

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Elementos Limited

ABN

49 138 468 756

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(155)	(155)
(b) development	-	-
(c) production	-	-
(d) staff costs	(106)	(106)
(e) administration and corporate costs	(197)	(197)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	212
1.8 Other (provide details if material) – GST	21	21
1.9 Net cash from / (used in) operating activities	(435)	(435)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(4)	(4)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(4)	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,152	1,152
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	20	20
	Proceeds from exercise of options – shares not issued at 30-Sep-17	19	19
3.4	Transaction costs related to issues of shares, convertible notes or options	(117)	(117)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(5)	(5)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,069	1,069

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	655	655
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(435)	(435)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,069	1,069
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,285	1,285

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	385	655
5.2	Call deposits	900	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,285	655

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	27
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 23 December 2015, the Company executed a loan deed with the Company's Non-Executive Chairman Mr Andy Greig, a related party, with the following key terms:

- Loan amount = \$500,000
- Loan term = 2 years
- Interest rate = 6.0%
- 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)

On 24 February 2017, the Company and Mr Greig agreed to extend the Repayment Date to the earlier of:

1. The date which the Borrower chooses to repay the Monies Owing in full; or
2. 31 December 2018.

All other terms and conditions of the loan remain unchanged.

During the quarter ended 30 September 2017 the loan was repaid in full, as follows:

- Andy Greig subscribed for his full entitlement in the Company's Rights Issue of 45,371,137 shares and 45,371,137 free attaching unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) at a costs of 0.60 cents per share (and free attaching option). Andy Greig utilised the Rights Issue debt conversion facility to take up his Rights Issue entitlement costing \$272,226, and reduce his loan by the same amount.
- Andy Greig exercised 45,371,137 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) in to 45,371,137 shares paying the exercise price of \$272,226 by reducing his loan by the same amount.
- The Company made a final cash payment of \$4,989 to pay the residual balance of the loan and any accrued interest.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(150)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(100)
9.5	Administration and corporate costs	(100)
9.6	Other (provide details if material)	-)
9.7	Total estimated cash outflows	(350)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

By Order of the Board
Duncan Cornish
Company Secretary, Elementos Limited
26 October 2017

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.