

Strategic Elements Ltd

11:50 20 Sep 2019

Strategic Elements' 'venture builder' model supports Australian innovation

Strategic Elements Ltd (ASX:SOR) has adopted a 'venture builder' model through which the company generates ventures and projects by combining teams of leading scientists or innovators in the technology or resources sectors.

In this way the company is able to generate and support Australian innovation.

A key part of this strategy is being developed and progressively implemented by artificial intelligence and robotics company Stealth Technologies Pty Ltd, which was launched by Strategic Elements in late-July 2019.

Stealth is collaborating with leading research institutes and experts across AI technologies to develop proprietary technologies and deliver innovative solutions.

In this Q&A with Proactive, Strategic Elements' managing director Charles Murphy comments on the company's focus on innovation.

Proactive: Strategic Elements Ltd has become a 'venture builder'. What does this involve?

Charles Murphy: A venture builder model is a rapidly growing model of entrepreneurship and innovation. It creates the opportunity for us to identify business opportunities in-house and generate ventures and projects from combining teams of leading scientists and innovators in the technology or resources sectors.

We provide initial support on the business and corporate side and seek to progressively introduce full-time teams.

Proactive: Why is the company moving along this path?

Charles Murphy: There is so much talent within Australia's government and research organisations, however, many don't focus their talents on a real commercial problem, it's pure invention and academia.

Our team has met many brilliant scientists or technologists over the years that spend all of their valuable time on something that is not commercial or is already on the way to being commercialised by others.

By following this model, we can partner this talent with a customer or an end-user and together work on solving a real commercial problem.

Proactive: What does your new venture Stealth Technologies aim to achieve?

Price: 0.079

Market Cap: \$22.62 m

1 Year Share Price Graph



Share Information

Code: SOR

Listing: ASX

52 week High Low
0.094 0.029

Sector: Investments and investor services

Website: www.strategicelements.com.au

Company Synopsis:

Strategic Elements Ltd (ASX:SOR) is registered under the Pooled Development Program run by the Australian Federal Government to encourage investment into SME's.

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Charles Murphy: We want to use artificial intelligence, automation and robotics to solve problems in partnership with Australian customers and end-users.

We want to introduce these amazing technologies in a way that they can have an immediate benefit, not as something that may be helpful one day in the future.

If we can find solutions to Australian problems, we know that we will be able to transfer these to other countries.

Proactive: This obviously involves a lot of expertise. Who is the team behind Stealth Technologies?

Charles Murphy: Stealth Technologies is a great fit for us. We have the usual in-house experience in identifying business ideas, building teams, finding capital and partnerships, and helping to govern or manage ventures.

However, in addition, director Matthew Howard has significant data and software experience with US\$150+ billion company 'Oracle', and director Elliot Nicholls has many years of software development experience and holds a First Class Honours qualifications in electrical engineering and robotics.

We also have built an experienced in-house team of international award-winning PhD and Masters qualified research engineers with deep capabilities in artificial intelligence, computer vision and robotics (hardware and software).

Due to our recent activities, we have seen increased approaches from talent looking for somewhere to innovate in this space.

Proactive: How does Stealth Technologies stand apart from other innovators?

Charles Murphy: Most artificial intelligence companies only focus on software development. Stealth Technologies' point of difference is that our core capabilities sit within both hardware and software realms, and this is a genuine differentiator in the market.

Our team can physically custom build automated robotic machines, integrate computer vision capabilities and create artificial intelligence by utilising data from both the physical hardware and merging with cognitive software to create truly sophisticated solutions.

Proactive: Can you provide some examples of the type of work being carried out?

Charles Murphy: Most recently we have formed a partnership to apply artificial intelligence to fixed-plant operations in mining and deliver a Software as a Service (SaaS) solution.

We are currently in discussions with potential end-users to work together and deliver a working prototype system to demonstrate the functionality and feasibility of applying artificial intelligence to fixed-plant processing in mining.

Our team was also recently selected by the Australian Department of Defence

for a program that identifies potential game-changing technologies for Australia's national security and defence. This also creates an opportunity to fast-track Stealth's technology by working with defence end-users.

We have also formed an agreement with giant US company Honeywell to collaborate on building autonomous robotic vehicles for security applications. We can't say too much about that one, but our team has a demonstrated capability to build autonomous robots.

We have some really exciting projects that we are still working on and hope to be able to communicate those in the near term.

Proactive: What else is Strategic Elements involved in?

Charles Murphy: On the technology side we have been developing a printable ink that can be used to store and retrieve data for some time with UNSW, CSIRO and a group called VTT Finland who are world experts in the field.

We have been working with an Australian industrial design and fabrication company to build a demonstrator to showcase the printable memory ink's transparent properties.

We have completed the fabrication of the Memory Ink component and have now identified all the other components that can be sourced from third parties and those that can be fabricated between the facilities in Australia and Finland.

On the resources side, we venture generated a resources innovation company called Maria Resources Pty Ltd. The company was born from a collaboration with Dr Franco Pirajno, a recognised global expert on mineral systems, with more than 45 years of experience, in industry, academia and government.

Franco has deep expertise in different and unusual geological models from all over the world. For example, he received one of China's highest honours in science and technology for his outstanding contribution to science and technology in China.

Franco had built a wealth of experience working for the Western Australian Geological Survey as a senior scientist for many years before he started working with us to apply overseas models to Australia. That has ultimately led to the upcoming program to drill a potential meteorite impact structure in the Gibson Desert for nickel, copper, gold and rare earths.

We will be targeting some large geophysical IP anomalies for sulphides. It's high risk and high reward, but we have offset the funding of the drill program with WA government drilling grants and Federal R&D rebates.

We have received Aboriginal heritage clearance and are finalising negotiations with a drill contractor whilst awaiting final WA government approval to drill. We look forward to announcing the drill program shortly.

We also announced four further projects acquired with tenement applications a direct result of Behemoth activities. Using datasets yet to be merged into the open-file government database we identified four new projects within the Madura Province on the Nullabor Plain and the northwest area of the Officer

Basin.

We have commenced preparations to do some geophysics in the Madura area and hope to lodge a drilling grant for that project with the Western Australian government.

Proactive: Why does your company have special tax consideration from the Federal Government and ATO?

Charles Murphy: We actually operate under an Australian Government program designed to stimulate investment into Australian innovation.

We use private money but the government gives our shareholders the potential benefit of paying no tax on capital gains or dividends.

The mandate of the Australian Government program is to provide patient equity capital to fund innovation in Australian SME's.

The program is called the Pooled Development Fund program and it is closed for new applications, however, existing Pooled Development Fund's like Strategic Elements can continue operating.

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