2026
Annual Report

Strategic Elements Limited
ABN 47 122 437 503

STRATEGIC
ELEMENTS

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Corporate Information

Strategic Elements Limited
ABN 47 122 437 503

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David Lim

Company Secretary
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Securities Exchange Listing
ASX Limited
ASX Code: SOR

Share Register
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Your directors present their report and the financial statements for Strategic Elements Limited (the "Company" or "Strategic Elements") and its controlled entities (the "Group") for the year ended 30 June 2026.

Strategic Elements Pooled Development Fund

Strategic Elements Limited is a registered Pooled Development Fund ("PDF") operating under an Australian Federal Government program established to increase investment in Australian small and medium-sized enterprises. The PDF structure provides eligible shareholders with tax concessions, including tax-free capital gains and dividends*, while enabling the Company to provide patient capital to Australian innovation and pursue opportunities with longer development horizons and higher risk profiles.

The PDF structure is particularly suited to opportunities that require patient capital and active development before conventional investment is able to enter. Early-stage innovation often requires more than funding alone. Scientific teams need to be assembled, research programs established, intellectual property secured, Federal funding accessed, commercial pathways developed and prospective industry partners engaged. Strategic Elements operates as a venture builder within this environment.

The Company seeks to become involved early in Australian innovation where the potential exists to create significant value relative to the capital invested, and to actively develop those opportunities through 100%-owned operating ventures before seeking strategic investors or partners at the appropriate stage.

During FY26, the Company's principal activities were concentrated in:

- **Stealth Technologies ("Stealth")** – developing EdgeiQ™ and operational intelligence systems for physical industrial environments, with mining as the initial commercial market;
- **Australian Advanced Materials** – developing Energy Ink™, a printable material that generates electrical energy when exposed to moisture.; and
- **New venture selection** – identifying and evaluating additional Australian opportunities capable of being developed under the Company's PDF structure.

FY26 represented an important transition across the portfolio. Stealth moved from extended technology development into its first commercial EdgeiQ deployment with a Tier 1 mining company. Energy Ink™ progressed from successful prototype fabrication outside the UNSW laboratory environment into more defined development pathways around battery-free electronics, engineered moisture and system-level energy management. Strategic Elements also increased its activity across the Australian research and innovation ecosystem to identify potential future ventures.

The Company continued to use research collaborations, competitive Federal funding and the R&D Tax Incentive to expand the development capability available to its ventures while reducing the cash funding required directly from shareholders.

**The information above is of a general nature only and may vary depending on individual circumstances. Shareholders and prospective shareholders should obtain their own taxation advice rather than relying on this summary.*

New Venture Selection

Strategic Elements' PDF mandate is not limited to a particular technology or industry.

The Company seeks opportunities where it can become involved sufficiently early to build a meaningful position and where the potential value, if successful, justifies the risk and development period involved.

During FY26, the Company intensified its activities directed toward identifying, evaluating and securing additional venture opportunities. Potential opportunities may originate from scientific discoveries, research programs, emerging technologies, new business models or capabilities developed within Australian companies and research institutions.

The Company continues to engage with universities, research organisations, SMEs and other participants across the Australian innovation ecosystem, with a focus on opportunities where Strategic Elements can contribute more than capital alone and help establish a pathway toward technical validation, commercial development and future strategic investment.

No specific new venture transaction had been approved by the Board at 30 June 2026.

Cognition Engines Pty Ltd remains a 100%-owned early-stage company through which the Company may investigate opportunities associated with artificial intelligence and cognitive systems. No material standalone development program was undertaken by Cognition Engines during FY26 while the Company continued to assess a number of opportunities in this area.

Stealth Technologies Pty Ltd (Stealth) (100%)

EdgeiQ™

100%-owned Stealth is developing EdgeiQ™ to help people and AI systems understand what is happening in physical industrial environments in real time.

Some of the most valuable operational information exists where people, vehicles, equipment and infrastructure interact. In many industrial environments, this information remains fragmented across cameras, sensors, machines and other systems, limiting the ability to form a complete real-time view of operations.

EdgeiQTM has developed from Stealth's experience integrating and utilising operational data generated by autonomous systems operating in complex environments.

This capability has been built over several years through development programs and collaborations involving organisations including Honeywell, CSIRO, the Defence Science and Technology Group, Defence Science WA, Planck AeroSystems, the University of Western Australia and mining industry participants.

An important development foundation was Stealth's work with Honeywell on autonomous security vehicles. A fully autonomous vehicle was integrated into Honeywell's Enterprise Buildings Integrator platform and deployed at the Eastern Goldfields Regional Prison, where it autonomously conducted perimeter security and surveillance activities and reported operational information in real time.

Mining as the initial commercial market

Stealth's near-term strategy is to establish EdgeiQTM with leading mining companies, validate its performance under live operating conditions and expand across the global mining industry.

Mining provides an attractive initial market because similar operational challenges involving vehicles, equipment, people and material movements are repeated across mine sites globally. Successful validation at an operating mine can therefore provide a foundation for broader deployment across mining operations and, over time, into adjacent industrial sectors.

During FY26, Stealth achieved its first commercial deployment of EdgeiQTM after receiving a purchase order from a major global gold producer for a pilot at an operating underground gold mine in Western Australia. The total contract value is approximately $225,000 excluding GST and covers supply and installation of the EdgeiQTM system together with a 12-month pilot software licence, system monitoring and support.

The commercial pilot followed an extended development process involving concept development, underground field work, system design, prototype development, hardware validation and preparation for operation in live underground mining environments.

Deployment progressed during the second half of FY26. Preparation of the first permanent on-site communications and edge-computing hardware package was completed before year end, providing the infrastructure required for system integration and operational testing of EdgeiQTM under live underground conditions.

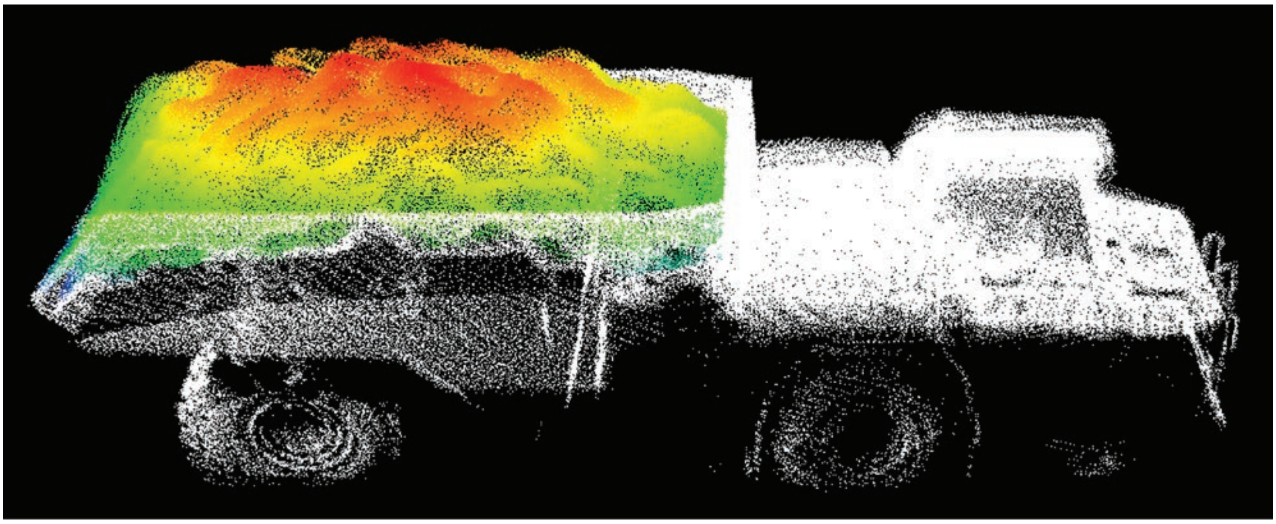
During FY26, Stealth also participated with the University of Western Australia in CSIRO's ON Prime commercialisation program. Engagement with industry and prospective customers through the program helped refine the EdgeiQTM commercial proposition, identified potential applications beyond mining and contributed to Stealth commencing its first commercial discussions outside the mining industry.

Broader application potential

Stealth's immediate priority remains successful commercial validation within mining. The longer-term opportunity extends into other complex industrial environments, including infrastructure, construction and defence, where people and AI systems can benefit from improved access to live operational information.

The Company's objective is to establish EdgeiQTM through mining and progressively develop the platform to support automation, edge computing and real-time operational analysis for human and AI decision-making across physical industrial environments.

Stealth is also engaging with Australian research organisations to identify technologies capable of addressing mining operational challenges and potentially being integrated into future EdgeiQTM deployments.



Australian Advanced Materials Pty Ltd – Energy Ink™

100%-owned Australian Advanced Materials Pty Ltd ("AAM") is developing Energy Ink™ in collaboration with Professor Dewei Chu and his team at the University of New South Wales and other research and development partners.

Energy Ink™ is an early-stage energy technology being developed to generate electrical energy from moisture.

Its development now extends beyond the functional material itself and includes materials design, scalable fabrication, cell architecture, engineered packaging, moisture management, power management and integration into prospective applications.

Strategic Elements has played an active role in establishing the Energy Ink™ development platform – assembling scientific and engineering capability, establishing research programs and collaborations, securing intellectual property and Federal funding, and developing pathways toward commercial applications.

More than **$5 million in competitive Federal research and innovation funding** has been secured across the Energy Ink™ program.

During FY26, two important developments helped shape the next phase of the program: demonstrating reproducible fabrication of large numbers of Energy Ink™ prototype cells outside the laboratory, and establishing clearer technical and commercial development pathways for the technology.

Commercial-facility fabrication

During the September 2025 quarter, more than 2,000 prototype Energy Ink™ cells were fabricated in a commercial printed-electronics facility using industrial screen-printing equipment.

