



## SOR Strategic Elements September Quarter Update

**Strategic Elements Ltd (ASX: SOR)** provides the following update to accompany the Appendix 4C lodged for the quarter ending 30 September 2023. Australian Advanced Materials (100% owned) is working with a University of New South Wales team to convert moisture into electrical energy. Development of the Energy Ink™ technology was the priority focus during the quarter. The Company ended the quarter with a strong cash position of \$7.3M and no debt.

### Australian Advanced Materials (100%)

Over the quarter Australian Advanced Materials (AAM) was heavily focused on achieving a milestone set to investigate the potential power density of the Energy Ink™ technology. A higher power density allows more power to be generated from a given space.

Power density is a crucial benchmark for comparing emerging technologies with established systems, acting as a fundamental measure of the energy output per unit area. As the Energy Ink™ technology is currently in development for smaller devices, upper limits of power density had not been comprehensively tested before. Pending the outcome, the Company intends to port improvements from the high-power density cells to smaller device cells in the next quarter.

While it's crucial to understand that the technology is still in its early stages of prototype development it has some key distinguishing features.

The Energy Ink™ generates energy from moisture, a green, readily available source and uses safe, non-flammable, and environmentally friendly materials.

Unlike traditional renewable sources which are influenced by uncontrollable variables, Energy Ink™ utilizes moisture as its primary source, granting greater control at the input stage. Moisture exists freely within the atmosphere or could be simply and cheaply regulated within a climate-controlled cabinet or room at any time of the day or night, indoors or outdoors.

As they are also ultra-thin and light, there is the future potential to stack many cells vertically (as opposed to horizontal single layers like solar panels), dramatically increasing the energy generated from a much smaller footprint and creating the potential for use in small areas and mobility.

### Stealth Technologies (100%)

During the quarter, Stealth Technologies (Stealth) made significant progress in its collaboration with AAM and UNSW. At the Perth laboratory, the team successfully carried out advanced tests on new cells and initiated the development of the next generation of Energy Ink™ cell testing systems. These advanced testing systems are designed to test multiple devices simultaneously and offer an enhanced dynamic range suitable for the high-power density cells being developed by AAM. Such advancements will empower both the UNSW and Perth laboratories to augment their testing capacity for the Energy Ink™ cells.

Stealth has also systematically advanced the application of key components of its ASV technology to develop a new product application. Through rigorous R&D efforts, miniaturisation of key navigation and localisation systems was achieved, opening up potential for industries including:

- building, construction, architecture and contract management,
- urban development, planning and engineering,
- unmanned and remote monitoring and surveillance,
- transport and logistics; and,
- cordless tools.

Stealth has continued to progress its technology for the mining sector. The technology offers a new approach for industry, with the potential to mitigate known operational challenges that cause lost productivity and revenue opportunities for underground mining companies. A demonstrator has now been developed using data collected live from an operational mine. This will be used to showcase the technology to potential partners in the mining industry from January 2024.

Stealth continued developing the late stage broadacre weed detection technology in collaboration with the Australian Herbicide Resistance Initiative, a world leader in herbicide resistance and cropping system management. Hardware and software was significantly upgraded and will be used in the upcoming harvest season in live farm trials during Q4 2023.

Stealth has an agreement with global software-industrial company Honeywell to progress the commercialisation of Autonomous Security Vehicles (ASVs) for perimeter security. Under the agreement, Honeywell is responsible for identifying, engaging, and maintaining customer relationships, procuring access to customer facilities, processing fees and entering into and maintaining agreements with customers to facilitate ASV Pilot Deployments.

#### **Maria Resources (100%)**

Maria focuses on applying innovative, scientific geological models to unexplored terrains. It is currently focused on the underexplored Madura Province (Nullarbor, WA) seeking critical metals (e.g. Rare Earths, Nickel, Copper, Gold, PGE) used in batteries and other advanced technologies.

