



Strategic Elements Ltd

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20 October 2020

Dear Shareholder,

STRATEGIC ELEMENTS SHARE PURCHASE PLAN (SPP)

Attached to this announcement is the Company's SPP documentation as announced by the Company yesterday.

The SPP documentation and application form will be posted directly to all Australian and New Zealand shareholders. Additionally, shareholders who have an email address recorded with our share registry, Automic, will receive the SPP documentation by email today.

If you wish to receive the offer documentation by email, please contact Automic and update your email address for your holder details and request an electronic copy of the SPP documentation. Automic's contact details:

Email: hello@automic.com.au
Phone: 1300 288 664 (+61 2 9698 5414 for New Zealand shareholders)

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M Howard', is positioned above the printed name.

Matthew Howard
Company Secretary / Director
admin@strategicelements.com.au
+61 8 9278 2788

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20 October 2020

Dear Shareholder,

I am pleased to offer you the opportunity to purchase new fully paid ordinary shares in Strategic Elements Limited (**Company** or **Strategic**) through a Share Purchase Plan (**SPP**). Capital raised will be used for recent developments in automation and robotics subsidiary 'Stealth Technologies' and other projects. Please check the latest announcements on the Company's website or at asx.com.au.

As you are a current shareholder, you are eligible to purchase shares under our SPP under the Terms and Conditions set out in this document:

1. You can purchase shares at **6 cents** which represents a 15.5 % **discount** to the last closing price on which the Company's shares were traded on 16 October 2020 and a 14.9 % discount to the 5 day VWAP for the Company's shares calculated over the last 5 days on which sales in the Company's shares were recorded before the day the offer was announced.
2. You can purchase a minimum of \$1,000 and a maximum of \$20,000 of shares.
3. The SPP is **capped** to a total of \$1,000,000 and applications will be accepted on a **first received** basis (with applications accepted at the Directors' discretion and subject to all legal and regulatory requirements).
4. The offer under the SPP is set to **close 10 November 2020** however this may be altered at the Directors discretion.
5. There is no need to fill out and post the application form. Your application is received **immediately** on the date your **BPAY** or **Electronic Funds Transfer (EFT)** payment is received. Please use the reference information printed on the attached application form for BPAY or EFT payments.

Funds and Activities

Your current opportunity comes at a particularly exciting time in the Company's development. Funds will assist: (i) **expansion** of the **AxV** automated robotics software and hardware platform across multiple industry sectors; (ii) the collaboration with US Fortune 100 Company 'Honeywell'; (iii) further development of the Nanocube Memory and other electronics materials; and (iv) supplement working capital.

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

Pooled Development Fund

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 SPP will depend on an applicant's individual circumstances. Applicants should seek their own independent tax advice prior to applying for shares under the SPP. The shares issued under the SPP will be quoted on ASX.

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Key Features

Under the SPP, Australian and New Zealand shareholders on the register as at 5.00pm on 16 October 2020 can subscribe for up to \$20,000 worth of shares at 6 cents each **without** brokerage or other costs.

Key features of the SPP include:

- (a) you are eligible to purchase shares to the value of \$20,000, \$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 offer under the SPP closes on 10 November 2020, unless the closing date is amended at the discretion of the Directors (subject to the requirements of the Listing Rules and all other applicable law); and
- (d) shares under the SPP are expected to be issued on or about 11 November 2020.

Payment Details

There is no need to fill out and post the application form back. Your application is received **immediately** on the date your payment is received. Please use the payment information printed on the attached application form.

Applications will be accepted on a first received basis. If you wish to participate in the SPP, please submit your payment 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
16 October 2020	SPP Record Date 5pm (WST) The date of which the Company determines eligible shareholders.
19 October 2020	SPP Announcement Date
20 October 2020	Dispatch of SPP Booklet
20 October 2020	SPP Opening Date The date on which the SPP opens.
10 November 2020	SPP Closing Date The date on which the SPP closes. Applications and payments must be received by 5pm (WST).
11 November 2020	SPP Issue Date and Dispatch Date The date shares under the SPP are issued and any scale back.
12 November 2020	Commencement of Trading Date The date on which shares issued under the SPP are expected to commence trading on the ASX.

*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).