Of the 2,052 cells fabricated, 2,051 passed compliance testing for open-circuit voltage and short-circuit current. Thirty interconnected multi-cell arrays were subsequently operated continuously for seven days at the target baseline current.

The program demonstrated that large numbers of Energy Ink™ cells could be reproducibly fabricated outside the laboratory using industrial equipment and connected into functional arrays. This established a stronger foundation for future integration with printed electronic components, packaging systems and prospective commercial partners.

Following the fabrication program, development continued through detailed characterisation of Energy Ink across different chemistries, cell geometries, current regimes and moisture conditions.

Energy Ink™ development pathways

As development has progressed, the Company believes multiple technical and commercial pathways are emerging for Energy Ink™ – from near-term battery-free applications through to larger-scale moisture energy platforms.

Battery-free electronics — near-term commercial focus

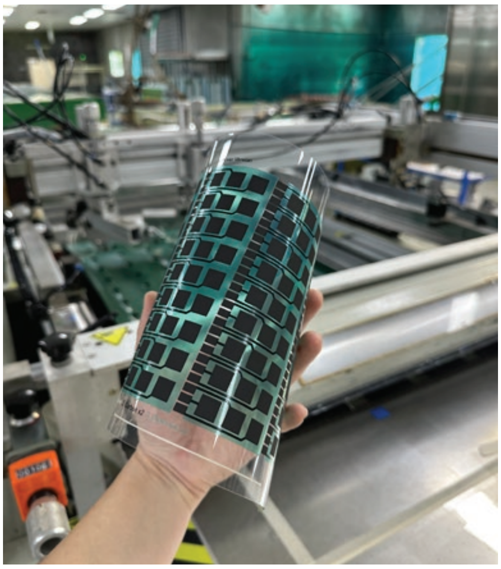
Energy Ink™ is being developed as a thin, flexible power source capable of being integrated into low-power electronic products and formats where conventional batteries can impose significant design constraints.

Many products are manufactured in enormous volumes globally yet remain passive because conventional batteries introduce thickness, assembly requirements, safety considerations, maintenance and end-of-life disposal obligations that can fundamentally change the product.

In these applications, the potential value of Energy Ink™ is not simply the energy generated, but the functionality that the energy may enable.

Potential applications include interactive packaging, labels, authentication systems, indicators and other thin electronic formats where relatively small amounts of electrical energy may enable new functionality.

During the June 2026 quarter, AAM commenced a battery-free materials engineering program comprising Energy Ink™ optimisation, materials selection, prototype preparation and initial testing. The program is focused on developing battery-free prototypes and establishing the technical foundations for future integration of complementary materials, electronic components and partner technologies with the Energy Ink™ platform.



Engineered moisture and energy accumulation

A second pathway is investigating whether managing the moisture conditions surrounding Energy Ink™ can provide more predictable and usable energy output than reliance on uncontrolled ambient humidity alone.

During FY26, development activities included a new Energy Ink chemistry designed for engineered moisture environments that achieved more than a tenfold increase in energy output.

This work contributed to the development of a system-level demonstration program investigating whether output can be accumulated, buffered and transferred into a conventional rechargeable battery.

During the June 2026 quarter, the engineering concept-design stage was completed for a portable Moisture Energy Dock. The program addresses the engineering challenges involved in capturing ultra-low-power output, accumulating the energy over time and transferring it through power-management circuitry into a standard removable lithium-ion battery.

The intended initial proof point is deliberately simple: determine whether sufficient energy can be transferred into a removable feature-phone battery to support a one-minute voice call when the battery is installed into a commercially available mobile phone.

The Moisture Energy Dock is a development and testing platform and is not being developed as a consumer charging product.

Longer-term moisture energy platforms

Moisture energy generation remains an emerging field compared with established energy technologies, and its ultimate capabilities and applications are not yet fully understood. AAM continues to investigate how Energy Ink™ may perform at larger scales through advances in materials, device architectures, engineered moisture environments and energy accumulation systems.

While significant technical hurdles remain, advances across these areas may create application opportunities beyond those currently being investigated.

Energy Ink™ remains an early-stage technology and continues to face material technical and commercial challenges, including performance, durability, shelf life, reproducibility, scalable fabrication, packaging, integration, power management and market adoption.

Post-year-end Energy Ink™ developments

On 1 July 2026, AAM was granted a Japanese patent titled Moisture Electric Generator Battery Cell, providing registered protection in Japan for specified elements of the original Energy Ink™ platform, including defined functional material, moisture-electric cell and preparation-method aspects.

Japan is strategically relevant because of its significant electronics, advanced materials and high-volume manufacturing industries. The patent provides a stronger intellectual-property foundation for future technical evaluation, application development and potential collaboration discussions in that market.

Corresponding patent applications remain under examination in other major jurisdictions and AAM continues to develop additional material systems and manufacturing approaches.

Following completion of the engineering concept-design work undertaken during FY26, development of the portable Moisture Energy Dock was formally announced in July 2026.

Other Portfolio Interests

Maria Resources Pty Ltd and Strategic Materials Pty Ltd remain 100%-owned subsidiaries.

Maria Resources holds interests associated with its technology-metals exploration projects in Western Australia, while Strategic Materials holds the Golden Blocks project in New Zealand. Expenditure on these activities remained limited during FY26 while the Company prioritised Energy Ink™, Stealth Technologies and the assessment of new venture opportunities.

Other Events

During June 2026, the Company completed a Share Purchase Plan offered to existing shareholders. Approximately $3.0 million of applications were received, exceeding the maximum $2.5 million able to be accepted. The additional capital strengthened the Company's capacity to progress its existing ventures and pursue new opportunities under the Pooled Development Fund mandate.

Corporate

On 28 November 2025 8,450,000 shares were issued on the vesting of performance rights held by directors and staff following attainment of specified performance hurdles. The fair value of the vested performance rights at grant date was $447,850.

Also, on 28 November 2025 6,000,000 performance rights, originally issued to directors on 28 November 2023 lapsed because the vesting conditions have not been or have become incapable of being satisfied. As at 30 June 2025, management considered that the non-market vesting conditions were not expected to be met. Therefore, the expense relating to these awards was reversed.

On 24 November 2025 shareholders approved the issue of 11,650,000 performance rights to directors. The vesting of the rights is subject to satisfaction of performance conditions, details of which are contained in note 11 in the notes to the consolidated financial statements.

On 17 June 2026 5,825,000 shares were issued on the attainment of specified performance hurdles. The fair value of the vested performance rights at grant date was $366,975.

At the Annual General Meeting held at Level 1, Suite 9, 110 Hay Street, Subiaco WA on 24 November 2025, all resolutions contained in the Notice of Meeting were passed by shareholders by way of a poll.

Operating result for the year

The Group's loss for the year ended 30 June 2026 was $2,483,123 (year ended 30 June 2025: $2,560,294).

Review of financial position

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the payment of liabilities in the ordinary course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2026 of $2,483,123 (30 June 2025: $2,560,294), a net cash outflow from operations of $1,747,514. As at 30 June 2026, the Group had net equity of $4,558,017 and cash of $4,710,290.

The Directors have prepared forecasts in respect of future trading. Achievement of such forecasts would allow the Group to manage within its current funding facilities for the foreseeable future. In developing these forecasts, the Directors have made assumptions and performed sensitivity analysis on variables such as revenues and employee costs based upon their view of the current and future economic conditions that will prevail over the forecast period of 12 months from the date of signing these financial statements. The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Significant events after reporting date

On 1 July 2026, AAM was granted a Japanese patent titled Moisture Electric Generator Battery Cell, providing registered protection in Japan for specified elements of the original Energy Ink™ platform, including defined functional material, moisture-electric cell and preparation-method aspects.

In July 2026, following completion of the engineering concept-design work undertaken during FY26, development of the portable Moisture Energy Dock was formally announced.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations has been made in the Review of Operations above.

Environmental legislation

With respect to its environmental obligations regarding its exploration activities the Group endeavours to ensure that it complies with all regulations when carrying out any exploration and evaluation activities and is not aware of any environmental legislation breach at this time.

Indemnification and insurance of Directors and Officers

The Company has entered into Director and Officer Protection Deeds ("Deed") with each Director and the Company Secretary ("Officers"). Under the Deed, the Company indemnifies the relevant Officer to the maximum extent permitted by law against legal proceedings and any damage or loss incurred in connection with the Officer being an officer of the Company. The Company has paid insurance premiums to insure the Officers against liability arising from any claim against the Officers in their capacity as officers of the Company.

Indemnification of Auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Horizon Nexus (WA) Audit Pty Ltd (formerly Nexia Perth Audit Services Pty Ltd), as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Horizon Nexus (WA) Audit Pty Ltd (formerly Nexia Perth Audit Services Pty Ltd) during or since the financial year.

Dividends

No dividends have been paid or declared during or subsequent to the financial year end.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Directors

Directors were in office for the entire year unless stated otherwise. The names of directors who held office during or since the end of the financial year and until the date of this report are as follows. Names, qualifications, experience and interests in the shares and options of the Company and related bodies corporate:

Charles Murphy – Managing Director and Chairman

Mr Murphy led the Company's registration as a Pooled Development Fund and has significant experience in business development, strategic partnerships, IP management, grant funding, transaction structuring and funding for emerging companies. Mr Murphy has a Master's Degree in Business Administration (MBA). Mr Murphy is not currently a director of any other Australian listed company and has not held any other directorships in listed companies during the last 3 years. Mr Murphy was appointed to the board in October 2006 and as acting Chairman from September 2015. Number of fully paid ordinary shares: 18,373,072. Performance rights: 2,840,000, options 857,142.

Elliot Nicholls – Executive Director

Mr Nicholls has worked in corporate advisory focusing on financial analysis and business model development. Mr Nicholls has a Bachelor of Electronic Engineering with First Class Honours and a Bachelor of Commerce (Finance) from The University of Western Australia. Mr Nicholls is not currently a director of any other Australian listed company and has not held any other directorships in listed companies during the last 3 years. Mr Nicholls was appointed to the board in January 2009. Number of fully paid ordinary shares: 14,394,820. Performance rights: 2,060,000, options 857,142.

