

ELEMENTOS

TOMORROW'S TIN

CONSOLIDATED HALF YEAR REPORT

For the half year ended 31 December 2021

ABN 49 138 468 756



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Cautionary Statements

Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. Elementos undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

For more information on specific risks associated with forward looking statements refer to the Risk Assessment section of the ASX announcement "Positive Economic Study for the Oropesa Tin Project", 7th May 2020.

Mineral Resources and Ore Reserves

The information in this report that relates to the Mineral Resources and Ore Reserves were last reported by the company in compliance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Mineral Resources, Ore Reserves, production targets and financial information derived from a production target were included in market releases dated as follows:

- Cleveland JORC Resource Significantly Expanded, 5 March 2014 (tungsten resource);
- Acquisition of the Oropesa Tin Project, 31st July 2018;
- Substantial Increase in Cleveland Open Pit Project Resources following revised JORC study, 26th September 2018;
- Positive Economic Study for the Oropesa Tin Project, 7th May 2020;
- Oropesa optimisation work and drilling to unlock further value, 13th July 2020;
- Oropesa Tin Project Final Assay Result, 28 Sep 2021
- Oropesa Tin Project – Mineral Resource Estimate, 8 Nov 2021
- Oropesa Tin Project Optimisation Study, 3 Dec 2021
- Positive Economic Study for the Oropesa Tin Project, 7 May 2020
- Oropesa DFS Commencement, 12 July 2021

The company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements referred above and further confirms that all material assumptions underpinning the production targets, forecast financial information derived from a production target and all material assumptions and technical parameters underpinning the Ore Reserve and Mineral Resource statements contained in those market releases continue to apply and have not materially changed.

Competent Person Statement

The information in this report that relates to Mineral Resources and Ore Reserves Statements, Exploration Results and Exploration Targets is based on information and supporting documentation compiled by Mr Chris Creagh, who is a part-time employee of Elementos Ltd. Mr Creagh is a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and who consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Chris Creagh has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

The information in this report that relates to Processing and Metallurgy for the Oropesa Tin Project is based on and fairly represents information and supporting documentation compiled by Chris Creagh, who is a part-time employee of Elementos Ltd. Mr Creagh is a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and who consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Chris Creagh has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

Corporate Information

Directors and Company Secretary

Mr Andy Greig (Non-executive Chairman)
Mr Joe David (Managing Director)
Mr Corey Nolan (Non-executive Director)
Mr Calvin Treacy (Non-executive Director)
Mr Brett Smith (Non-executive Director)
Mr Duncan Cornish (Company Secretary)

Head Office and Registered Office

Elementos Limited
Level 7, 167 Eagle Street
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www.elementos.com.au

Auditor

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Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
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Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
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Stock Exchange Listing

Australian Securities Exchange Ltd
ASX Code: ELT

Australian Business Number

49 138 468 756

Directors' Report

Your directors submit the financial report on Elementos Limited (the "Company") and its controlled entities (the "consolidated entity" or "Group") for the half-year ended 31 December 2021.

Directors

The following persons were directors of the Company during or since the end of the financial period:

- Andy Greig
- Christopher Dunks (resigned 26 November 2021)
- Corey Nolan
- Calvin Treacy
- Brett Smith
- Joe David (appointed Managing Director 28 January 2022)

Review of Operations

The Group's operating loss for the half-year, after applicable income tax was \$1,201,419.

At 31 December 2021, the Group's net assets totalled \$16,120,842, which included cash assets of \$3,944,436.

During the period, the Company's principal activity was continuing exploration activities at both the Oropesa Tin Project and Cleveland Tin Project.

Oropesa Tin Project – Spain

Located in southern Spain, the Oropesa Tin Project (Oropesa) is one of the world's largest undeveloped, open-cut mineable tin deposits, with access to world class infrastructure. Elementos is developing Oropesa to produce tin concentrate, a commodity trading at all-time high prices, with important strategic value to major global economies as they transition to green economy infrastructure.

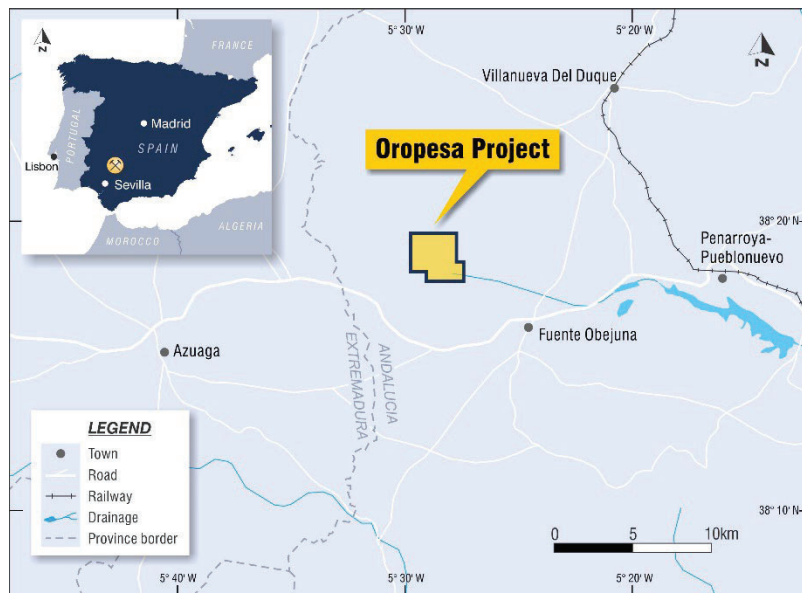


Figure 1. Oropesa Tin Project Location

Oropesa Drilling Program

In September 2021, Elementos completed a diamond drilling exploration program at Oropesa. The program's principal objectives were to:

1. Upgrade the confidence of existing Inferred Resources to a higher JORC Classification.
2. Confirm near-surface, possibly fault-controlled mineralisation that is not currently included in the 2018 geological resource model.
3. Investigate additional near-surface resources from exploration targets identified from Induced Polarisation geophysical survey anomalies.
4. Estimate a new JORC Geological Resource as part of a wider optimisation program designed to increase the project's overall resource, annual production rate and mine life.

A total of 46 diamond drill holes were drilled for 5,654 metres. The drilling program was progressively modified from the original plan as results were interpreted from completed drill holes.

