Strategic Elements Targets WA Deserts in Frontier Copper Hunt

May 14 2015: ASX Listed Pooled Development Fund Strategic Elements (ASX: SOR) 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.

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 **700 km^2 Officer Project** is the first project developed in collaboration with world leading geologist Dr Franco Pirajno, who was formerly with the Geological Survey of Western Australia for 21 years, previously an Exploration Manager for Anglo American Corporation (NZ, SW Pacific) and has been **involved with several copper discoveries**. The Officer Basin has been mapped by the Geological Survey of Western Australia but has limited exploration.

The Officer Project

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**.

However, in collaboration with Dr Franco Pirajno the **Permian Kupferschiefer** (PKS) copper-silver-cobalt model was applied to the geology of the Officer Basin and the **previously unrecognised** potential became patently clear.

PKS are a style of deposit in Permian rocks more commonly known in Poland and Germany, are the **2nd most important copper deposits in the world** and have an average of 44mt @ 1.8% Cu[1]. In PKS copper - silver - cobalt occur as disseminated sulphides in shale and sandstone as well the underlying volcanic rocks.

Evidence in Drill Holes

The Company reviewed all known reports on mineral and petroleum exploration of the Officer Basin. The **54,000km^2 of desert** surrounding the Officer Project is virtually **unexplored**. Only four companies have been active in the area. There have only been twenty mineral exploration holes, primarily for diamonds. Significantly however, two of these holes contained **highly anomalous copper with all the hallmarks of PKS style mineralisation**. These holes are also approx. **8km apart** in a north-south direction hinting at the possibility of continuity.

CRA Exploration conducted air core drilling through Permian rocks looking for diamonds in 1988. They didn't find diamonds, however two drill holes contained highly anomalous copper **in Permian** shale and sandstone rocks. Mineralisation ranged **from surface through to approx. 60m in depth** with copper continuing in the underlying volcanic rocks. The geology of the drill holes **strongly indicates PKS style copper**.

Recognising that the Permian rocks long thought of as just 'cover' **were actually a target in their own right** led the Company to apply for approx. **700km^2** of the most attractive ground, to provide a dominant holding for PKS style mineralisation in the Officer Basin. Research shows that in any mineral district, the largest deposits are usually found first. **Gaining first boots on frontier ground for a new model** is a significant motivation to the project team.

"All the geological facets needed for Permian Kupfershiefer mineral systems occur in the Officer Basin. It is an exciting project as this type of frontier exploration is not widely done anymore," said Dr Pirajno.

1. Sediment Hosted Copper Deposits Model 30b, USGS, 1986
2. Surface Geology of Australia 1:1 million scale dataset 2012 edition
3. Sirius Resources Announcement August 2009
4. Sirius Resources Announcement October 2011

Extensive Areas of Outcrop Available for Sampling

Most deposits have historically been discovered from rocks outcropping at surface. Significantly, the Officer Project includes **over 190km of unexplored Permian rocks interpreted to outcrop[2] at the surface**. Such a large extent of unexplored outcropping rock means that initial exploration can include low cost and effective mapping and rock sampling activities. In comparison with many other projects that require initial exploration 'under cover', the extent of outcrop that is ready for low cost and effective sampling is a **significant advantage** of the Project.

Exploration Focus

A value of **4m @1200 ppm Cu** was obtained in the top section of the regolith (0-4 m) in CRA drill hole 88WAC8. This value is highly anomalous and it suggests that regolith sampling could be of value for the purpose of targeting in-situ mineralisation. Furthermore, the relatively shallow (10-15 m) overlying regolith material makes it **relatively easy** for the detection of primary geochemical anomalies.

The Company will focus initial sampling around CRA drill hole 88WAC8 due to the potential to conduct low cost and efficient surface sampling. PKS mineral systems often contain silver and/or cobalt and these elements will also be assayed.