David Lim – Executive Director (Appointed 31 December 2025)

David Lim has over 10 years' experience working on innovation, technology development and project management initiatives across the resources and emerging technology sectors. He has successfully managed multinational teams across technology and resources projects, including a key role in the development of the EdgeiQ mining efficiency platform by Stealth Technologies, as well as Energy Ink™ and moisture energy systems focused on generating electricity from humidity in the air. He has a Bachelor of Engineering (Mining) with Second Class Honours from The University of Western Australia.

Mr Lim is not currently a director of any other Australian listed company and has not held any other directorships in listed companies during the last 3 years. Number of fully paid ordinary shares: 7,581,509. Number of options: 2,982,142. Number of performance rights: 925,000.

Matthew Howard – Executive Director (Resigned 31 December 2025) and Company Secretary

Mr Howard has consulted to some of the largest financial institutions including Goldman Sachs, JB Were, Macquarie Bank, ANZ Bank and National Australia Bank. He has helped close numerous large technology transactions with some of the largest US technology companies including Oracle, Sybase and BEA Systems. Mr Howard has a combined Business and Information Technology Bachelor Degree, a Masters Degree in Applied Finance and a postgraduate qualification in Corporate Governance.

Principal activities

The Company is a registered Pooled Development Fund (PDF).

Unissued Shares,

There are 96,803,295 unissued ordinary shares under options and 7,125,000 Performance Rights issued to Directors/employees/consultants of the Company as at the date of this report.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for the key management personnel ("KMP") of the Group for the financial year ended 30 June 2026. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

Charles Murphy (Managing Director and Chairman)

Elliot Nicholls (Executive Director)

David Lim (Executive Director, appointed 31 December 2025)

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Board as a whole is responsible for the remuneration arrangements for directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The maximum aggregate payable to non-executive directors approved by shareholders is $100,000 per annum.

Director and Executive Remuneration

Remuneration consists of fixed remuneration and, where used, variable remuneration (comprising short-term and long-term incentive schemes).

Principles used to determine the nature and amount of remuneration

The Group's executive reward framework is designed to ensure remuneration is competitive, reasonable, transparent and aligned with shareholder interests. The Board of Directors is responsible for determining and reviewing remuneration arrangements for directors and executives.

Executive remuneration

Executive remuneration has both fixed and variable components. The framework includes:

- Base pay
- Share-based payments
- Other remuneration such as superannuation and long service leave

Fixed remuneration

Fixed remuneration is reviewed annually by the Board, taking into account relevant comparative data. The Board has access to external, independent advice where necessary. During the year ended 30 June 2026, the Group did not engage any remuneration consultants. The fixed remuneration component of the most highly remunerated directors and executives is detailed in Table 1 of this report.

Long-term incentives (LTI)

Long-term incentives may include share-based payments such as performance rights or options (subject to shareholder approval).

Group performance and link to remuneration

Executive remuneration is linked to Group performance. For the CEO, this includes actions that enhance shareholder wealth, such as the identification, analysis, acquisition and development of projects.

Voting and comments at the Annual General Meeting (AGM)

At the AGM held on 24 November 2025, 99.60% of votes cast supported adoption of the Remuneration Report for the year ended 30 June 2025. No specific feedback on remuneration practices was received.

Employee Securities Incentive Plan

Under the terms of the Company's Employee Securities Incentive Plan (Plan), the Board may offer shares, options or performance rights to Eligible Persons or Directors of the Company, or any subsidiary based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in future and other factors the Board considers relevant. Details of the Plan can be found in the Company's Notice of Meeting for 2023.

The Company does not have a policy for key management personnel to hedge their equity positions against future losses.

Executive Service Agreements

The Company has entered into Executive Service agreements with Mr Murphy, Mr Nicholls and Mr Lim. Details are provided below:

- Mr Charles Murphy (Managing Director and Acting Chairman)
  - Under the agreement the Company will pay up to a maximum of $300,000 per annum (exclusive of GST) in return for executive services and will provide reimbursement for all reasonable travel, accommodation and general expenses.
  - Termination by the Company is no less than a 3 month notice period by either party or by paying the aggregate of amounts which, but for such termination, would otherwise have been paid. In addition to this a 3 month termination payment will be paid.

- Mr Elliot Nicholls (Executive Director)
  - Under the agreement the Company will pay up to a maximum of $300,000 per annum (exclusive of GST), in return for executive services and will provide reimbursement for all reasonable travel, accommodation and general expenses.
  - Termination by the Company is no less than a 3 month notice period by either party or by paying the aggregate of amounts which, but for such termination, would otherwise have been paid.
- Mr David Lim (Executive Director)
  - Mr Lim is employed as a full-time staff member. Under the Executive Services Agreement, the Company with pay up to a maximum of $170,000 plus superannuation from 1st February 2026 (previously $145,000 plus superannuation) in return for executive services and will provide reimbursement for all reasonable travel, accommodation and general expenses.

Termination by the Company is no less than a 4 week notice period by either party or by paying the aggregate of amounts which, but for such termination, would otherwise have been paid. In addition to this a 3 month termination payment will be paid.

Table 1A: Remuneration of key management personnel (KMP) – salary, fees and post-employment benefits, for the year ended 30 June 2026 and the year ended 30 June 2025:

		Fixed remuneration $	Director Fees $	Superannuation $	Total non-equity remuneration $
Executive directors					
Charles Murphy	2026	296,630	45,000	30,643	372,273
	2025	282,000	25,000	-	307,000
Elliot Nicholls	2026	298,345	-	-	298,345
	2025	212,000	25,000	-	237,000
David Lim (appointed 31/12/25)	2026	169,104	15,000	22,092	206,196
Matthew Howard (resigned 31/12/25)	2026	111,665	-	11,408	123,073
	2025	193,700	25,000	18,300	237,000
Total executive directors	2026	875,744	60,000	64,143	999,887
	2025	687,700	75,000	18,300	781,000

Table 1B: Remuneration of key management personnel (KMP) – share-based payment expense and total statutory remuneration, for the year ended 30 June 2026 and the year ended 30 June 2025:

		Expensed performance rights fair value[1] $	Shares in lieu[2] $	Total share-based payments expense $	Total non-equity remuneration (Table 1A) $	Total statutory remuneration $	Performance related %
Executive directors							
Charles Murphy	2026	301,937	-	301,937	372,273	674,210	44.78
	2025	16,699	65,068	81,767	307,000	388,767	4.30
Elliot Nicholls	2026	250,816	-	250,816	298,345	549,161	45.67
	2025	16,699	48,916	65,615	237,000	302,615	5.52
David Lim (appointed 31/12/25)	2026	60,625	-	60,625	206,196	266,821	22.72
Matthew Howard (resigned 31/12/25)	2026	69,481	-	69,481	123,073	192,554	36.08
	2025	10,019	48,916	58,935	237,000	295,935	3.39
Total executive directors	2026	682,859	-	682,859	999,887	1,682,746	40.58
	2025	43,417	162,900	206,317	781,000	987,317	4.40

Share-based payment amounts in Table 1B represent the accounting expense recognised during the relevant financial year in accordance with applicable accounting standards. They do not necessarily represent cash paid, securities vested or the value ultimately realised by the executive during that year. Total statutory remuneration comprises the amounts reported in Tables 1A and 1B.

1 The amounts in the 'Expensed performance rights fair value' column represent the share-based payment expense recognised during the relevant financial year in accordance with AASB 2. They do not represent cash paid during the year and do not necessarily correspond to rights vested or value ultimately realised by the director during that year.

2 The amounts in the 'Shares in lieu' column represent accrued remuneration from prior years. On 17 June 2025, the Directors elected to receive these amounts as shares, to allow the Company to preserve its cash and spend a greater portion of its cash reserves on its operations.

Matthew Howard continues as Company Secretary following his resignation as Director on 31 December 2025.

Share-based payments

Performance Rights

On 24 November 2025 shareholders approved the issue of 11,650,000 performance rights under the terms of the Company Employee Securities Incentive Plan to directors of the Company as follows:

Issued to	Number PRs granted	Grant date	Expiry date	Fair value per PR at grant date
Charles Murphy	5,680,000	24/11/2025	28/11/2028	$0.063
Elliott Nicholls	4,120,000	24/11/2025	28/11/2028	$0.063
David Lim	1,850,000	24/11/2025	28/11/2028	$0.063

The inputs to the PRs valuation were:

Performance period starts	24/11/2025
Performance period ends	23/11/2028
Probability used for valuation calculations (%)	20
Expected life of rights (years)	3
Grant date share price (cents)	6.30

*applies to 5,825,000 PRs which remain unvested at 30 June 2026.

Vesting conditions for the above PR's

i) The vesting of 50% of the Director PRs above is dependent on the execution of a joint development agreement between subsidiary Australian Advanced Materials Pty Ltd and a recognised expert organisation in printed electronics, materials, energy systems, or a potential end user customer. At 30 June 2026 the probability used for the PR vesting condition being satisfied was 20%.

ii) The vesting of the remaining 50% of the PRs above is dependent on receipt of cumulative customer payments of at least $500,000 from executed contracts, or Stealth Technologies Pty Ltd detailing in a quarterly activity report that it has achieved profitability.

The Directors are required to have continuous employment with the Company.

Refer to Note 12: Share-based payments in the Notes to the Consolidated Financial Statements for details of PRs granted during the year.

Following achievement of the vesting condition (ii) 5,825,000 PRs were converted to shares on 17 June 2026.

The share-based payments expense recognised for the year for Director PRs was $682,859 (2025: $43,417).

12,325,000 Performance Rights converted to shares during the year (2025: none).

6,000,000 Performance Rights expired during the year (2025: none).