Significant assays previously reported from the drilling program are shown in the table below.

| Hole ID | Intercept | Hole ID | Intercept |
|-----------|--|-----------|---|
| Expn_008 | 19.5m @ 0.18% Sn from 70.3m 32.3m @ 0.20% Sn from 161.7m | Expn_53A | 30.6m @ 0.22% Sn from 22.2m 9.1m @ 0.16% Sn from 62.0m |
| Expn_009 | 8.1m @ 0.26% Sn from 96.6m 15.8m @ 0.44% Sn from 108.4m 2.6m @ 0.15% Sn from 140.6m 5.7m @ 0.12% Sn from 140.5m 11.9m @ 0.18% Sn from 167.7m 12.9m @ 0.27% Sn from 191.4m | Expn_054A | 10.2m @ 0.25% Sn from 73.4m 1.8m @ 0.33% Sn from 85.5m 6.2m @ 0.19% Sn from 92.6m 9.1m @ 0.22% Sn from 22.2m 7.9m @ 0.31% Sn from 35.3m |
| Expn_010 | 12.3m @ 0.53% Sn from 37.7m 10.6m @ 0.38% Sn from 83.2m 17.9m @ 0.22% Sn from 106.9m 13.3m @ 0.26% Sn from 183.2m 6.3m @ 0.34% Sn from 199.1m | Expn_055A | 24.8m @ 0.35% Sn from 3.8m, includes 12.3m @ 0.53% Sn from 5.2m |
| Expn_010A | 12.5m @ 0.8% Sn from 36.3m 6.7m @ 0.31% Sn from 67.1m 15.9m @ 0.28% Sn from 100.6m | Expn_056 | 11.3m @ 0.38% Sn from 34.7m 7.1m @ 0.37% Sn from 96.5m |
| Expn_011 | 14.2m @ 0.25% Sn from 55.4m 3.1m @ 0.24% Sn from 77.0m | Expn_057 | 16.5m @ 0.23% Sn from 19.4m 5.5m @ 0.39% Sn from 42.7m |
| Expn_012 | 1.3m @ 0.39% Sn from 51.4m | Expn_058 | 9.4m @ 0.58% Sn from 11.2m 22.0m @ 0.18% Sn from 36.7m |
| Expn_013 | 10.4m @ 0.37% Sn from 65.1m | Expn_059 | 15.1m @ 0.44% Sn from 118.3m |
| Expn_015A | 3.6m @ 0.77% Sn from 22.9m 13.6m @ 0.32% Sn from 31.5m 7.6m @ 0.53% Sn from 119.5m | Expn_060 | 22.9m @ 0.28% Sn from 6.1m 8.6m @ 0.21% Sn from 59.0m 22.6m @ 0.23% Sn from 69.4m |
| Expn_016 | 2.7m @ 0.39% Sn from 74.3m 33.3m @ 0.22% Sn from 92.0m 15.1m @ 0.53% Sn from 138.4m | Expn_061A | 82.7m @ 0.27% Sn from 11.3m, includes 18.0m @ 0.39% Sn from 11.3m, and 37.5m @ 0.30% Sn from 56.5m |
| ADD_17A | 1.1m @ 0.63% Sn from 134.0m | ADD_01A | 10.5m @ 0.27% Sn from 94.9m 2.3m @ 0.63% Sn from 122.0m 9.9m @ 0.69% Sn from 200.5 m, including 0.6m @ 4.36% Sn from 209.8m |
| Expn_018 | 5.9m @ 0.26% Sn from 73.9m | ADD_02 | 12.9m @ 0.18% Sn from 45.5m 4.5m @ 0.16% Sn from 62.0m |
| Expn_019 | 31.1m @ 1.49% Sn from 113.3m, including 6.1mm @ 4.85% Sn from 133.6m, which includes 1m @ 12.9% Sn from 133.6m and 1.4m @ 8.02% Sn from 135.8m | ADD_03 | 2m @ 0.24% Sn from 16.3m 19.2m @ 0.18% Sn from 37m 8.7m @ 0.26% Sn from 61.8m 5.5m @ 0.41% Sn from 88.8m |
| Expn_020 | 3.9m @ 0.63% Sn from 36.5m | ADD_019 | 1.5m @ 1.75% Sn from 116.0m |
| Expn_020A | 6.8m @ 0.38% Sn from 37.4m | ADD_22 | 26.0m @ 0.34% Sn from 12.5m, including 18.0m @ 0.50% Sn from 12.5m 4.0m @ 1.95% Sn from 74.2m 12.4m @ 0.97% Sn from 89.0m, including 9.3m @ 1.25% Sn from 89.0m |
| Expn_021A | 7.1m @ 0.22% Sn from 43.2m | ADD_23 | 3.2m @ 0.18% Sn from 21.0m 18.7m @ 0.55% Sn from 29.2m, including 6.0m @ 1.10% Sn from 41.9m 1m @ 0.31% Sn from 74.5m |
| Expn_021B | 9.8m @ 0.22% Sn from 19.5m | P44 | 1.2m @ 0.24% Sn from 188.9m |
| Expn_022 | 41.9m @ 0.20% Sn from 132.9m | P53 | 1.2m @ 0.24% Sn from 188.9m 1m @ 0.31% Sn from 74.5m |
| Expn_025A | 33.2m @ 0.30% Sn from 2.9m, including 18.8m @ 0.40% Sn from 2.9m | P44 | 1.2m @ 0.24% Sn from 188.9m |
| Expn_040 | 9.6m @ 0.20% Sn from 48.2m | P53 | 1.2m @ 0.24% Sn from 188.9m |
| Expn_041 | 2.2m @ 0.40% Sn from 48.9m | | |
| Expn_043 | 4.8m @ 0.30% Sn from 22.0m | | |
| Expn_044 | 14.5m @ 0.38% Sn from 43.0m | | |
| Expn_047A | 7.1m @ 0.33% Sn from 10.3m | | |
| Expn_052A | 9.0m @ 0.3% Sn from 84.6m 10.1m @ 0.24% Sn from 124.1m | | |

Table 1. 2020-21 Diamond drilling significant intercepts from 41 drill holes as at 28 September 2021

Mineral Resources Estimate Update

In November 2021, Elementos announced a significant and material increase to the tonnage, shallowness and geological confidence levels of the Mineral Resource at Oropesa.

