



10 May 2016

Dear Shareholder,

I am pleased to offer you a limited opportunity to purchase new shares at a **discount** to the Record Date in Strategic Elements Limited ("SOR") **prior to the next phase** of potential developments in the Nanocube Memory technology and other projects.

As you are a current shareholder, you are eligible to acquire **discounted shares** under our Share Purchase Plan ("the Plan") under the Terms and Conditions set out in this document.

- You can purchase shares at **11.5 cents** whilst the price as at the Record Date was 14 cents being an **18% discount** to the closing price of shares on the Record Date.
- You can purchase a minimum of \$1,000 and a maximum of \$15,000 of shares.
- The Plan is **capped** to a total of \$1,000,000 and applications will be accepted on a **first received** basis (with oversubscriptions accepted at the Directors' discretion and subject to all legal and regulatory requirements).
- The Plan is set to close 31 May 2016 however this may be altered at the Directors discretion.
- There is no need to fill out and post the application form if you elect to pay by **BPAY**. Your application is received **immediately** on the date your **BPAY** payment is received. Please use the reference code printed on the attached application form.

Please note: The Company last conducted a Share Purchase Plan (also capped and offered on a first received basis) in May 2015. Funds from that heavily oversubscribed raising were prioritised towards acquisition and commencement of work on the Nanocube Memory technology.

Your current opportunity comes at a particularly exciting time in the Company's development, with the rapid development of the Nanocube Memory technology. The proceeds of the Plan will be used to further progress investments and supplement working capital including:

- **Australian Advanced Materials Pty Ltd (AAM):** 100% owned AAM is continuing to develop the Nanocube Memory technology under licence from the University of New South Wales. The Nanocube Memory technology is developing rapidly. Success in innovative new sectors such as Printed Electronics requires partnership. Going forward, a priority focus of the Company will be on development and activities related to partnering.
- **Australian Printed and Flexible Electronics Sector:** The sector is expanding globally, however Australia is only just beginning to understand the opportunity. As a first mover in Australia (and Pooled Development Fund status), SOR has strong potential to be a dominant player. SOR will work with researchers and inventors across Australia to increase development of the sector and generate technology acquisition and development opportunities. SOR is establishing a 'Printed and Flexible Electronics Advisory Panel' to assist these activities.
- **Strategic Materials Pty Ltd (SML):** The high-grade Golden Blocks permit is being maintained. Corporate strategies including 'spin off' of SML shares (free distribution of SML shares to SOR shareholders in an agreed proportion to the number SOR shares they hold) are being assessed. It is intended the Company and/or its shareholders will retain control of the gold assets within SML.

Key Features of The Plan

Under the Plan, Australian and New Zealand shareholders on the register as at 5.00pm on 04 May 2016 can subscribe for up to \$15,000 worth of shares at 11.5 cents each **without** brokerage or other costs.

Key features of the Plan include (a) you are eligible to purchase shares to the value of \$15,000, \$12,500, \$10,000, \$7,500, \$5,000, \$2,500, \$2,000, \$1,500 or \$1,000 (b) applications are treated on a **first received basis up to a total of \$1,000,000** (c) the Plan closes on 31 May 2016 (d) shares under the Plan are expected to be issued on or about 03 June 2016.

The issue price was calculated having regard to the Company's circumstances and represents an **18% discount** to the closing price on the Record Date and is at least 80% of the volume weighted average price for the Company's Shares calculated over the last 5 days on which sales of Shares took place prior to the Plan being announced.

Details of the Company's current activities are set out in the announcements made by the Company to ASX and are available from ASX, or the Company's website at www.strategicelements.com.au. You should read the attached Terms and Conditions carefully before participating in the Plan.

The Company's special registration by the Australian Federal Government as a Pooled Development Fund means some shareholders may not pay tax on capital gains when selling their shares. However, the tax implications of applying for shares under the Plan will depend on an applicant's individual circumstances. Applicants should seek their own independent tax advice prior to applying for shares under the Plan. The Shares issued under the Plan will be quoted on ASX.

There is no need to return the application form if you elect to pay by BPAY. Please use the reference code printed on the attached application form.

Applications will be accepted on a first received basis. If you wish to participate in the Plan, please submit your application to the Company as soon as possible.

