



Strategic Clarifies Exploration at Mandamus Complex

The Mandamus Project is seeking to discover rare and precious metals in the Mandamus Intrusive Complex on the east coast of the South Island, New Zealand.

Strategic Elements Ltd (ASX: SOR) is pleased to clarify exploration at Strategic Materials Pty Ltd (100% owned) Mandaumus project.

During reconnaissance, the Company identified several areas where outcropping rocks have been strongly altered by fluids that have risen up through the intrusive complex. One of these areas was identified from an academic study, which reported an area of “intense hydrothermal alteration”. It is intended that the exploration program will target these areas. Evidence of alteration in the Mandamus intrusive complex is important, as precious metals are sometimes concentrated into ore deposits as fluids move through an intrusive complex.

The Mandamus complex also contains areas which appear to have undergone extensive activity. This includes an area around the top of the complex at Hurunui Peak (937m) where a 1974 academic thesis states volatile gases “drilled a vent up through the Mandamus Complex and probably reached the surface as a violent explosive eruption”. The exploration program will also investigate this area.

The intended exploration program at Mandamus will include sampling of creeks draining the intrusive, rock chip sampling coverage of the entire intrusive complex, geophysical surveys and drilling where appropriate. The project is situated within a few hours of Christchurch near sealed roads and infrastructure. Farm tracks provide easy access to most areas within the Mandamus complex. Samples will be sent to a laboratory in Adelaide.

It is notable that the intrusive complex at Mandamus **has never been commercially explored**.

Academic reports note that the Mandamus Complex was formed around the same time and is correlated geochemically with the **Blue Mountain** intrusion, which SML recently covered with a prospecting permit application.

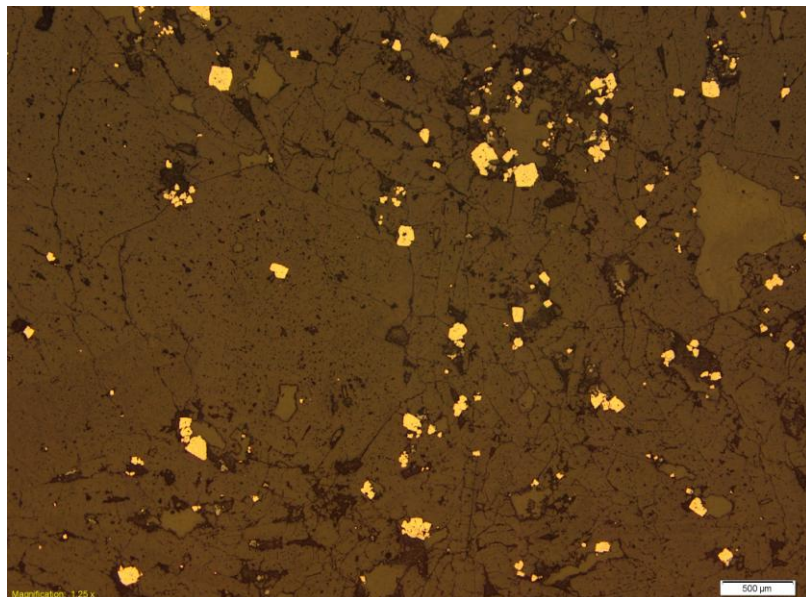
At Blue Mountain, limited exploration in the 1980's reported disseminated sulphide mineralization occurring widely across the 1.5m x 1 km intrusion. Massive sulphide mineralization was reported in veins with rock chip assays with peak grades of (a) 2.1% copper, 0.5% nickel, and 0.1% cobalt (b) 1.5% copper, 1.3% nickel, and 0.5% cobalt.

Importantly, sulphide mineralization has now been identified at both of these intrusive complexes. Intrusive-hosted deposits are usually buried and require geophysics to discover. No geophysical surveys have ever been conducted over these north east coast intrusions to identify potential sulphide deposits buried within them.