Maria is collaborating with Dr Franco Pirajno who was nominated as a top 1% highly cited researcher globally in 2019. He has 246 published peer-reviewed publications, is a sole author of 4 geology books and has presented 69 unpublished industry papers. In industry, Dr Pirajno has worked in mining and exploration with Anglo-American Corp of South Africa for 19 years in Africa, Australia, SW Pacific and New Zealand and was an Exploration Manager for Anglo-American Corporation of South Africa Ltd in the South West Pacific.

During the quarter, Maria continued to review the Leviathan Project, where a large unexplained gravity anomaly is surrounded by a field of up to 100 inferred volcanic pipes<sup>1</sup>. Maria is targeting the gravity anomaly for rare earths, copper, or gold related to an alkaline system (carbonatite, IOCG). During the period Maria received an offer of a drilling grant under the EIS program from the Western Australian government for the Cyclops Project (Copper, Gold, REE). The Cyclops Project borders the Leviathan Project and the Company is investigating what appears to be substantial benefits in costs, practicality and logistics of a combined work program.

#### **Strategic Elements Ltd**

The Company ended the quarter with a strong cash position of \$7.3M and no debt. Across the group, net expenditure was \$684k; this included all corporate costs, research and development expenditure, internal costs incurred in operating the ASX-listed entity and direct costs in providing management assistance to investee companies, principally Australian Advanced Materials (Energy Ink™ technology) Stealth Technologies (robotics and artificial intelligence) and Maria Resources (technology metals frontier exploration).

Direct costs of \$340k were attributable to Strategic Elements, this included all corporate costs, internal costs incurred in operating the ASX-listed entity and direct costs in providing management assistance to investee companies. Payments of \$176k to related parties and their associates are reported at item 6.1 of the accompanying Appendix 4C. These payments comprise director's fees for Directors and salaries for Executive Directors.

AAM incurred expenditure of \$119k related to R&D development undertaken at UNSW, consultants and other costs incurred in research and managing AAM's IP portfolio. Stealth received revenue of \$40k and incurred \$176k in expenses related to staff, consultants and R&D development costs across projects. Cognition Engines incurred net expenditure of \$18k for early technology evaluation costs. Maria incurred \$51k in costs associated with its battery metal projects exploration projects. Strategic Materials incurred \$20k in permit and consulting fees for holding the Golden Blocks permit in New Zealand.

The Australian Federal Government has registered Strategic Elements as a Pooled Development Fund with a mandate to back Australian innovation. The Company supports leading Australian scientists and innovators in

high-risk-high reward ventures. SOR majority funds the initial development of each Venture whilst seeking a major strategic investor/partner able to assist commercialisation at the appropriate time.

**More Information:**

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This announcement was authorised for release by the Strategic Elements' Board of Directors.

<sup>1</sup>ASX Announcement 31/9/2022

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Strategic Elements Limited

**ABN**

47 122 437 503

**Quarter ended ("current quarter")**

30 September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	40	40
1.2 Payments for		
(a) research and development	(285)	(285)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(11)	(11)
(d) leased assets	-	-
(e) staff costs	(344)	(344)
(f) administration and corporate costs	(159)	(159)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	75	75
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash used in operating activities</b>	<b>(684)</b>	<b>(684)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,989	7,989
4.2	Net cash used in operating activities (item 1.9 above)	(684)	(684)
4.3	Net cash used in investing activities (item 2.6 above)	-	-
4.4	Net cash from financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>7,302</b>	<b>7,302</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	701	1,392
5.2	Term deposits	116	116
5.3	60 Day Notice	6,500	6,500
5.4	Other (credit card)	(15)	(19)
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,302</b>	<b>7,989</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	176
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash used in operating activities (item 1.9)	(684)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,302
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,302
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	10.68
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: n/a	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: n/a	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: n/a	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

## **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31-10-2023 .....

Authorised by: Matthew Howard .....  
(Name of body or officer authorising release – see note 4)

## **Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.