The company reported a 50% increase to the total Mineral Resource Estimate to 18.86Mt @ 0.40% Sn at a 0.15% Sn cut-off. In the update, 16.62Mt (88%) of the Mineral Resource is classified as Measured and Indicated, confirming both geological and grade continuity to support the preparation of a Definitive Feasibility Study. Additionally, 4.97Mt of the Mineral Resource is now within 100m of the surface. This supersedes the Mineral Resource Estimate previously released for the project by SRK (UK) Ltd in 2018.

Optimisation Study

In December 2021, Elementos announced it had commenced an Optimisation Study (JORC level Scoping Study) at Oropesa to reassess the annual mining rate and throughput of the processing plant and supporting infrastructure based on the updated Resource, and amid historic tin price highs above US\$44,000/tonne (LME cash price, 20 January 2022). This study, forecast to be completed by the end of Q1 2022, will finalise the basis of design for the Definitive Feasibility Study (DFS) by re-optimising the company's May 2020 Updated Economic Study, which already positioned Oropesa as a low-cost, globally significant new tin project.

Scoping Study Status

Completed Works

- ✓ Revised operating and capital estimates
- ✓ Life Of Mine pit shells developed
- ✓ Confirmation of site infrastructure locations
- ✓ Tailings dam design
- ✓ Waste stockpile and drainage designs
- ✓ Starter-pit staging

Works Underway

- Life of Mine pit staging designs
- Ore & waste scheduling
- End of Mine pit backfilling
- Financial modelling
- Reporting and documentation.

Summary of Mineral Resource Update

2018 JORC Resources*

Total Mineral Resource

12.54 Mt
0.54% Sn (67.5Kt Sn)

50%

2021 JORC Resources[^]

18.86 Mt
0.40% Sn (75.4Kt Sn)

*All resources calculated using a 0.15% Tin cut-off grade. This information was first disclosed under the JORC Code 2012 on 31 July 2018.

Measured & Indicated Resources

9.34 Mt
0.55% Sn (50.9Kt Sn)

78%

16.62 Mt
0.38% Sn (63.9Kt Sn)

[^] All resources calculated using a 0.15% Tin cut-off grade. This information was first disclosed under the JORC Code 2012 on 8 November 2021.

Shallow Resource (<100m RL)

1.37 Mt

263%

4.97 Mt

Definitive Feasibility Study (DFS)

In July 2021, the company announced it was moving directly to a DFS on its Oropesa Project. This decision recognised the maturity of pre-existing project data and extensive work undertaken to date, and will accelerate the development timeframe of the Project in a strong tin market.

Bypassing a Pre-Feasibility Study in favour of a DFS confirms the company's confidence in Oropesa's mineralisation and the scope of the project and is driven by numerous techno-economic factors, including:

- The high levels of project definition and engineering delivered in the 2020 Updated Economic Study.
- The limited number of options remaining to be assessed with the project scope being defined clearly in the 2020 Updated Economic Study.
- The feasibility development programs already in progress (Metallurgical, Geotechnical, Hydrogeological).
- Recent tin price strength (over US\$30,000/t, lme.com) and the long-term supply and demand fundamentals.
- Strong European Union (EU) support for the development of 'intra-EU' strategic and critical mineral supplies and mines.
- Strong demand for the proposed Oropesa tin concentrate by industry off takers.

The company has progressed the DFS contracting and procurement strategy and cost estimation basis and shortlisted process engineering contractors with which it will engage.

Feasibility Development Programs

Elementos made significant progress on these work programs during the period, materially progressing the project data acquisition to feed into the DFS. The programs consist of metallurgical, geotechnical, and hydrogeological on-ground investigations, laboratory test work and engineering studies. These programs continue to be evaluated along with the data collected during previous site investigations. Work undertaken to date includes:

Pilot scale metallurgical test work

- 95% completed.
- Major phases of pilot plant testing completed
- Tin flotation and concentrate dressing underway
- Final metallurgical reporting will then complete the program, with the aim to finalise the DFS flowsheet

Variability metallurgical test work

- 32 variable ore samples collected and transported from site to Cornwall, UK.
 - Samples received and assayed by lab (& 3rd party ALS verified).
- Grinding, sulphate floatation and Stage 1 gravity phase completed.
- Further gravity and tin flotation stages underway

Geotechnical works program

- 90% drill holes completed (drilled, logged, surveyed).
- Geotechnical logging/survey/sampling finalised on 9 completed holes.
- Laboratory analysis being completed on 36 GT samples

Hydrogeological (groundwater) works program

- Realtime monitoring program on boreholes
- 19 water monitoring bores installed across project
- 24-hr pump tests within proposed pit bounds completed demonstrating good pumping drawdown
- Currently monitoring recharge rates
- Water model will subsequently be updated

Project Permitting

Elementos received feedback from the Andalusian Government authorities in late September 2021, following a Request for Information (RFI) process initiated by Elementos and guided by our environmental and permitting consultant, ERM.

The requested amendments to the submissions have been completed and are ready to lodge. The company has paused the submission of these documents however until the Optimisation Study is completed to ensure alignment between the scale of the DFS basis of design and the regulatory submissions. It is expected that several sections in the draft submissions will need to be revised following the Optimisation Study. These works will be expedited as the submission of the Environmental Impact Assessment and Exploitation Licence applications is a key focus for the company.

Cleveland Project – Tasmania

Cleveland is a significant tin-copper project, located 80km southwest of Burnie in the mineral-rich northwest region of Tasmania, Australia. It is a historic underground mine site with excellent infrastructure. The Project retains plenty of exploration upside and also hosts notable tungsten mineralisation at depth.



Figure 2. Cleveland Mine location

The JORC geological resource for Cleveland contains 7.47mt at 0.75% Sn and 0.3% Cu (Indicated: 6.23mt at 0.75% Sn and 0.3% Cu, Inferred: 1.24mt at 0.76% Sn and 0.3% Cu).

Following the exploration and reconnaissance mapping program conducted during the first quarter of 2021, Elementos designed a diamond drilling program comprising four drill holes, totalling 1000m, to test historical Self Potential anomalies along strike to the northeast of the current resource. Elementos subsequently applied for an additional fifth drill hole to test a target contained within the previously mined area. During September 2021, the company received approval for a standard Work Program from Mineral Resources Tasmania for the the five-hole program, totalling 1,230 metres.

Site preparation work for the commencement of the drilling program was completed during the December 2021 quarter. As per the work permits, the re-establishment of existing tracks and pads were developed at minimum operating widths to ensure limited disturbance to the surrounding environment.