Ordinary shares

During the year there were no shares issued to directors in lieu of fees accrued (2025: 5,090,623 shares in lieu of fees accrued of $162,900).

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

30 June 2026	Balance at beginning of year	Exercise of performance rights	Additions	Appointment/ (resignation)	Balance at end of year
	No.	No.	No.	No.	No.
Directors					
Charles Murphy	12,175,930	5,340,000	857,142	-	18,373,072
Elliot Nicholls	8,977,678	4,560,000	857,142	-	14,394,820
David Lim*	5,799,367	925,000	857,142	-	7,581,509
Matthew Howard**	8,787,822	1,500,000	-	(10,287,822)	-
Total	35,740,797	12,325,000	2,571,426	(10,287,822)	40,349,401

*appointed 31 December 2025
** resigned 31 December 2025

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

30 June 2026	Balance at beginning of year	Granted as remuneration	Converted during the year	Expired during the year	Balance at end of year	Vested	Not vested
	No.	No.	No.	No.	No.	No.	No.
Directors							
Charles Murphy	4,500,000	5,680,000	(5,340,000)	(2,000,000)	2,840,000	-	2,840,000
Elliot Nicholls	4,500,000	4,120,000	(4,560,000)	(2,000,000)	2,060,000	-	2,060,000
David Lim*	-	1,850,000	(925,000)	-	925,000	-	925,000
Matthew Howard**	3,500,000	-	(1,500,000)	(2,000,000)	-	-	-
Total	12,500,000	11,650,000	(12,325,000)	(6,000,000)	5,825,000	-	5,825,000

*appointed 31 December 2025
** resigned 31 December 2025

Additional disclosures relating to key management personnel (continued)

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

30 June 2026	Balance at beginning of year No.	Additions No.	Exercised No.	Appointment/ (resignation) No.	Balance at end of year No.
Directors					
Charles Murphy	-	857,142	-	-	857,142
Elliot Nicholls	-	857,142	-	-	857,142
David Lim*	-	857,142	-	2,125,000	2,982,142
Matthew Howard**	-	-	-	-	-
Total	-	2,571,426	-	2,125,000	4,696,426

*appointed 31 December 2025
** resigned 31 December 2025

Other transactions with key management personnel and their related parties

Enbit Pty Ltd ("Enbit"), an entity related to Elliott Nicholls, a Director of the Company for IT services was engaged by the Group during the year. Enbit received a total of $1,775 plus GST (2025: $4,438 plus GST). There was an amount of nil outstanding between Enbit and the consolidated entity at 30 June 2026 (2025: $495 inc GST).

Blooming Investments Pty Ltd, an entity related to Elliott Nicholls, a Director of the Company is lessor for the office premises leased by Strategic Elements Limited and Stealth Technologies Pty Ltd. The total charged during the year was $31,459 (2025: $24,409). The amount outstanding at 30 June 2026 was nil (2025: $5,400 plus GST).

Additional information

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2026 $000'	2025 $000'	2024 $000'	2023 $000'	2022 $000'
Revenue & other income	1,367	760	456	743	656
Loss after income tax	2,483	2,560	2,587	2,462	3,466
Share price at financial year end ($)	0.032	0.032	0.043	0.105	0.135
Total dividends declared (cents per share)	n/a	n/a	n/a	n/a	n/a
Basic losses per share (cents per share)	0.52	0.55	0.58	0.60	0.89
Diluted losses per share (cents per share)	0.52	0.55	0.58	0.60	0.89

-------------------- END OF REMUNERATION REPORT --------------------

Directors' meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Board Meetings	
	Number of meetings eligible to attend	Number of meetings attended
Charles Murphy	11	11
Elliot Nicholls	11	9
David Lim	7	7
Matthew Howard	4	4

Risk Statement

Research and Development

The Company's future success is partially dependent on the successful research and development of the Energy Ink TM technology in Australian Advanced Materials Pty Ltd ("AAM"), research and development in Stealth Technologies Pty Ltd ("Stealth"). AAM and Stealth represent the most developed portfolio companies within the Group.

AAM has had initial success with the development of Energy InkTM technology but given Energy InkTM is still an early-stage technology, is it susceptible to risks associated with early-stage R&D such as the uncertainty of material science development. Some potential risks may include:

- lack of research institute capability;
- material engineering challenges;
- competition from other research groups;
- fabrication and deposition challenges;
- access to correct laboratory equipment; and
- problems scaling up lab based methods.

To mitigate against some of these manageable risks, the Company has formed an extensive relationship with a leading Australian Materials Science research institution and utilises local and overseas capability where required.

Stealth is developing hardware and software for commercial purposes. Software and hardware development is subject to risks associated with technology development such as failure in technology components, intellectual property management, technology partners, commercial partners and customers. There can be no assurance that Stealth will successfully develop and manufacture new products or that new products will be accepted in the marketplace. If Stealth does not successfully develop new products, the business, operating results and financial condition of the Group may be adversely affected. To mitigate against some of these risks, Stealth retains capable staff and consultants, has a limited number of key technology partnerships and direct engagements with strategic customers to trial Stealth solutions as part of the commercialisation pathway. Cognition Engines is at an early stage and currently has no significant undertaking.

Intellectual Property

Securing rights in technology and patents is an integral part of securing potential product value in the outcomes of materials research and development. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. The Company manages these risks by filing patents frequently, managing publication requests from researchers, engaging key IP specialists in Australia and overseas, ensuring IP is protected through agreements and monitoring background art in the development area.

Pooled Development Fund Registration

The ongoing registration of the Company and the tax concessions afforded to shareholders is a factor of the Company remaining compliant with the Pooled Development Funds Act 1992 and the Australian Government keeping the program operational, although it is closed for new registrations. There is a risk that the Company may lose its status as a Pooled Development Fund if it fails to comply with these requirements or the legislative framework underpinning the tax concessional status of Pooled Development Funds changes. This may be detrimental to shareholders or Pooled Development Funds generally, including the Company. At the date of this Annual Report, the Company remains a registered and compliant Pooled

Development Fund and is unaware of any information that would affect the Company's current registration as Pooled Development Fund.

Updates from AusIndustry on the Pooled Development Fund program can be found at

- https://business.gov.au/grants-and-programs/pooled-development-funds

Reliance on Key Personnel

The Group is reliant on key staff and personnel engaged to conduct research and development of the Energy InkTM technology at UNSW. Loss of such personnel may have a material adverse impact on the performance of research and development program within AAM. The loss of key personnel or the inability to attract suitably qualified additional personnel could have an adverse effect on the Company's performance. To mitigate this risk, the Company offers competitive remuneration packages to key employees and utilises multi-year research contracts for key researchers.

Business strategy

There is a risk that management of the Group will not be able to implement and execute on its business strategy. The capacity of management to properly implement and manage the strategic direction of the Company may be impacted by operational and market matters outside of their control. This may affect the Group's operating and financial performance.

Mineral Exploration Activities

Strategic Materials and Maria Resources conduct mineral exploration. The companies hold exploration permits (the "Projects") subject to the respective mineral programs for New Zealand and Western Australia. The Projects are conceptual in nature and are exposed to the typical risks associated with mineral exploration such as failure to identify economic mineralisation and issues with landowners, local government authorities, federal authorities and traditional owners. The Group maintains compliance with current mineral permits by developing strong technical work programmes that are adequately funded and involving technical experts such as geophysicists and experienced geologists. Where applicable, the Group engages with landowners, traditional owners and other key stakeholders at an early stage with the assistance of consultants.

Liquidity and future capital requirements

The Group has no material operating revenue and is unlikely to generate any material operating revenue in the foreseeable future. Exploration, research, project development and evaluation costs will continue to use funds from the Group's current cash reserves.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has in place a planning and budgeting process to help determine the funds required to meet its operating and growth objectives. The Group prepares cash forecasts and maintains cash balances to meet short and long-term cash requirements. The Group's objective is to raise sufficient funds from equity and/or debt to finance its activities until its operations become profitable.

The Group's ability to continue its activities over time may depend in part on its ability to raise additional funds. The future capital requirements of the Group will depend on many factors including its ability to develop and grow its investments. The Group believes its available cash following the placement will be adequate to fund its business objectives in the short term, however, the Group may require further funding in the future. In the event further funding is required to maintain operations, any additional equity financing may be dilutive to Shareholders or may be undertaken at lower prices than the then market price.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Group or at all. If the Group is unable to obtain additional funding as needed, it may be required to reduce the scope of its activities, the Group may also not be able to take advantage of opportunities or respond to competitive pressures. An inability to obtain additional funding could also result in delays or reductions in further exploration, research, project development and evaluation activities which could have a material adverse effect on the Group's ability to continue as a going concern.

Cyber Risk

The Group's operations are, and will continue to be reliant on various computer systems, data repositories and interfaces with networks and other systems. Failures or breaches of these systems (including by way of virus and hacking attacks) have the potential to materially and negatively impact the Group's operations. Whilst the Group has barriers, continuity plans and assesses technology risk, there are inherent limits to such plans and systems. An example of this would include a global outage of a technology provider. Further, the Group has no control over the cyber security plans and systems of third parties with which it may interface or upon whose services the Group's operations are reliant.

Forward-looking Statements

There can be no guarantee that the assumptions and contingencies on which any forward-looking statements, opinions and development timeline estimates contained in materials published by the Group are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, including known and unknown risks, many of which are outside the control of The Group. Actual performance of The Group may materially differ from forecast performance.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, Horizon Nexus (WA) Audit Pty Ltd ("Horizon Nexus") (formerly Nexia Perth Audit Services Pty Ltd), to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 21 and forms part of this directors' report for the year ended 30 June 2026.

Non-Audit Services

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Horizon Nexus received, or were due to receive, the following amounts for the provision of services not related to the audit of the financial report:

Audit of Australian Financial Services Licence (AFSL) - $3,920 (2025: $3,740)

Permissible taxation services provided by Horizon Nexus Partners Pty Ltd (an associated entity of Horizon Nexus) - $10,205 (2025: $9,240)

Signed in accordance with a resolution of the directors.

