

ASX Release
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ASX: 'SOR'



SOR Company Update and Media Interview

WESTERN AUSTRALIA, Perth, 26 June, 2020 – **Strategic Elements Ltd** (ASX: SOR) is pleased to provide to the market a copy of a Media Interview with Proactive Investors.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX emerging companies with distribution in Australia, UK, North America and Hong Kong / China. The Company uses Proactive Investors for advertising releases in Australia. Proactive Investors' network of partners include some of the world's largest international media groups.

Please see attached interview on next page.

About Strategic Elements Ltd

The Australian Federal Government has registered Strategic Elements as a Pooled Development Fund with a mandate to back Australian innovation. Strategic Elements operates as a 'venture builder' where it generates high risk-high reward ventures and projects from combining teams of leading scientists or innovators in the technology or resources sectors.

Most investors in SOR pay no tax on capital gains from selling their SOR shares as the Company operates under a Federal Government program setup to encourage investment into innovation. The Company is listed on the ASX under the code "SOR". More information on the Pooled Development Program should be read on the Company's website at www.strategicelements.com.au

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This announcement was authorised for release by Strategic Elements' Board of Directors.

Strategic Elements Ltd

Strategic Elements Ltd – ASX-listed innovation company.

Strategic Elements Ltd (ASX:SOR) is an innovation company that generates ventures and projects by combining teams of leading Australian scientists or innovators.

The company is registered by the Australian Government as a Pooled Development Fund, which means investors can receive generous tax benefits in return for supporting exciting new Australian innovations.

Subsidiary Stealth Technologies Pty Ltd is developing technology to enable vehicles to drive autonomously and do physical tasks with robotics. It is initially targeting security, mining, agriculture and logistics applications.

Stealth has a collaboration with a large US company to build robotic security vehicles for the correctional and justice sector. The first product – a robotic perimeter security vehicle - is in development for a West Australian prison and moves to final validation testing in July.

In this Q&A with *Proactive*, Strategic Elements' managing director Charles Murphy comments on the company's progress.

Proactive: Why did Strategic Elements move into the robotics sector?

Charles Murphy: Robotics and automation is gaining significant traction overseas. Valuations of robotic companies even with a small amount of revenue are very high. The Silicon Valley Bank reports it's becoming 'one of the hottest investment sectors of the decade'. However, although the sector is very attractive, the fundamental demand and growth for robotics is actually there.

Australians do not have much investor exposure to robotics. Without a large local manufacturing sector here in Australia the use of robotics is far less than what it is in the US, China and Japan. Mining has taken on autonomous vehicles but the incorporation of robotics is far behind.

Importantly the sector was a good technical fit for our management with significant data and software experience with large US companies and technical expertise in electrical engineering and robotics. We were also able to identify a team of experienced international award-winning PhD and Masters qualified research engineers that were right here in our own backyard. So, we knew we had access to the right skills.

Proactive: What is Stealth Technologies developing?

Charles Murphy: Stealth is developing technology to automate mundane or dangerous tasks and enable robots to do things that were not possible or economic before.

The platform consists of automated robotics software and hardware which can be adapted to different sizes of vehicles and physical tasks. It has use cases in sectors such as security, mining, agriculture and logistics.

First release from the platform is an Autonomous Security Vehicle (ASV) for perimeter security. The robotic vehicle is being developed to autonomously test perimeter security systems and conduct perimeter patrol and surveillance.

The ASV will increase the security of the perimeter and reduce the amount of human involvement in testing and patrols, freeing those staff up for more skilled tasks. The additional sensing and data collection that robotics provides through computer vision will also be extremely valuable.

Proactive: What is the market for your first product?

Charles Murphy: Stealth has a collaboration with a large US company for the correctional justice sector. However, under the agreement it can market independently to sectors such as transport, energy, defence, government and utilities providing critical services.

The critical infrastructure sector is a massive global market that is being impacted by issues such as terrorism, coronavirus and the need to secure people and assets. There are literally thousands of facilities globally that have high security needs which our technology could help.

In Australia alone we see a significant opportunity in securing critical infrastructure facilities. For example, utilities that provide critical services of water, electrical or gas; communications facilities for mobile, satellite and internet networks; energy facilities; or transport such as rail, ports or airports. So, while it's great to have a large global market to target, it's even better that we have a significant number of Australian-based facilities to target first where we can refine and validate our product.

The technology has also been targeted towards outdoor environments that are more rugged in nature. This is partly because we can get some traction here in Australia first, but also because we see this as a point of difference to robotics companies that are building indoor solutions or robotics that can't cope with heat, dust, gravel, wind or rain.

Proactive: What are the next steps for Stealth Technologies?

Charles Murphy: The Automated Security Vehicle being developed under collaboration for the correctional sector will move to final validation testing in July and Stealth will progress discussions for additional facilities.

In August, the company will also commence discussions for the ASV to be used at facilities outside the collaboration in critical infrastructure and begin industry education of its AxV Platform to develop use cases in mining and agriculture.

There is a growing amount of robotics and automation research being conducted in Australia but very few companies have the ability to advance them commercially. The company has formed a collaboration for Electric Vehicle technology with the University of Western Australia that won \$500,000 in government funding.

Management of the company has significant experience with Australian and overseas research groups and it is an active part of the strategy to access new technologies. We are attracting real interest to work on new robotics and computer vision technologies developed by Australian scientists and research groups.

Proactive: What else is Strategic Elements working on?

Charles Murphy: Obviously the progress of Stealth Technologies means giving that a lot of focus at the moment. However, we have been developing a printable memory ink that can be used to store and retrieve data on glass and plastics for some time with UNSW, CSIRO and a group called VTT Finland who are world experts in the field.

We built a demonstrator to showcase the printable memory ink's transparent properties and presented it to a group in Finland which included the CEO of IDtechX a global leader in printed electronics with multi-billion-dollar companies as clients. Their CEO stated publicly that it was genuinely one of the best developments he has seen in a while in printed electronics.

We accepted an invitation to speak and demonstrate at the IDtechX high growth emerging technologies event in Berlin that would have had more than 2,500 attendees including some of the world's largest companies. Unfortunately, it was cancelled due to the coronavirus.

Not being able to work with our partners overseas and physically show the demonstrator has been a setback, however, in the meantime we stepped up research and development on the project.

The technical team at UNSW has been very productive in that project lately and we look forward to updating the market very soon.

Proactive: Why does your company have special tax consideration from the Federal Government and ATO?

Charles Murphy: We actually operate under an Australian Government program designed to stimulate investment into Australian innovation.

We use private money, but the government gives our shareholders the potential benefit of paying no tax on capital gains or dividends.

The mandate of the Australian Government program is to provide patient equity capital to fund innovation in Australian SME's.

The program is called the Pooled Development Fund program and it is closed for new applications, however, existing Pooled Development Fund's like Strategic Elements can continue operating.

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