ASX Media Release
November 27 2019
ASX: SOR

Leviathan Project Discovers Anomalies Wins Drilling Funds

WESTERN AUSTRALIA, Perth, Nov. 27, 2019 - – **Strategic Elements Ltd** (ASX: SOR) is pleased to announce that a ground based survey and geophysical modelling has **significantly increased the exploration potential for copper-gold-rare earths** at the Leviathan Volcanic Pipe Field. Independent recognition has also been received from the Western Australian Government with the award of drilling funding from the Exploration Incentive program. Leviathan is the Company's second project of **innovative drilling in under-explored WA deserts** to successfully win competitive funding. Other winners include Newcrest, Anglo Gold Ashanti and Independence Group.

Leviathan Project

The Leviathan project was originally lodged over a large gravity anomaly surrounded by a field of up to **100 inferred volcanic pipes** as reported from previous diamond exploration. Previous Companies working in the area for diamonds were not aware of the gravity anomaly and thus it has never been previously explored. Historical drill records from the inferred volcanic pipes contained references to disseminated sulphides and analysis of drill core by the Company **confirmed** a **pipe** with fragments of **lead** and **copper sulphides**.

The Leviathan gravity anomaly is postulated by the Company to be the top of an alkaline intrusion and potential associated carbonatite surrounded by the field of volcanic pipes. Volcanic pipes are associated with carbonatites and other types of intrusions that are highly prospective for copper-gold-rare earths. The Mt Weld carbonatite in Western Australia is one of the world's richest sources of rare earths.

Detailed Ground Based Gravity Survey

The Company recently completed a detailed ground based gravity survey at the Leviathan project to enable detailed **modelling** of the anomaly. The ground based survey consisted of a total of 349 separate gravity stations.

1. The ground based survey successfully identified a **much more complex and larger** gravity anomaly of approximately 8km x 4km in diameter.
2. 2D and 3D modelling for the main gravity target indicates **densities** are potentially consistent with intermediate to mafic lithologies (e.g. diorite to gabbro), lamprophyres and **carbonatites**.
3. 2D and 3D modelling of the gravity data estimates realistic depth to top values for the major dense body ranging from **less than 300m to approx. 600m** below surface.

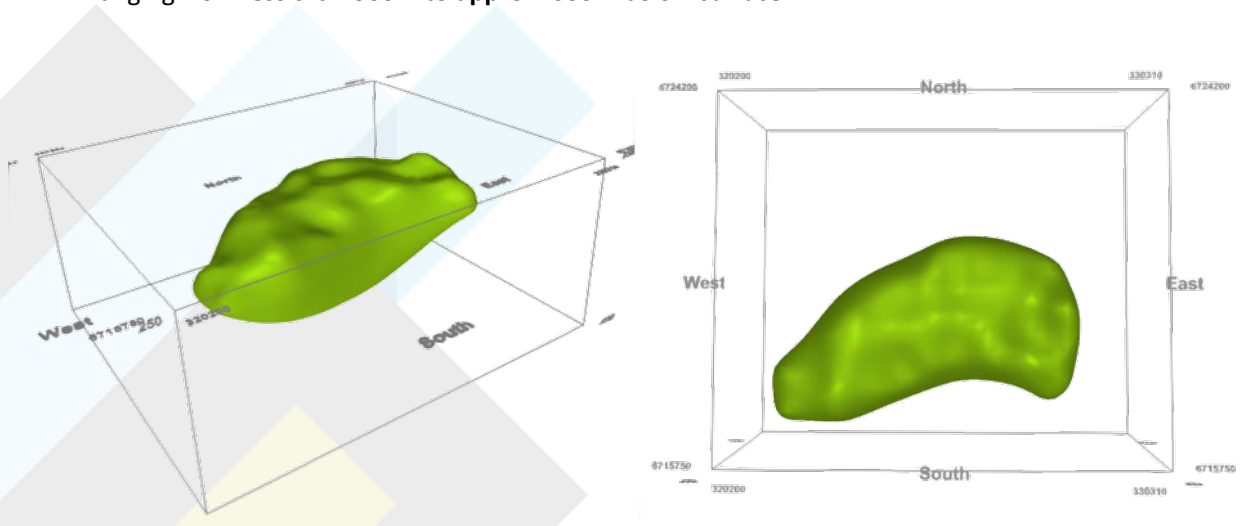

Figure 9: Diagonal (left) and top (right) view of the 3D inversion isosurface for differential density 0.05 g/cm^3.