Charles Murphy
Managing Director
Perth WA
31st August 2026

Horizon Nexus Partners
Horizon Nexus (WA) Audit Pty Ltd (ACN 145 447 105)
Level 4, 88 William Street, Perth WA 6000 | GPO Box 2570, Perth WA 6001
horizonnp.com.au

To the Board of Directors of Strategic Elements Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead auditor for the audit of the consolidated financial statements of Strategic Elements Limited for the financial year ended 30 June 2026, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Horizon Nexus (WA) Audit Pty Ltd

Horizon Nexus (WA) Audit Pty Ltd

Justin Mulhair
Director

Perth, Western Australia
Date: 31 August 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

		CONSOLIDATED	
		2026	**2025**
Continuing operations	**Notes**	**$**	**$**
Revenue	3(a)	155,200	-
Cost of sales		(49,962)	-
		105,238	
Other income	3(b)	1,126,210	760,005
Depreciation	3(c)	(14,876)	(24,496)
Insurances		(111,462)	(143,728)
Advertising		(39,039)	(19,649)
Professional fees		(171,297)	(205,104)
Project development and consulting expenditure		(723,440)	(972,026)
Regulatory & compliance		(157,205)	(129,807)
Remuneration		(686,271)	(943,900)
Other employees' costs		(734,940)	(694,775)
Rent & outgoings		(86,001)	(82,776)
Share-based payments	12	(781,253)	(70,530)
Other expenses		(289,074)	(203,232)
Operating loss		**(2,563,410)**	**(2,730,018)**
Foreign exchange losses		(2,818)	(623)
Interest received	3(d)	85,910	175,189
Interest expense	3(d)	(2,805)	(4,842)
		80,287	169,724
Loss before income tax		**(2,483,123)**	**(2,560,294)**
Income tax expense	4	-	-
Loss for the year		**(2,483,123)**	**(2,560,294)**
Other comprehensive income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Total other comprehensive income		-	-
Total comprehensive loss		**(2,483,123)**	**(2,560,294)**
Basic and diluted loss per share (cents per share)	5	(0.52)	(0.55)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

		CONSOLIDATED	
		2026	**2025**
	Notes	**$**	**$**
Assets			
Current assets			
Cash and cash equivalents	6	4,710,290	4,090,092
Trade and other receivables	7	55,888	70,477
Term deposit investments	8	130,671	126,296
Contract assets	9	55,200	-
Other current assets	10	154,568	100,389
Total current assets		**5,106,617**	**4,387,254**
Non-current assets			
Property, plant and equipment	11	20,431	35,306
Total non-current assets		**20,431**	**35,306**
Total assets		**5,127,048**	**4,422,560**
Liabilities			
Current liabilities			
Trade and other payables	13	400,860	387,221
Provisions	14	158,929	137,083
Total current liabilities		**559,789**	**524,304**
Non-current liabilities			
Provisions	14	9,242	6,081
Total non-current liabilities		**9,242**	**6,081**
Total liabilities		**569,031**	**530,385**
Net assets		**4,558,017**	**3,892,175**
Equity			
Issued capital	16	34,253,385	31,070,848
Share-based payments reserve	17	101,644	135,216
Accumulated losses	18	(29,797,012)	(27,313,889)
Total equity		**4,558,017**	**3,892,175**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Issued capital	Accumulated losses	Share-based payments reserve	Total
	$	$	$	$
Consolidated				
Balance at 1 July 2025	31,070,848	(27,313,889)	135,216	3,892,175
Loss for the year	-	(2,483,123)	-	(2,483,123)
Total comprehensive loss for the year	-	(2,483,123)	-	(2,483,123)
Issue of shares for cash	2,499,990	-	-	2,499,990
Issue on conversion of PRs	814,825	-	(814,825)	-
Share-based payments - PRs	-	-	781,253	781,253
Share issue costs	(132,278)	-	-	(132,278)
Balance at 30 June 2026	**34,253,385**	**(29,797,012)**	**101,644**	**4,558,017**
Balance at 1 July 2024	30,070,267	(24,753,595)	64,686	5,381,358
Loss for the year	-	(2,560,294)	-	(2,560,294)
Total comprehensive loss for the year	-	(2,560,294)	-	(2,560,294)
Issue of shares for cash	875,000	-	-	875,000
Issue of shares in lieu of directors fees	162,900	-	-	162,900
Share-based payments - options	-	-	68,124	68,124
Share-based payments - PRs	-	-	67,092	67,092
Adjustment to probability of PRs granted in prior year	-	-	(64,686)	(64,686)
Share issue costs	(37,319)	-	-	(37,319)
Balance at 30 June 2025	**31,070,848**	**(27,313,889)**	**135,216**	**3,892,175**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

		CONSOLIDATED	
		2026	**2025**
	Notes	**$**	**$**
Cash flows used in operating activities			
Receipts from customers		100,000	-
Receipts from Government Grants/Incentives		1,126,210	707,556
Payments to suppliers		(816,303)	(686,518)
Payments to directors & employees		(1,323,924)	(1,489,100)
Payments for project development		(820,192)	(1,016,165)
Payments for leases		(99,000)	(54,281)
Interest received		88,500	174,659
Interest paid		(2,805)	(6,360)
Net cash used in operating activities	6	(1,747,514)	(2,370,209)
Cash flows used in investing activities			
Payments for property, plant and equipment		-	(12,957)
Net cash used in investing activities		-	(12,957)
Cash flows from financing activities			
Proceeds from the issue of shares		2,499,990	875,000
Payments for costs of issue of shares		(132,278)	(37,319)
Net cash from financing activities		2,367,712	837,681
Net increase/(decrease) in cash and cash equivalents		620,198	(1,545,485)
Cash and cash equivalents at beginning of the year		4,090,092	5,635,577
Cash and cash equivalents at end of the year	6	**4,710,290**	**4,090,092**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to Strategic Elements Limited (the “Company”) and its subsidiaries (the “Group”) are set out below. The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

New or amended Accounting Standards and Interpretations issued but not yet effective

At 30 June 2026, a number of accounting standards and amendments had been issued but were not yet mandatory for the Group. Management has not early adopted these standards. The most significant forthcoming change is AASB 18 *Presentation and Disclosure in Financial Statements*, which will modify the presentation of the statement of profit or loss and introduce additional disclosure requirements relating to management-defined performance measures and the aggregation/disaggregation of information. Management is currently assessing the potential impact on the Group's financial statements and related reporting processes. Based on the assessment performed to date, no other issued but not yet effective standards are expected to have a material impact on the Group's financial position or results of operations.

Rounding of amounts

Unless otherwise stated, amounts in the financial statements have been rounded to the nearest dollar and are presented in Australian dollars, which is the Group’s functional and presentation currency.

Basis of preparation

The Company is a listed Pooled Development Fund (PDF), incorporated in Australia and operating in Australia and New Zealand. The Company’s principal activity is a Pooled Development Fund.

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards issued by the Australian Accounting Standards Board.

The financial report complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The accounting policies detailed below have been consistently applied to all of the years presented. The consolidated financial statements of the Company as at and for the year ended 30 June 2026 comprise the Company and its subsidiaries. The financial report was authorised for issue on 28th August 2026.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars which is the consolidated entity’s functional currency.

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the payment of liabilities in the ordinary course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2026 of $2,483,123 (30 June 2025: $2,560,294), a net cash outflow from operations of $1,747,514. As at 30 June 2026, the Group had net equity of $4,558,017 and cash of $4,710,290.

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The Directors have prepared forecasts in respect of future trading. Achievement of such forecasts would allow the Group to manage within its current funding facilities for the foreseeable future. In developing these forecasts, the Directors have made assumptions and performed sensitivity analysis on variables such as revenues and employee costs based upon their view of the current and future economic conditions that will prevail over the forecast period of 12 months from the date of signing these financial statements. The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2026 and the results of all subsidiaries for the year then ended.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Leases

Short-term leases

The entity has elected not to recognise right-of-use assets and lease liabilities for leases with a lease term of 12 months or less and that do not contain a purchase option. Lease payments associated with short-term leases are recognised as an expense on a straight-line basis over the lease term, or another systematic basis where that basis is more representative of the pattern of benefit derived from the leased asset. The election is applied by class of underlying asset.

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue and other income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Project revenue

Project revenue is recognised over time as the services, including a 12 month pilot software licence, system monitoring and support, and installation of specialised equipment are rendered based on stage of completion.

The Group uses the input method to determine stage of completion.

Research and development refund

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grant and that the grant will be received.

Other income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Contract asset

A contract asset is recognised when the Group has transferred goods or services to a customer but its right to consideration is conditional on something other than the passage of time. Contract assets are initially recognised in accordance with the revenue recognition requirements of AASB 15 and are subsequently reclassified to trace receivables when the right to consideration becomes unconditional.

Contract assets are assessed for impairment in accordance with the expected credit loss requirements of AASB 9 *Financial Instruments.*

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (continued)

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.
Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Goods and services tax (GST) (continued)

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash and cash equivalents

Cash includes cash on hand and at call and deposits with banks or financial institutions and investments in money market instruments which are readily convertible to cash and used in the cash management function on a day to day basis, net of bank overdraft.

Project development expenditure

Project development costs, excluding the costs of acquiring tenements and permits, are expensed as incurred.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Trade and other payables

Trade payables and other payables are carried at amortised cost using the effective interest method and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

Equity settled transactions:

The Group may provide benefits to Directors and employees in the form of share-based payments, whereby services are rendered in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options granted is determined using an appropriate valuation model, further details of which are given in Note 11.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Share-based payment transactions

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of loss per share (see Note 5).

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Office equipment – 2.5 to 15 years

Computer equipment – 2.5 to 4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment (continued)

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income in the other expenses line item.