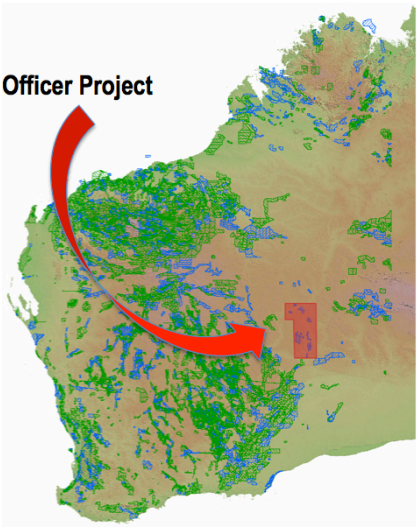
The two CRA drill holes 88WAC8 and 88WAC5 were drilled at sites, which in the Company's structural interpretation could be a pull-apart zone formed by strike-slip, intersected red beds and basaltic rocks. The Company has also conducted some initial interpretation of available geophysics to identify potential structures that may provide pathways for fluids carrying mineralisation (e.g. faults). These areas will also be included in the initial sampling and evaluation programme.

Geochemical analyses showed highly anomalous Cu (850-1000 ppm at depths of 24 to 60 m; hole 88WAC5) and Cu-Mn (730-780 ppm and 980-4000 ppm, respectively, at 56-66 m; hole 88WAC8). The distance between these two holes is 8 km in a N-S direction, hinting at the possibility of continuity.

Explanation of Exploration Strategy

The last major discovery made in Western Australia was the Nova Nickel deposit by Sirius Resources. Just prior to discovery their AGM presentation[3] noted, "several soil anomalies requiring follow up". Within several months the price moved from 5.7c to $2.56[4]. It is significant that prior to their nickel discovery, few explorers had thought of targeting the Fraser Range for a magmatic nickel sulphide deposit, an **overseas style** of deposit known in Canada, but never before seen in Australia.

The Company believes that focusing on a combination of **unexplored frontier areas** with deposit models more commonly found **overseas** provides the best chance for making a **significant new discovery**.



Commodity Mix

The long-term outlook for Copper is positive and the world's largest Copper producers are confident that the next few years will see a return to robust demand growth.

The main growth markets for the metal are the BRIC countries, but demand from Western economies is expected to rise as well. The automotive and aerospace industries are seen as the main catalysts for new growth as manufacturers seek to reduce fuel consumption by creating lighter weight vehicles.

About Strategic Elements

The Company is registered by the Australian Federal Government under a special program to encourage investment into Australian SME's. The Company's special registration as a Pooled Development Fund provides most shareholders with **tax-free capital gains** when they sell their shares and **tax-free dividends**. The Company is listed on ASX under the code "SOR" on the Australian Stock Exchange and has a dual resources and technology exposure.

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Competent Person

The information in this announcement that relates to Exploration Results is based on information compiled by Franco Pirajno, who is a Member of the Australian Institute of Geoscientists. Franco Pirajno is a consultant geologist and stock option holder in the Company. Mr Pirajno 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'. Franco Pirajno consents to the inclusion in the report of the matters based on his information in the form and context in which it appears"

CRA Exploration results referred in this announcement are publically available and can be found in the Western Australian Minerals Reporting System (WAMEX), details of the drill holes referred to in this announcement are summarised below and described within the JORC Table 1 appended to this announcement.

Table 1

					ppm									ppb
Hole	Easting	Northing	Depth	Sample	Ni	Nb	Cr	Cu	Zn	Mn	Pb	U	As	Au
88WAC5	699900	6960400	0 - 4	2354059	20	15	390	12	6	30	50	36	32	5
			8 - 12	2354061	<10	75	220	630	6	27	10	19	12	2
			24 - 28	2354065	20	14	140	1000	21	56	40	27	2	4
			36 – 40	2354068	10	25	170	940	37	44	<5	24	<2	2
			56 – 60	1354073	<10	20	50	850	46	49	10	39	<2	<1
			EOH											
88WAC8	701700	6955000	0 - 4	2354077	10	45	90	1200	6	72	10	14	<2	2
			16 – 20	2354078	10	65	80	530	28	59	35	30	8	1
			30 – 32	2354079	<10	40	40	370	30	48	35	18	2	<1
			56 – 58	2354080	120	65	150	790	370	4000	30	49	<2	<1
			64 – 66	2354081	50	45	120	730	270	980	<5	15	8	2
			EOH											

Note: *the elevation or RL of the drill hole collars and dip of the holes is not known or reported by CRA Exploration*

