proxy does not vote on the resolution,

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the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

**Corporate representative**

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting must comply with the execution and appointment requirements set out on the Proxy Form and otherwise with the provisions of sections 127 and 250D of the Corporations Act or with the legal requirements of the country in which that corporate Shareholder was incorporated. The representative should be provided with a certificate or letter authorising him or her to act as that Company's representative including any authority under which it is signed. The authority may be sent to the Company and/or registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

**Entitlement to attend and vote**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that, for the purposes of the Annual General Meeting, Shareholders are those persons who are the registered holders of Shares in the Company at 4:00pm (WST) on 25<sup>th</sup> September 2019. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

**By order of the Board of Directors:**



**Matthew Howard  
Strategic Elements Limited  
23<sup>rd</sup> August 2019**

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## Explanatory Notes

### 1. Accounts and Reports

The Corporations Act requires the financial report and the reports of the Directors and Auditor to be laid before the Annual General Meeting and the Company's Constitution provides for these reports to be received and considered. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on these reports.

Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended 30 June 2019 which is available on the ASX platform at [www.asx.com.au](http://www.asx.com.au);
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or the Company's Auditor about:

- (a) the preparation and content of the Auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the company Secretary at the Company's registered office.

### 2. Resolution 1: Remuneration Report

#### 2.1 Introduction

The Remuneration Report discloses the remuneration of Directors of the Company. This report can be found within the Directors Report of the Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2019.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote is advisory only and does not bind the Directors or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Chair will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

#### 2.2 Voting consequences

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Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution to approve calling an extraordinary general meeting at which all of the Company's Directors who were directors when the resolution to make the directors report considered at the later annual general meeting was passed (other than the Managing Director) must go up for re-election (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's second annual general meeting. All of the directors of the company who were directors of the Company when the resolution to make the directors' report considered at the second annual general meeting was passed, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting

Voting on Resolution 1 may be determined by a poll at the Meeting rather than a show of hands.

### 2.4 Board Recommendation

The Board recommends that Shareholders approve Resolution 1.

## 3. Resolution 2: Re-election of Mr Elliot Nicholls as a Director

### 3.1 Background

The Company's Constitution requires that one-third of the Directors retire by rotation at each Annual General Meeting and that Directors appointed by the Board hold office until the next annual general meeting.

Mr Nicholls was first appointed as a Director on 7th January 2009 and is a Director of the Company. In accordance with Clause 11.3 of the Company's constitution Mr Nicholls offers himself for re-election.

Further information on Mr Elliot Nicholls can be found in the Directors' Report contained within the Annual Report.

### 3.2 Board Recommendation

The Board, other than Mr Elliot Nicholls, unanimously recommends that Shareholders vote in favour of Resolution 2.

## 4. Resolution 3: Approval of 10% Placement Facility

### 4.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity, having a market capitalisation of \$12.11 million as at the date of this Notice and is not included in the S&P/ASX 300 Index.



The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 4.2(c) below).

#### 4.2 Listing Rule 7.1A

##### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

##### (b) Equity Security

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Annual General Meeting, the Company has one class of quoted Equity Securities, being Shares.

##### (c) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a maximum number of Equity Securities calculated in accordance with the following formula:

$$\text{Number of Equity Securities} = (A \times D) - E$$

“A” the number of shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that become fully paid in the 12 months;
- (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity’s 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

“D” is 10%

“E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

##### (d) Listing Rule 7.1 and 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity’s 15% placement capacity under Listing Rule 7.1.

At the date of the Annual General Meeting, the Company has on issue 242,746,454 Shares and therefore has a capacity to issue:

- (i) 37,086,968 Equity Securities under Listing Rule 7.1; and
- (ii) 24,724,645 Equity Securities under Listing Rule 7.1A, subject to the Shareholder approval being obtained under Resolution 3.

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The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 4.2(c) above).

Any Equity Securities issued under Listing Rule 7.1A.2 must be in an existing quoted class of the Company's Equity Securities.

