



CORPORATE UPDATE

The Company has recently announced the intention to separate its current rare metal assets into two distinct subsidiaries. One entity will develop rare earths assets, the second will specifically focus on tungsten & gold.

The two separate entities differ in critical aspects. The rare earths company will have a very large reward versus larger risk potential, albeit in a sector with longer development time frames. The tungsten gold company will be in sectors with shorter development timeframes with a balance of a critical rare metal (tungsten) and a well understood metal in demand in times of uncertainty (gold).

The Company would like to provide further background to its strategy:

Tungsten Projects

Tungsten is a rare metal few people know about - except for in a vague and indeterminate way, yet it was one of the best performing commodities in 2011 gaining over 35%. It is being impacted by many of the same market factors that forced rare earths to historic highs. These include Chinese control of global supply, its increasing internal demand for those resources and the subsequent need for non Chinese supply. Unlike rare earths, development time is much shorter, there are fewer processing issues and capital costs are much lower. Market awareness is just starting to build, professional investors are entering the sector and projects with very large valuations are receiving financing. In a major surprise to the market, Warren Buffet has recently made an \$80M investment into a Korean tungsten project.

Tungsten is an essential component in many industrial applications including drilling & cutting tools, electronics and specialist steels. The European Union categorizes tungsten as a "critical raw material". USA, Europe and Japan consume 55% of world tungsten, but produce only ~5%. It should be no surprise that tungsten prices have surged in the last year, while many other commodities have experienced price decline.

Logical Inclusion of Gold

Combining tungsten with gold is an obvious strategy for two reasons. Firstly, from a geological and exploration point of view, gold is commonly found in areas that also contain tungsten. Secondly, from an investor point of view, gold is a commodity that is in demand in times of economic uncertainty, can be more quickly progressed to JORC status and is more easily understood by the wider investment community.

Partnering and Development

Importantly, partners and investors will be able engage with the Company in one or the other of the Company's investees. Options for the Company include a financing or sale of rare earths and/or a tungsten/gold subsidiary or a separate listing on a recognized stock exchange.

Continued Development of Rare Earths Projects

The company believes that the rare earths sector (with a focus on heavy rare earths) can provide significant potential upside within the constraints inherent to the industry such as processing and environmental. Very large potential rewards are concomitant with large risks. Rare earths prices have stabilized somewhat from their almost vertical trajectory, price stability is far better for the sector in the long term. There is general market knowledge of rare earths.

The Company remains confident that the discovery of new sources of heavy rare earths has the potential to add value. 100% owned entity Strategic Materials Pty Ltd will continue to develop rare earths projects.

Current Market

The current general market is particularly risk averse, with projects containing a large amount of risk being hit the hardest. The company has been very clear that it is seeking very large scale potential upside in a high risk - high reward scenario. It follows therefore that the Company has felt the impact of the risk adverse nature of the current market. However, we feel that when the general market recovers, the Company's unique capacity to provide tax free capital gains and dividends whilst seeking out large scale potential projects is a strong point of difference to its contemporaries.

The Company has continued to conduct due diligence on new projects as well as develop existing projects. The recently announced information on the 'Wicklow Tungsten Block' is the first step in a line of developments. Shareholders are encouraged to read the announcement at the Company's website (www.strategicelements.com.au)

Further detail on the Company's additional tungsten/gold projects is intended to be made shortly. The program is part of a wider strategy to position the company for an upturn in the general market.

For all enquiries please contact:

Mr. Charles Murphy
Managing Director
Telephone: +61 8 9278 2788
Email: admin@strategicelements.com.au
Web: www.strategicelements.com.au

About Strategic Elements Ltd

The Company generates multi-commodity assets with exposure to rare and precious metals. (e.g. rare earths, tungsten, tin, gold, silver). This includes the development of projects in territories with large-scale potential where modern techniques have yet to be applied. The Company strategically restricts its activities to countries with low political risk.

The Company is registered by the Federal government as a Pooled Development Fund, which enables most shareholders to pay no tax on capital gains or dividend income received from their shareholding in the Company. This structure has the potential to significantly multiply the benefit of any capital gain made by the Company's shareholders.