



Notice of Annual General Meeting

Date of Meeting: 10th October 2017

Time of Meeting: 2:30pm (WST)

Place of Meeting: 67 Howe Street, Osborne Park, WA

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

NOTICE is hereby given that the Annual General Meeting of members of Strategic Elements Limited ("the Company") will be held at 67 Howe Street, Osborne Park, WA on 10th October 2017 at 2:30 pm (WST).

The Explanatory Notes to this Notice provide additional information on matters to be considered at the Meeting. The Explanatory Notes and Proxy Form form part of this Notice. Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Terms and abbreviations used in this Notice and Explanatory Notes are defined in the Explanatory Notes.

Ordinary Business

Agenda Item 1 - Accounts and Reports

To receive and consider the Financial Reports of the Company and reports of the Directors and Auditor for the year ended 30 June 2017.

Agenda Item 2 - Resolutions

Resolution 1: Remuneration Report

To consider and, if thought fit, to pass the following resolution with or without amendment as a **non-binding ordinary** resolution of the Company:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Company's Remuneration Report as set out in the Company's Annual Report for the year ending 30 June 2017."

A voting exclusion statement is set out below.

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

Resolution 2: Re-election of Mr Elliot Nicholls as a Director

To consider and, if thought fit, to pass the following resolution with or without amendment as an **ordinary resolution** of the Company:

"That Mr Elliot Nicholls, being a Director of the Company who retires in accordance with Clause 11.3 of the Company's Constitution and for all other purposes, offers himself for re-election, being eligible, is re-elected as a Director of the Company."

Resolution 3: Approval of 10% placement facility

To consider and, if thought fit, to pass the following resolution with or without amendment as a **special resolution** of the Company:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes."

A voting exclusion statement is set out below.

Resolution 4: Grant of Performance Rights to Mr Charles Murphy

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 3,750,000 Performance Rights (and the issue of Shares following the vesting of those Performance Rights) to Mr Charles Murphy (or his nominee) under the terms of the Strategic Elements Performance Rights Plan as further detailed in the Explanatory Memorandum."

A voting exclusion statement is set out below.

Resolution 5: Grant of Performance Rights to Mr Matthew Howard

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 3,750,000 Performance Rights (and the issue of Shares following the vesting of those Performance Rights) to Mr Matthew Howard (or his nominee) under the terms of the Strategic Elements Performance Rights Plan as further detailed in the Explanatory Memorandum."

A voting exclusion statement is set out below.

Proxies

Please note that:

1. a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
2. a proxy need not be a member of the Company; and
3. a member of the Company entitled to cast two or more votes may appoint a maximum of two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Pursuant to sections 250BB and 250BC of the Corporations Act:

1. if proxy holders vote, they must cast all directed proxies as directed; and
2. any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

If you appoint the Chair as your proxy (or the Chair becomes your proxy by default) and the appointment does not specify the way the proxy is to vote on Resolution 1, you expressly authorises the Chair to exercise the proxy on Resolution 1.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

1. the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
2. if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
3. if the proxy is the Chair at which the resolution is voted on – the proxy must vote on a poll, must vote that way; and
4. if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way.

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

1. an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;

2. the appointed proxy is not the Chair;
3. at the meeting, a poll is duly demanded on the resolution; and
4. either of the following applies:
 - (a) the proxy is not recorded as attending the meeting;
 - (b) the proxy does not vote on the resolution,

the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Corporate representative

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting must comply with the execution and appointment requirements set out on the Proxy Form and otherwise with the provisions of sections 127 and 250D of the Corporations Act or with the legal requirements of the country in which that corporate Shareholder was incorporated. The representative should be provided with a certificate or letter authorising him or her to act as that Company's representative including any authority under which it is signed. The authority may be sent to the Company and/or registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Entitlement to attend and vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that, for the purposes of the Annual General Meeting, Shareholders are those persons who are the registered holders of Shares in the Company at 4:00pm (WST) on 8th October 2017. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

Voting Exclusions

Resolution 1 - Voting exclusion:

In accordance with section 250R of the Corporations Act, a vote on this resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 3 - Voting exclusion:

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed and any associates of those persons. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 - Voting exclusion:

The Company will disregard any votes cast in relation to this resolution:

- by any Director of the Company who is eligible to participate in the Plan and their associates; or
- by or on behalf of a person who is a member of the KMP or their closely related parties.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 - Voting exclusion:

The Company will disregard any votes cast in relation to this resolution:

- by any Director of the Company who is eligible to participate in the Plan and their associates; or
- by or on behalf of a person who is a member of the KMP or their closely related parties.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors:



Matthew Howard
Strategic Elements Limited
4th September 2017

Explanatory Notes

1. Accounts and Reports

The Corporations Act requires the financial report and the reports of the Directors and Auditor to be laid before the Annual General Meeting and the Company's Constitution provides for these reports to be received and considered. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on these reports.

Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended 30 June 2017 which is available on the ASX platform at www.asx.com.au;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or the Company's Auditor about:

- (a) the preparation and content of the Auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the company Secretary at the Company's registered office.

2. Resolution 1: Remuneration Report

2.1 Introduction

The Remuneration Report discloses the remuneration of Directors of the Company. This report can be found within the Directors Report of the Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2017.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote is advisory only, and does not bind the Directors or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Chair will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

2.2 Voting consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution to approve calling an extraordinary general meeting at which all of the Company's Directors who were directors when the resolution to make the directors report considered at the later annual general meeting was passed (other than the Managing Director) must go up for re-election (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's second annual general meeting.

All of the directors of the company who were directors of the Company when the resolution to make the directors' report considered at the second annual general meeting was passed, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting

Voting on Resolution 1 may be determined by a poll at the Meeting rather than a show of hands.

The Board recommends that Shareholders approve Resolution 1.

3. Resolution 2: Re-election of Mr Elliot Nicholls as a Director

The Company's Constitution requires that one-third of the Directors retire by rotation at each Annual General Meeting and that Directors appointed by the Board hold office until the next annual general meeting.

Mr Nicholls was appointed as a Director on 7th January 2009 and is a Director of the Company. In accordance with Clause 11.3 of the Company's constitution Mr Nicholls offers himself for re-election.

Further information on Mr Elliot Nicholls can be found in the Directors' Report contained within the Annual Report.

The Board, other than Mr Elliot Nicholls, unanimously recommends that Shareholders vote in favour of Resolution 2.

4. Resolution 3: Approval of 10% Placement Facility

4.1 General

Although the Company has no current plans to issue additional Equity Securities, this resolution seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period following shareholder approval (**10% Placement Facility**).

The exact number of Equity Securities to be issued under the 10% Placement Facility would be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below). Any issue price would need to be determined, but would be no less than 75% of the price of the Equity Securities at the time of any issue.

The Company continues actively to evaluate further investments and may require the 10% Placement Facility to assist its investment activities.

4.2 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3. This will allow the Company to issue securities and raise funds, if required, whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

4.3 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period following shareholder approval by way of a special resolution. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

As Resolution 3 is a special resolution, approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) is required.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as it has a market capitalisation of \$18.15 million (as at 21 July 2017) and is not part of the S&P/ASX 300 Index.

(a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$$\text{Number of Equity Securities} = (A \times D) - E$$

"A" the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that become fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

"D" is 10%

"E" is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1

Any Equity Securities issued under Listing Rule 7.1A.2 must be in an existing quoted class of the Company's Equity Securities. As at the date of this Notice, the Company has one class of quoted Equity Securities on issue, being fully paid ordinary Shares.

As the date of this Notice, the Company has 242,746,454 Shares on issue. As a result, the Company has a capacity to issue:

- (i) 36,411,968 Equity Securities under Listing Rule 7.1; and
- (ii) 24,274,645 Equity Securities under Listing Rule 7.1A.

(b) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) The date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) If the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued,
or such longer period as allowed by ASX.

4.4 Specific information by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued,
or such longer period as allowed by ASX.
- (b) There is a risk of economic and voting dilution to existing Shareholders that may result from an issue of Equity Securities under Listing Rule 7.1A.2 of Shareholders approve the 10% Placement Facility, including the risks that:
- (i) the market price for the Company's Equity Securities may be significantly lower of the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, or issued for non-cash consideration for the acquisition of a new asset.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.038 50% decrease in Issue Price	\$0.075 Issue Price	\$0.15 100% increase in Issue Price
Current Variable A 242,746,454 Shares	10% Voting Dilution	24,274,645 Shares	24,274,645 Shares	24,274,645 Shares
	Funds raised	\$910,299	\$1,820,598	\$3,641,197
50% increase in current Variable A 364,119,681 Shares	10% Voting Dilution	36,411,968 Shares	36,411,968 Shares	36,411,968 Shares
	Funds raised	\$1,365,449	\$2,730,898	\$5,461,795
100% increase in current Variable A 485,492,908 Shares	10% Voting Dilution	48,549,291 Shares	48,549,291 Shares	48,549,291 Shares
	Funds raised	\$1,820,598	\$3,641,197	\$7,282,394

