

Notice of Annual General Meeting

Date of Meeting: 22nd September 2021

Time of Meeting: 10:00 am (WST)

Place of Meeting: Trinity on Hampden Conference Centre
230 Hampden Rd, Crawley WA 6009

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Strategic Elements Limited
ABN 47 122 437 503



STRATEGIC
ELEMENTS

NOTICE is hereby given that the Annual General Meeting of members of Strategic Elements Limited ("the Company") will be held at Trinity on Hampden Conference Centre: 230 Hampden Rd, Crawley WA 6009, WA on 22nd September 2021 at 10:00 am (WST).

The Explanatory Notes to this Notice provide additional information on matters to be considered at the Meeting. The Explanatory Notes and Proxy Form form part of this Notice. Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Terms and abbreviations used in this Notice and Explanatory Notes are defined in the Explanatory Notes.

Ordinary Business

Agenda Item 1 - Accounts and Reports

To receive and consider the Financial Reports of the Company and reports of the Directors and Auditor for the year ended 30 June 2021.

Agenda Item 2 - Resolutions

Resolution 1: Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding ordinary** resolution of the Company:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Company's Remuneration Report as set out in the Company's Annual Report for the year ending 30 June 2021."

A voting exclusion statement is set out below.

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2: Re-election of Mr Elliot Nicholls as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution of the Company:

"That Mr Elliot Nicholls, being a Director of the Company who retires in accordance with Clause 11.3 of the Company's Constitution and for all other purposes, offers himself for re-election, being eligible, is re-elected as a Director of the Company."

Resolution 3: Ratification of prior issue of Shares under ASX Listing Rule 7.1

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution of the Company:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 10,000,000 Shares on 23 April 2021 on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement is set out below.

Resolution 4: Ratification of prior issue of Unlisted Options under ASX Listing Rule 7.1

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution of the Company:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue on 23 April 2021 of 3,000,000 unlisted options (**Unlisted Options**) exercisable at \$0.40 each and expiring on 23 April 2023 on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement is set out below.

Voting Prohibition and Exclusion Statement

The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons excluded from voting; or an associate of those persons:

Resolution	Persons excluded from voting
Resolution 1 – Remuneration Report	<ul style="list-style-type: none"> • By, or on behalf of, a member of the KMP named in the remuneration report for the year ended 30 June 2021, or that KMP's Closely Related Party, regardless of the capacity in which the vote is cast. • As a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party, unless the vote is cast for a person who is entitled to vote on this resolution: <ul style="list-style-type: none"> (a) in accordance with their directions on how to vote as set out in the proxy form; or (b) by the Chair pursuant to an express authorisation on the proxy form.
Resolution 3 – Ratification of of prior issue of Shares	<ul style="list-style-type: none"> • By or on behalf of a person who participated in the issue
Resolution 4 – Ratification of of prior issue of Unlisted Options	<ul style="list-style-type: none"> • By or on behalf of a person who participated in the issue

However, this does not apply to a vote cast in favour of a Resolution by:

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - o the holder votes on the Resolution in accordance with directions given by the beneficiary of the holder to vote in that way.

Proxies

Please note that:

1. a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
2. a proxy need not be a member of the Company; and
3. a member of the Company entitled to cast two or more votes may appoint a maximum of two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Pursuant to sections 250BB and 250BC of the Corporations Act:

1. if proxy holders vote, they must cast all directed proxies as directed; and
2. any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

If you appoint the Chair as your proxy (or the Chair becomes your proxy by default) and the appointment does not specify the way the proxy is to vote on Resolution 1, you expressly authorise the Chair to exercise the proxy on Resolution 1.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

1. the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
2. if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
3. if the proxy is the Chair at which the resolution is voted on – the proxy must vote on a poll, must vote that way; and
4. if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way.

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

1. an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
2. the appointed proxy is not the Chair;
3. at the meeting, a poll is duly demanded on the resolution; and
4. either of the following applies:
 - (a) the proxy is not recorded as attending the meeting;
 - (b) the proxy does not vote on the resolution,

the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Corporate representative

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting must comply with the execution and appointment requirements set out on the Proxy Form and otherwise with the provisions of sections 127 and 250D of the Corporations Act or with the legal requirements of the country in which that corporate Shareholder was incorporated. The representative should be provided with a certificate or letter authorising him or her to act as that Company's representative including any authority under which it is signed. The authority may be sent to the Company and/or registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Entitlement to attend and vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that, for the purposes of the Annual General Meeting, Shareholders are those persons who are the registered holders of Shares in the Company at 10:00am (WST) on 20th September 2021. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

By order of the Board of Directors:



Matthew Howard
Strategic Elements Limited
23rd August 2021

Explanatory Notes

1. Accounts and Reports

The Corporations Act requires the financial report and the reports of the Directors and Auditor to be laid before the Annual General Meeting and the Company's Constitution provides for these reports to be received and considered. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on these reports.

Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended 30 June 2021 which is available on the ASX platform at www.asx.com.au;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or the Company's Auditor about:

- (a) the preparation and content of the Auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the company Secretary at the Company's registered office.

2. Resolution 1: Remuneration Report

2.1 Introduction

The Remuneration Report discloses the remuneration of Directors of the Company. This report can be found within the Directors Report of the Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2021.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote is advisory only and does not bind the Directors or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Chair will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

2.2 Voting consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution to approve calling an extraordinary general meeting at which all of the Company's Directors who were directors when the resolution to make the directors report considered at the later annual general meeting was passed (other than the Managing Director) must go up for re-election (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's second annual general meeting. All of the directors of the company who were directors of the Company when the resolution to make the directors' report considered at the second annual general meeting was passed, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Voting on Resolution 1 may be determined by a poll at the Meeting rather than a show of hands.

2.4 Board Recommendation

The Board recommends that Shareholders approve Resolution 1.

3. Resolution 2: Re-election of Mr Elliot Nicholls as a Director

3.1 Background

The Company's Constitution requires that one-third of the Directors retire by rotation at each Annual General Meeting and that Directors appointed by the Board hold office until the next annual general meeting.

Mr Nicholls was first appointed as a Director on 7th January 2009 and is a Director of the Company. In accordance with Clause 11.3 of the Company's constitution Mr Nicholls offers himself for re-election.

Further information on Mr Elliot Nicholls can be found in the Directors' Report contained within the Annual Report.

3.2 Board Recommendation

The Board, other than Mr Elliot Nicholls, unanimously recommends that Shareholders vote in favour of Resolution 2.

4. Resolutions 3 and 4: Ratification of prior issue of Shares and Unlisted Options

4.1 Background

As announced to the ASX on 22 April 2021, the Company conducted an institutional placement raising \$3,000,000 by the issue on 23 April 2021 of 10,000,000 Shares at \$0.30 per Share and 3,000,000 free attaching Unlisted Options exercisable at \$0.40 expiring on 23 April 2023 (**Placement**). Resolutions 3 and 4 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of Shares and Unlisted Options under the Placement. Funds raised from the placement will be used to progress robotic technology development within Stealth Technologies, battery and memory development within Australian Advanced Materials. As at the date of this notice, \$460,000 has been invested into Stealth Technologies and \$800,000 has been invested into Australian Advanced Materials. Remaining funds will be invested in-line with future program funding requirements in Australian Advanced Materials and Stealth Technologies. Additionally, funds may potentially be used to fund new investment opportunities.

Brentridge Capital acted as sole manager facilitating the placement. Brentridge Capital received a fee of 6% (\$180,000) of the funds raised in the placement.

4.2 ASX Listing Rule 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue, without approval of its shareholders, more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

As the issue of the Shares and Unlisted Options under the Placement does not fall within any of the specified exceptions to ASX Listing Rule 7.1 and has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under ASX Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval over the 12 month period following the date of issue of the Shares and Unlisted Options under the Placement.

Under ASX Listing Rule 7.4, if a company's shareholders approve an issue of equity securities after it has been made or agreed to be made, that issue or agreement to issue equity securities is treated as having been made with Shareholder approval for the purposes of ASX Listing Rule 7.1 (provided that the issue or agreement did not breach ASX Listing Rule 7.1).

By ratifying the issue of the Shares and Unlisted Options, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Accordingly, the Company is seeking Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares and Unlisted Options the subject of Resolutions 3 and 4.

4.3 Technical information required by ASX Listing Rule 14.1A

If Resolutions 3 or 4 are not passed, the Shares or Unlisted Options (as the case may be) will be included in calculating the Company's 15% placement capacity under ASX Listing Rule 7.1 effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of those securities.

If Resolutions 3 and 4 are passed, the base figure (i.e. variable "A") in which the Company's 15% placement capacity under ASX Listing Rule 7.1 is calculated will be a higher number which in turn will allow a proportionately higher number of equity securities to be issued by the Company without prior Shareholder approval.

4.4 Resolution 3 - Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) the Shares were issued to a professional and sophisticated investor pursuant to section 708 of the Corporations Act identified by the Lead Manager, Brentridge Capital. The recipient is not a related party of the Company;
- (b) a total of 10,000,000 Shares were issued under the Placement;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued on 23 April 2021;
- (e) the issue price of the Shares was \$0.30 per Share;
- (f) the issue was not made under an agreement;
- (g) Funds raised from the placement will be used to progress robotic technology development within Stealth Technologies, battery and memory development within Australian Advanced Materials. As at the date of this notice, \$460,000 has been invested into Stealth Technologies and \$800,000 has been invested into Australian Advanced Materials. Remaining funds will be invested in-line with future program funding requirements in Australian Advanced Materials and Stealth Technologies. Additionally, funds may potentially be used to fund new investment opportunities; and
- (h) a voting exclusion statement is included in the Notice.