The drilling will be followed up with downhole geophysical surveys to support additional targeting. The program is currently forecast to be completed and reported within the first half of 2022.

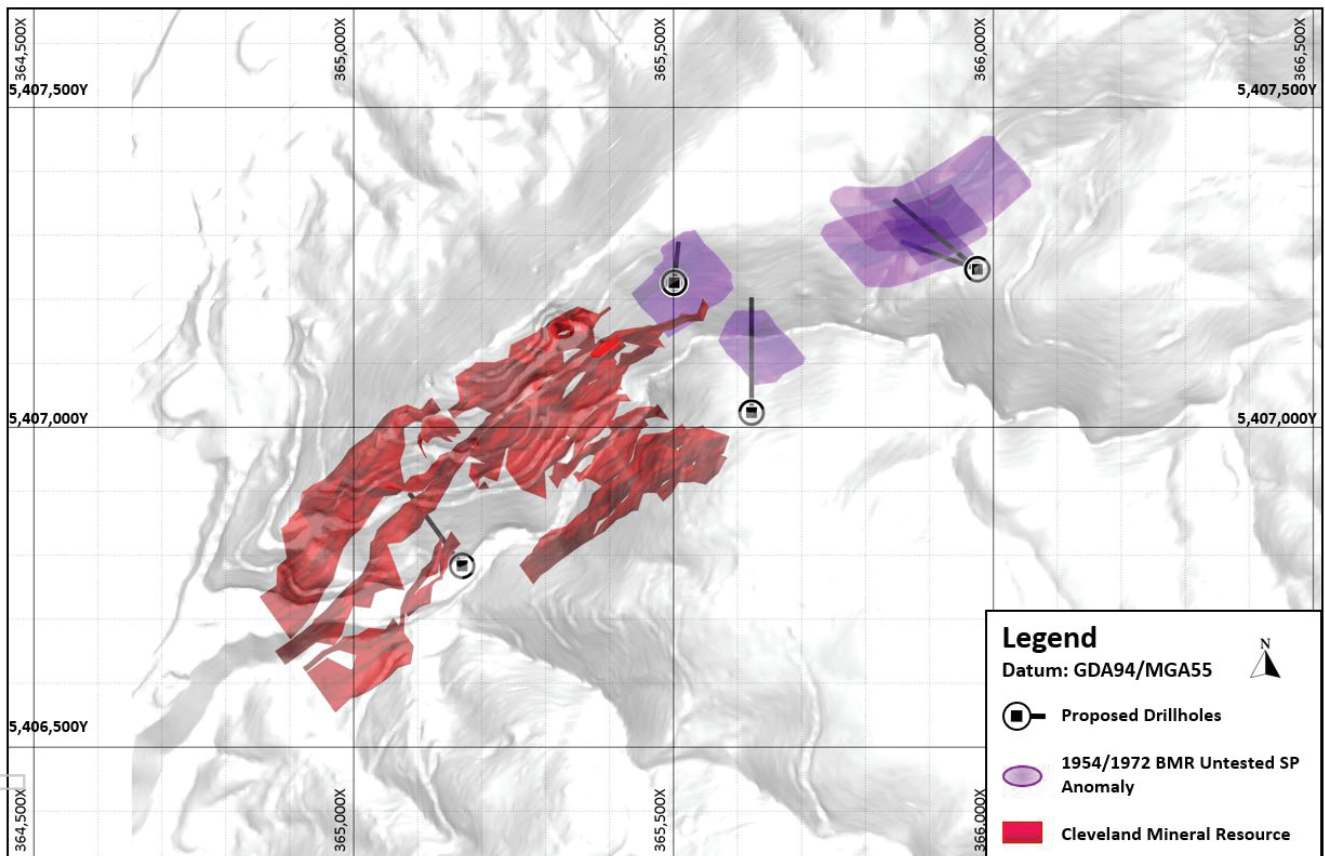


Figure-3. Location of the planned Cleveland drilling program (superimposed on the topographical surface)

Environmental, Social and Governance

During the period, Elementos established an Environmental, Social and Governance (ESG) position statement as part of its desire to mature its global tin assets into production in a responsible way. The company developed this statement via a strategic review with boutique global ESG and project advisory firm, Adaptus. Elementos included this statement in its 2021 Annual Report and plans to report on its ESG progress as part of its Annual Report each year.

Elementos' ESG position statement

Elementos will develop and operate its mining assets in accordance with evolving industry ESG and sustainability practices, comply with international laws and regulatory requirements and uphold its high standards of safety, business integrity and values. Elementos is committed to local economic development, environmental protection, and social progress by delivering responsibly sourced tin into the global market including the clean technology supply chain.

Elementos aims to further enhance its corporate governance policies to facilitate achievement of its ESG commitments, leveraging its existing performance standards and compliance in the highly regulated jurisdictions of Australia, Spain and the EU.

Looking forward, Elementos plans to complete the necessary actions to:

- Establish an ESG sub-committee as part of its Board,
- Demonstrate compliance with European and OECD regulations that govern responsibly sourced tin, including the Tin Code,
- Demonstrate commitment to community and economic development and developing long-term relationships.

As Elementos matures its projects into production, alongside its commitment to the health and safety of its people and the communities in which it operates, Elementos will include in its development philosophy and decision-making consideration of:

- Maximising extraction of the contained mineral resource,
- Minimising ecological footprint,
- Minimising GHG emissions through use of alternative energy sources and electrification of plant and equipment,
- Minimising the impact of tailings storage facilities,
- Minimising air quality impacts,
- Maximising water recycling,
- Leading practices in diversity and inclusion, and
- Potential impacts of climate change on its operations.

Elementos will continue to monitor the evolving ESG landscape and ensure its ESG commitments remain relevant and effective in a changing environment.

European Raw Materials Alliance (ERMA) membership

In October 2021, Elementos joined the ERMA, an alliance co-funded by the European Union in 2020 to strengthen European raw material value chains. The ERMA was established to ensure a reliable, secure and sustainable access to raw materials, with additional focus on metals, minerals and advanced materials that are the key enablers for a globally competitive, green, and digital Europe.

Elementos, as 100% owner of the Oropesa Tin Project in Spain, was accepted as a member and now has access to the investment, technical and regulatory support of the alliance to promote the development of

Oropesa. This acknowledgment by the ERMA confirms the critical importance of tin from Oropesa to the high-tech value chains of Europe.