The table has been prepared on the following assumptions:

- (i) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options (including any quoted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are

exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

- (v) The issue price is \$0.075 being the closing price of the Shares on ASX on 21 July 2017.
- (vi) All Equity Securities issued within the 12 months period preceding the date of this Meeting were either with Shareholder approval or ratified.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- (c) The latest date by which Equity Securities may be issued is 12 months after the Meeting. Approval for the issue of Equity Securities under the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Equity Securities may be issued for the following purposes:
 - (i) To raise funds, in which case the Company intends to use the funds raised towards new investments (including expense associated with such investments), continued expenditure on the Company's current investments (Australian Advanced Materials Pty Ltd, Maria Resource Pty Ltd and Strategic Materials Pty Ltd) and/or general working capital.
 - (ii) In consideration of new investments, in which case the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
 - (i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
 - (ii) In the case of an asset or investment acquisition, the nature and circumstances of the acquisition.
 - (iii) The effect of the issue of the Equity Securities on the control of the Company.
 - (iv) The financial situation and solvency of the Company.
 - (v) Advice from corporate, financial and broking advisers (if applicable).

The allottees may include vendors (in the case of any issue for non-cash consideration), existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) Equity securities issued over the previous 12 months

The Company received approval under rule 7.1A at its 2016 annual general meeting, however has not issued any securities during the 12 months preceding the date of the meeting.

- (g) A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities, and no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

5. Resolutions 4 & 5 - Grant of Performance Rights to Mr Charles Murphy and Mr Matthew Howard

5.1 Introduction

On 16th November 2015, Shareholders voted in favour of granting 4,500,000 Performance Rights to both Mr Charles Murphy and Mr Matthew Howard over a two year performance period. The Performance Rights were to vest on the achievement of specific performance hurdles, the hurdles were linked to both continuous employment and growth in the market capitalisation of the Company.

Performance Rights previously approved by shareholders on 16th November 2015

<i>Performance Hurdle</i>	<i>Performance Rights</i>
12 months continuous employment	750,000 Performance Rights
24 months continuous employment	750,000 Performance Rights
Achieve a market cap of \$50m	1.5 million Performance Rights
Achieve a market cap of \$60m	1.5 million Performance Rights

As of the date of this notice, the market capitalisation hurdles have not been achieved and will not likely be achieved within the two year performance period.

As Mr Charles Murphy and Mr Matthew Howard are full time Executive Directors, the Board wishes to re-issue the market capitalisation Performance Rights for a further 12 months with the same hurdles as previous agreed by shareholders. Additionally, it is recommended that additional Performance Rights be issued if Mr Charles Murphy and Mr Matthew Howard remained continuously employed for a further 12 months.

Resolutions 4 and 5 seek shareholder approval to re-issue up to 3,750,000 Performance Rights under the Plan to both Mr Charles Murphy and Mr Matthew Howard.

Mr Charles Murphy and Mr Matthew Howard work in a full-time capacity and are responsible for the management of the Company and its investments. The Company has operational complexities due to its Pooled Development Fund status, however the Company and its shareholders benefit greatly from the tax benefits provided under the Pooled Development Fund program. Mr Murphy is also the registered responsible manager for the Company's Australian Financial Services License.

The Board with shareholders approval established a Long Term Incentive Plan (LTIP or Plan) on 16 November 2015. The LTIP works by establishing specific growth related performance hurdles. If these performance hurdles are met, the Performance Rights would vest to the participant, Performance Rights, when vested, allow the holder to be issued fully paid ordinary shares in the Company for no additional consideration. Any Performance Rights offered to directors are made under the LTIP. The current LTIP is summarised for shareholders in Annexure A and should be considered in addition to the explanatory note for this resolution.

In 2015, Board sought independent external guidance in making its determination in designing hurdles that are in-line with market hurdles found in the small cap sector, both in the form of equity incentive and the quantum of performance rights. No updated guidance has been sort in relation to the issue in this resolution as the performance hurdles have remain unchanged.

5.2 Requirement for Shareholder approval

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a Director of the entity, an associate of the Director, or a person whose relationship with the entity, Director or associate of the director is, in ASX's opinion, such that approval should be obtained.

