STRATEGIC
ELEMENTS

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Strategic Targets Blue Mountain Ultramafic Intrusion

The Blue Mountain project is seeking to make a multi-commodity copper-nickel-cobalt discovery buried within Blue Mountain, South Island, New Zealand.

Strategic Elements Ltd (ASX:SOR) is pleased to announce that Strategic Materials Pty Ltd (100% owned) has lodged a prospecting permit application over Blue Mountain, near Kaikoura on the East Coast of the South Island, New Zealand.

Historical exploration reports from the 1980's confirmed that Blue Mountain contains economic grades of the rare metal cobalt, along with copper and nickel in veins of sulphides at surface. Despite this, no geophysical survey has ever been conducted to identify buried zones of sulphides with potential to host large scale deposits. Exploration is intended to determine whether veins of sulphides discovered in the past are related to potential zones of sulphides beneath the surface.

Once all regulatory permits are received the Company plans to undertake sampling of the mineralized areas and an appropriate program of geophysics to generate drill targets.

Geology

Blue Mountain contains an ultramafic intrusion (a body of ultramafic magma that intruded its way to the surface). Ultramafic intrusions host some of the world's giant metal deposits and are very favourable geological bodies to explore for large mineral deposits.

For example, the ultramafic intrusion at Voisey Bay in Canada is one of the richest nickel deposits in the world (also contains copper and cobalt). Interestingly, government geologists had known of ultramafic rocks outcropping at Voisey Bay, but had dismissed them as unpromising. Modern exploration revealed a rich bowl-shaped ore body buried beneath the surface.

Exploration

At Blue Mountain, academic and government literature has confirmed the presence of the ultramafic intrusion. Limited historical exploration at Blue Mountain has reported disseminated sulphide mineralisation occurring widely across the 1.5m x 1 km intrusion. Massive sulphide mineralization was reported in veins with rock chip assays with peak grades of (a) 2.1% Cu, .5% Ni, .1% Co and (b) 1.5% Cu, 1.3% Ni, .5% Co.

An exploration program incorporating geophysics is therefore required to detect buried deposits of sulphides containing copper, nickel and cobalt at Blue Mountain.

Primary targets are:

1) Enriched feeder zone at shallow depth that is feeding the veins discovered in rocks outcropping at the surface. Mineralization in the veins may be sourced from a massive sulphide body at depth in the centre of the intrusion.

2) Contact zone between two units, an olivine gabbro and an olivine pyroxenite, within the intrusive complex; the outcropping veins occur along this contact on the east and south east sides of the complex. This contact zone has been mapped on the western side of the complex but outcrop is limited so it is not known whether sulphides occur here. Grade and thickness of this sulphide zone may increase at depth towards the centre of the intrusive complex.

Portfolio

The Blue Mountain project continues a strategy of developing projects in New Zealand with potential to deliver large upside on the back of an exploration discovery. The Company believes that New Zealand is an underexplored country with significant mineral potential, where the government is taking steps to support the expansion of mining industry.

Managing Director Charles Murphy said "Blue Mountain is attractive as a multi commodity project containing the rare metal cobalt and despite the sulphide related mineralization, it has had no geophysics. A discovery in an intrusion like Blue Mountain could have a significant impact on the Company".

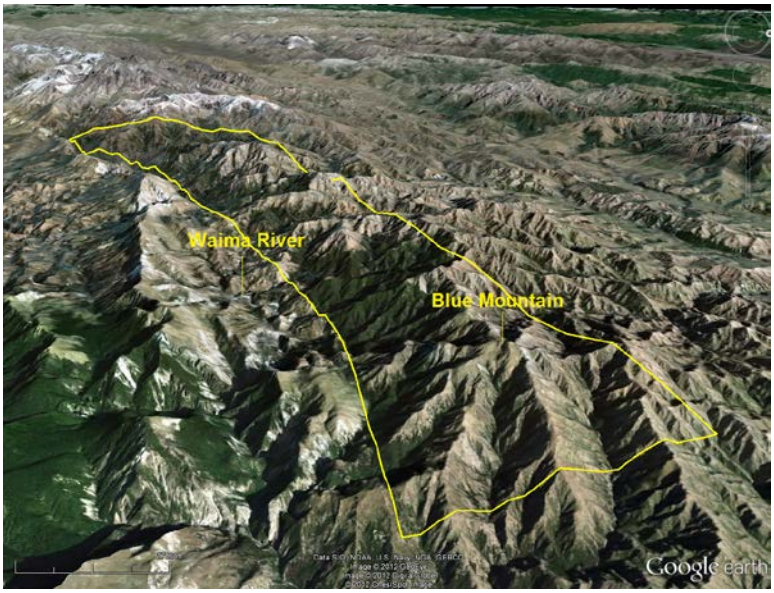

Figure 1: Google Earth satellite image (looking west)

The information in this report that relates to Exploration Results is based on information compiled by Geoff Price, who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Geoff Price is employed by Geopex Ltd. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Geoff Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".

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 develops and funds multi-commodity assets with exposure to rare and precious metals. 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.