



Lost Records With Gold Assays Over 5324 g/t From NZ Mine

In a powerful example of how a dusty box of forgotten records can provide a boon to modern explorers, ASX listed Strategic Elements (ASX: SOR) has revealed an **exceptionally** high-grade gold target beneath the historic Aorangi Gold Mine, South Island, New Zealand.

The Company discovered an extensive set of records on the Aorangi Mine in the depths of Wellington Archives. These include previously unknown underground exploration assays¹ of **663.8 g/t** gold including **5324.5 g/t** from a sample of selected specimens. Importantly, underground exploration also reported gold mineralisation continuing **beneath** the old mine².

Also for the first time, an **exceptionally high average head grade** of primary ore at **46.9 g/t** has been estimated from production records^{3,4} and comments from a government official⁵ contained within the same archives. For context, the current average grade of a modern gold deposit is 1.01 g/t.

Managing Director Charles Murphy said, "After reviewing over approximately 1000 pages of information, due diligence and field validation, investigation of the Aorangi mine at depth is the next step. Work has also begun to understand any potential early mine development opportunities, including drilling and underground sampling requirements along with identifying optimal means of regaining access to the historic workings. The wider Golden Blocks goldfield truly is a forgotten, exceptionally high grade early 1900's goldfield".

Strategic Elements Ltd is a registered **Pooled Development Fund** (PDF) listed on the Australian Stock Exchange. The Company invests into Australian SME's under an Australian Federal Government program. Most shareholders **pay no tax on capital gains made or dividends received from SOR shares**. The high grade Golden Blocks project is held by 100% owned investee Company Strategic Materials Pty Ltd.

Murphy also said "There are over 700 companies on the ASX with metals and mining projects, but only our Company, Strategic Elements Ltd provides shareholders with exposure to the sector and capital gain/dividend tax free benefits of a Pooled Development Fund. These benefits combined with such a high-grade, historic producing mine extension project are an extremely attractive package".

Records of Underground Exploration in 1931

Previously, accepted public record was that no attempt had been made to re-open the mine since it closed in 1914. However, archived records discovered include a little known effort to re-open the goldfield in **1932** by local company Golden Blocks Mines Ltd (**GBM**), a successor company to New Taitapu Gold Prospecting Company Ltd (**NTC**).

It is now clear that No. 3 Level of the Aorangi mine has approximately 300m of completed underground development **left unmined** in 1914. Over 17 years after the mine closed, NTC drove into this section of the mine successfully cutting through a vein grading⁶ **663.8 g/t over 0.75m** across the full width of the quartz, including **5324.5 g/t over 0.25m**.

Importantly, the stone around the shoot was also said to be "**exceptionally good**"⁷. An extensive effort was made to validate the NTC results, with the Company successfully tracking the actual laboratory assay sheets from this underground work to the Thames School of Mines, now a mining museum in Thames, New Zealand.

Archived records contained in the Wellington Archives also increase support for gold mineralisation to **extend beneath** the previously mined levels. Exploration in 1932 by NTC **successfully tested for gold beneath** No. 3 Level by sinking into the floor of the unmined level. They reported, "**gold showing**"² in their workings.

Independent Reports

Archived records also included a **1933 independent report**⁸ from **highly distinguished** New Zealand geologist Dr James Park, a former Director of the Thames School of Mines, who worked globally for Anglo-Continental and became a Professor Emeritus.

Dr Park reported on the potential of **gold continuing at depth** beneath the old mine:

- “Clearly the future of the mine depends on continuation of values in depth”
- “From what I know of the past history of this mine and the **undoubted favourable** geological conditions there is, in my opinion, warrant for the belief that **valuable ore shoots may be looked for in the deeper ground**”.

Archived records also included a **1932 report**⁹ from T.O. Bishop, former **government Inspector of Mines**, who inspected the mine multiple times in his official capacity.

Mr Bishop reported on the potential of **gold continuing at depth** beneath the old mine:

- “I am of the opinion that the strength and continuity of the reef in the upper workings entirely justifies the expectation of it **living to greater depths**”.
- He also confirmed that the last level mined (No. 4 Level), was accessed from No. 3 level by a shaft and that **“high grade ore was disclosed** in both the shaft and the level”.