Corporate

Close out of loan facilities

In September 2021, Elementos became debt free after executing agreements to close out two loan facilities.

The company executed an agreement with Mark Wellings (Eurotin Managing Director) and his entity, ZCR Corp, to settle a CAD\$1.0m loan facility due to mature in January 2022. The loan facility was put in place during Elementos' acquisition of the Oropesa Tin Project to keep the Spanish subsidiary company in good standing.

Additionally, a A\$2.0m loan facility between the company and Elementos' Chairman Andy Greig was closed. The outstanding loan balance of \$569,246 (including interest) was converted into equity following the General Meeting held on 6 July 2021.

Share consolidation

In November 2021, Elementos received shareholder approval for a 1:25 Share Consolidation. The company previously had 4.63 billion shares on a fully diluted basis. Post consolidation that total reduced to 185 million shares (fully diluted). Following the consolidation, the company has received positive feedback from Australian and international funds, institutional investors and stockbroking firms.

Funding

During the period the Company undertook the following funding activities:

- Following shareholder approval on 6 July 2021, the following transactions occurred on a pre consolidation basis:
 - The issue of 66,000,000 shares with an issue price of 1 cent per share and 33,000,000 attaching options with an exercise price of 1.5 cents per share and expiry of 30 April 2022 in relation to the capital raising completed in April 2021.
 - The issue of 45,000,000 options with an exercise price of 1.5 cents per share and expiry of 30 April 2022 to BW Equities who acted as lead manager to the April 2021 capital raising.
 - The issue of 56,924,600 shares with an issue price of 1 cent per share and 28,462,300 attaching options with an exercise price of 1.5 cents per share and expiry of 30 April 2022 to Mr Andy Greig (Chairman) on conversion of the outstanding loan principal and interest. The loan facility was closed upon the issue of shares. See Note 5 for further details in relation to the loan facility.
- During the period the following options were exercised on a post consolidation basis:
 - the Company issued 623,089 ordinary shares raising \$140,195 upon the exercise of options with an exercise price of \$0.225 (pre consolidation \$0.009) per share and expiry of 31 August 2022.
 - the Company issued 2,958,492 ordinary shares raising \$1,109,434 upon the exercise of options with an exercise price of \$0.375 (pre consolidation \$0.015) per share and expiry of 30 April 2022.

Subsequent Events

The following significant events occurred subsequent to the reporting date:

- On 28 January 2022 the Company announced the appointment of current CEO Mr Joe David as Managing Director of the Company.

- On 9 February 2022 the Company announced the commencement of a five-hole exploration drilling campaign at the Cleveland tin-copper project in Tasmania. The Drilling programme aims to test anomalies along strike northeast of the current resource and an additional target within the previously mined area.
- Since 31 December 2021, the Company issued 362,429 ordinary shares raising \$81,547 upon the exercise of options with an exercise price of \$0.225 per share and expiry of 31 August 2022.
- Since 31 December 2021, the Company issued 100,000 ordinary shares raising \$37,500 upon the exercise of options with an exercise price of \$0.375 per share and expiry of 30 April 2022.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included in this financial report.

Signed in accordance with a resolution of the Board of Directors.



Joe David
Managing Director
8 March 2022, Brisbane

DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF ELEMENTOS LIMITED

As lead auditor for the review of Elementos Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Elementos Limited and the entities it controlled during the period.



A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 8 March 2022

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Consolidated Statement of Comprehensive Income for the Half-Year Ended 31 December 2021

| | Note | 31 Dec 2021 \$ | 31 Dec 2020 \$ |
|---|------|--------------------|-------------------|
| Interest Income | | 263 | 1,631 |
| Other income | 2 | - | 57,700 |
| Gain on settlement of borrowings | 5 | 158,348 | - |
| Less expenses: | | | |
| Corporate and administrative expenses | 2 | (1,324,795) | (668,122) |
| Foreign currency gain / (loss) | | (35,235) | 8,411 |
| Loss before income tax expense | | (1,201,419) | (600,380) |
| Income tax expense | | - | - |
| Loss for the period attributable to members of the parent entity | | (1,201,419) | (600,380) |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss | | | |
| Exchange losses on translation of foreign operations | | (91,943) | (127,667) |
| Other comprehensive income for the period, net of tax | | (91,943) | (127,667) |
| Total comprehensive income attributable to members of the parent entity | | (1,293,362) | (728,047) |
| Basic loss per share (cents per share) | 10 | (0.75) | (0.50) |
| Diluted loss per share (cents per share) | 10 | (0.75) | (0.50) |

The accompanying notes form part of this financial statement.

Consolidated Statement of Financial Position as at 31 December 2021

| | Note | 31 Dec 2021 \$ | 30 Jun 2021 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 3,944,436 | 5,542,252 |
| Trade and other receivables | | 457,520 | 227,294 |
| Other current assets | | 26,695 | - |
| Total Current Assets | | 4,428,651 | 5,769,546 |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation assets | 3 | 12,656,479 | 11,390,716 |
| Plant and equipment | | 4,141 | 4,730 |
| Right of use assets | | 70,883 | 7,471 |
| Other non-current assets | | 76,302 | 76,497 |
| Total Non-Current Assets | | 12,807,805 | 11,479,414 |
| TOTAL ASSETS | | 17,236,456 | 17,248,960 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 4 | 1,034,940 | 1,106,332 |
| Borrowings | 5 | - | 1,550,464 |
| Lease liability | | 51,555 | 6,163 |
| Total Current Liabilities | | 1,086,495 | 2,662,959 |
| NON-CURRENT LIABILITIES | | | |
| Lease liability | | 29,119 | 9,931 |
| Total Non-Current Liabilities | | 29,119 | 9,931 |
| TOTAL LIABILITIES | | 1,115,614 | 2,672,890 |
| NET ASSETS | | 16,120,842 | 14,576,070 |
| EQUITY | | | |
| Issued capital | 9 | 31,197,264 | 28,740,673 |
| Reserves | | 368,168 | 78,568 |
| Accumulated losses | | (15,444,590) | (14,243,171) |
| TOTAL EQUITY | | 16,120,842 | 14,576,070 |

The accompanying notes form part of this financial statement.