The ground based gravity survey at the Leviathan Project was conducted by Atlas Geophysics, whilst modelling and analysis was carried out by Southern Geoscience Consultants.

Modelling of Government Airborne Magnetics

Modelling of the existing government airborne magnetic data in the area was also conducted. It was discovered that a potential 'magnetic halo' wraps around the north-eastern part of the gravity anomaly. This situation offers some potentially **significant exploration possibilities** as a separate phase of an intrusion or alteration halo wrapping around an intrusion can potentially host different styles of mineralisation.

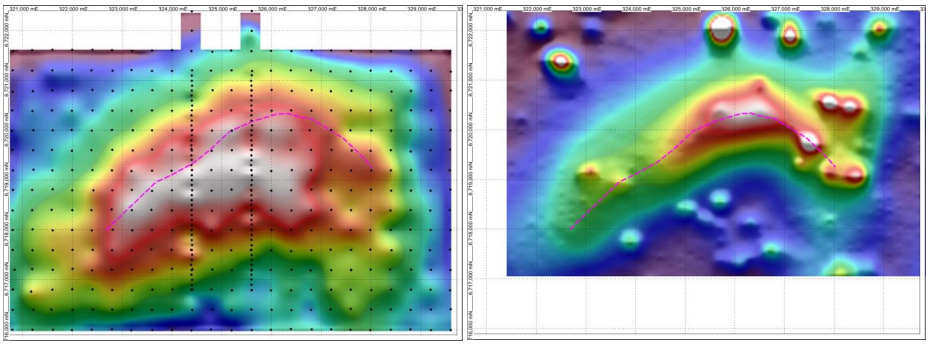

Figure 1: First vertical derivative of gravity Bouguer anomaly image with station positions in overlay (left) and magnetic RTP image (right). The magenta line in the overlay on both images shows the axis of the RTP anomaly.

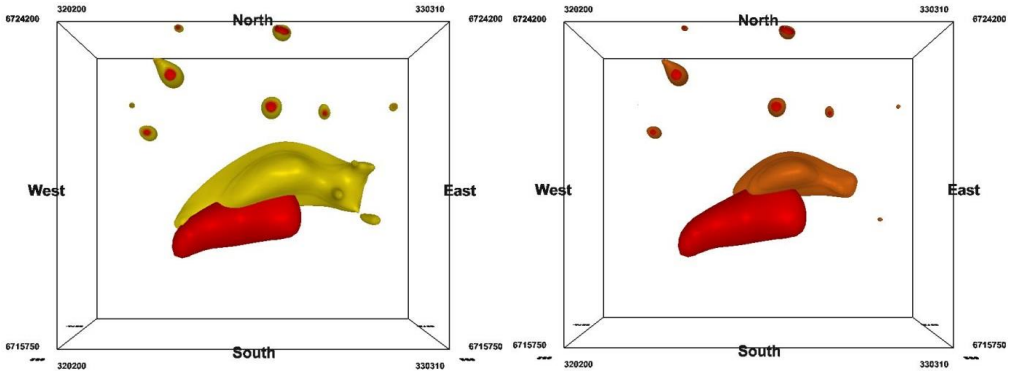

Figure 23: Leviathan 3D modelling view from above. High density gravity core (central red body to south). Broad moderately magnetic halo (yellow body, left image) to the north, with the right image showing the stronger magnetic 'core' (orange-brown body) to the north and east of the gravity core. The smaller ovoid bodies are magnetic intrusive pipes.

The interpretation of the magnetic 'halo' being geologically linked to the northern margin of the main gravity body cannot be conclusively confirmed without reliable geological control; e.g. moderate to deep drilling that intersects both the high density and magnetic target bodies.

EIS Drilling Funds Awarded to the Leviathan Project

The Company is also pleased to report an agreement has been signed with the Western Australian government for $150,000 in funding towards drilling at the Leviathan Project. The funding comes from the Exploration Incentive Scheme, a **highly competitive process determined by independent experts** which has resulted in major discoveries. For example, both IGO's Fraser Range copper–zinc discovery at their Andromeda project and the Nova–Bollinger discovery by Sirius Resources used EIS co-funded drilling.