(ii) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An impairment loss is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

Earnings per share

Basic earnings per share is calculated as net profit/loss, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

Parent entity financial information

The financial information for the Company, Strategic Elements Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the Company. Dividends received from associates are recognised in the parent entity’s profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model and is based on the assumptions detailed in Note 11.

Recognition of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Research and development

Management is required to assess if the conduct of activities to develop or improve a product or service, or a process or technique meet the criteria for research or development in order to determine if an application for a tax refund on certain categories of expenses can be made by the Group.

Project revenue

Revenue recognition involves significant judgement in identifying performance obligations, determining the timing of transfer of control to customers, and estimating variable consideration. For contracts recognised over time, management applies judgement in measuring progress towards satisfaction of performance obligations, including estimates of total contract costs and expected outcomes. Changes in these estimates may result in adjustments to revenue recognised in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

NOTE 3. REVENUE AND EXPENSES

	CONSOLIDATED	
	2026	2025
	$	$
(a) Project revenue	155,200	-
All project revenue is earned in Australia and recognised over time.		
(b) Other income		
Research & development tax offset	1,126,210	707,556
Refunds of rent and rates	-	52,449
	1,126,210	760,005
(c) Expenses		
Depreciation of non-current assets	14,876	24,496
(d) Finance costs		
Bank interest received and receivable	85,910	175,189
Bank interest paid and payable	(2,805)	(4,842)
	83,105	170,347

NOTE 4. INCOME TAX

	CONSOLIDATED	
	2026	2025
Reconciliation of tax expense to statutory tax:	$	$
Loss for the year	(2,483,123)	(2,560,294)
Tax benefit at the applicable tax rate of 25.00% (2025: 25.00%)	(620,781)	(640,074)
s.40-880 expenses	(13,174)	(22,244)
Permanent differences	210,022	58,382
Change in temporary differences	31,514	(5,759)
Under provision/(over provision) of prior year tax losses	432,953	477,514
Unrecognised tax losses	(40,534)	132,181
Tax expense reported in statement of profit and loss and other comprehensive income	-	-
Unrecognised deferred tax assets:		
Carried forward tax losses	4,338,606	4,037,658
Temporary differences	31,514	(5,759)
Components of deferred tax		
Accrued income	1,801	1,224
Prepayments	2,317	(13,319)
Accruals	21,144	18,021
Provisions	6,252	(11,685)
Tax Losses	4,379,140	3,946,187
Unrecognised deferred tax assets	(4,410,654)	(3,940,428)
	-	-

The potential deferred tax benefit of tax losses has not been recognised as an asset because recovery of tax losses is not considered probable in the context of AASB 112 *Income taxes*. The benefit of these tax losses will only be realised if:

a) The Group entities derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.

b) The Group entities comply with the conditions for deductibility imposed by the law; and

c) No changes in tax legislation adversely affect the Group entities in realising the benefit from the deduction for the loss.

NOTE 5. LOSS PER SHARE

	CONSOLIDATED	
	2026	2025
	Cents per share	Cents per share
Basic loss per share from continuing operations	(0.52)	(0.55)

Basic loss per share
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

- Loss ($)	(2,483,123)	(2,560,294)
- Weighted average number of ordinary shares (number)	481,839,597	468,464,310

Diluted loss per share
Diluted loss per share has not been calculated as the result is anti-dilutive in nature.

NOTE 6. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2026	2025
	$	$
Cash at bank and on hand	4,745,107	4,116,784
Credit card	(34,817)	(26,692)
	4,710,290	4,090,092

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Credit card is paid on the due date incurring no interest charge.

NOTE 6. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related item in the statement of financial position as noted above.

Reconciliation of loss for the year to net cash flows used in operating activities:

	CONSOLIDATED	
	2026	**2025**
	$	**$**
Loss from ordinary activities after income tax	(2,483,123)	(2,560,294)
Depreciation	14,876	24,496
Directors' fees settled through issue of shares	-	162,900
Share-based payments	781,252	70,530
Changes in working capital:		
(Increase)/decrease in other receivables	10,214	13,405
(Increase)/decrease in term deposit investment	(4,375)	(5,187)
(Increase)/decrease in contract assets	(55,200)	-
(Increase)/decrease in other assets	(49,804)	15,287
(Decrease)/increase in trade creditors and accruals	13,639	(101,970)
(Decrease)/increase in provisions	25,007	10,624
Cash flows used in operations	(1,747,514)	(2,370,209)

NOTE 7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2026	**2025**
	$	**$**
Interest receivable	4,826	11,791
GST recoverable	51,062	58,686
	55,888	70,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

NOTE 8. TERM DEPOSIT INVESTMENT

	CONSOLIDATED	
	2026	2025
	$	$
Term deposit	130,671	126,296

The term deposit investments of $84,879 and $45,792 mature on 2 April 2027 and 14 May 2027 respectively and attract an interest rate of 3.40% and 5.00% respectively.

NOTE 9. CONTRACT ASSETS

	CONSOLIDATED	
	2026	2025
	$	$
Contract assets	55,200	-

NOTE 10. OTHER CURRENT ASSETS

	CONSOLIDATED	
	2026	2025
	$	$
Prepayments	154,568	100,389

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Research equipment $	Office equipment $	Computer equipment $	Total $
At 30 June 2026				
Cost	58,331	36,053	57,195	151,579
Accumulated depreciation	(49,360)	(33,176)	(48,613)	(131,149)
At 30 June 2026*	8,971	2,877	8,582	20,430
At 30 June 2025				
Cost	58,331	36,053	57,195	151,579
Accumulated depreciation	(44,350)	(29,588)	(42,335)	(116,273)
At 30 June 2025	13,981	6,465	14,860	35,306

Consolidated	Research equipment	Office equipment	Computer equipment	Total
Year ended 30 June 2026	$	$	$	$
At 1 July 2025 net of accumulated depreciation	13,981	6,465	14,860	35,306
Additions	-	-	-	-
Depreciation charge for the year	(5,010)	(3,588)	(6,278)	(14,876)
At 30 June 2026	8,971	2,877	8,582	20,430
Year ended 30 June 2025				
At 1 July 2024	26,110	9,028	11,707	46,845
Additions	-	966	11,991	12,957
Depreciation charge for the year	(12,129)	(3,529)	(8,838)	(24,496)
At 30 June 2025	13,981	6,465	14,860	35,306

NOTE 12. SHARE-BASED PAYMENTS

	CONSOLIDATED 2026 $	CONSOLIDATED 2025 $
Options over shares granted	-	68,124
Performance rights granted	779,919	67,092
Performance rights probability adjustment	1,334	(64,686)
	781,253	70,530

Options over ordinary shares

The movement in Options on issue was as follows:

	2026 Number	2026 Weighted average Exercise price cents	2025 Number	2025 Weighted average Exercise price cents
Movements in options on issue				
At beginning of the year	25,375,000	6.00	-	-
Issued during the year	71,428,295	4.00	25,375,000	6.00
Outstanding at the end of the year	96,803,295	4.52	25,375,000	6.00

The outstanding balance at 30 June 2026 is represented b 25,375,000 options over ordinary shares with an exercise price of 6.00 cents and an expiry date of 16 August 2027 and 71,428,295 options over ordinary shares with an exercise price of 4.00 cents and an expiry date of 12 Jul 2027.

Performance rights

On 24 November 2025 shareholders approved the issue of 11,650,000 performance rights under the terms of the Company Employee Securities Incentive Plan to directors of the Company as follows:

Issued to	Number PRs granted	Grant date	Expiry date	Fair value per PR at grant date
Charles Murphy	5,680,000	24/11/2025	28/11/2028	$0.063
Elliott Nicholls	4,120,000	24/11/2025	28/11/2028	$0.063
David Lim	1,850,000	24/11/2025	28/11/2028	$0.063

NOTE 12. SHARE-BASED PAYMENTS (CONTINUED)

Vesting conditions for the above PR's

i) The vesting of 50% of the Director PRs above is dependent on the execution of a joint development agreement between subsidiary Australian Advanced Materials Pty Ltd and a recognised expert organisation in printed electronics, materials, energy systems, or a potential end user customer. At 30 June 2026 management estimated probability used for the PR vesting condition being satisfied was 20%.

ii) The vesting of the remaining 50% of the PRs above is dependent on receipt of cumulative customer payments of at least $500,000 from executed contracts, or Stealth Technologies Pty Ltd detailing in a quarterly activity report that it has achieved profitability.

The Directors are required to have continuous employment with the Company.

Following achievement of the vesting condition (ii) 5,825,000 PRs were converted to shares on 17 June 2026.

The inputs to the PRs valuation were:

Performance period starts	24/11/2025
Performance period ends	23/11/2028
Expected life of rights (years)	3
Grant date share price (cents)	6.30

On 13 November 2024 shareholders approved the issue of 9,750,000 performance rights with a vesting period of 3 years. On 28 November 2025, 8,450,000 shares were issued following the satisfaction of vesting conditions for 8,450,000 of these performance rights. The pro-rata share-based payments expense for the year ended 30 June 2026 is $387,994. The remaining 1,300,000 performance rights remained unvested at 30 June 2026. The pro-rata share-based payments expense for these unvested performance rights for the year ended 30 June 2026 is $11,483.

On 28 November 2025 6,000,000 performance rights, originally issued to directors on 28 November 2023 lapsed because the vesting conditions have not been or have become incapable of being satisfied. The fair value of those rights had already been written down to $nil at 30 June 2025.

The movement in PRs on issue was as follows:

	2026 Number	2025 Number
Movements in performance rights on issue		
At beginning of the year	15,750,000	6,000,000
Granted during the year	11,650,000	9,750,000
Converted during the year	(14,275,000)	-
Expired during the year	(6,000,000)	-
Vested at the end of the year	-	-
Outstanding at the end of the year	7,125,000	15,750,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

NOTE 12. SHARE-BASED PAYMENTS (CONTINUED)

The share-based payment expense (benefit) in PRs and options on issue was as follows:

	2026 $	2025 $
Share-based payment expense (benefit)		
6,000,000 performance rights*	-	(64,686)
9,750,000 performance rights	400,811	67,092
11,650,000 performance rights	380,442	-
3,500,000 options	-	68,124
Total share-based payment expense (benefit)	781,253	70,530

*resulting from the re-estimate by management of the reassessment of probability of satisfaction of performance rights' vesting hurdles.