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2021

| | Issued Capital | Accumulated Losses | Share-Based Payments Reserve | Foreign Currency Translation Reserve | Total |
|------------------------------------|-------------------|-----------------------|------------------------------------|---|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 19,699,725 | (12,630,784) | - | (51,093) | 7,017,848 |
| Loss for the period | - | (600,380) | - | - | (600,380) |
| Other comprehensive loss | - | - | - | (127,667) | (127,667) |
| Total comprehensive income | - | (600,380) | - | (127,667) | (728,047) |
| Issue of shares | 3,321,459 | - | - | - | 3,321,459 |
| Transaction costs | (269,943) | - | 93,606 | - | (176,337) |
| Conversion of loan to equity | 500,000 | - | - | - | 500,000 |
| Balance at 31 December 2020 | 23,251,241 | (13,231,164) | 93,606 | (178,760) | 9,934,923 |
| Balance at 1 July 2021 | 28,740,673 | (14,243,171) | 290,286 | (211,718) | 14,576,070 |
| Loss for the period | - | (1,201,419) | - | - | (1,201,419) |
| Other comprehensive loss | - | - | - | (91,943) | (91,943) |
| Total comprehensive income | - | (1,201,419) | - | (91,943) | (1,293,362) |
| Issue of shares | 1,909,630 | - | - | - | 1,909,630 |
| Transaction costs | (22,285) | - | - | - | (22,285) |
| Conversion of loan to equity | 569,246 | - | - | - | 569,246 |
| Issue of performance rights | - | - | 381,543 | - | 381,543 |
| Balance at 31 December 2021 | 31,197,264 | (15,444,590) | 671,829 | (303,661) | 16,120,842 |

The accompanying notes form part of this financial statement.

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2021

| | 31 Dec 2021 | 31 Dec 2020 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | (896,447) | (732,741) |
| Interest received | 263 | 1,631 |
| Government COVID assistance | - | 57,700 |
| Interest expense | (97,508) | (430) |
| Net cash used in operating activities | <u>(993,692)</u> | <u>(673,840)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for exploration and evaluation assets | (1,824,644) | (576,692) |
| Payments for property, plant and equipment | (2,113) | - |
| Cash used in investing activities | <u>(1,826,757)</u> | <u>(576,692)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 1,909,630 | 3,324,969 |
| Costs associated with share issue | (22,285) | (186,337) |
| Loan repayment | (648,569) | - |
| Lease payments | (15,653) | (3,037) |
| Net cash provided by/(used in) financing activities | <u>1,223,123</u> | <u>3,135,595</u> |
| Net increase/(decrease) in cash held | (1,597,326) | 1,885,063 |
| Net foreign exchange difference | (490) | 8,411 |
| Cash at beginning of period | 5,542,252 | 199,176 |
| Cash at end of period | <u>3,944,436</u> | <u>2,092,650</u> |

The accompanying notes form part of this financial statement.

Notes to the Financial Statements for the Half -Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". The historical cost basis has been used.

This interim financial report does not include all notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report of Elementos Limited (the "Company") and its controlled entities (together the "Group") as at 30 June 2021, together with public announcements made by the Company during the interim reporting period in accordance with its continuous disclosure obligations.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2021 Annual Report, except as noted below.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. The impact of the adoption of these standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

Going Concern

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

The Group has not generated any revenues from operations. As at 31 December 2021 the Group had cash reserves of \$3,944,436, net current assets of \$3,342,156 and net assets of \$16,120,842. The Group incurred a net loss of \$1,201,419 for the half year ended 31 December 2021 and had an outflow of \$993,692 of cash from operating activities.

The ability of the Group to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on the ability of the Group to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Group has funded its activities through issuance of equity securities, and it is expected that the Group will be able to fund its future activities through further issuances of equity securities; and
- The directors believe there is sufficient cash available for the Group to continue operating based on the Company's cash flow forecast.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

NOTE 2: RESULTS FOR THE PERIOD

| | 31 Dec 2021 | 31 Dec 2020 |
|---|-------------|-------------|
| | \$ | \$ |
| The following income and expense items are relevant in explaining the financial performance for the interim period: | | |
| Government COVID Assistance | - | 57,700 |
| Depreciation | (19,523) | (3,448) |
| ASX, ASIC, share registry expenses | (91,006) | (29,551) |
| Business development and investor relations costs | (75,667) | (97,392) |
| Legal fees | (32,546) | (5,902) |
| Insurances | (12,018) | (10,003) |
| Audit and external accounting/advice fees | (36,415) | (19,599) |
| Interest expense | (10,323) | (61,342) |
| Employee benefits expense comprises: | | |
| Salaries and wages | (410,812) | (213,823) |
| Consulting fees | (93,504) | (90,841) |
| Superannuation | (41,047) | (17,538) |
| Equity settled performance rights | (381,543) | - |
| Annual leave expensed | (20,156) | (3,846) |

NOTE 3: EXPLORATION AND EVALUATION ASSETS

| | 31 Dec 2021 | 30 June 2021 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Exploration and evaluation expenditure carried forward in respect of the areas of interest are: | | |
| Exploration and evaluation expenditure | 12,656,479 | 11,390,716 |
| Movement in exploration and evaluation assets: | | |
| Opening balance – at cost (1 July) | 11,390,716 | 9,438,708 |
| Capitalised exploration expenditure | 1,281,744 | 1,970,790 |
| Foreign exchange differences | (15,981) | (18,782) |
| Carrying amount at the end of period | 12,656,479 | 11,390,716 |

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of projects, or alternatively through the sale of the areas of interest.

NOTE 4: TRADE AND OTHER PAYABLES

| | 31 Dec 2021 | 30 June 2021 |
|-------------------------------------|------------------|------------------|
| | \$ | \$ |
| Current: | | |
| Trade payables and accrued expenses | 985,108 | 1,076,657 |
| Employee provisions | 49,832 | 29,675 |
| Total payables (unsecured) | 1,034,940 | 1,106,332 |

NOTE 5: BORROWINGS

| | 31 Dec 2021 | 30 June 2021 |
|--------------------------------------|-------------|--------------|
| | \$ | \$ |
| Current | | |
| Unsecured: | | |
| Loan ^(a) / ^(b) | - | 1,550,464 |
| Total unsecured current borrowings | - | 1,550,464 |

(a) On 17 April 2019, the Company executed a loan facility with the Company's Non-Executive Chairman Mr Andy Greig, a related party, with the following key terms:

- Loan facility = \$2,000,000
- Loan term = 2 years
- Interest rate = 6.0% on drawn funds
- Unsecured
- No conversion rights
- No requirement to repay principal or pay interest during the loan term
- Repayable by the Company at any time (during the loan term)

During the half year the Company agreed to convert \$569,246 of the loan balance to equity see Note 9 for further details.