Offer details	Price	Shares
Issue Price (per share)	\$0.06	
Minimum application amount	\$1,000	16,667
Maximum application amount	\$20,000	333,334
Permitted application amounts	\$1,000	16,667
	\$1,500	25,000
	\$2,000	33,334
	\$2,500	41,667
	\$5,000	83,334
	\$7,500	125,000
	\$10,000	166,667
	\$12,500	208,334
	\$15,000	250,000
	\$20,000	333,334

Strategic Elements Ltd

Share Purchase Plan - Terms and Conditions

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

1. Participation in the SPP

Shareholders who are entered in the register of members at 5.00pm (Perth time) on 16 October 2020 (**Record Date**) and who have a registered address in Australia or New Zealand (**Eligible Shareholders**) may participate in the SPP. The following rules apply to participation by Eligible Shareholders in the SPP:

- (a) **Single holders** – If you are the registered holder of shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for up to a maximum amount of \$20,000 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 SPP. Joint holders are only entitled to participate in the SPP in respect of that single holding. If the same joint holders receive more than one offer under the SPP due to multiple identical holdings, the joint holders may only apply for up to one maximum amount of \$20,000 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 Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**Instrument**) ("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 \$20,000 unless you certify the following in writing to Strategic:
 - (i) either or both of the following:
 - (A) that you hold the shares in the class on behalf of one or more persons (each a "participating beneficiary") that are not custodians;
 - (B) that another custodian (the "downstream custodian") holds beneficial interests in the shares in the class on behalf of one or more other persons (also each a "participating beneficiary") and you hold the shares to which those beneficial interests relate on behalf of the downstream custodian or another custodian, on the Record Date and that each participating beneficiary has subsequently given an instruction to apply for shares on their behalf under the SPP to you or the downstream custodian (as applicable);
 - (ii) the number of participating beneficiaries;
 - (iii) the name and address of each participating beneficiary;
 - (iv) the number of shares in the class that you or each downstream custodian (as applicable) holds

on behalf of each participating beneficiary;

- (v) the number and dollar amount of shares which each participating beneficiary or downstream custodian has instructed you or each downstream custodian (as applicable) to apply for on their behalf;
- (vi) that there are no participating beneficiaries in respect of which the total of the aggregate application price for the following exceeds \$20,000:
 - (A) the shares applied for by you on behalf of a participating beneficiary under the SPP; and
 - (B) any other shares in the class issued to you in the 12 months before the application as a result of an instruction given by a participating beneficiary to you or the downstream custodian (as applicable) to apply for shares on their behalf under an arrangement similar to the SPP;
- (vii) that a copy of the SPP offer document was given to each participating beneficiary; and
- (viii) 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 Automic Pty Ltd ("Share Registry") on 1300 288 664 (+61 2 9698 5414 for New Zealand shareholders) between the hours of 8.30am and 5.00pm, Monday to Friday.

- (a) **Participation** - Participation in the SPP is entirely optional and the offer of shares under the SPP is not a recommendation. You should seek independent advice if you are unsure whether you should participate in the SPP. The offer of shares under the SPP is non-renounceable which means that Eligible Shareholders cannot transfer their entitlement to purchase shares under the SPP 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 SPP 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 EFT or BPAY® (registered to BPAY Pty Ltd ABN 69 079 137 518) amount received and the excess amount paid will be refunded without interest.
- (b) **Non-renounceable** – If you are an Eligible Shareholder, your rights under the Offer are personal to you and are non-renounceable, which means that you cannot transfer your rights to another person.
- (c) **Not underwritten** - The SPP is not underwritten.
- (d) **Listing Rules Limit** - If total applications exceed the maximum amount permitted by the ASX Listing Rules to be raised under the SPP, 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 EFT or BPAY®. Your payment must be received by the share registry (with the correct payment) no later than 5.00pm on 10 November 2020. Please use the bank details provided if paying by EFT or the reference code printed on the attached application form when making payment by BPAY®. Strategic reserves the right to return any payment and not issue any shares if payment is received after that time.

By purchasing shares under the SPP, 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, and any other shares applied for by you, or which you have instructed a Custodian to acquire on your behalf, under the SPP or under any similar arrangement operated by Strategic in the 12 months prior to the date of issue under the SPP, does not exceed A\$20,000. Applications and payments under the SPP may not be withdrawn once they have been received. Application money will not bear interest under any circumstances.

3. Making Payments under the SPP

You have two payment options under the SPP, BPAY and Electronic Funds Transfer (EFT).

When payment is made using either EFT or 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 10 November 2020 (unless varied). Eligible Shareholders must ensure that funds submitted through EFT or 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 EFT or BPAY.

It is your responsibility to ensure that the amount you wish to pay does not exceed your limit and is received by the Share Registry prior to the close of the offer. Eligible Shareholders must use the appropriate reference number, for the selected payment type 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 specific details 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 of these Terms and Conditions. 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 EFT or BPAY payment is made, in Australian currency. Cheque or money order payments will not be accepted. Application money will not bear interest as against Strategic under any circumstances.

4. Acknowledgement

If you submit a BPAY or EFT payment, you represent to the Company that in applying for, or instructing a custodian (as defined in the Instrument) to apply for the shares the subject of this application that the total of the application price for shares the subject of this application, any other shares in the class applied for under this SPP or any shares in the class issued under a similar arrangement in the 12 months before the application, and any other shares in the class issued to a custodian under an arrangement similar to the SPP in the 12 months before the application as a result of an instruction given by you to the custodian or another custodian and which resulted in you holding beneficial interests in the shares does not exceed \$20,000.