Grade is King

Lower capital costs, less environmental impact and faster economic payback are potential features of high-grade underground gold projects. These features can potentially maximize shareholder value and assist a gold mine into production quicker with less shareholder dilution.

Production records^{3,4} show the Aorangi mine had an average recovered primary ore grade of 32.8 g/t gold. **The average head grade of primary ore to the battery was estimated to be 46.9 g/t gold**, based on a recovery of 70% as reported by government officials^{5,10}. In his independent report⁸ Dr Park stated the, **“gold is free milling and easily recoverable”**. Clearly, the **combination of exceptional grade and simple recovery** is a significant potential feature of the project.

Opportunity

Although Aorangi produced over 26,000^{3,4} ounces of gold, inadequate mining technology restricted development of the mine. Each underground miner was issued with just one candle per day and there was no ability to geochemically sample or drill at all. Ultimately, old pumping equipment couldn't keep the No 4 Level dry enough to maintain operations beneath the water table. Modern mining technology would have no such issues with water.

Archived documents including the successful 1932 underground exploration work and independent expert opinions of the potential of gold at depth were not entered into the public New Zealand mining system. For many years the area was drafted into a proposed National Park, however eventually “low environmental value” led to its exclusion.

Although the Aorangi mine is the priority, four other previous producing mines occur along a 2.5km zone of gold mineralisation. There has been no systematic modern exploration of the historic Golden Blocks goldfield.

Company Strategy and Action

The Company has made multiple excursions to the mine to survey readily accessible adits and levels, and to verify mine maps and other historical data. Engineering and mine consultants have assisted with inspection of the **upper levels** of the mine. To date, **the 1932 GBM mine map** discovered in the archives **closely represents** those areas assessed by the Company.

With the benefit of having made detailed inspections of the mine, Dr Park recommended⁸ the **next step** as the **underground construction** of a winze to a depth of 60m below No. 3 Level, the opening of an intermediate level at No. 4 Level, and driving left and right from the bottom of that new winze. This would open a new level below No. 4 level to be mined.

To assess Dr Parks recommendation, access into No. 3 Level of the mine will be established and underground sampling and mapping will be conducted. Forward exploration is intended to outline the **extension of high-grade gold** mineralisation at depth **beneath the Aorangi mine** workings. Information from the Archives on other mines in the Goldfield will be researched and field visits conducted.

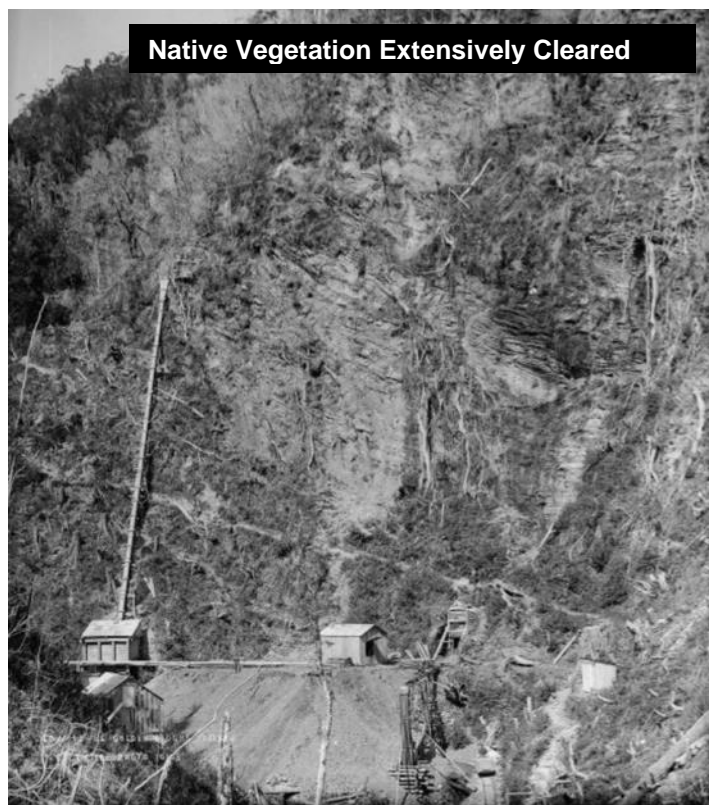
As the Aorangi Mine is progressed, various permits will be required including an exploration permit and access arrangement, followed by subsequent mining permits plus environmental approvals and resource consents. The Company considers it an advantage that the Aorangi mine is in an area of previous mining, where the **native vegetation has been extensively cleared**, and the area is now covered in thick re-growth.