(b) As part of the Oropesa Tin Project acquisition the Company acquired a loan owing from its newly acquired wholly owned subsidiary MESPA to the Eurotin Inc. chairman Mr Mark Wellings, with the following key terms:

- Loan amount = CAD\$1,000,000
- Loan term = 2 years from grant date being 14 January 2020
- Interest rate = 5.0% on drawn funds
- Unsecured
- Conversion rights: subject to the Company's prior written consent (which may be given or refused in the Company's sole discretion) the principal amount and accrued interest may be converted into fully paid ordinary shares of Elementos Ltd. The conversion price is the higher of \$0.004 or the 20 trading day volume weighted average price of Elementos shares traded on the ASX.
- No requirement to repay principal or pay interest during the loan term
- Repayable by the Company at any time (during the loan term)

As announced on 8 September 2021, the Company reached an agreement with Mark Wellings to settle the outstanding loan amount. The Company made a payment of CAD683,642 during September 2021, the difference to the carrying value of the loan related to costs incurred by MESPA following completion of the acquisition which were agreed to be settled by Mark Wellings penalties for non-payment of pre-acquisition costs of \$78,983 and an early repayment discount agreed between the parties of \$79,365.

NOTE 6: CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the reporting period.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

The following significant events occurred subsequent to the reporting date:

- On 28 January 2022 the Company announced the appointment of current CEO Mr Joe David as Managing Director of the Company.
- On 9 February 2022 the Company announced the commencement of a five-hole exploration drilling campaign at the Cleveland tin-copper project in Tasmania. The Drilling programme aims to test anomalies along strike northeast of the current resource and an additional target within the previously mined area.
- Since 31 December 2021, the Company issued 362,429 ordinary shares raising \$81,547 upon the exercise of options with an exercise price of \$0.225 per share and expiry of 31 August 2022.
- Since 31 December 2021, the Company issued 100,000 ordinary shares raising \$37,500 upon the exercise of options with an exercise price of \$0.375 per share and expiry of 30 April 2022.

NOTE 8: SEGMENT REPORTING**Description of Segments**

Operating segments have been determined on the basis of reports reviewed by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia and Spain. Operating segments are determined on the basis of financial information reported to the board of directors.

Accordingly, management currently identifies the Group as having two reportable segments, being Australia and Spain.

Basis of accounting for purposes of reporting by operating segments.

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief 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.

(b) Segment Assets

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

(c) Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables, lease liabilities and borrowings.

| 31 December 2021 | Australia | Spain | Intercompany Eliminations | Total |
|--|--------------------|------------------|--------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Current assets | 9,206,957 | 533,603 | (5,311,909) | 4,428,651 |
| Non-current assets | 5,743,868 | 7,063,937 | - | 12,807,805 |
| Total assets | 14,950,825 | 7,597,540 | (5,311,909) | 17,236,456 |
| Current liabilities | 300,763 | 6,097,641 | (5,311,909) | 1,086,495 |
| Non-current liabilities | 29,119 | - | - | 29,119 |
| Total liabilities | 329,882 | 6,097,641 | (5,311,909) | 1,115,614 |
| Net Assets | 14,620,943 | 1,499,899 | - | 16,120,842 |
| Income/(loss) for the period | (1,245,991) | 44,572 | - | (1,201,419) |
| Other comprehensive income for the period | - | (91,943) | - | (91,943) |
| Total comprehensive income for the period | (1,245,991) | (47,371) | - | (1,293,362) |
| 30 June 2021 | Australia | Spain | Intercompany Eliminations | Total |
| | \$ | \$ | \$ | \$ |
| Current assets | 8,263,912 | 527,002 | (3,021,368) | 5,769,546 |
| Non-current assets | 5,561,979 | 5,917,435 | - | 11,479,414 |
| Total assets | 13,825,891 | 6,444,437 | (3,021,368) | 17,248,960 |
| Current liabilities | 787,161 | 4,897,166 | (3,021,368) | 2,662,959 |
| Non-current liabilities | 9,931 | - | - | 9,931 |
| Total liabilities | 797,092 | 4,897,166 | (3,021,368) | 2,672,890 |
| Net Assets | 13,028,799 | 1,547,271 | - | 14,576,070 |
| 31 December 2020 | | | | |
| Income/(loss) for the period | (499,525) | (100,855) | - | (600,380) |
| Other comprehensive income for the period | - | (127,667) | - | (127,667) |
| Total comprehensive income for the period | (499,525) | (228,522) | - | (728,047) |

NOTE 9: ISSUED CAPITAL**Fully paid ordinary shares**

| | 31 Dec 2021 | | 30 Jun 2021 | |
|---|------------------|------------|------------------|------------|
| | Number of shares | \$ | Number of shares | \$ |
| (a) Reconciliation of issued and paid-up capital | | | | |
| Opening balance as at 1 July | 3,861,238,867 | 28,740,673 | 2,548,330,961 | 19,699,725 |
| Shares issued (a) | 66,000,000 | 660,000 | - | - |
| Shares issued (a) | 56,924,600 | 569,246 | - | - |
| Shares issued (b) | 8,691,465 | 78,223 | - | - |
| Shares issued (b) | 69,212,300 | 1,038,185 | - | - |
| Share consolidation (c) | (3,899,584,015) | - | - | - |
| Shares issued (d) | 275,431 | 61,972 | - | - |
| Shares issued (d) | 190,000 | 71,250 | - | - |
| Shares issued (e) | - | - | 464,000,017 | 2,551,940 |
| Shares issued (f) | - | - | 140,545,487 | 773,029 |
| Shares issued (g) | - | - | 90,909,091 | 500,000 |
| Shares issued (h) | - | - | 2,540,866 | 6,490 |
| Shares issued (i) | - | - | 544,000,000 | 5,440,000 |
| Shares issued (j) | - | - | 68,162,445 | 613,472 |
| Shares issued (j) | - | - | 2,750,000 | 41,250 |
| Share issue costs | - | (22,285) | - | (885,233) |
| Closing Balance | 162,948,648 | 31,197,264 | 3,861,238,867 | 28,740,673 |

Ordinary shareholders are entitled to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amount paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll. Ordinary shares have no par value.

