

ELEMENTOS

TOMORROW'S TIN

CONSOLIDATED HALF YEAR REPORT

For the half year ended 31 December 2020

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:

- *1 - Cleveland Tailings Ore Reserve, 3 August 2015;
- *2 - Cleveland JORC Resource Significantly Expanded, 5 March 2014 (tungsten resource);
- *3 - Acquisition of the Oropesa Tin Project, 31st July 2018;
- *4 - Substantial Increase in Cleveland Open Pit Project Resources following revised JORC study, 26th September 2018;
- *5 - Exploration Evaluation at Oropesa tin project, 4th February 2019;
- *6 - Oropesa Ore Sorting Performance Testwork, 9th August 2019;
- *7 - Oropesa Presentation – Seville, Spain, 18th October 2019;
- *8 - Positive Economic Study for the Oropesa Tin Project, 7th May 2020;
- *9 - Oropesa optimisation work and drilling to unlock further value, 13th July 2020;
- *10 – Oropesa Tin Project – Drilling Progress Report, 6th January 2021;
- *11 – Oropesa Tin Project – Drilling Progress Report, 19th January 2021;
- *12 – Oropesa Tin Project – Drilling Progress Report, 8th February 2021; and
- *13 – Cleveland Tin Project – Exploration Re-Commences, 4th March 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 Christopher Dunks (Executive 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

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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 2020.

Directors

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

- Andy Greig
- Christopher Dunks
- Corey Nolan
- Calvin Treacy
- Brett Smith

Review of Operations

The Group's operating loss for the half-year, after applicable income tax was \$600,380.

At 31 December 2020, the Group's net assets totalled \$9,934,923, which included cash assets of \$2,092,650.

During the period, the Company's principal activity was continuing optimisation work and the commencement of exploration drilling at the Oropesa Tin Project and progressing the Cleveland Tin Project towards a new development proposal.

Oropesa Tin Project – Spain

Located in southern Spain, the Oropesa Tin Project is one of the world's largest undeveloped, open-cut mineable tin deposits, with access to world class infrastructure.

The Company has commenced a diamond drilling exploration program at Oropesa. The program's three principal objectives are:

1. To convert existing Inferred Resources into Indicated Resources to improve the overall waste-to-ore stripping ratio,
2. Confirmation of near surface, possibly fault controlled mineralisation that is currently excluded from the 2017 geological resource model, and
3. Testing for additional near surface resources from exploration targets identified from Induced Polarisation (IP) geophysical survey anomalies.



Figure 1. Oropesa Tin Project Location

The program has 47 diamond drill holes planned for a total of approximately 5,000m.

A total of 24 diamond drill holes have been completed in the exploration drilling program for a total of 2,681m. The program has a planned total of 47 drill holes for approximately 5,000m.

Significant zones of mineralisation are shown below *10,11,12,13:

Drill Hole ID	Length (m)	% Sn	From (m)
P53	1.2	0.24	188.9
Expn_011	14.2	0.25	55.4
Expn_011	3.1	0.24	77.0
Expn_012	1.3	0.39	51.4
Expn_020	3.9	0.63	36.5
Expn_021A	7.1	0.22	43.2
Expn_021B	9.8	0.22	19.5
Expn_010	12.3	0.53	37.7
Expn_010	10.6	0.38	83.2

Drill Hole ID	Length (m)	% Sn	From (m)
Expn_010	17.9	0.22	106.9
Expn_010	13.3	0.26	183.2
Expn_010	6.3	0.34	199.1
Expn_040	9.6	0.20	48.2
Expn_041	2.2	0.40	48.9
Expn_043	4.8	0.30	22.0
Expn_044	14.5	0.38	43.0
Expn_047A	7.1	0.33	10.3
Expn_022	41.9	0.20	132.9

