



## SOR Strategic Elements June Quarter Update

**Strategic Elements Ltd (ASX: SOR)** provides the following update to accompany the Appendix 4C lodged for the quarter ending 30 June 2024. Strategic Elements (SOR) operates as a 'Venture Builder' by sourcing and combining teams of leading scientists or innovators developing high-risk, early-stage ventures. SOR majority funds the initial stages of development and the Executive team is deeply engaged with each project, whilst a major strategic investor/partner is sought to assist commercialisation at the appropriate stage.

The Australian Federal Government has registered Strategic Elements as a Pooled Development Fund (PDF) with a mandate to back high-risk, early-stage Australian innovation. New PDF registrations are no longer available; however, existing Funds registered under the PDF programme continue to operate. The PDF program provides a highly beneficial tax structure while placing strict regulatory oversight on the Company and its Directors to ensure compliance with the regulations of the Australian Federal Government's Pooled Development Fund Act 1992.

### **Australian Advanced Materials (100%)**

During the quarter, Australian Advanced Materials (AAM) has continued to progress the Australian Research Council funded Energy Ink technology. The ARC is providing approx. \$1,020,000 in cash funding (non-dilutive to SOR shareholders) whilst AAM is contributing approx. \$800,000 in cash funding over the four years. The SOR Executive team, engineers from Stealth Technologies and material scientists from UNSW are working to progress both High Power and Small Device Energy Ink™ cells that generate energy from moisture in the air.

AAM had previously set an ambitious goal of generating energy from moisture in an apartment building car park overnight and providing a small charge to an electric vehicle. However, achieving the required power and duration and upscaling fabrication methods to manufacture thousands of cells and electrodes for the proposed prototype device are presenting formidable challenges to the Energy Ink™ team to achieve within the UNSW laboratory alone.

AAM is working to overcome challenges in upscaling fabrication methods to manufacture thousands of cells and electrodes. Subject to successful cell scaling, a program of work targeted towards providing a small charge to an electric vehicle will resume. To assist in overcoming these challenges, a Company with expertise in printed electronics within the defence and health sectors was engaged to assist in transferring the technology out of the laboratory environment into an industrial setting. The objective is to successfully scale production from small-scale laboratory fabrication to a more automated process to enable larger numbers of cells to be fabricated.

Development of small device Energy Ink™ cells is focused on enabling the Company to collaborate with potential application partners. The overriding objective for the Small Device program is to optimise Energy Ink™ materials to a stage where they can be transferred to potential development and application partners, who will ultimately progress the high-level automation.

Key near term development includes:

- Testing various commercial screen printable conductive inks to determine appropriate combination for optimised electrical performance for the Energy Ink cell.
- Optimise the viscosity of each layer of Energy Ink to ensure suitability of ink with commercial printing process which will enable ease of high-volume fabrication.
- Investigate different processes to scale up Energy Ink production for potential high volume ink production.

Partnering is also intended around cell packaging. Packaging is an important development pathway as it allows the Energy Ink™ cell's energy-generating ability to be controlled and deployed when required. As development intensifies, shelf life and material cost will present additional hurdles for the Energy Ink™ team.

### **Stealth Technologies (100%)**

100% owned Stealth Technologies (Stealth) is developing sensor fusion technology aimed at increasing underground mining profitability. Stealth and an Australian mining company continued to investigate a potential pilot program to deploy the technology underground. In June 2024, Stealth collected further data from the underground mine using its sensor fusion technology originally developed for the ASV (Automated Security Vehicle). The goal of the potential pilot program is to validate the Stealth technology in a real-world setting and demonstrate potential commercial benefits to future potential customers. No pilot program agreement has been formed to date.

Stealth has been continuing to provide critical input into the Energy Ink™ development. This quarter, work has focused on the development of custom test measurement kits for Energy Ink™ cells. A new power management kit has been developed for testing different power output modes of the updated cells, and assembly and testing has successfully been replicated at the Perth lab. Stealth has also been integral in designing a custom printed electronics structure to potentially allow larger numbers of cells to be fabricated.

Stealth also 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 and maintaining agreements with customers to facilitate ASV Pilot Deployments. In June 2024, Stealth entered discussions for a further ASV deployment to an overseas customer under this agreement however, no commitment has been made or received at this stage.

### **Maria Resources & Strategic Materials (100%)**

100% owned Maria Resources (Maria) has further developed its strategy into drill testing at its Leviathan and Cyclops technology metals projects. Maria is undertaking significant analysis and intends to conduct initial drill testing of the Cyclops project in Q4, 2024 subject to aboriginal access agreement and approvals from the Western Australian government.

The Company had planned on accessing the Cyclops/Leviathan areas in June and July of 2024 to test various methods of geochemical sampling prior to any planned drill program. However unfortunately these plans have been delayed due to the heavy rainfall in the Nullabor region which have washed out tracks in the area preventing access to Maria's tenements. Other companies conducting exploration groundwork in the Madura Province have also temporarily paused their work programs due to limited access. Currently, the only access into the area is via private flight charter which is not practical for ground exploration.

### **Strategic Elements Ltd**

The Company ended the quarter with a strong cash position of \$5.75M and no debt. Across the group, net expenditure was \$576k; this included all corporate costs, research and development expenditures, 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 \$316k 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 \$153k to related parties and their associates are reported at item 6.1 of the accompanying Appendix 4C. These payments comprise Board fees for Directors and salaries for Executive Directors.

AAM incurred expenditure of \$135k related to R&D development undertaken at UNSW, consultants and other costs incurred in research and managing AAM's IP portfolio. Stealth incurred \$164k in staff, consultants, and R&D development expenses across projects and received \$69k from consulting to AAM for research and development. Cognition Engines incurred \$1k for R&D development and consulting costs. Maria incurred \$14k in costs associated with its technology metals projects. Strategic Materials incurred \$15k in permit and consulting fees for holding the Golden Blocks permit in New Zealand.

**More Information:**

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

*Risks and Forward-Looking Statement- The Company's future success depends on its venture companies' successful development. The Company has had initial success with the development of Energy Ink™ technology. However, given it is still an early-stage technology, it is susceptible to risks associated with early-stage R&D, such as the uncertainty of material science development, intellectual property risks, materials engineering challenges, competition, fabrication challenges, access to required laboratory equipment and problems scaling up lab-based methods. There can be no guarantee that the assumptions and contingencies on which any forward-looking statements, opinions and development timeline estimates contained in materials published by the Company are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, including known and unknown risks, many of which are outside the control of the Company. Actual performance of The Company may materially differ from forecast performance.*

## 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 June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	69	109
1.2 Payments for		
(a) research and development	(220)	(1,027)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(6)	(54)
(d) leased assets	-	-
(e) staff costs	(323)	(1,372)
(f) administration and corporate costs	(161)	(557)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	66	277
1.5 Interest and other costs of finance paid	(1)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	431
1.8 Other	-	-
<b>1.9 Net cash used in operating activities</b>	<b>(576)</b>	<b>(2,198)</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	(15)	(27)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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>(15)</b>	<b>(27)</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	6,350	7,989
4.2	Net cash used in operating activities (item 1.9 above)	(576)	(2,198)
4.3	Net cash used in investing activities (item 2.6 above)	(15)	(27)
4.4	Net cash from financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(3)	(8)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>5,756</b>	<b>5,756</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	664	1,260
5.2	Term deposits	121	116
5.3	60 Day Notice	5,000	5,000
5.4	Other (credit card)	(29)	(26)
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,756</b>	<b>6,350</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	153
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)	(576)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,756
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,756
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	10
<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 July 2024.....

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.