JORC TABLE 1

Section 1 Sampling Techniques and Data

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

Criteria	Explanation	Commentary
Sampling techniques	• *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 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.*	• *Drill results referred to within this Announcement were originally reported by CRA Exploration (report # A26219) in Dec 1988 (the "Report") and published and within the Western Australian Mineral Reporting System (WAMEX). Reports in WAMEX are available to the public to view.* • *The Report covers exploration activities in Exploration Licences E69/278, E69/279, E69/280. Within this announcement the Company refers to two specific drill holes (88WAC5 & 88WAC8).* • *CRA Exploration undertook air core drilling within E69/278, E69/279, E69/280 which was undertaken by Wallis Drilling in October 1988.* • *The Company has prepared a JORC Table 1 (Section 1 & Section 2) solely to provide the reader of this public announcement further information on drilling activities conducted by CRA Exploration referred to in this announcement.*
Drilling techniques	• *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*	• *All holes were air core drilled*

Criteria	Explanation	Commentary
	type, whether core is oriented and if so, by what method, etc).	
Drill sample recovery	• *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.*	• *Geochemical samples were collected at four metre intervals.* • *Geochemical samples were analysed by Analytical Services in Willetton.*
Logging	• *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.*	• *Exact details on logging is not disclosed within the CRA report and would likely have been proprietary practices within CRA Exploration at that time.*
Sub-sampling techniques and sample preparation	• *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.*	• *Exact details of the sampling techniques and preparation are not disclosed within the CRA report and would likely have been proprietary practices within CRA Exploration at the time.*
Quality of assay data and laboratory tests	• *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.*	• *Geochemical samples were collected at four metre intervals and analysed for:* - *Nb, V, Pb, Ni, Mn, Zn, Cu, Pd, Pt and Au*
Verification of sampling and assaying	• *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.*	• *No twinned holes were drilled, all holes were in areas which had never been drilled.*
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole*	• *All drill locations were recorded and mapped by CRA Exploration Pty Ltd within their*

Criteria	Explanation	Commentary
	surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	*exploration report. CRA Exploration recorded locations in Northing and Eastings.*
Data spacing and distribution	• *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.*	• *The two holes were drilled approx. 8km apart, the Company does not infer mineralisation extends between or beyond the two holes.*
Orientation of data in relation to geological structure	• *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.*	• *The two holes were designed and oriented to test magnetic anomalies.*
Sample security	• *The measures taken to ensure sample security.*	• *Exact details of how sample security was maintained as this is not disclosed within the CRA report and would likely have been proprietary practices within CRA Exploration at the time.*
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• *Exact details of audit practices are not disclosed within the CRA report and would likely have been proprietary practices within CRA Exploration at the time.*

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	• *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 of reporting along with any known impediments to obtaining a licence to operate in the area.*	• *CRA Exploration held Mineral Licence E69/278, E69/279, E69/280 in the Westwood district of Western Australia. CRA Exploration relinquished the licences shortly after reporting to the Mines Department in Dec 1988.*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	*Exploration has been previously carried out by :* • *CRA Exploration*
Geology	• *Deposit type, geological setting and style of mineralisation.*	• *The Mineral Licences E69/278, E69/279, E69/280 are in Westwood, Western Australia, within the Officer Basin.* • *CRA reported that the predominant rock types comprises lower Cretaceous thinly bedded siltstone and sandstone of the Samual Formation and Permian glaciogene, lacustrine and fluvioglacial sediments of the Patterson formation.*
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all*	• *See Table 1 in the body of the Announcement for details.*

Criteria	Explanation	Commentary
	Material drill holes: • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* • *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.*	
Data aggregation methods	• *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.* • *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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• *Assay results are reported for the drill cores.* • *CRA reported that samples were collected at 4m intervals for each hole.*
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• *The orientation or geometry of the drill holes has not yet been established.* • *Down hole length and true width is not known.*
Diagrams	• *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.*	• *CRA Exploration's report A26219 includes location diagrams and regional maps. The two drill holes are not related to a significant discovery.*
Balanced reporting	• *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 Exploration Results.*	• *Reporting of all relevant results has been provided in this announcement.*
Other substantive exploration data	• *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.*	• *Not relevant for data reported as CRA were primarily exploring for diamonds.*
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• *Further work has not been decided.*