Next Steps

The Company expects the tenement to be granted in December 2019. The Leviathan Project is located in an area with no Native Title Determined or Native Title Claim made. This removes the requirement for Aboriginal Land Access & Mineral Exploration Agreements and Aboriginal Heritage Surveys to be conducted. Therefore after tenement grant, the only remaining major regulatory hurdle prior to drilling at Leviathan is a Programme of Works from the Western Australian government to use mechanised equipment within the project.

A decision will be made as to proposed drilling program and schedule when drill target generation has been completed. The Company is currently completing further analysis with Southern Geoscience Consultants.

Maria Resources Pty Ltd (100%)

Maria Resources Pty Ltd was founded in collaboration with Dr Franco Pirajno, a recognised global expert on mineral systems with **more than 50 years of experience in industry**, **academia and government.** Dr Pirajno has considerable knowledge in tectonics and ore deposit geology globally and is the author of four books, a monograph on mineral deposits and more than 180 peer-reviewed papers. Dr Pirajno was recently nominated "Highly Cited Researcher 2019" by the Web of Science Group

Strategic Elements Ltd

The Australian Government has registered Strategic Elements as a **Pooled Development Fund** with a mandate to back Australian innovation. Due to the Pooled Development Fund registration **most shareholders pay no tax on capital gains or dividends.** Strategic Elements generates ventures and projects from combining teams of leading scientists or innovators in the technology or resources sectors.

- Artificial Intelligence and Robotics subsidiary 'Stealth Technologies' has signed an agreement with global Fortune 100 software-industrial company 'Honeywell' to build experimental autonomous robotic vehicles.
- Materials technology Company 'Australian Advanced Materials' is completing a demonstrator of printable transparent memory ink technology being developed with UNSW, CSIRO and VTT. ASX listing code is "SOR".
- Exploration Company 'Maria Resources' is currently preparing a maiden drilling program at the Behemoth Project using grant funding from the Western Australian government.

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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 to the Company. Dr 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'. Dr Pirajno consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Pirajno is a shareholder in the Company.

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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 significance of sampling.* • *Include reference to measures taken to ensure sample quality 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 exploration 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 was originally reported by De Beers Australia Exploration Limited (Report #A67373) in June 2003 and published and within the Western Australian Mineral Reporting System (WAMEX). Reports in WAMEX are available to the public to view.* • *The De Beers report covers exploration activities win Exploration Licences E69/1632, E69/1633, E69/1634 E69/1635, E69/1636. Within this announcement, the Company refers to one specific drill hole (WSH 003), the 'Drill Hole'.* • *De Beers undertook RC aircore and diamond drilling which was undertaken by Wallis Drilling in February 2003.* • *Two centimetre samples were taken from half diamond core samples from selected drill cores from the Western Australian government drill core library.* • *The drill core sections were sent to Minerex Services Pty Ltd in Esperance, WA, for industry standard preparation of polished thin sections.* • *No samples were collected during the Petrographic Analysis.* • *A ground gravity survey dataset was acquired in*

Criteria	Explanation	Commentary
		October, 2019, surveyed by Atlas Geophysics (ATLAS job number P2019119). The gravity dataset consists of a regular 400x400m grid of stations. Based on preliminary data reviewed by SGC, two N-S infill lines with 100m station spacing were proposed (and acquired) at 324400E and 325600E to assist 2D modelling efforts. SGC conducted QC of both the regular grid and infill data. • *Final gravity data as delivered by ATLAS have been processed using SGC in-house processing software GRAVRED, transforming the observed gravity to Free Air and Bouguer anomalies (BA) for a range of correction densities. The elevation data varies by only ~20m across the whole prospect, so the terrain is quite flat. In such cases, the elevation data can't be used effectively for the estimation of the optimum Bouguer correction density. The final correction density has been selected at 2.4g/cm3 as this is the most common density for the upper layers in this geological setting. For reference, the Bouguer anomaly for 2.67g/cm3 correction density was also provided.* • *Based on 3D inversion, the depth extent seems to be limited. However, it is quite difficult to estimate using potential field data modelling. The 2D gravity models use approximately 500m depth extents, but they could be ≥1km without noticeably changing the fit to the field data.* • *The width (in north-south direction) of the higher density target body is, based on the 2D gravity modelling between 3 and 4km.* • *The length (east-west direction) is estimated to be up to 8km, based on 3D gravity inversion.* • *With the inherent ambiguity in potential field data modelling, defining depth to top values with confidence is difficult without support from reliable constraining information (e.g. geological control, physical property data).* • *Overall, evaluation of the 2D gravity modelling suggests a realistic depth to top of the main gravity source range of 300-600m.* • *The 3D gravity inversion provides good insight into the overall density variations within the gravity target. However, the density isosurfaces that have been generated should not be viewed as actual, well defined geological boundaries. Gradient analysis of the density model indicated a probable maximum depth of about 300m to 550m, based on two interesting horizons indicated at these depths.*
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 type, whether core is oriented and if so, by what method, etc).*	• *The Drill Hole was RC aircore and diamond drilled by De Beers in February 2003.* • *No drilling was undertaken during the Petrographic Analysis.*
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.*	• *No drilling was undertaken during the Petrographic Analysis.*
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource*	• *The Drill Hole was logged at 1m intervals within the De Beers report A67373.* • *No drilling was undertaken during the Petrographic*