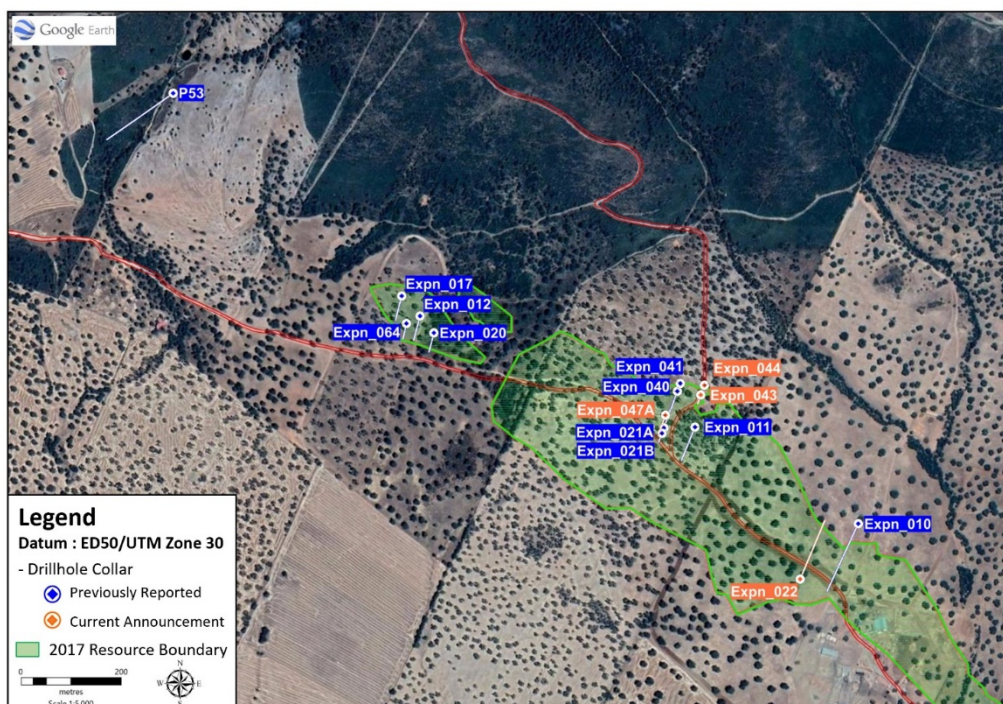


Figure 3. Location Plan for Diamond Drill Holes Completed at the Oropesa Tin Project, Spain

Elementos' drilling program follows the release of the Company's Oropesa Economic Study in May 2020, which positioned the project as a low cost, globally significant new tin development with a prospective annual production of 2,440 tonnes of tin-in-concentrate over a 14-year mine life *3. The Economic Study was completed with a tin price of US\$19,750 per tonne.

Readily executable, the development concept proposes a simple open-cut mining operation and conventional processing facility producing tin concentrates which would be shipped to smelters in Europe and Asia.

The Study valuation also found a base case pre-tax NPV8% of approximately US\$92m and post tax NPV8% of approximately US\$66m. The pre-tax Internal Rate of Return is approximately 25% and the payback period is approximately four years.

The Study incorporated additional work completed at Oropesa since the Initial Preliminary Economic Assessment was released in 2014. Additional work included a pilot plant metallurgical test program, ore pre-

concentration testing, exploration drilling and development of an updated geological resource model, hydrogeological and geotechnical studies and advanced environmental impact assessment studies.

The company has identified significant areas of the Study that have the potential to be optimised and add significant additional value to the project.

Oropesa represents an excellent opportunity to create value-uplift potential for shareholders as the project is advanced towards development.

Description	Results
Average annual ore feed	750,000 tonnes
Average annual tin metal production	2,440 tonnes
Life-of-mine	14 Years
Average tin price	US\$19,750t real
Pre-production capital expenditure	US\$52.2 million
Total life-of-mine revenue	US\$675 million
Total life-of-mine EBITDA	US\$281 million
All-in-sustaining cash costs	US\$11,790t metal
Net Present value (8%, pre-tax, real)	US\$92 million
Internal Rate of Return (pre-tax, real)	25%
Net Present value (8%, after-tax, real)	US\$66 million
Internal Rate of Return (after-tax, real)	22%
Project capital pay-back period (pre-tax from mine start)	4 Years

Table 1. Summary of financial and technical information (forecast numbers are approximate)

Following the completion of the Economic Study, Elementos is now seeking to further boost financial returns at Oropesa. The Company has commenced an optimisation program designed to increase the project's overall resource, annual production and mine life.