4.5 Resolution 4 - Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Unlisted Options were issued to a professional and sophisticated investor pursuant to section 708 of the Corporations Act identified by the Lead Manager, Brentridge Capital. The recipient is not a related party of the Company;
- (b) a total of 3,000,000 Unlisted Options were issued under the Placement;
- (c) the Unlisted Options are exercisable at \$0.40 and expire on 23 April 2023. A summary of the material terms of the Unlisted Options are included at **Schedule 1**;
- (d) the Unlisted Options were issued on 23 April 2021;
- (e) the Unlisted Options were issued for nil consideration and were free attaching to the Shares the subject of Resolution 3;
- (f) the issue was not made under an agreement;
- (g) the Unlisted Options were issued as free attaching to the Shares under the Placement. Accordingly, no funds were raised by the issue of the unlisted options, any future funds received from the exercise of the 3,000,000 unlisted options would be matched to investments as required; and
- (h) a voting exclusion statement is included in the Notice.

GLOSSARY

In the Notice and Explanatory Notes:

Accounting Standards

has the meaning given to that term in the Corporations Act.

ASX

means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.

Annual Report

the annual report of the Company for the year ended 30 06 21.

Auditor

means Nexia Perth Audit Services Pty Ltd.

Board

means the board of Directors.

Chair

means the chair of the Meeting.

Closely Related Party

has the meaning given to that term in the Corporations Act.

Company

means Strategic Elements Limited (ACN 122 437 503).

Constitution

means the constitution of the Company.

Corporations Act

means the Corporations Act 2001 (Cth) as amended.

Director

means a director of the Company.

Equity Securities

has the same meaning as in the Listing Rules.

Explanatory Notes

means the explanatory notes accompanying the Notice.

Key Management Personnel or KMP

has the meaning given to that term in the Accounting Standard.

Listing Rules

means the listing rules of the ASX.

Meeting or Annual General Meeting

means the meeting convened by the Notice.

Notice

means this notice of annual general meeting.

Placement

has the meaning given in section 4.1 of the Explanatory Notes.

Proxy Form

means the proxy form attached to this Notice.

Remuneration Report

The remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2021.

Resolution

means a resolution to be considered at the Meeting as contained in the Notice.

Share

means a fully paid ordinary share in the capital of the Company.

Shareholder

means a holder of a Share.

Unlisted Option

means an unlisted option exercisable at \$0.40 expiring on 23 April 2023

\$

means Australian dollars.

SCHEDULE 1: SUMMARY OF MATERIAL UNLISTED OPTION TERMS

- a) Each Option grants the holder the right but not the obligation to be issued by the Company one fully paid ordinary share of the Company (Share) at an exercise price per Option of A\$0.40 (Option Exercise Price).
- b) An Option holder may exercise any Option it holds at any time after the date on which such Option is granted (Option Grant Date) and prior to the date that is twenty-four (24) months after the Option Grant Date (Option Expiry Date) by delivery of an Exercise Forms and receipt of payment of an amount equal to the Option Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time.
- c) Option Grant Date is 23 April 2021.
- d) Option Expiry Date is 23 April 2023.
- e) As soon as reasonably practicable, but no later than on the second day on which banks are open for business in Sydney, New South Wales (Business Day) following the date of the receipt of a duly completed Exercise Form and the payment referred to in clause (b) of this Schedule 1, the Company must issue the Shares in respect of which the Options are so exercised by the Option holder and provide to the Option holder holding statements evidencing that such Shares have been recorded on the Company's Share register (subject to the Company's right to defer such issuance as set out in clause (e) below).
- f) The Company will apply to ASX to have the Shares so issued granted quotation in accordance with the timeframes set out in the ASX Listing Rules. The Options will not be quoted on the ASX.
- g) If prior to an exercise of an Option, there is a bonus issue (as referred to in ASX Listing Rule 6.22.3) the number of Shares over which an Option is exercisable shall be increased as specified in ASX Listing Rule 6.22.3.
- h) If prior to an exercise of an Option, there is a pro rata issue (except a bonus issue) as referred to in ASX Listing Rule 6.22.2, the Option Exercise Price shall be reduced according to the formula in ASX Listing Rule 6.22.2.
- i) In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the rights of an Option holder will be changed to comply with the ASX Listing Rules (currently ASX Listing Rule 7.22) applying to a reorganisation of capital at the time of the reorganisation.
- j) An Option holder cannot (in its capacity as a holder of an Option) participate in new issues of securities of the Company without exercising the Option.
- k) The Options are freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act.