Criteria	Explanation	Commentary
	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.*	*Analysis*
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 representativity 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.*	• *No drilling was undertaken during the Petrographic Analysis*
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.*	• *De Beers conducted petrography analysis on a section within drill hole WSH003. However, exploration report by De Beers does not specify at what depth was the petrography analysis conducted at.* • *The Drill Hole was subjected to Heavy Mineral Assessment, (173.5 – 176.7m) reported within the De Beers Report A67373.* • *A conventional optical microscope was used to examine the polished thin sections.* • *Polished thin section results referred to within this Announcement was taken from drill hole WSH003 at depth of 173.77m and 183.29m as stated in Table 2.* • *All petrographic analysis was undertaken by Dr Franco Pirajno a globally recognised expert in such analysis.*
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.*	• *Not applicable*
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• *All drill locations were recorded and mapped by De Beers Australia Exploration Limited within their exploration report (#A67373). All locations are recorded 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.*	• *Not applicable*
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.*	• *De Beers drill holes were designed and oriented to test magnetic anomalies for diamondiferous kimberlites or lamproites.*
Sample security	• *The measures taken to ensure sample security.*	• *Exact details of how samples security was maintained as this is not disclosed within the De Beers report and would likely have been proprietary practices within De Beers at the time.*
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• *No external audits or reviews have been completed.*

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.*	• *Maria Resources Pty Ltd holds 100% of the Leviathan Project.*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• *Previous exploration has been conducted by DeBeers and reported by Gunson Resources in 2003. Western Australian open file report A67373.* • *Results also reported in A69361 Annual report for the period 20/08/03 - 19/08/04 Shell Lakes Project, C77/2003, E69/1632, E69/1633, E69/1634 E69/1635, E69/1636.*
Geology	• *Deposit type, geological setting and style of mineralisation.*	• *Unknown at the present moment.*

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 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.*
		• *No drilling has been completed by the Company.*

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.*	• *Not applicable*
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').*	• *Not applicable*
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.*	• *Maps and photos are reported elsewhere in this release.*
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*	• *Petrographic examinations from selected DeBeers drill cores (WSH 001, WSH 003, WSH 011) revealed the presence of lamprophyre, crystal-lithic tuff and diatreme pyroclastic breccia. These characteristics are indicative*

Criteria	Explanation	Commentary
	– size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	*of alkaline – ring complexes. This includes: 1) Alkali – granite – syenite and 2) ijolite-carbonatites or some combination of (1) and (2).* • *Apart from the DeBeers drilling program, which was specifically aimed at finding diamondiferous kimberlite, our study of DeBeers drill core, revealed the presence of melilitic lamprophyres with disseminated magnetite (Fig. 4), rather than kimberlites, crystal-lithic tuffs locally with abundant magnetite, and relic grains of galena and chalcopyrite (Fig. 5). These characteristics are indicative of a possible alkaline-carbonatite complex.* • *Gravity survey was designed to follow up a gravity high anomaly identified through the Warburton-Great Victoria Desert Regional Airborne Gravity dataset, released early this year. Regional gravity dataset was conducted in 2018 at 2.5km line spacing*
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.*	• *Drill targeting from land base gravity survey and modelling and magnetics.*