Activities currently underway include;

- *Resource Conversion Drilling.* Drilling targeting the conversion of near surface Inferred Resources to Indicated Resources. This will aim to improve the waste-to-ore stripping ratio by incorporating additional mineral resources into an updated mineral resource.
- *Fault Controlled Mineralisation Drilling.* Drilling designed to confirm interpreted near-surface fault controlled mineralisation that has been identified from historical exploration data. This has the potential to significantly expand the resource, especially at shallow levels.
- *Wider Tenement Potential Drilling.* Drilling targeting geophysical and geochemical anomalies that have been identified lying along strike and north and south of the Oropesa orebody. Drill hole P53 has been completed, targeting an IP (geophysical) anomaly 600m to the northwest of the current geological resource. Semi-massive sulphides were intersected at 188.9m for 1.2m at a grade of 0.24% Sn.
- *Estimation of a new JORC Geological Resource.* Geological reinterpretation of the Oropesa orebody following the current drilling program, incorporating a low-grade tin halo that is currently excluded from the current JORC resource that was used in the Economic Study. The outcome of this drilling may result in an increase in tin production at no additional mining cost.

- *Environmental Approvals.* Advancing the resubmission the of the project's Environmental Authority Application. This involves the final completion of a number of studies, resubmission to the relevant government authority, and associated statutory obligations
- *Engineering Studies.* Progress the engineering studies for the process plant and site infrastructure, including tailings dam design.
- *COVID-19.* Provide additional resources in the uncertain Covid-19 environment

The Company is confident that optimisation works will present an opportunity to extract considerably more value from the project.

Oropesa Global Mineral Resources Estimate (0.15% Sn cut-Off grade)			
Category	Tonnes	Grades % Sn	Contained Tin
Measured	330,000	1.09	3,585
Indicated	9,010,000	0.53	47,320
Total M & I	9,340,000	0.55	50,905
Inferred	3,200,000	0.52	16,615

Table 2. 2018 JORC Resource Estimate for the Oropesa Tin Project *1

Cleveland Tin Project - Tasmania

The Cleveland Tin Project is located 80km southwest of Burnie in the mineral-rich northwest region of Tasmania, Australia. It is a historic mine boasting excellent power, water and transport infrastructure.

Interstate travel restrictions due to the COVID – 19 pandemic have prevented any field work being carried out at Cleveland during the reporting period.

Work continues at Cleveland on identification of additional exploration targets and an official submission of the new development proposal for the mine design of a combined open cut/tailings retreatment project.



Figure 2. Cleveland Project Location

Amid surging tin prices, Elementos resumed exploration activities at Cleveland Tin Project to assess the potential for additional tin resources and identify drill targets. The program involved:

- Reconnaissance geological mapping to confirm the presence of the geological mine sequence within the untested Self-Potential (SP) anomalies (Halls Formation and adjacent Crescent Spur Sandstone)
- Collection and assay of rock chip samples from within the untested SP anomalies
- Reconnaissance of potential access tracks and drill pad sites to drill test the SP anomalies.

Four of the five rock chip samples that were collected contained visible sulphide mineralisation with the most significant assay being 0.7% Sn, 0.57% Cu, & 13.4% Zn from sample 130403 (see Tables 4 & 5).

Sample ID	Easting_GDA94	Northing_GDA94	Description
	GDA 94 Zone 55	GDA 94 Zone 55	
130401	365587	5407136	Significantly oxidised sulphides within narrow veins within a white chert
130402	365642	5407139	Grey fine-grained partially silicified carbonate host rock containing disseminated pyrite
130403	365783	5407385	Fissure vein within white chert containing coarse grained sulphides
130404	366216	5407050	Magnetic basalt
130405	365488	5407276	Grey sandstone with cross cutting quartz veins containing sulphides

Table 4. Rock chip sample location and description *13

Sample ID	Sn %	WO3 %	Cu %	Pb %	Zn %	As %
130401	0.04	<0.01	0.02	0.02	1.66	0.57
130402	0.01	<0.01	0.01	0.03	0.34	<0.05
130403	0.7	0.01	0.57	0.1	13.4	12.4
130404	<0.01	<0.01	0.04	<0.01	0.04	<0.05
130405	0.02	<0.01	0.39	<0.01	<0.01	3.15

Table 5. Reconnaissance rock chip sampling assay results *13

CLEVELAND JORC RESOURCES TABLES**Open Pit Tin-Copper Mineral Resource - September 2018 (at 0.35% Sn cut-off)**

NOTE: this Open Pit Tin-Copper Mineral Resource is a sub-set of the Total Tin-Copper Mineral Resource noted below

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	1.73 Mt	0.93%	16,100t	0.33%	5,700t
Inferred	0.16 Mt	1.18%	1,900t	0.49%	800t
TOTAL	1.89 Mt	0.95%	18,000t	0.34%	6,500t