In accordance with ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of 3,750,000 Performance Rights both to Mr Charles Murphy and Mr Matthew Howard under the Plan for all purposes under the Corporations Act and the Listing Rules.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under ASX Listing Rule 10.14 and Exception 9(b) of ASX Listing Rule 7.2. The

issue of Performance Rights to the Related Parties will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

5.3 Vesting Conditions of the Performance Rights

The Board has determined that under the Plan the Performance Rights will vest subject to achievement of the specific performance hurdles and the terms and conditions of the Plan. The period for the vesting of the Performance Rights is one year (**Performance Period**), commencing from the date of shareholder approval of this resolution.

The performance hurdles are as follows:

<i>Performance Hurdle</i>	<i>Performance Rights</i>
12 months continuous employment	750,000 Performance Rights
Achieve a market cap of \$50m	1.5 million Performance Rights
Achieve a market cap of \$60m	1.5 million Performance Rights

If the relevant performance conditions are satisfied, the vesting of Performance Rights will occur subject to the terms and conditions of the Plan. The Performance Rights lapse if and to the extent that the performance conditions are not met. There is no re-testing.

Each Performance Right, once vested, entitles the holder to be issued one fully paid ordinary share in the capital of the Company. Performance Rights may be issued directly or as a Performance Unit (referrable to a Performance Right) allocated by a trustee appointed by the Company and upon such additional terms as the Board determines.

5.4 Disclosures required pursuant to ASX Listing Rule 10.15A

ASX Listing Rule 10.15A requires this Notice to include the following specified information in relation to the Performance Rights which are proposed to be issued to Mr Charles Murphy and Mr Matthew Howard under the Plan. The performance measures relating to these Performance Rights are described above.

- (a) The maximum number of Performance Rights to be granted to Mr Charles Murphy (or his nominee) and Mr Matthew Howard (or his nominee) are 3,750,000 Performance Rights each.
- (b) The Performance Rights are being issued for nil cash consideration under the terms of the Plan and as a performance incentive.
- (c) Under the Plan, shareholders have approved (16th Nov 2015) the issue of 4,500,000 Performance Rights to Mr Charles Murphy and 4,500,000 Performance Rights to Mr Matthew Howard. As at the date of this notice, only 750,000 Performance Rights have vested to Mr Charles Murphy and Mr Matthew Howard respectively.
- (d) Mr Charles Murphy and Mr Matthew Howard are the only two Directors entitled to participate in the Plan.
- (e) There is no loan scheme in relation to the Performance Rights.
- (f) Details of any Performance Rights issued under the Plan are published in each annual report of the Company relating to a period in which Performance Rights have been issued, with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after the Resolutions 4 and 5 are approved and who were not named in the notice of meeting will not participate until approval is obtained under Listing Rule 10.14.
- (g) The Performance Rights will be issued to Mr Charles Murphy and Mr Matthew Howard (or their nominee) no later than 3 years after the date of the Meeting.
- (h) A voting exclusion statement is included in the Notice.

5.5 Corporations Act

Section 208 of Chapter 2E of the Corporations Act provides that for a public company to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within fifteen months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Directors, (other than the Director the subject of the relevant Resolution) are of the view that the proposed issue of Performance Rights under the Plan pursuant to Resolutions 4 and 5 fall within the "reasonable remuneration" exception under section 211 of the Corporations Act given the circumstances of the Company and the positions held by the relevant director.

Accordingly, the Directors (other than the Director the subject of the relevant resolution) have determined not to seek Shareholder approval for the purposes of section 208 of the Corporations Act for the issue of Shares under Resolutions 4 and 5

5.6 Directors' recommendation

Mr Elliot Nicholls recommend that Shareholders vote in favour of Resolutions 4 and 5. Mr Charles Murphy and Mr Matthew Howard have an interest in the outcome of Resolutions 4 and 5 and accordingly do not make a voting recommendation to Shareholders.

In this Notice and Explanatory Notes:

Accounting Standards	has the meaning given to that term in the Corporations Act.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Annual Report	the annual report of the Company for the year ended 30 Jun 2017.
Auditor	means Nexia Perth Audit Services Pty Ltd.
Board	means the board of Directors.
Chair	means the chair of the Meeting.
Closely Related Party	has the meaning given to that term in the Corporations Act.
Company	means Strategic Elements Limited (ACN 122 437 503).
Constitution	means the constitution of the Company.
Corporations Act	means the Corporations Act 2001 (Cth) as amended.
Director	means a director of the Company.
Equity Securities	has the same meaning as in the Listing Rules.
ESOP	means the Company's Employee Share Option Plan.
Explanatory Notes	means the explanatory notes accompanying the Notice of Meeting.
Key Management Personnel	has the meaning given to that term in the Accounting Standards.
Listing Rule	means the listing rules of the ASX.
Meeting or Annual General Meeting	means the meeting convened by this Notice.
Notice	means this notice of meeting.
Option	means an option to be issued a Share.
Performance Right	means a right granted in accordance with the terms of the Plan.
Proxy Form	means the proxy form attached to this Notice.
Remuneration Report	The remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2017.
Resolution	means a resolution to be considered at the Meeting as contained in the Notice.

Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Trading Day	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
VWAP	means volume weight average price.
\$	Means Australian dollars.

Annexure A

Strategic Elements Performance Rights Plan approved by shareholders on 16 November 2015

The material terms of the Strategic Elements Performance Rights Plan (the "Plan") are as follows:

1. A Director engaged in a full-time capacity for the Company or a Controlled Entity is an Eligible Person and able to be a Participant under the Plan.
2. Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.
3. The Performance Rights lapses to the extent that performance hurdles are not satisfied within the performance period.
4. The Performance Rights vest on successful achievement of the performance hurdles.
5. Upon vesting of a Performance Right, one (1) share will be issued for one (1) Performance Right, the Shares will rank equally in all respects with existing Shares.
6. If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company or Related Body Corporate then the Board may in its absolute discretion determine that all the Participant's Performance Rights will lapse and the Board's decision will be final and binding.
7. In the event of an uncontrollable event (such as death, serious injury, disability or illness, which renders the Eligible Person incapable of continuing their employment with the Company, redundancy, removal of a Board member or other defined events), any unvested Performance Rights will vest.
8. In the event of a controllable event (such as resignation) any Performance Right that is not capable of vesting shall immediately lapse.
9. In the event of a proposal (such as a takeover bid, scheme of arrangement or otherwise) being publicly announced, or the Company announces a priority issue in relation to an initial public offering of an Investee or an in-specie distribution of shares of an Investee, all Unvested Performance Rights will automatically become Vested Performance Rights.
10. Participants who are holding a Performance Right issued pursuant to the Plan have no rights to dividends and no rights to vote at meetings of the Company until that Performance Right is exercised and the Participant is the holder of a valid Share in the Company.
11. The Board may at any time appoint or engage specialist service providers for the operation and administration of the Plan.

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APPOINTMENT OF PROXY

I/We (write the name of the securityholder here)

being a Shareholder of Strategic Elements Limited entitled to attend and vote at the Meeting, hereby appoint

☐ the Chair of the Meeting (mark with an 'X') **OR** (If you are not appointing the Chair of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered securityholder) you are appointing as your proxy)

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Strategic Elements Limited to be held at 67 Howe Street, Osborne Park, WA on 10th October 2017 at 2:30 pm (Perth time) and at any adjournment of that meeting.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN*
Resolution 1 – Approve the Remuneration Report	☐	☐	☐
Resolution 2 – Re-election of Mr Elliot Nicholls	☐	☐	☐
Resolution 3 – Approval of 10% Placement Facility	☐	☐	☐
Resolution 4 – Grant of Performance Rights to Mr Murphy	☐	☐	☐
Resolution 5 – Grant of Performance Rights to Mr Howard	☐	☐	☐

THE CHAIR INTENDS TO VOTE ALL UNDIRECTED PROXIES IN FAVOUR OF EACH RESOLUTION

* If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which may include the Chair.

Appointing a second proxy

I/We wish to appoint a second proxy

☐ Mark with an 'X' if you wish to appoint a second proxy. **AND** % **OR** State the percentage of your voting rights or the number of securities for this Proxy Form

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

How to complete this Proxy Form

Your Name

This is your name as it appears on the Company's share register.

Appointment of a Proxy

If you wish to appoint the Chair of the Meeting as your proxy, mark the box on the left. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chair of the Meeting please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the Company. Do not write the name of the Company or the registered securityholder in the space.

Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.

Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.

Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under a power of attorney, you must lodge (or have previously lodged) this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained copying this form.

To appoint a second proxy you must:

- (a) Indicate that you wish to appoint a second proxy by marking the box.
- (b) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form (together being no more than 100% of your total shareholding). If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) Return both forms together.

Lodgement of a Proxy

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by no later than 2:30pm (Perth time) on 8th October 2017. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Your Proxy Form may be lodged by the following ways:

- BY MAIL Strategic Elements Limited, PO BOX 1625, Subiaco WA 6904.
- BY FAX +61 8 9288 4400
- BY EMAIL admin@strategicelements.com.au

Or, at the Registered Office at Level 138 Churchill Ave, Subiaco, WA 6008.