



Golden Blocks Update

April 16th 2015 - Strategic Elements (ASX: SOR) is pleased to provide further information on the high grade Golden Blocks project in New Zealand. Fieldwork reported grades up to **5.75 g/t** gold in tailings from the Golden Blocks battery tailings area, in addition to estimated grades of **31 g/t** gold and **257 g/t** gold in alluvial samples from creeks draining the Aorangi and Anthill mines respectively.

The Company has taken significant encouragement from the fieldwork conducted. These latest results combined with previously announced historical mine data, research, field investigation of old workings, geochemical sampling, field mapping and structural studies have assisted the Company in evaluating and confirming the most targeted and cost effective exploration strategy for the historic goldfield.

The Company believes the strategy it has followed and the extensive work it has undertaken to understand the geology and distribution of gold anomalies will be critical in successfully progressing the historic goldfield, and ensuring shareholders' funds are utilised in the most effective manner.

The result of the combined work is being incorporated into an announcement expected to be released within the coming weeks.

Golden Blocks Battery Tailings Samples

Tailings from the Golden Blocks battery were stored in a tailings pond, which was unusual at the time, when battery tailings were normally disposed of down creeks. Stamper batteries were relatively inefficient in recovering gold, and recovery from the Golden Blocks battery was reported as 70% by two Mines Inspectors. This implied that a significant amount of gold could have been lost to the tailings.

Using 100-year-old photos of the Golden Blocks battery (one of three batteries within the permit), the Company located the tailings pond, and conducted a sampling program to test the grade and thickness of the remnant tailings from the battery. It was found that only the southern wooden wall of the tailings pond remained and that most of the tailings had been eroded away over the 100 years since the mine closed in 1914. The remaining battery tailings comprised of fine quartz sand mixed with soil and clay.

The Company completed an auger-sampling program taking 17 samples over 0.5 metre intervals from 6 auger holes up to a maximum depth of 1.85m. After analysing the samples, it was found that the highest grades occurred in the top 0.5m of the auger holes. The grades reduced below 0.5m depth.

Sample	Auger hole	Grade	Interval (m)
7601	ABAH1	5.75 g/t	0 to 0.5
7610	ABAH4	3.51 g/t	0 to 0.5
7608	ABAH3	3.48 g/t	0 to 0.5
7616	ABAH6	3.23 g/t	0 to 0.5

After researching the tailings, the Company discovered an advertisement in a 1914 newspaper in which approx. 2000 tons (1968 tonnes) of tailings were advertised for sale at a grade between 6 pennyweights (**9.5 g/t**) and 7 pennyweights (**11.1 g/t**). This advertisement confirmed the tailings target that the Company had sought.

Aorangi and Anthill Mine – Alluvial Creek Samples

Two alluvial samples were taken from trap sites in creeks draining the Anthill and Aorangi mines to confirm the present level of alluvial gold in the creeks draining the mines. Both creeks have been extensively mined historically for alluvial gold. Assays showed estimated grades of; **257 g/t** in Anthill Creek, which drains the Anthill Mine, and **31 g/t** in Little Slaty Creek, which drains the Aorangi Mine. The Company is yet to commence exploration of the Anthill Mine.

West Wanganui Project Area Extended

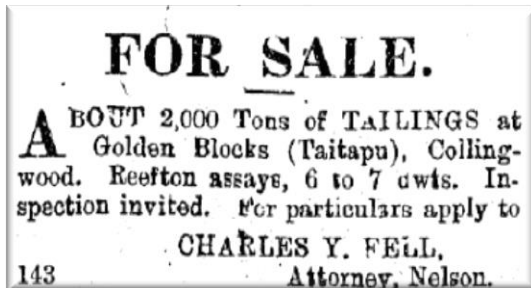
In a sign of strengthening confidence in the project area, further ground has been covered to the southwest of the existing prospecting permit (PP 54207 West Wanganui), through an additional Prospecting Permit. The Company is pleased to confirm that its additional prospecting permit (PP 56791) has been granted. The additional area was lodged to enable the Company to follow-up structural targets identified by its specialist consultants, and historical geochemical gold anomalies in drainages. A previous regional program completed by CRA in 1987 identified anomalous gold within the new prospecting permit area. Panned concentrate gold assays of **7.4 g/t** and **2.5 g/t** were reported from different sections of the Turimawivi River.

The Company's combined permits cover a total area of 227 km², which sit within the boundary of the former privately held Taitapu Block. The Taitapu Block was land principally used for logging, mining and farming, and today, the area is contained within Department of Conservation land. Large mining operations such as Oceana Gold's Globe Progress mine operate within Department of Conservation land in Reefton, and in 2010, there were 57 mining operations on Department of Conservation land.

Notably, land in the former Taitapu Block was excluded from the proposed boundary of a National Park, which was modified to specifically exclude some areas of previous and present mining activity, or significant mineral prospectivity, including the former gold mines of the Golden Blocks goldfield.

Summary and Results

The results of the combined work is being incorporated into an announcement expected to be released within the coming weeks.