Underground Tin-Copper Mineral Resource - September 2018 (at 0.35% Sn cut-off)

NOTE: this Underground Tin-Copper Mineral Resource is a sub-set of the Total Tin-Copper Mineral Resource noted below

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	4.50 Mt	0.68%	30,600t	0.29%	13,000t
Inferred	1.08 Mt	0.70%	7,500t	0.25%	2,700t
TOTAL	5.58 Mt	0.68%	38,100t	0.28%	15,700t

Total Tin-Copper Mineral Resource - September 2018 (at 0.35% Sn cut-off)

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	6.23 Mt	0.75%	46,700t	0.30%	18,700t
Inferred	1.24 Mt	0.76%	9,400t	0.28%	3,500t
TOTAL	7.47 Mt	0.75%	56,100t	0.30%	22,200t

Tables subject to rounding errors; Sn = tin, Cu = copper

*2 - This information was prepared and first disclosed in 2018 under the JORC Code 2012. It has not been updated since on the basis that the information has not materially changed since it was last reported

Tailings Ore Reserve - September 2018 (at 0% Sn cut-off)

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Probable	3.7 Mt	0.29%	11,000t	0.13%	5,000t

Table subject to rounding errors; Sn = tin, Cu = copper

*3 - This information was prepared and first disclosed in 2015 under the JORC Code 2012. It has not been updated since on the basis that the information has not materially changed since it was last reported

Underground Tungsten Mineral Resource - September 2018 (at 0.20% WO₃ cut-off)

Category	Tonnage	WO ₃ Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO₃ = tungsten oxide

*4 - This information was prepared and first disclosed in 2014 under the JORC Code 2012. It has not been updated since on the basis that the information has not materially changed since it was last reported

Table 3. 2018 JORC Resource estimate for the Cleveland Tin Project

Funding

During the period the Company undertook the following funding activities:

- On 6 August 2020, the Company announced that it had completed a placement to institutional, sophisticated and accredited investors raising \$2,552,000 at \$0.0055 per share resulting in the issue of 464,000,017 ordinary shares with investors receiving options to acquire shares on a one for three basis, with an exercise price of \$0.009 per option and expiring 31 August 2022.
- On 6 August 2020, the Company announced that it had entered into an agreement with Mr Greig (Elementos Chairman) to convert \$500,000 of the outstanding loan balance between the parties, subject to shareholder approval which was received on 16 November 2020. The loan converted on the same terms as the placement being \$0.0055 per share and an attaching option on a one for three basis, with an exercise price of \$0.009 per option and expiring 31 August 2022.

- On 9 September 2020, the Company announced that it had completed a Share Purchase Plan to existing Elementos shareholders raising \$773,029 at \$0.0055 per share resulting in the issue of 140,545,487 ordinary shares with participants receiving options to acquire shares on a one for three basis, with an exercise price of \$0.009 per option and expiring 31 August 2022.

Subsequent Events

The following significant events occurred subsequent to the reporting date:

- Since 31 December 2020, the Company issued 12,161,198 ordinary shares raising \$109,451 upon the exercise of options with an exercise price of 0.9 cents per share and expiry of 31 August 2022.
- Since the reporting date the Company has continued the Oropesa drilling program. For full details of drilling results refer to ASX announcements.

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.



Chris Dunks
Director
15 March 2021, Brisbane



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DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF ELEMENTOS LIMITED

As lead auditor for the review of Elementos Limited for the half-year ended 31 December 2020, 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 handwritten signature in black ink, appearing to read 'D P Wright', is written over a light blue horizontal line.

D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 15 March 2021

Consolidated Statement of Comprehensive Income for the Half-Year Ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Interest Income		1,631	201
Other income	2	57,700	-
Less expenses:			
Corporate and administrative expenses	2	(668,122)	(1,068,614)
Foreign currency gain		8,411	-
Loss before income tax expense		(600,380)	(1,068,413)
Income tax expense		-	-
Loss for the period attributable to members of the parent entity		(600,380)	(1,068,413)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange losses on translation of foreign operations		(127,667)	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(728,047)	(1,068,413)
Basic loss per share (cents per share)	10	(0.02)	(0.07)
Diluted loss per share (cents per share)	10	(0.02)	(0.07)

The accompanying notes form part of this financial statement.