NOTE 13. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2026 $	2025 $
Trade payables	107,620	215,882
Accrued expenses	293,240	171,339
	400,860	387,221

NOTE 14. PROVISIONS

	CONSOLIDATED	
	2026 $	2025 $
Current		
Provision for annual leave	91,121	85,796
Provision for long service leave	67,808	51,287
	158,929	137,083
Non-current		
Provision for long service leave	9,242	6,081
	168,171	143,164

NOTE 15. REMUNERATION OF AUDITORS

	CONSOLIDATED 2026 $	CONSOLIDATED 2025 $
Amounts received & receivable by the auditor:		
Horizon Nexus (WA) Audit Pty Ltd (formerly Nexia Perth Audit Services Pty Ltd)		
- audit and review of the financial reports of the Group	49,574	46,850
- tax services (tax return preparation)*	10,205	9,240
- other assurance services	3,920	3,740
	63,699	59,830

* These services were provided by Horizon Nexus Partners Pty Ltd, an associated entity of the audit company.

NOTE 16. ISSUED CAPITAL

	2026 $	2025 $
Issued capital		
Ordinary shares issued and fully paid	34,253,385	31,070,848

Issued capital as per ASIC register (number of shares on issue at issue cost) at 30 June 2026 is $33,454,307.

Ordinary shares entitle the holder to participate in dividends and in the proceeds and winding up of the Company in proportion to the number of and amounts paid on the shares held.

Fully paid ordinary shares carry one vote per share and the right to dividends.

	2026		2025	
	Number of shares	$	Number of shares	$
Movement in ordinary shares on issue				
At beginning of year	473,899,060	31,070,848	446,933,437	30,070,267
Shares issued for cash	71,428,295	2,499,990	21,875,000	875,000
Shares issued on conversion of PRs	14,275,000	814,825	-	-
Shares issued in lieu of directors fees	-	-	5,090,623	162,900
Share issue costs		(132,278)	-	(37,319)
At end of year	559,602,355	34,253,385	473,899,060	31,070,848

NOTE 17. RESERVES

	CONSOLIDATED	
	2026	2025
	$	$
Share-based payment reserve		
Balance at beginning of year	135,216	64,686
Options granted during the year	-	68,124
Performance rights issued/on issue during the year	779,919	67,092
Performance rights adjustment to probability during the year	1,334	(64,686)
Performance rights converted to shares during the year	(814,825)	-
Balance at end of financial year	101,644	135,216

The share-based payments reserve is used to record the value of options and performance rights (PRs) granted as share-based payments as part of total remuneration. Refer to Note 12 for further information on these options and performance rights.

NOTE 18. ACCUMULATED LOSSES

	CONSOLIDATED	
	2026	2025
	$	$
Movement in accumulated losses:		
Balance at beginning of year	(27,313,889)	(24,753,595)
Loss for the year	(2,483,123)	(2,560,294)
Balance at end of year	(29,797,012)	(27,313,889)

NOTE 19. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash, term deposit investments, trade payables and trade receivables. These financial instruments arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

	CONSOLIDATED	
	2026	2025
(a) Categories of financial instruments	$	$
Financial assets		
Cash and cash equivalents	4,710,290	4,090,092
Trade and other receivables	4,826	11,791
Term deposit investments	130,671	126,296
Contract assets	55,200	-
	4,900,989	4,228,179
Financial liabilities		
Trade and other payables	365,956	349,135

(b) Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its assets held in cash and cash equivalents.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	CONSOLIDATED			
	2026		2025	
	Carrying amount	Interest rate	Carrying amount	Interest rate
	$	%	$	%
Variable rate instruments				
Cash and bank balances	4,710,290	2.32	4,090,902	3.69
Fixed rate instruments				
Term deposit investments	130,671	3.96	126,296	3.77

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

	Equity		Profit or loss	
	100bp increase	**100bp** decrease	**100bp** increase	**100bp** decrease
30 June 2026: Consolidated				
Variable rate instruments	47,103	(47,103)	47,103	(47,103)
30 June 2025: Consolidated				
Variable rate instruments	40,909	(40,909)	40,909	(40,909)

Funds that are not required in the short term are placed on deposit for a period of no more than 6 months at a fixed interest rate. The Group's exposure to interest rate risk and the effective interest rate by maturity is set out above.

(c) Net fair values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximates their carrying value.

(d) Credit risk

There are no significant concentrations of credit risk within the Group, apart from its cash balances with its bank. Cash balances are maintained with reputable institutions.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and trade receivables, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There is no requirement for collateral.

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves.

The following table details the Group's expected contractual maturity for its financial liabilities:

30 June 2026: Consolidated	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
Financial liabilities	$	$	$	$	$
Non-interest bearing	365,956	-	-	-	365,956
	365,956	-	-	-	365,956

30 June 2025: Consolidated	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
Financial liabilities	$	$	$	$	$
Non-interest bearing	308,887	-	-	-	308,887
Interest bearing	6,708	13,416	20,124	-	40,248
	315,595	13,416	20,124	-	349,135

(f) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Group's activities, being mineral exploration and research and development relating to the energy ink cell technology, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Group funding being equity raisings.

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group has no hedging policy in place to manage those risks; however, all foreign exchange purchases are settled promptly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2026	**2025**	**2026**	**2025**
Consolidated	$	$	$	$
New Zealand dollars	9,530	4,727	21,298	53,864

Foreign currency sensitivity analysis

The Group is exposed to New Zealand Dollar (NZD) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency there would be an equal and opposite impact on the profit or loss and other equity, and the balances below would be negative.

	Increase		Decrease	
	2026	**2025**	**2026**	**2025**
	$	$	$	$
NZD impact				
Profit or loss (i)	1,177	4,914	(1,177)	(4,914)
Other equity	1,177	4,914	(1,177)	(4,914)

(i) This is attributable to the exposure outstanding on NZD payables and the NZD bank account balance at year end in the Group.

NOTE 20. COMMITMENTS

a) Project development expenditure commitments

In order to maintain current rights of tenure to mining tenements and permits, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer, relinquishment or farm-out of exploration rights to third parties will reduce or extinguish these obligations. As a result, at 30 June 2026 there are no such commitments.

	CONSOLIDATED	
	2026	**2025**
	$	**$**
Within one year	-	64,500
Later than one year but not later than 5 years	-	258,000
	-	322,500
b) Office lease commitments		
Within one year	4,343	6,920
Later than one year but not later than 5 years	-	-
	4,343	6,920

NOTE 21. SEGMENT INFORMATION

The Group is managed primarily on the basis of its exploration projects (resource segment) and research and development of the energy ink cell and robotics and AI solutions (technology segment). Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating tenements and permits where the tenements and permits are considered to form a single project. This is indicated by:

- having the same ownership structure;
- exploration being focused on the same mineral or type of mineral;
- exploration programs targeting the tenements and permits as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the areas; and
- shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

NOTE 21. SEGMENT INFORMATION (CONTINUED)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

*Unallocated item*s
The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:
- income tax expense;
- deferred tax assets and liabilities; and
- discontinuing operations.

	Resources	Technology	Unallocated (Corporate)	Total
Consolidated	**$**	**$**	**$**	**$**
Year ended 30 June 2026:				
Segment revenue & other income	-	1,281,410	-	1,281,410
Segment result	(38,347)	(710,445)	(1,734,331)	(2,483,123)
Included within segment revenue & result:				
Project revenue	-	155,200	-	155,200
R&D tax offset	-	1,126,210	-	1,126,210
Depreciation	-	(6,960)	(7,916)	(14,876)
Interest income	28	2,778	83,104	85,910
Segment assets	67,393	604,024	4,455,631	5,127,048
Segment liabilities	15,796	215,741	337,493	569,030

NOTE 21. SEGMENT INFORMATION (CONTINUED)

	Resources	Technology	Unallocated (Corporate)	Total
Consolidated	**$**	**$**	**$**	**$**
Year ended 30 June 2025:				
Segment income	78,213	681,792	-	760,005
Segment result	(57,756)	(1,248,405)	(1,254,133)	(2,560,294)
Included within segment revenue & result:				
R&D tax offset	25,764	681,792	-	707,556
Depreciation	-	(13,796)	(10,700)	(24,496)
Interest income	190	4,586	170,413	175,189
Segment assets	116,307	306,113	4,000,140	4,422,560
Segment liabilities	8,211	253,434	268,740	530,385

NOTE 22. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Strategic Elements Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2026	% Equity Interest 2025	Investment $ 2026	Investment $ 2025
Maria Resources Pty Ltd	Australia	100	100	1	1
Cognition Engines Pty Ltd	Australia	100	100	1	1
Strategic Materials Pty Ltd	Australia	100	100	1	1
Australian Advanced Materials Pty Ltd	Australia	100	100	1	1
Stealth Technologies Pty Ltd	Australia	100	100	1	1

NOTE 22. RELATED PARTY DISCLOSURES (CONTINUED)

Strategic Elements Limited is the ultimate Australian parent entity and ultimate parent of the Group.

NOTE 23. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2026 the parent company of the Group was Strategic Elements Limited.