If you have any questions in how to subscribe for shares please contact Executive Director Matthew Howard on +61 8 9278 2788 or email admin@strategicelements.com.au

Yours Sincerely,

Charles Murphy
Managing Director
Strategic Elements Ltd

Schedule of Dates and Offer

Date	Details
04 May 2016	Record Date 5pm (WST) The date of which the Company determines eligible shareholders.
05 May 2016	Announcement Date
10 May 2016	Dispatch of Plan
10 May 2016	Opening Date The date on which the Plan opens.
31 May 2016	Closing Date The date on which the Plan closes. Applications and payments must be received by 5pm (WST).
03 Jun 2016	Allotment Date and Dispatch Date The date Shares under the Plan are allotted and any scale back.
08 Jun 2016	Share Trading Date The date on which it is expected that Shares under the Plan will commence trading on the ASX.

Offer details	Price		Shares
Issue Price (per share)	\$0.115		
Minimum application amount	\$1,000	8,696	
Maximum application amount	\$15,000	130,435	
Permitted application amounts	\$1,000	8,696	
	\$1,500	13,044	
	\$2,000	17,392	
	\$2,500	21,740	
	\$5,000	43,479	
	\$7,500	65,218	
	\$10,000	86,957	
	\$12,500	108,696	
	\$15,000	130,435	

The above dates are indicative only and may change at the discretion of the Directors (subject to the requirements of the Listing Rules and all other applicable law).

Strategic Elements Ltd

Share Purchase Plan - Terms and Conditions

These are the Terms and Conditions of the Share Purchase Plan ("the Plan") of Strategic Elements Limited ACN 122 437 503 ("Strategic").

1. Participation in the Plan

Shareholders who are entered in the register of members at 5.00pm (Perth time) on 04 May 2016 ("Record Date") and who have a registered address in Australia or New Zealand ("Eligible Shareholders") may participate in the Plan. The following rules apply to participation by Eligible Shareholders in the Plan:

- (a) **Single holders** – If you are the registered holder of shares, but you receive more than one offer under the Plan (for example, due to multiple registered holdings), you may only apply for up to a maximum amount of \$15,000 of shares in the specific name of your holding.
- (b) **Joint holders** – If you are recorded with one or more persons as the joint holder of a holding of shares, that joint holding is considered to be a single registered holding for the purpose of the Plan. Joint holders are only entitled to participate in the Plan in respect of that single holding. If the same joint holders receive more than one offer under the Plan due to multiple identical holdings, the joint holders may only apply for up to one maximum amount of \$15,000 of shares.
- (c) **Custodians and nominees** – If you are an Eligible Shareholder who hold shares as a custodian, trustee or nominee (within the definition of 'custodian' in ASIC Class Order 09/425 (**Class Order**) ("Custodian") or in any more specific relief granted to Strategic in relation to this offer and hold shares on behalf of one or more persons ("beneficiaries"), this offer is made to you and you have the discretion whether to extend this offer to the beneficiaries on whose behalf you hold shares. If you apply for shares on behalf of a beneficiary, Strategic will not issue shares to you with a total application price exceeding \$15,000 unless you certify the following in writing to Strategic:
 - (i) that you hold the shares on behalf of one or more persons (each a "participating beneficiary") on the Record Date or on behalf of one or more other custodians (each a "downstream custodian") that hold beneficial interests in shares on behalf of one or more other persons (also each a "participating beneficiary") on the Record Date;
 - (ii) that each participating beneficiary or downstream custodian (as applicable) has subsequently instructed you to apply for shares on their behalf under the Plan;
 - (iii) the number of participating beneficiaries;
 - (iv) the name and address of each participating beneficiary;
 - (v) the number of shares that you or each downstream custodian (as applicable) holds on behalf of each participating beneficiary;
 - (vi) the number and dollar amount of shares which each participating beneficiary or downstream custodian has instructed you to apply for on their behalf;
 - (vii) that there are no participating beneficiaries in respect of which the total of the

aggregate application price for the following exceeds A\$15,000:

- (A) the shares applied for by you on behalf of a participating beneficiary under the Plan; and
 - (B) any shares issued to you in the 12 months before the application as a result of an instruction given by a participating beneficiary to you to apply for shares on their behalf under an arrangement similar to the Plan;
- (viii) that a copy of the Plan offer document was given to each participating beneficiary; and
- (ix) where you hold shares on behalf of a participating beneficiary indirectly, through one or more downstream custodians, the name and address of each downstream custodian.

Custodians should request a Custodian Certificate when making an application on behalf of participating beneficiaries. To request a Custodian Certificate, and if you would like further information on how to apply, you should contact our share registry Security Transfer Registrars Pty Limited ("Share Registry") on +61 8 9315 2333 between the hours of 8.30am and 5.00pm, Monday to Friday.