Consolidated Statement of Financial Position as at 31 December 2020

	Note	31 Dec 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		2,092,650	199,176
Trade and other receivables		171,228	138,267
Total Current Assets		2,263,878	337,443
NON-CURRENT ASSETS			
Exploration and evaluation assets	3	10,221,966	9,438,708
Plant and equipment		11,038	14,487
Other Non-Current assets		76,717	80,000
Total Non-Current Assets		10,309,721	9,533,195
TOTAL ASSETS		12,573,599	9,870,638
CURRENT LIABILITIES			
Trade and other payables	4	848,180	515,576
Borrowings	5	750,000	1,250,000
Lease Liability		5,987	5,651
Total Current Liabilities		1,604,167	1,771,227
NON-CURRENT LIABILITIES			
Lease Liability		13,058	16,260
Borrowings	5	1,021,451	1,065,303
Total Non-Current Liabilities		1,034,509	1,081,563
TOTAL LIABILITIES		2,638,676	2,852,790
NET ASSETS		9,934,923	7,017,848
EQUITY			
Issued capital	9	23,251,241	19,699,725
Reserves		(85,154)	(51,093)
Accumulated losses		(13,231,164)	(12,630,784)
TOTAL EQUITY		9,934,923	7,017,848

The accompanying notes form part of this financial statement.

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2020

	Issued Capital	Accumulated Losses	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	16,667,725	(11,442,500)	430,935	-	5,656,160
Loss for the period	-	(1,068,413)	-	-	(1,068,413)
Total comprehensive income	-	(1,068,413)	-	-	(1,068,413)
Issue performance rights	-	-	26,503	-	26,503
Balance at 31 December 2019	16,667,725	(12,510,913)	457,438	-	4,614,250
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	(279,943)	-	93,606	-	(186,337)
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

The accompanying notes form part of this financial statement.

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2020

	31 Dec 2020	31 Dec 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(784,995)	(543,708)
Interest received	1,631	201
Government COVID assistance	57,700	-
Payments in relation to Oropesa operations	-	(437,263)
Interest expense	(430)	-
GST refunds	52,254	12,965
Net cash used in operating activities	<u>(673,840)</u>	<u>(967,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets	(576,692)	(26,263)
Cash used in investing activities	<u>(576,692)</u>	<u>(26,263)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,324,969	-
Costs associated with share issue	(186,337)	-
Proceeds from Loan drawdowns	-	750,000
Lease Payments	(3,037)	(3,467)
Net cash provided by/(used in) financing activities	<u>3,135,595</u>	<u>746,534</u>
Net increase/(decrease) in cash held	1,885,063	(247,535)
Net foreign exchange difference	8,411	-
Cash at beginning of period	199,176	400,812
Cash at end of period	<u>2,092,650</u>	<u>153,277</u>

The accompanying notes form part of this financial statement.

Notes to the Financial Statements for the Half -Year Ended 31 December 2020

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 2020 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 2020, 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 2020 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 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. The Group has not generated any revenues from operations. During the half-year ended 31 December 2020, the Group raised \$3,324,969 through a combination of a placement and share purchase plan and converted \$500,000 of the outstanding loan balance with its Chairman.

Should the Group not be able to raise further capital, dispose of assets if required or manage its expenditure so as to conserve cash over the coming 12 months, there exists a material uncertainty regarding the Group's ability to continue as a going concern and realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities which might be necessary should the Group not be able to continue as a going concern.

NOTE 2: RESULTS FOR THE PERIOD

	31 Dec 2020	31 Dec 2019
	\$	\$
The following income and expense items are relevant in explaining the financial performance for the interim period:		
Government COVID Assistance	57,700	-
Depreciation	(3,448)	(3,736)
ASX, ASIC, share registry expenses	(29,551)	(36,047)
Business development and investor relations costs	(97,392)	(79,734)
Legal fees	(5,902)	(21,706)
Insurances	(10,003)	(42,004)
Audit and external accounting/advice fees	(19,599)	(50,871)
Oropesa Tin Project operating costs	-	(388,112)
Interest expense	(61,342)	(11,630)
Employee benefits expense comprises:		
Salaries and wages	(213,823)	(222,204)
Consulting fees	(90,841)	(84,787)
Superannuation	(17,538)	(21,109)
Equity settled performance rights	-	(26,503)
Annual leave expensed	(3,846)	(12,876)