**(e) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) ("**10% Placement Period**").

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

**4.3 Specific information by Listing Rule 7.3A**

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of the Company's Equity Securities calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) There is a risk of economic and voting dilution to existing Shareholders that may result from an issue of Equity Securities under Listing Rule 7.1A.2 if Shareholders approve the 10% Placement Facility, including the risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower of the date of the issue of the Equity Securities than on the date of approval under Listing Rule 7.1A; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.025 50% decrease in Issue Price	\$0.049 Issue Price	\$0.10 100% increase in Issue Price
Current Variable A 247,246,454 Shares	10% Voting Dilution	24,724,645 Shares	24,724,645 Shares	24,724,645 Shares
	Funds raised	\$605,754	\$1,211,508	\$2,423,015

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<b>50% increase in current Variable A</b> 370,869,681 Shares	<b>10% Voting Dilution</b>	37,086,968 Shares	37,086,968 Shares	37,086,968 Shares
	<b>Funds raised</b>	\$908,631	\$1,817,261	\$3,634,523
<b>100% increase in current Variable A</b> 494,492,908 Shares	<b>10% Voting Dilution</b>	49,449,291 Shares	49,449,291 Shares	49,449,291 Shares
	<b>Funds raised</b>	\$1,211,508	\$2,423,015	\$4,846,030

The table has been prepared on the following assumptions:

- (i) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options (including any quoted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (v) The issue price is \$0.049 being the closing price of the Shares on ASX on 8 August 2019.
- (vi) All Equity Securities issued within the 12 months period preceding the date of this Meeting were either with Shareholder approval or ratified.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- (c) The latest date by which Equity Securities may be issued is 12 months after the Meeting. Approval for the issue of Equity Securities under the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Equity Securities may be issued for the following purposes:
  - (i) To raise funds for the purpose of new investments (including expenses associated with such investments such as identification and evaluation), continued expenditure on the Company's current investments (Australian Advanced Materials Pty Ltd, Maria Resources Pty Ltd and Strategic Materials Pty Ltd) and/or for general working capital.
  - (ii) Non-cash consideration for new investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
  - (i) the fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
  - (ii) in the case of an asset or investment acquisition, the nature and circumstances of the acquisition.

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- (iii) the effect of the issue of the Equity Securities on the control of the Company.
- (iv) the financial situation and solvency of the Company.
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include vendors (in the case of any issue for non-cash consideration), existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) Equity securities issued over the previous 12 months

The Company did not seek approval under Listing Rule 7.1A at its 2018 AGM. The Company has issued a total of 4,500,000 securities during the 12 months preceding the date of the meeting. Those securities were Shares converted on the vesting of performance rights granted to Directors and approved by Shareholders on 16 November 2015.

Date of issue	Number of equity securities issued	Class and summary of terms of equity securities	Names of persons who received securities or basis on which those person was determined	Price and discounts to market price (if any) of equity securities issued	Amount of cash consideration OR The non-cash consideration that was paid and the current value of that non-cash consideration
10/10/18	2,250,000	Shares ranking equally with existing Shares on issue	Matthew Howard	Nil consideration	Vesting of performance rights under Plan \$108,000 (based on market price as at 14/08/19)
10/10/18	2,250,000	Shares ranking equally with existing Shares on issue	Charles Murphy	Nil consideration	Vesting of performance rights under Plan \$108,000 (based on market price as at 14/08/19)

- (g) A voting exclusion statement is included in the Notice.

A voting exclusion statement in respect of Resolution 3 is included in the Notice.

#### 4.4 Directors Recommendation

The Directors believe that Resolution 3 is in the best interest of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. This will allow the Company to issue securities and raise funds, if required, whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

### 5. Resolution 4: Re-Approval of Strategic Elements Performance Rights Plan

#### 5.1 Background

The Company's long term incentive plan called the Strategic Elements Performance Rights Plan (the "Plan") was approved by Shareholders on 16 November 2015. Such approval is valid for 3 years and approval under the Plan expired on 16 November 2018. No Performance Rights have been issued under the Plan since the expiry date. Resolution 4 seeks re-approval of the Plan.