Financial position of Parent entity at year end

	30 June 2026 $	30 June 2025 $
Assets		
Current assets	4,448,001	3,984,592
Non-current assets	447,511	176,323
Total assets	4,895,512	4,160,915
Liabilities		
Current liabilities	328,253	268,602
Non-current liabilities	9,242	138
Total liabilities	337,495	268,740
Equity		
Issued capital	34,253,385	31,070,848
Retained earnings	(29,797,012)	(27,309,806)
Share-based payments reserve	101,644	131,133
Total equity	4,558,017	3,892,175

Financial performance of Parent entity for the year

	Year ended 30 June 2026 $	Year ended 30 June 2025 $
Loss for the year	(2,483,123)	(2,556,211)
Other comprehensive income	-	-
Total comprehensive loss	(2,483,123)	(2,556,211)

NOTE 24. CONTINGENT LIABILITIES

There are no contingent liabilities outstanding at the end of the year.

NOTE 25. RELATED PARTY TRANSACTIONS

(a) Details of Key Management Personnel

(i) Directors

Charles Murphy	Managing Director and Acting Chairman
Elliot Nicholls	Executive Director
David Lim	Executive Director (appointed 31 December 2025)
Matthew Howard	Executive Director (resigned 31 December 2025)

(b) Key management personnel compensation

The key management personnel compensation for the year is as follows:

	CONSOLIDATED	
	Year ended 30 June 2026	Year ended 30 June 2025
	$	$
Short term benefits	935,744	762,700
Post-employment benefits	64,143	18,300
Equity benefits	682,859	206,317
Total	1,682,746	987,317

(c) Transactions with related parties

	CONSOLIDATED	
	Year ended 30 June 2026	Year ended 30 June 2025
	$	$
Payment for services within the Group	774,801	658,304

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Transactions with related entities:

Director related entities

Certain services are provided to the Group by Director related entities under services agreements. Amounts paid or payable under these agreements are included in the Remuneration Report as required by accounting standards. Please refer to the Remuneration Report in the Directors Report and Note 24 for more detail.

Enbit Pty Ltd ("Enbit"), an entity related to Elliott Nicholls, a Director of the Company for IT services was engaged by the Group during the year. Enbit received a total of $1,775 plus GST (2025: $4,438 plus GST). There was an amount of nil outstanding between Enbit and the consolidated entity at 30 June 2026 (2025: $495 inc GST).

Blooming Investments Pty Ltd, an entity related to Elliott Nicholls, a Director of the Company is lessor for the office premises leased by Strategic Elements Limited and Stealth Technologies Pty Ltd. The total charged during the year was $31,459 (2025: $24,409). The amount outstanding at 30 June 2026 was nil (2025: $5,400 plus GST).

NOTE 25. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Performance Rights holdings of Key Management Personnel

30 June 2026	Balance at beginning of year	Granted as remuneration	Converted during the year	Expired during the year	Balance at end of year	Vested	Not vested
	No.	No.	No.	No.	No.	No.	No.
Directors							
Charles Murphy	4,500,000	5,680,000	(5,340,000)	(2,000,000)	2,840,000	-	2,840,000
Elliot Nicholls	4,500,000	4,120,000	(4,560,000)	(2,000,000)	2,060,000	-	2,060,000
David Lim(1)	-	1,850,000	(925,000)	-	925,000	-	925,000
Matthew Howard(2)	3,500,000	-	(1,500,000)	(2,000,000)	-	-	-
Total	12,500,000	11,650,000	(12,325,000)	(6,000,000)	5,825,000	-	5,825,000

30 June 2025	Balance at beginning of year	Granted as remuneration	Converted during the year	Expired during the year	Balance at end of year	Vested	Not vested
	No.	No.	No.	No.	No.	No.	No.
Directors							
Charles Murphy	2,000,000	2,500,000	-	-	4,500,000	-	4,500,000
Matthew Howard	2,000,000	1,500,000	-	-	3,500,000	-	3,500,000
Elliot Nicholls	2,000,000	2,500,000	-	-	4,500,000	-	4,500,000
Total	6,000,000	6,500,000	-	-	12,500,000	-	12,500,000

(1) appointed 31 December 2025
(2) resigned 31 December 2025

NOTE 26. EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2026, AAM was granted a Japanese patent titled Moisture Electric Generator Battery Cell, providing registered protection in Japan for specified elements of the original Energy Ink™ platform, including defined functional material, moisture-electric cell and preparation-method aspects.

In July 2026, following completion of the engineering concept-design work undertaken during FY26, development of the portable Moisture Energy Dock was formally announced..

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Strategic Elements Limited	Body corporate	Australia	100%	Australia
Stealth Technologies Pty Ltd	Body corporate	Australia	100%	Australia
Strategic Materials Pty Ltd	Body corporate	Australia	100%	Australia
Maria Resources Pty Ltd	Body corporate	Australia	100%	Australia
Cognition Engines Pty Ltd	Body corporate	Australia	100%	Australia
Australian Advanced Materials Pty Ltd	Body corporate	Australia	100%	Australia

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements:
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Charles Murphy
Managing Director
Perth WA
31st August 2026

Horizon Nexus Partners
Horizon Nexus (WA) Audit Pty Ltd (ACN 145 447 105)
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INDEPENDENT AUDITOR'S REPORT

To the Members of Strategic Elements Limited

Report on the Audit of the Financial Report

Opinion

We have audited the consolidated financial report of Strategic Elements Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying consolidated financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Groups' financial position as at 30 June 2026 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") issued by the Accounting Professional & Ethical Standards Board Limited that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Area of focus	How our audit addressed the area of focus
Funding and Liquidity (Going Concern) Refer also to note 1 As disclosed in Note 1 to the consolidated financial statements, the Group has incurred a net loss after tax for the year ended 30 June 2026 of $2,483,123 (30 June 2025: $2,560,294), a net cash outflow from operations of $1,747,514. As at 30 June 2026, the Group had net equity of $4,558,017 and cash of $4,710,290. The adequacy of funding and liquidity, as well as the relevant impact on the going concern assessment, is a key audit matter due to the significance of management's judgments and estimates in respect of this assessment.	Our procedures included, amongst others: • Assessing the Group's working capital position as at 30 June 2026; • Vouching cash and cash equivalents to supporting documentation; • Checking the mathematical accuracy of the cash flow forecast prepared by management; • Evaluating the reliability and completeness of management's assumptions by comparing them to our understanding of the Group's future plans and operating conditions; • Obtaining an understanding of management's cash flow forecast and evaluating the sensitivity of assumptions made by management; • Considering events subsequent to year end to determine whether any additional facts or information have become available since the date on which management made its assessment; and • Checking the adequacy of the disclosures in the consolidated financial report.
Share-based payments Refer also to note 12 The Company has awarded its key management personnel performance rights over shares to conserve cash and to provide long-term incentives. This is a key audit matter as the valuation of share-based payments is complex and subject to significant management estimates and judgement.	Our procedures included, amongst others: • Verifying the inputs and assumptions used in the shared-based payment valuations to market prices and the terms and conditions of the relevant agreements; • Checking the accounting treatment of the share-based payment to the requirements of AASB 2 *Share-Based Payment*; • Performing procedures to identify unrecorded share-based payments; and • Checking the adequacy the disclosures of share-based payments arrangements in the consolidated financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and *the Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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• Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

• Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 20 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Strategic Elements Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Horizon Nexus (WA) Audit Pty Ltd

Horizon Nexus (WA) Audit Pty Ltd

Justin Mulhair
Partner

Perth, Western Australia

Date: 31 August 2026

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by the ASX Limited and not shown elsewhere in this report is as follows. This information is current as at 13 August 2026.

1) Substantial shareholders

The Company has no substantial shareholders.

2) Information on equity security classes

a) Ordinary Shares

559,602,355 fully paid ordinary shares are held by 7,473 shareholders. All issued shares carry one vote per share and carry the rights to dividends.

The number of shareholders by size of holding:

Ordinary shares

	Number of holders	Number of shares
1 - 1,000	590	359,156
1,001 - 5,000	2,163	6,037,124
5,001 - 10,000	1,223	10,016,061
10,001 - 100,000	2,663	94,493,442
100,001 and over	834	445,821,572
Totals	**7,473**	**559,602,355**

ADDITIONAL SECURITIES EXCHANGE INFORMATION (CONTINUED)

b) Options and Performance Rights on issue:

	Ordinary shares	
	Units	**Holders**
Performance Rights	7,125,000	5
Options ($0.06, Exp 16/08/2027)	25,375,000	21
Options ($0.04, Exp 12/07/2027)	71,428,295	386

ADDITIONAL SECURITIES EXCHANGE INFORMATION (CONTINUED)

3) Top 20 shareholders

The twenty largest holders of quoted equity securities are:

#	Holder Name	Holding	% of IC
1	Robinia Partners Pty Ltd	18,373,072	3.28%
2	Emnet Pty Ltd	12,334,820	2.20%
3	Howard Family A/C	10,716,393	1.92%
4	LS Family A/C	7,581,509	1.35%
5	Lambert <Cambridge Super Fund A/C>	7,230,476	1.29%
6	Mrs Wei Pan	7,000,000	1.25%
7	Mr Anthony Roberts	5,916,268	1.06%
8	BNP Paribas Nominees Pty Ltd	5,735,841	1.02%
9	Yanbian Pty Ltd	5,143,710	0.92%
10	SRM Electrical <SRM Super Fund A/C>	4,588,657	0.82%
11	Mr Darren James Monk	4,410,615	0.79%
12	Mr Andrew Kang	4,292,149	0.77%
13	Mr David Anthony Barnao	4,274,450	0.76%
14	ATEQ Investments Pty Ltd	4,258,856	0.76%
15	Cathara Management Pty Ltd <Sage Holdings A/C>	4,178,571	0.75%
16	Granborough Pty Ltd <Aj & J King S/F A/C>	4,000,000	0.71%
17	Mr Arjun George	3,922,386	0.70%
18	Mr Dieter Kottmann	3,499,998	0.63%
19	Netwealth Investments Limited <Wrap SERV A/C>	3,448,015	0.62%
20	Tre Pty Ltd <Time Road Superannuation A/C>	3,018,199	0.54%

4) On-Market Buy Back

At the date of this report, the Company is not involved in an on market buy back.

STRATEGIC
ELEMENTS