NOTE 3: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2020	30 June 2020
	\$	\$
Exploration and evaluation expenditure carried forward in respect of the areas of interest are:		
Exploration and evaluation expenditure	10,221,966	9,438,708
Movement in exploration and evaluation assets:		
Opening balance – at cost (1 July)	9,438,708	5,436,336
Capitalised exploration expenditure	806,357	284,275
Capitalised exploration on initial recognition of Oropesa Tin Project	-	3,798,330
Foreign exchange differences	(23,099)	(80,233)
Carrying amount at the end of period	10,221,966	9,438,708

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 2020	30 June 2020
	\$	\$
Current:		
Trade payables and accrued expenses	832,740	503,982
Employee provisions	15,440	11,584
Total payables (unsecured)	848,180	515,576

NOTE 5: BORROWINGS

	31 Dec 2020	30 June 2020
	\$	\$
Current		
Unsecured:		
Loan ^(a)	750,000	1,250,000
Total unsecured current borrowings	750,000	1,250,000
Non-Current		
Unsecured:		
Loan ^(b)	1,021,451	1,065,303
Total unsecured non-current borrowings	1,021,451	1,065,303

(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 \$500,000 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)

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:

- Since 31 December 2020, the Company issued 12,161,198 ordinary shares raising \$109,451 upon the exercise of options with an exercise price of 0.9 cents per share and expiry of 31 August 2022.
- Since the reporting date the Company has continued the Oropesa drilling program. For full details of drilling results refer to ASX announcements.

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. This has changed from previous half year reporting period as a result of the completion of the Oropesa Tin Project acquisition.

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.

NOTE 8: SEGMENT REPORTING (continued)**(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.

	Australia \$	Spain \$	Total \$
Current assets	1,986,036	277,842	2,263,878
Non-current assets	5,509,731	4,799,990	10,309,721
Total assets	7,495,767	5,077,832	12,573,599
Current liabilities	942,954	661,213	1,604,167
Non-current liabilities	13,058	1,021,451	1,034,509
Total liabilities	956,012	1,682,664	2,638,676
Net Assets	6,539,755	3,395,168	9,934,923
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 2020		30 Jun 2020	
	Number of shares	\$	Number of shares	\$
(a) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	2,548,330,961	19,699,725	1,544,330,961	16,667,725
Shares issued (a)	464,000,017	2,551,940	-	-
Shares issued (b)	140,545,487	773,029	-	-
Shares issued (c)	90,909,091	500,000	-	-
Shares issued (d)	2,540,866	6,490	-	-
Shares issued	-	-	1,000,000,000	3,000,000
Share issued on conversion of rights	-	-	4,000,000	32,000
Share issue costs	-	(279,943)	-	-
Closing Balance	3,246,326,422	23,251,241	2,548,330,961	19,699,725

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.

NOTE 9: ISSUED CAPITAL (continued)

Notes for the above table, relating to the half year ended 31 December 2020, are:

- (a) 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.
- (b) 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 33,666,705 options under the cleansing prospectus.
- (c) 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.
- (d) 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.

	31 Dec 2020	30 June 2020
	No. of Options	No. of Options
(b) Other Options		
Unlisted Share Options	260,303,102	-
Balance at the beginning of the reporting period	-	100,000,000
Options issued during the period pursuant to a Placement and SPP	220,303,102	-
Broker options issued during the period ^(a)	40,000,000	-
Exercised during the period	-	-
Expired during the period	-	(100,000,000)
Balance at the end of the reporting period	260,303,102	-

NOTE 9: ISSUED CAPITAL (continued)

- (a) As part of the Capital Raising activity announced on 6 August 2020 the Company announced that it had engaged BW Equities to act as lead manager to the placement. As consideration BW Equities were issued 40,000,000 share options with an exercise price of 0.9 cents per share expiring 31 August 2022. The inputs used in valuing the options issued are detailed below:

Number of options	40,000,000
Grant date	2/12/2020
Expected volatility (%)	125
Risk-free interest rate (%)	0.25
Expected life (years)	1.74
Model used	Black Scholes

NOTE 10: LOSS PER SHARE

	31 Dec 2020	31 Dec 2019
	\$	\$
Net loss used in the calculation of basic and diluted LPS	(600,380)	(1,068,413)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	3,009,694,897	1,544,330,961

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 2020 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.



Chris Dunks
Director

15 March 2021
Brisbane

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 2020, 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 2020 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.



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 Company's financial position as at 31 December 2020 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

BDO

D P Wright

Director

Brisbane, 15 March 2021