The Plan provides senior executives, employees and consultants with an opportunity to participate in the Company's future growth and gives them an incentive to contribute to that growth.

The Plan works by establishing specific growth related performance hurdles. If these performance hurdles are met, Performance Rights will vest to the participant. Performance Rights, when vested, allow the holder to be issued fully paid ordinary shares in the Company for no additional consideration. Any Performance Rights offered to directors under the Plan may only be made with prior shareholder

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approval under Listing Rule 10.14. The Plan for which re-approval is sought pursuant to Listing Rule 7.2 (exception 9(b)) under Resolution 4 is summarised in **Annexure A** and should be considered in addition to the Explanatory Notes for this resolution.

## 5.2 Listing Rule 7.2 Exception 9(b)

The following information is provided to Shareholders for the purpose of Listing Rule 7.2 Exception 9(b):

- a total of 10.5 million Performance Rights have been issued under the since the last approval by shareholders on 16 November 2015. Of those Performance Rights, 6 million expired and 4.5 million were converted to Shares.
- a summary of the terms of the Plan is set out in **Annexure A**;
- a voting exclusion statement for Resolution 4 is included in the Notice.

## 5.3 Board Recommendation

The Board recommends that Shareholders approve Resolution 4.

## 6. Resolutions 5, 6 & 7 - Grant of Performance Rights to Mr Charles Murphy, Mr Matthew Howard and Mr Elliot Nicholls

### 6.1 Introduction

Resolutions 5, 6 and 7 seek shareholder approval to issue Performance Rights under the Plan to Mr Charles Murphy, Mr Matthew Howard and Mr Elliot Nicholls.

Resolution 5 seeks the approval of Shareholders to issue 3,500,000 Performance Rights to Mr Charles Murphy.

Resolution 6 seeks the approval of Shareholders to issue 3,500,000 Performance Rights to Mr Matthew Howard.

Resolution 7 seeks the approval of Shareholders to issue and 1,500,000 Performance Rights to Mr Elliot Nicholls.

The performance period is two years from the date of Shareholder approval (**Performance Period**). The Performance Rights will vest on the achievement of specific performance hurdles linked to both continuous employment and growth in the market capitalisation of the Company.

### 6.2 Requirement for Shareholder approval

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a Director of the entity, an associate of the Director, or a person whose relationship with the entity, Director or associate of the director is, in ASX's opinion, such that approval should be obtained.

In accordance with Listing Rule 10.14, the Company is seeking shareholder approval for the grant of 3,500,000 Performance Rights to both Mr Charles Murphy and Mr Matthew Howard and 1,500,000 Performance Rights to Mr Elliot Nicholls under the Plan.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under Listing Rule 10.14. The issue of Performance Rights to the Related Parties will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

### 6.3 Vesting Conditions of the Performance Rights

The Board has determined that under the Plan the Performance Rights will vest subject to achievement of the specific performance hurdles and the terms and conditions of the Plan. The two year Performance Period commences from the date of shareholder approval of Resolutions 5, 6 and 7 respectively.

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The performance hurdles are as follows:

<i>Performance Hurdle</i>	<i>Performance Rights</i>	<i>Recipients</i>
12 months continuous employment	750,000	Mr Murphy, Mr Howard
24 months continuous employment	750,000	Mr Murphy, Mr Howard
Achieve a market cap of \$30m	2,000,000 1,500,000	Mr Murphy, Mr Howard, Mr Nicholls

If the relevant performance conditions are satisfied, the vesting of Performance Rights will occur subject to the terms and conditions of the Plan. The Performance Rights lapse if and to the extent that the performance conditions are not met. There is no re-testing.

Each Performance Right, once vested, entitles the holder to be issued one fully paid ordinary share in the capital of the Company. Performance Rights may be issued directly or as a Performance Unit (referrable to a Performance Right) allocated by a trustee appointed by the Company and upon such additional terms as the Board determines.