Golden Blocks Goldfield

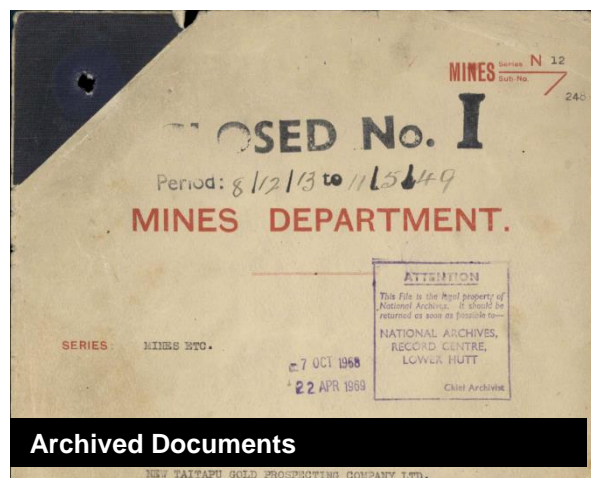
Recent **underground** sampling from easily accessible upper levels of the mine reported up to **13.2 g/t** gold and grab sampling up to **16.5 g/t** was announced from the Aorangi Mine¹¹. These results come after the recent high grade results from **virgin exploration ground** approx. 6km south west of the Aorangi Mine at the West Wanganui prospect. The Company is the first modern explorer into much of this heavily vegetated area. Panned concentrates reported¹² high grades of **24.33 g/t, 14.49 g/t, 4.07 g/t and 3.54 g/t gold**. The project is 100% owned by Strategic Materials Pty Ltd.



Aorangi Mine Inspection



Native Vegetation Extensively Cleared



Archived Documents

About the Company

Strategic Elements shares are listed on the Australian Stock Exchange under the code "SOR". The Company is registered under the Pooled Development Program run by the Australian Federal Government to encourage investment into SME's. To assist Pooled Development Fund's to invest and raise capital, the Federal Government enables most shareholders in a Pooled Development Fund to make capital gains and receive dividends tax-free. There are over 700 companies on the ASX with metals and mining projects, but only Strategic Elements Ltd provides shareholders with exposure to this sector and capital gains tax-free benefits of a Pooled Development Fund.

New Zealand

- Long history of gold mining, historic production greater than 30 million ounces of gold. Major gold producers Oceana Gold and Newmont. Excellent potential for new discoveries.
- Safe jurisdiction and a supportive government. Lower wage structure with a resident local workforce. Excellent infrastructure.

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Regulatory Information

The Company does not suggest the Aorangi mine contains economic mineralisation in the undeveloped areas or outside the present development. The information contained relating to the historical records and geological observations has been tested and validated to the extent the Company was able, this included site visits, sampling within the mine, inspections within the mine and validation of information across historical documents. As outlined in the announcement the Company is planning further programs to understand more of the geology and the potential of the Aorangi mine. The Company cautions investors against using this announcement solely as a basis for investment decisions without regard for this disclaimer.

Competent Person

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Geoff Price, who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Price is employed by Geopex Ltd. Mr Price has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".

Thames School of Mines Assays:

Sample	Au	Ag	Width	Location	Reported
GBBR 1	663.8 g/t	23.7 g/t Ag	0.75m, across the full width of quartz	Level 3 prospecting rise	03/04/32
GBBR S	5324.5 g/t	143.8 g/t Ag	0.25m, across vein	Level 3 prospecting rise	03/04/32

References:

1. New Taitapu Gold Prospecting Company Limited, 1932, "No 2 Information Letter," , Archives New Zealand Record R17869220.
2. New Taitapu Gold Prospecting Company Limited, 1932, "No 1 Information Letter," , Archives New Zealand Record R17869220.
3. The Goldfields of New Zealand, Appendices to the Journals of the House of Representatives, 1898-1911.
4. Mines Statement, Appendices to the Journals of the House of Representatives, 1912-1915.
5. G.W. Lowes, 1941, "Memorandum to the Under Secretary, Mines Department, Wellington". Archives New Zealand Record R17869220.
6. New Taitapu Gold Prospecting Company Limited, 1933, "Annual Report", Archives New Zealand Record R20466588.
7. Golden Blocks Mines Limited, 1932, "Prospectus", Archives New Zealand Record R17869220.
8. J. Park, 1933, "Letter to New Taitapu Gold Prospecting Company Limited", Archives New Zealand Record R17869220.
9. T.O Bishop, 1932, "Report to New Taitapu Gold Prospecting Company Limited", in "Golden Blocks Mines Limited Prospectus", Archives New Zealand Record R17869220.
10. J.M. Bell, 1907, "The Geology of the Parapara Subdivision, Karamea, Nelson", New Zealand Geological Survey Bulletin No. 3.
11. Announced on 26/11/2013
12. Announced on 25/09/2013

JORC TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> • Samples were taken by New Taitapu Gold prospecting Company Ltd in 1932 from a prospecting rise within the Aorangi Mine. • There is no information in the historical records on how the samples were taken or whether they were representative.
Drilling techniques	<ul style="list-style-type: none"> • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> • Not relevant for data reported.

Criteria	Explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Not relevant for data reported.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Not relevant for data reported.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> The reported samples were taken by New Taitapu Gold prospecting Company Ltd and analysed at the Thames School of Mines in New Zealand. The original assay sheets for the reported samples were located in the archives. There is no information in the historical records on sample preparation, but it is assumed sample preparation involved crushing, grinding and splitting.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> The reported samples were analysed at the government Thames School of Mines in New Zealand. There is no information in the historical records on sample analysis, but it is assumed analysis was by fire assay. The Thames School of Mines included an assay laboratory and was an independent and reputable government body.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> The assays were reported by New Taitapu Gold Prospecting Company Ltd. There is no information in the historical records of verification of the samples.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Sample location was marked by New Taitapu Gold Prospecting Company Ltd as "rich ore shoot, March 1932" on a longitudinal section of the Aorangi Mine. The samples were taken from a rise driven from No. 3 Level of the Aorangi mine.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Only one sample across the full width of 0.75m and one sample across 0.25m within that interval were reported by New Taitapu Prospecting Compny Ltd.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this 	<ul style="list-style-type: none"> New Taitapu Gold Prospecting Company Ltd stated that samples were across the vein and across the full width of quartz.

Criteria	Explanation	Commentary
	<i>should be assessed and reported if material.</i>	
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> There is no information in the historical records on sample security.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> The sample results were originally reported by New Taitapu Gold Prospecting Company Ltd in its shareholder communication. The original laboratory sheets were located for these samples and verified. The exact location of the samples is marked on the Golden Blocks Mines Ltd longitudinal section included in its prospectus.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Strategic Materials Pty Ltd holds the West Wanganui Prospecting Permit 54207 over an area of approx 132km² in North West Nelson, New Zealand. Prospecting Permit 54207 is within Crown land administered by the Department of Conservation. Strategic Materials Pty Ltd holds 100% of the West Wanganui project.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<p>Exploration has been previously carried out by :</p> <ul style="list-style-type: none"> New Taitapu Gold Prospecting Company Ltd – performed significant rehabilitation of the Aorangi mine and carried out underground sampling.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Structurally-hosted quartz lode gold within metasediments
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> The Company refers to data made on previous announcements: <ul style="list-style-type: none"> 25-09-2013 26-11-2013 Additional referenced documents within this announcement.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Not relevant for data reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Not relevant for data reported
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any 	<ul style="list-style-type: none"> Not relevant for data reported

Criteria	Explanation	Commentary
	<i>significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • <i>Reporting of all relevant results has been provided in this announcement</i>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • <i>The Aorangi mine produced 26,601 ozs of gold from 1897 to 1914.</i>
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • <i>Further work is planned for the Golden Blocks permit which includes additional field work and data analysis.</i>