- (d) **Participation** - Participation in the Plan is entirely optional and the offer of shares under the Plan is not a recommendation. You should seek independent advice if you are unsure whether you should participate in the Plan. The offer of shares under the Plan is non-renounceable which means that Eligible Shareholders cannot transfer their entitlement to purchase shares under the Plan to another person. The application form specifies parcels of a particular number and value of shares for which applications may be made and application may not be made for any other number or value of shares. If an Eligible Shareholder applies for (i) more shares than is provided for in the application form, the maximum number of shares under the Plan will be issued and the excess amount paid will be refunded without interest or (ii) for a number of shares that is not designated on the application form, the number of shares issued will be the highest designated number of shares that is less than the cheque, bank draft or BPAY® (registered to BPAY Pty Ltd ABN 69 079 137 518) amount received and the excess amount paid will be refunded without interest.
- (e) **Not underwritten** - The Plan is not underwritten.
- (f) **Listing Rules Limit** - If total applications exceed the maximum amount permitted by the ASX Listing Rules to be raised under the Plan, applications will be scaled back in such manner as is determined at the absolute discretion of the Directors.

2. Application form

You do not need to return the application form if you have made payment by BPAY®. If payment is not made by BPAY®, applications to participate in the Plan must be made on the enclosed application form and must be received by the share registry (with the correct payment) no later than 5.00pm on 31 May 2016. Please use the reference code printed on the attached application form when making your BPAY® payment. Strategic reserves the right to return any payment and not allot any shares if payment is received after that time.

By returning the enclosed application form or by making a BPAY® payment, you agree to be bound by these Terms and Conditions and certify that the aggregate of the application price paid by you for the shares the subject of the application form or BPAY® payment, and any other shares applied for by you, or which you have instructed a Custodian to acquire on your behalf, under the Plan or under any similar arrangement operated by Strategic in

the 12 months prior to the date of issue under the Plan, does not exceed A\$15,000. Applications and payments under the Plan may not be withdrawn once they have been received. Application money will not bear interest under any circumstances.

3. Payments by BPAY®

If payment is made using the BPAY® facility (Australian bank accounts only), there is no requirement for the application form to be returned. Payment must be received by no later than 31 May 2016. Eligible Shareholders must ensure that funds submitted through BPAY® are received by this time. Applicants should be aware that their own financial institution may implement earlier cut off times for electronic payments and should take this into consideration when making payment of Application Monies via BPAY. You may also have your own limit on the amount that can be paid by BPAY. It is your responsibility to ensure that the amount you wish to pay via BPAY does not exceed your limit and is received by the Share Registry prior to the close of the offer. Eligible Shareholders must use the biller code and reference number shown on the personalised application form accompanying this offer document. If you have multiple holdings you will have multiple customer reference numbers. To ensure you receive your shares in respect of that holding, you must use the customer reference number shown on each personalised Application Form when paying for any new shares that you wish to apply for in respect of that holding. Shareholders who have multiple holdings must ensure they comply with the requirements in condition 1. Applications can only be made for parcels of shares in the amounts specified on the Application Form. Please do not forward cash. Receipts for payment will not be issued. Application forms returned by fax will not be accepted. Application monies will only be accepted if your cheque or money order is drawn, or your BPAY payment is made, in Australian currency. Cheques must be drawn on an Australian financial institution. Application money will not bear interest as against Strategic under any circumstances.

4. Acknowledgement

If you submit a BPAY payment or complete and return the application form, you represent to the Company that you have not applied for, or instructed a custodian (as defined in the Class Order) to apply on your behalf for, shares with an application price which, when aggregated with the application price for any shares issued to you or a custodian on your behalf under the Plan or any similar Company arrangement in the 12 months prior to your application, exceeds \$15,000. In this regard, please note the date of any application given to the Company under the share purchase plan undertaken by the Company in May 2015. Directors reserve the right to reject a Shareholder's application if it comes to the attention of the Directors that it was received less than 12 months after receiving that Shareholder's application under the Company's 2015 Share Purchase Plan.