#### 6.4 Disclosures required pursuant to Listing Rule 10.15A

Listing Rule 10.15A requires this Notice to include the following information in relation to the Performance Rights proposed to be issued to Mr Charles Murphy, Mr Matthew Howard and Mr Elliot Nicholls under the Plan. The performance measures relating to these Performance Rights are described above.

- (a) The maximum number of Performance Rights to be granted to Mr Charles Murphy (or his nominee) and Mr Matthew Howard (or his nominee) is 3,500,000 Performance Rights each and 1,500,000 Performance Rights to Mr Elliot Nicholls (or his nominee).
- (b) The Performance Rights are being issued for nil cash consideration under the terms of the Plan as a performance incentive.
- (c) Since the Plan was last approved by Shareholders, Mr Charles Murphy and Mr Matthew Howard each received a total of 5,250,000 Performance Rights for nil consideration of which 3,000,000 expired and 2,250,000 were converted to Shares.
- (d) Mr Charles Murphy, Mr Matthew Howard and Mr Elliot Nicholls are entitled to participate in the Plan.
- (e) There is no loan scheme in relation to the Performance Rights.
- (f) Details of any Performance Rights issued under the Plan will be published in each annual report of the Company relating to a period in which Performance Rights have been issued, with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after Resolutions 5, 6 and 7 are approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.
- (g) The Performance Rights will be issued to Mr Charles Murphy, Mr Matthew Howard and Mr Elliot Nicholls (or their nominee) no later than 3 years after the date of the Meeting.
- (h) A voting exclusion statement is included in the Notice.

#### 6.5 Corporations Act

Section 208 of Chapter 2E of the Corporations Act provides that for a public company to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

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(b) give the benefit within fifteen months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Directors, (other than the Director the subject of the relevant Resolution) are of the view that the proposed issue of Performance Rights under the Plan pursuant to Resolutions 5 and 6 and 7 fall within the “reasonable remuneration” exception under section 211 of the Corporations Act given the circumstances of the Company and the positions held by the relevant director.

Accordingly, the Directors (other than the Director the subject of the relevant resolution) have determined not to seek Shareholder approval for the purposes of section 208 of the Corporations Act for the issue of Performance Rights under Resolutions 5, 6 and 7.

#### **6.6 Directors’ recommendation**

The Directors decline to make a voting recommendation to Shareholders in respect of Resolutions 5, 6 and 7.

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## GLOSSARY

In the Notice and Explanatory Notes:

<b>Accounting Standards</b>	has the meaning given to that term in the Corporations Act.
<b>ASX</b>	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
<b>Annual Report</b>	the annual report of the Company for the year ended 30 June 2019.
<b>Auditor</b>	means Nexia Perth Audit Services Pty Ltd.
<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the chair of the Meeting.
<b>Closely Related Party</b>	has the meaning given to that term in the Corporations Act.
<b>Company</b>	means Strategic Elements Limited (ACN 122 437 503).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth) as amended.
<b>Director</b>	means a director of the Company.
<b>Equity Securities</b>	has the same meaning as in the Listing Rules.
<b>Explanatory Notes</b>	means the explanatory notes accompanying the Notice.
<b>Key Management Personnel or KMP</b>	has the meaning given to that term in the Accounting Standards.
<b>Listing Rules</b>	means the listing rules of the ASX.
<b>Meeting or Annual General Meeting</b>	means the meeting convened by the Notice.
<b>Notice</b>	means this notice of annual general meeting.
<b>Option</b>	means an option to be issued a Share.
<b>Performance Right</b>	means a right granted in accordance with the terms of the Plan.
<b>Plan</b>	Means the Strategic Elements Performance Rights Plan.
<b>Proxy Form</b>	means the proxy form attached to this Notice.
<b>Remuneration Report</b>	The remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2019.
<b>Resolution</b>	means a resolution to be considered at the Meeting as contained in the Notice.



<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of a Share.
<b>Trading Day</b>	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
<b>VWAP</b>	means volume weight average price.
<b>\$</b>	means Australian dollars.