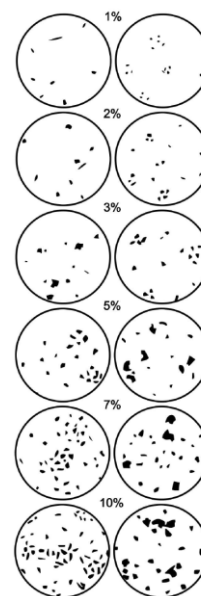
As announced 23 August 2012, two zones of sulphide mineralisation with up to 5% sulphide content were discovered in altered rocks outcropping next to a farm track during reconnaissance. The two zones of sulphide mineralisation were identified from sulphide staining in outcropping rocks. One zone is on top of a ridge in what appears to be trachyte. The other zone is contained within an area of alteration and has disseminated pyrite in syenite.

The extent of the sulphides thus far is a visual estimate made by geologists during the reconnaissance visit. Visual estimate methodology is based on the proportion of sulphides determined visually as a percentage of the total volume of the rock, using “Diagrams Representing Various Percentages of Grains” given in “Field Geologists’

Manual”, AusIMM Monograph 9. SML intends to commence a thorough sampling program of the Mandamus intrusive complex for rare and precious metals. Analytical assays will allow confirmation of the level of sulphides and precious metal mineralization within different areas of the intrusive complex.



Disseminated pyrite in syenite



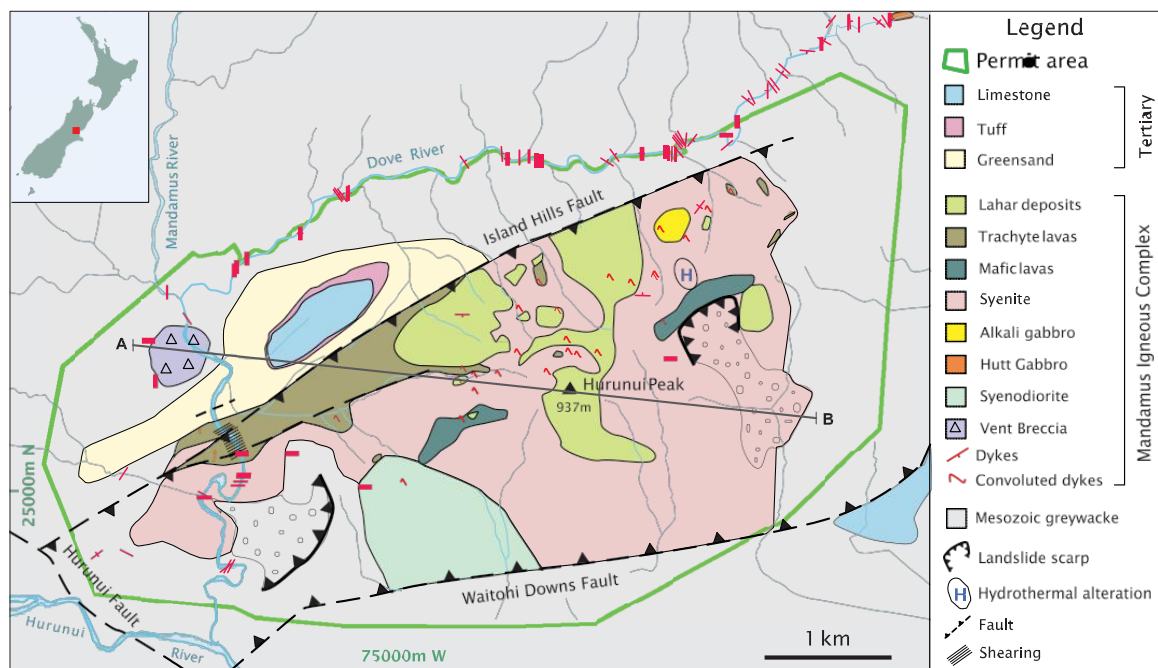
Diagrams representing percentages grains

Managing Director Charles Murphy said “Intrusion related deposits provide potential for large scale upside. New Zealand has some very interesting intrusions with very little modern exploration. SML has been very active in this aspect in New Zealand and we look forward to some interesting developments”.



Altered outcrop alongside farm track

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”.



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