5. Use of funds

Funds will assist (i) expansion of the **AxV** automated robotics software and hardware platform across multiple industry sectors (ii) the collaboration with US Fortune 100 Company 'Honeywell' (iii) further development of the nanocube memory and other electronics materials and (iv) supplement working capital. This includes:

a. Stealth Technologies (100%)

Automation and Robotics Platform

Funds will be used in part to advance the Company's AxV automation and robotics technology platform. The AxV platform consists of automated robotics software and hardware developed in-house by a leading team of developers and engineers. It has uses in sectors such as security, mining, agriculture and logistics.

The Company recently formed a collaboration to apply technology from its AxV Platform to automate weed detection and management. The need for excessive use of chemicals and production loss costs are significant issues for the global agricultural industry. The estimated cost of weeds in Australian cropping systems alone is at AUD\$3.3 billion annually. The total annual cost of weeds in the United States is estimated at \$US34.5 billion.

Funds raised will be used to continue development of the AxV platform, protect advancements with patent filings and partner with other Companies to integrate their advanced technologies with the AxV Platform.

b. Honeywell Collaboration - Automated Security Vehicle

Funds will also be used to progress the Autonomous Security Vehicle (ASV) being developed for perimeter security. The ASV is under collaboration for the correctional and justice sector with US software industrial company 'Honeywell' (market cap approx. USD 100 billion). The parties are collaborating to build autonomous robotic vehicles for security applications. The exclusive collaboration period has been extended to allow the Company and Honeywell time to continue negotiations on a broader partnership agreement.

The parties are currently developing an Autonomous Security Vehicle (ASV) for the WA Department of Justice to be deployed to the Eastern Goldfields Regional Prison. The ASV has recently successfully passed User Acceptance Testing. Funds raised will be used to progress the relationship with Honeywell and advance the development of the ASV.

c. Autonomous Security and Surveillance – Outside Honeywell Collaboration

Funds will also be used to develop ASV's outside of the correctional justice sector. The Company can market independently to other sectors such as transport, energy, defence, government and utilities providing critical services. Perimeter security enables security to protect employees and assets from unauthorised intrusion in sensitive areas. The critical infrastructure sector is a large segment that is being impacted by issues such as terrorism, coronavirus and the growing need to secure people and assets. In Australia alone there is 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. The Global Perimeter Security Market is forecast to reach **USD 282.26 billion** by 2025.

d. Australian Advanced Materials (100% Owned)

The Nanocube Memory technology is primarily being funded by a significant Australian Research Council backed project on new electronic materials for a wide range of uses in flexible electronics and significant advances in energy efficient data storage devices. These can include memory, all types of sensors, batteries and other flexible electronics. This is primarily being supported by Australian Government funding and the University of New South Wales. Funds

may be used to support the Nanocube Memory or other electronic material opportunities.

6. Issue Price

The issue price of 6 cents per share represents a 15.5 % discount to the last closing price on which the Company's shares were traded on 16 October 2020 and a 14.9 % discount to the volume weighted average market price for the Company's shares calculated over the last 5 days on which sales in the Company's shares were recorded before the day the offer was announced.

Shares are a speculative investment and the market price of shares may change between the opening date of the offer and the date when shares are issued under the SPP. However, this will not affect the price at which Eligible Shareholders will receive shares under the SPP. This means that the 6 cent issue price for the shares under the SPP may be higher or lower than the market price of shares at the date of issue. The Company 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 SPP.

7. Shares to be issued

- (a) Shares issued under the SPP 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 SPP 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 SPP. 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 SPP. This offer of securities under the SPP is made in accordance with the Instrument, which grants relief from the requirement to prepare a prospectus for the offer of shares under the SPP.
- (b) The Company intends to raise \$1,000,000 under the SPP (with applications accepted at the Directors' discretion and subject to all legal and regulatory requirements). 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 \$20,000, and the 30% threshold imposed by Listing Rule 7.2, Exception 5).
- (c) To the extent that there is a shortfall in the subscription of shares under the SPP 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 SPP, 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 SPP is governed by the law in force in Western Australia and Strategic reserves the right (subject to all applicable legal and regulatory requests) to:

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

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- (c) refuse to issue 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 SPP at any time;
 - (e) scale back applications to \$1,000,000 or accept applications under the SPP in excess of this amount in its absolute discretion; and
 - (f) settle in any manner it thinks fit any disputes or anomalies which may arise in connection with the SPP. 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 SPP 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 SPP 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 SPP is made in accordance with the Instrument which grants relief from the requirement to prepare a disclosure document for the SPP 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 Instrument.

13. Questions

If you have any questions, please contact Strategic's share registry Automic Pty Ltd ("Share Registry") on 1300 288 664 (+61 2 9698 5414 for New Zealand shareholders) 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.