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**Annexure A**

**Strategic Elements Employee Performance Rights Plan**

Strategic Elements Employee Performance Plan (the "Plan") is designed to provide an incentive for directors to participate in the future growth of the Company. The operation of the Plan is administered in accordance with the key terms as summarised below:

1. A Director of the Company or a Controlled Entity is an Eligible Person and able to be a Participant under the Plan.
2. Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.
3. The Performance Rights lapses to the extent that performance hurdles are not satisfied within the performance period.
4. The Performance Rights vest on successful achievement of the performance hurdles.
5. Upon vesting of a Performance Right, one (1) share will be issued for one (1) Performance Right, the Shares will rank equally in all respects with existing Shares.
6. If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company or Related Body Corporate then the Board may in its absolute discretion determine that all the Participant's Performance Rights will lapse and the Board's decision will be final and binding.
7. In the event of an uncontrollable event (such as death, serious injury, disability or illness, which renders the Eligible Person incapable of continuing their employment with the Company, redundancy, removal of a Board member or other defined events), any unvested Performance Rights will vest.
8. In the event of a controllable event (such as resignation) any Performance Right that is not capable of vesting shall immediately lapse.
9. In the event of a proposal (such as a takeover bid, scheme of arrangement or otherwise) being publicly announced, or the Company announces a priority issue in relation to an initial public offering of an Investee or an in-specie distribution of shares of an Investee, all Unvested Performance Rights will automatically become Vested Performance Rights.
10. Participants who are holding a Performance Right issued pursuant to the Plan have no rights to dividends and no rights to vote at meetings of the Company until that Performance Right is exercised and the Participant is the holder of a valid Share in the Company.
11. The Board may at any time appoint or engage specialist service providers for the operation and administration of the Plan.

## APPOINTMENT OF PROXY

I/We  (write the name of the securityholder here)

being a Shareholder of Strategic Elements Limited entitled to attend and vote at the Meeting, hereby appoint

the Chair of the Meeting (mark with an 'X')  (If you are not appointing the Chair of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered securityholder) you are appointing as your proxy)

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Strategic Elements Limited to be held at Trinity on Hampden Conference Centre: 230 Hampden Rd, Crawley WA 6009, WA on 27th September 2019 at 2:30 pm (WST) and at any adjournment of that meeting.

### Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN*
<b>Resolution 1</b> – Approve the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> – Re-election of Mr Elliot Nicholls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> – Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> – Re-Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b> – Grant of Performance Rights to Mr Murphy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b> – Grant of Performance Rights to Mr Howard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 7</b> – Grant of Performance Rights to Mr Nicholls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### THE CHAIR INTENDS TO VOTE ALL UNDIRECTED PROXIES IN FAVOUR OF EACH RESOLUTION

\* If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

**Chair authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chair as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which may include the Chair.

### Appointing a second proxy

I/We wish to appoint a second proxy

mark with an 'X' if you wish to appoint a second proxy. AND  % OR  State the percentage of your voting rights or the number of securities for this Proxy Form

**PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

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## How to complete this Proxy Form

### Your Name

This is your name as it appears on the Company's share register.

### Appointment of a Proxy

If you wish to appoint the Chair of the Meeting as your proxy, mark the box on the left. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chair of the Meeting please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the Company. Do not write the name of the Company or the registered securityholder in the space.

Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.

Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.

### Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under a power of attorney, you must lodge (or have previously lodged) this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained copying this form.

To appoint a second proxy you must:

- (a) Indicate that you wish to appoint a second proxy by marking the box.
- (b) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form (together being no more than 100% of your total shareholding). If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) Return both forms together.

### Lodgement of a Proxy

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by no later than 2:30pm (Perth time) on 25<sup>th</sup> September 2019. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Your Proxy Form may be lodged by the following ways:

BY MAIL Strategic Elements Limited, PO BOX 1625, Subiaco WA 6904.

BY FAX +61 8 9288 4400

BY EMAIL admin@strategicelements.com.au

Or, at the Registered Office at 138 Churchill Ave, Subiaco, WA 6008.