5. Use of funds

The proceeds of the Plan will be used to further progress investments and supplement working capital including:

- **Australian Advanced Materials Pty Ltd (AAM):** 100% owned AAM is continuing to develop the Nanocube Memory technology under licence from the University of New South Wales. The Nanocube Memory technology is developing rapidly and is the priority focus for the Company.
- **Australian Advanced Materials Pty Ltd (AAM):** 100% owned AAM is continuing to develop the Nanocube Memory technology under licence from the University of New South Wales. The Nanocube Memory technology is developing rapidly. Success in innovative new sectors such as Printed Electronics requires partnership. Going forward, a priority focus of the Company will be on development and activities related to partnering.
- **Strategic Materials Pty Ltd (SML):** The high-grade Golden Blocks permit is being maintained. Corporate strategies including 'spin off' of SML shares (free distribution of SML shares to SOR shareholders in an

agreed proportion to the number SOR shares they hold) are being assessed. It is intended the Company and/or its shareholders will retain control of the gold assets within SML.

6. Issue Price

The issue price was calculated having regard to the Company's circumstances and represents an 18% discount to the closing price on the Record Date and is at least 80% of the volume weighted average price for the Company's Shares calculated over the last 5 days on which sales of Shares took place prior to the Plan being announced.

Shares are a speculative investment and the market price of shares may change between the opening date and the allotment date. However, this will not affect the price at which Eligible Shareholders will receive shares under the Plan. This means that the 11.5 cent issue price for the shares under the Plan may be higher or lower than the market price of shares at the date of issue. Strategic recommends that you monitor the share price, which can be found in the financial pages of major Australian metropolitan newspapers, or on the ASX website at www.asx.com.au (ASX code: SOR).

The Company recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to making an application under the Plan.

7. Shares to be issued

- (a) Shares issued under the Plan will rank equally in all respects with existing fully paid ordinary shares. Promptly after issue, application will be made by for shares issued under the Plan to be listed for quotation on the official list of the Australian Securities Exchange. Transaction Confirmation Statements will be dispatched to the Issuer Sponsored and CHESS participants for shares issued under the Plan. No brokerage, commissions, stamp duty or other transaction costs will be payable by Eligible Shareholders for their application for, or issue of, shares under the Plan. This offer of securities under the Plan is made in accordance with the Class Order, which grants relief from the requirement to prepare a prospectus for the offer of shares under the Plan.
- (b) The Company intends to raise \$1,000,000 under the Plan. In the event that applications are received in excess of the \$1,000,000 worth of Shares under the Offer, the Directors reserve the right to accept oversubscriptions as they deem appropriate (and in any event, not exceeding the \$15,000 threshold under the Class Order and the 30% threshold imposed by Listing Rule 7.2, Exception 15).
- (c) To the extent that there is a shortfall in the subscription of shares under the Plan by shareholders of the Company ("Shortfall Shares"), the Company reserves the right to place any Shortfall Shares in their absolute discretion at a price no less than the price of Shares offered under the Plan, to the extent that any such placement of Shortfall Shares can be made having regard to the Listing Rules and the Corporations Act 2001 (Cth).

8. Variations, waivers and resolution of disputes

The Plan is governed by the law in force in Western Australia and Strategic reserves the right to (subject to all applicable legal and regulatory requests):

- (a) vary the closing date and share issue date for the Plan;
- (b) waive compliance with any of these Terms and Conditions;

- (c) refuse to allot shares where it believes there has been a breach of these Terms and Conditions;
- (d) amend or vary these Terms or Conditions or suspend or terminate the Plan at any time;
- (e) scale back applications at its absolute discretion; and
- (f) settle in any manner it thinks fit any disputes or anomalies which may arise in connection with the Plan. Any determinations by Strategic will be binding on all Eligible Shareholders and other persons to whom the determination relates.

Strategic's rights may be exercised by the Board or any delegate thereof.

9. Foreign offer restrictions

The document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute or contain an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

10. New Zealand Shareholders

The shares offered under the Plan are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand and to whom the Offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

11. Applications and notices

Applications and notices given to Strategic for the Plan must be in writing and in such form as Strategic may from time to time require. Such applications and notices will be effective on receipt by Strategic subject to (a) these Terms and Conditions and (b), in the case of applications, acceptance by Strategic before the closing date.

12. ASIC relief

This offer of shares under the Plan is made in accordance with the Class Order which grants relief from the requirement to prepare a disclosure document for the Plan subject to certain terms and conditions. Strategic has, prior to the release of this offer document, given a notice to ASX that complies with the requirements of the Class Order.

13. Questions

If you have any questions, please contact Strategic's share registry Security Transfer Registrars Pty Limited on +61 8 9315 2333 between the hours of 8.30am and 5.00pm, Monday to Friday. For details regarding how your personal shareholder information is used, please refer to the enclosed application form. For details on the Company's operations please contact the Company on +61 8 9278 2788.