Notes for the above table, relating to the half-year ended 31 December 2021, are:

- (a) On 6 July 2021, following shareholder approval, the following transactions occurred:
- The issue of 66,000,000 shares with an issue price of 1 cent per share and 33,000,000 attaching unlisted options with an exercise price of 1.5 cents per share and expiry of 30 April 2022 in relation to the capital raising completed in April 2021.
 - The issue of 56,924,600 shares with an issue price of 1 cent per share and 28,462,300 attaching unlisted options with an exercise price of 1.5 cents per share and expiry of 30 April 2022 to Mr Andy Greig (Chairman) on conversion of the outstanding loan principal and interest. The loan facility was closed upon the issue of shares. See Note 5 for further details in relation to the loan facility.
- (b) Between 1 July 2021 and the share consolidation date of 1 December 2021 the following options were exercised:
- 8,691,465 options with an exercise price of 0.9 cents per option raising \$78,223; and
 - 69,212,300 options with an exercise price of 1.5 cents per option raising \$1,038,185.
- (c) On 1 December 2021, following shareholder approval, the Company undertook a 25:1 consolidation of the ordinary shares on issue. The consolidation resulted in the reduction in the number of shares on issue by 3,899,584,015 ordinary shares.

- (d) Between the date of the share consolidation and 31 December 2021 the following options were exercised:
- 275,431 options with an exercise price of \$0.225 per option raising \$61,972; and
 - 190,000 options with an exercise price of \$0.375 per option raising \$71,250.

Notes for the above table, relating to the year ended 30 June 2021, are:

- (e) On 6 August 2020, the Company announced that it had received commitments to complete a private placement of 464,000,017 shares to be issued at 0.55 cents per share with participants receiving an attaching option on a one for three basis, with an exercise price of 0.9 cents per share and expiry date of 31 August 2022. The transaction completed in two tranches as follows:
- On 14 August 2020 422,727,288 shares were issued at 0.55 cents per share and 140,909,121 unlisted options with an exercise price of 0.9 cents per share and expiry date of 31 August 2022 were issued.
 - On 2 December 2020, following shareholder approval, 41,272,729 shares were issued at 0.55 cents per share and 13,757,578 unlisted options with an exercise price of 0.9 cents per share and expiry date of 31 August 2022.
- (f) On 9 September 2020, the Company announced the successful completion of an oversubscribed Shares Purchase Plan ("SPP") to existing shareholders raising \$773,000. The SPP completed as follows:
- On 9 September 2020 135,545,486 shares were issued at 0.55 cents per share.
 - Following shareholder approval at the 2020 Annual General Meeting the Company issued 5,000,001 shares at 0.55 cents per share and 1,666,668 unlisted options with an exercise price of 0.9 cents per share and expiry date of 31 August 2022 to Directors that participated in the SPP.
 - The Company offered SPP participants up to 45,181,875 unlisted options with an exercise price of 0.9 cents per share and expiry date of 31 August 2022 subject to a separate offer under a cleansing prospectus. On 7 December 2020, the Company issued 35,666,705 options under the cleansing prospectus.
- (g) On 6 August 2020, the Company announced that it had entered into an agreement, subject to shareholder approval at the 2020 Annual General Meeting, to convert \$500,000 of the outstanding loan balance with Mr Andy Greig (Chairman). On 2 December 2020, following shareholder approval, Mr Greig received 90,909,091 ordinary shares with an issue price of 0.55 cents per share and 30,303,030 options with an exercise price of 0.9 cents per share and expiry date of 31 August 2022.
- (h) On 2 December 2020, following shareholder approval, the Company issued 2,540,866 ordinary shares to Mr Brett Smith (non-executive Director) in lieu of \$6,490 of outstanding fees.
- (i) On 19 April 2021, the Company announced that it had received commitments to complete a private placement of 544,000,000 shares to be issued at 1 cent per share with participants receiving an attaching option on a one for two basis, with an exercise price of 1.5 cents per share and expiry date of 30 April 2022.
- (j) During the period the following shares were issued on the exercise of options:
- 68,162,445 shares were issued on the exercise of options with an exercise price of 0.9 cents per share. Included in this were 30,303,030 options exercised by Mr Greig for a total of \$272,727.
 - 2,750,000 shares were issued on the exercise of options with an exercise price of 1.5 cents per share.

| | 31 Dec 2021 No. of Options | 30 June 2021 No. of Options |
|---|-------------------------------|--------------------------------|
| (b) Other Options | | |
| Unlisted Share Options | 19,132,580 | 506,390,657 |
| Balance at the beginning of the reporting period | 506,390,657 | - |
| Options issued during the period pursuant to a Placement | 33,000,000 | 462,000,072 |
| Options issued during the period in relation to debt conversion | 28,462,300 | 30,303,030 |
| Broker options issued during the period | - | 85,000,000 |
| Exercised prior to consolidation | (77,903,765) | (70,912,445) |
| Consolidation ^(a) | (470,351,181) | - |
| Exercised following consolidation | (465,431) | - |
| Balance at the end of the reporting period | 19,132,580 | 506,390,657 |

(a) Following shareholder approval on 23 November 2021 the Company completed a consolidation of its share capital on a 25:1 basis. The share options were reconstructed on a like for like basis which resulted in the following:

| | 31-August-2022 Options | | 30-April-2022 Options | |
|-------------------|------------------------|--------------------|-----------------------|--------------------|
| | Pre consolidation | Post Consolidation | Pre consolidation | Post Consolidation |
| Number of options | 183,449,192 | 7,338,011 | 306,500,000 | 12,260,000 |
| Exercise Price | \$0.009 | \$0.225 | \$0.015 | \$0.375 |

(c) Performance Rights

During the financial period the Company issued 3,300,000 performance rights (on a post consolidation basis) to Executives of the Company. The performance rights have both company milestone and employment retention vesting conditions. A share-based payment expense of \$381,543 was recorded during the period (2020: nil).

NOTE 10: LOSS PER SHARE

| | 31 Dec 2021 \$ | 31 Dec 2020 \$ |
|---|-------------------|-------------------|
| Net loss used in the calculation of basic and diluted LPS | (1,201,419) | (600,380) |
| Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS | 160,950,748 | 120,387,796 |

Options are considered potential ordinary shares. Options issued are not presently dilutive and were not included in the determination of diluted loss per share for the period.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Joe David
Managing Director

8 March 2022
Brisbane

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Elementos Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Elementos Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



A J Whyte
Director

Brisbane, 8 March 2022

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