Competent Person

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Geoff Price, who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Price is the Principal of Geopex Ltd, a mineral exploration services company. Mr Price has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears"

Auger Samples from Tailings pond

Sample	Auger	Location	From (m)	To (m)	Interval (m)	Au ppm (g/t)
7601	ABAH1	Golden Blocks tailings pond	0	0.5	0.5	5.75
7602	ABAH1		0.5	1	0.5	0.77
7603	ABAH1		1	1.5	0.5	0.60
7604	ABAH1		1.5	1.85	0.35	0.55
7605	ABAH2	Golden Blocks tailings pond	0	0.5	0.5	0.23
7606	ABAH2		0.5	1	0.5	<0.01
7607	ABAH2		1	1.3	0.3	<0.01
7608	ABAH3	Golden Blocks tailings pond	0	0.5	0.5	3.48
7609	ABAH3		0.5	1	0.5	0.18
7610	ABAH4	Golden Blocks tailings pond	0	0.5	0.5	3.51
7611	ABAH4		0.5	1	0.5	0.63
7612	ABAH4		1	1.3	0.3	0.26
7613	ABAH5	Golden Blocks tailings pond	0	0.5	0.5	1.10
7614	ABAH5		0.5	1	0.5	0.18
7615	ABAH5		1	1.2	0.2	0.14
7616	ABAH6	Golden Blocks tailings pond	0	0.5	0.5	3.23
7617	ABAH6		0.5	0.8	0.3	0.06

Alluvial Concentrate Samples

Sample No.	Assay Au Grade (ppm)	Concentrate weight (g)	Estimated sample volume (litres)	Estimated normalised Au grade (ppm)	Location
7216	2150	17.90	20	257	Golden Blocks – Anthill Creek
7217	217	27.45	15	31	Golden Blocks – Little Slaty Creek

JORC TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively 	<ul style="list-style-type: none"> Samples were taken by Geopex Ltd, an independent mineral exploration services company, within Strategic Materials Pty Ltd's permit. Auger samples were taken using a 50mm or 75mm diameter hand auger. Alluvial samples were taken from trap sites and panned to a concentrate using a gold pan,

Criteria	Explanation	Commentary
	<p>simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</p>	
Drilling techniques	<ul style="list-style-type: none"> • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> • Not relevant for data reported.
Drill sample recovery	<ul style="list-style-type: none"> • Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> • Not relevant for data reported.
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> • Not relevant for data reported.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • Samples were dried, weighed and pulverised, which is the normal sample preparation technique. • A split of the pulverised auger samples was taken by the laboratory for analysis. • No splitting of the alluvial concentrate samples was undertaken and the entire sample was analysed
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • The auger samples were assayed for gold by fire assay with AAS finish using a nominal 50g charge. • The alluvial gold concentrate samples were assayed for gold by fire assay with AAS finish using a nominal 20g charge. • Fire assay is the standard technique for assaying for gold, and is considered to assay total gold. • Duplicate assays were undertaken on 4 of the 17 auger samples reported.

Criteria	Explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Sample collection and submission for analysis was undertaken by Geopex Ltd, an independent mineral exploration services company, which undertook exploration work on behalf of Strategic Materials Pty Ltd. All documentation of sample locations and sample descriptions, and sample handling and storage was undertaken by Geopex Ltd. Alluvial concentrate gold assay results were adjusted for estimated sample volume to a standard volume of 10 litres, and were normalised to a standard concentrate weight of 75g to eliminate the effect of increased concentration leading to increasing gold values.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Sample locations were surveyed using a Trimble Geo XT GNSS receiver, and data was post-processed to give coordinates with sub-metre accuracy with good satellite configuration, and up to 5m accuracy with poor satellite configuration.. Sample coordinates were in terms of the New Zealand Transverse Mercator grid
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> The auger samples were from auger holes spaced on an approximate 50m x 50m grid. The alluvial concentrate samples comprised one sample per catchment sampled. No sample compositing was used.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Not relevant for data reported.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> The reported samples were under the control of Geopex Ltd from the point of sampling to the point of delivery to the SGS laboratory, or to the courier for shipment to the BVM laboratory. Samples were kept in a locked Geopex vehicle or at the secure Geopex office, prior to delivery to the laboratories.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> The assay results were reviewed by Geoffrey Price, an independent geological consultant and the principal of Geopex Ltd, before being released to Strategic Materials Pty Ltd.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time 	<ul style="list-style-type: none"> Strategic Materials Pty Ltd holds the West Wanganui Prospecting Permit 54207 over an area of approx 132sq kms in North West Nelson, New Zealand. Prospecting Permit 54207 is within Crown land administered by the Department of Conservation. Strategic Materials Pty Ltd holds 100% of the

Criteria	Explanation	Commentary
	<i>of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	<i>West Wanganui project, and so 100% of the contained Golden Blocks project area.</i>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<p><i>Exploration has been previously carried out by :</i></p> <ul style="list-style-type: none"> <i>CRA Exploration</i> <i>Lime and Marble Ltd</i> <i>Newmont Pty Ltd</i> <i>New Taitapu Gold Prospecting Company Ltd</i>
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> <i>Structurally-hosted quartz lode gold mineralisation within metasediments</i>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> <i>Not relevant for data reported.</i>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> <i>Not relevant for data reported.</i>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> <i>Not relevant for data reported</i>
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> <i>Not relevant for data reported</i>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of</i> 	<ul style="list-style-type: none"> <i>Reporting of all relevant results has been provided in this announcement</i>

Criteria	Explanation	Commentary
<i>Other substantive exploration data</i>	<p data-bbox="475 181 657 210"><i>Exploration Results.</i></p> <ul data-bbox="437 210 871 483" style="list-style-type: none"> <li data-bbox="437 210 871 483">• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<i>Not relevant for data reported</i>
<i>Further work</i>	<ul data-bbox="437 488 871 730" style="list-style-type: none"> <li data-bbox="437 488 871 595">• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <li data-bbox="437 600 871 730">• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul data-bbox="880 488 1350 542" style="list-style-type: none"> <li data-bbox="880 488 1350 542">• <i>Further work is planned, which includes data analysis and additional fieldwork.</i>