# ELEMENTOS LIMITED

*developing today for tomorrow's tin*

## Annual Report 2015

# CORPORATE DIRECTORY

| Directors and Company Secretary |
|---|
| Mr Rick Anthon (Non-executive Chairman)<br>Mr Calvin Treacy (Non-executive Director)<br>Mr Corey Nolan (Non-executive Director)<br>Mr Richard Seville (Non-executive Director)<br>Mr Duncan Cornish (Company Secretary) |
| **Head Office and Registered Office** |
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| **Auditors** |
| BDO Audit Pty Ltd<br>Level 10, 12 Creek Street<br>Brisbane QLD 4000<br>Tel: +61 7 3237 5999<br>Fax: +61 7 3221 9227<br>www.bdo.com.au |
| **Share Registry** |
| Boardroom Pty Limited<br>Level 12, 225 George Street<br>Sydney NSW 2000<br>Tel: 1300 737 760<br>Fax: 1300 653 459<br>www.boardroomlimited.com.au |
| **Stock Exchange Listing** |
| Australian Securities Exchange Ltd<br>ASX Code: ELT |
| **Australian Buisness Number** |
| 49 138 468 756 |

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ELEMENTOS LIMITED

CLEVELAND TIN AND COPPER MINE 1986

NORTHWEST TASMANIA, AUSTRALIA

# CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to report that the Company's focus on developing the Cleveland Project over the past year has delivered significant value to shareholders during the year.

With the completion of a Pre-feasibility Study and Ore Reserve statement for the reprocessing of high-grade tailings (stage 1), and the reporting of positive project economics from studies into Open Pit and Underground mining (stages 2 and 3), the Company has been able to demonstrate the value in its staged development strategy for the Cleveland Project.

The Cleveland Project is an exciting development prospect with the potential to become an operating asset with a mine life of over 15 years.. The Company is very confident that with further investment the resource and reserve base can be expanded, which will underpin a long-life, globally significant tin-copper-tungsten mine.

The market continues to be challenging for ASX listed mining companies, with the 2014/15 financial year being amongst the most difficult in memory. During the year, the board enacted cost reduction measures and a restructure.. It is a credit to the management team that Elementos has been able to continue the development of Cleveland through this period.

The board remains committed to its strategic plans and is confident that near-term production is achievable.  We believe that Elementos is well positioned to build on the significant work that has been completed in the past 12 months.

None of the progress made would be possible without the ongoing support of our shareholders, for which we are genuinely appreciative.

Sincerely,

Rick Anthon
Non-Executive Chairman

# CORPORATE STRATEGY

Elementos Limited ("Elementos" or the "Company") is an Australian based, Australian Stock Exchange listed project development company, focussed on achieving near-term tin, copper and tungsten production from the Cleveland Project in northwest Tasmania.

The Company's strategy is centred on a three stage, low capital development plan, with first production scheduled in 2017. The staged development strategy minimises up-front capital, funds future stages from established cash flows, and maximises the benefits of capital expenditure, while reducing the likelihood for future equity raisings. Additionally, the strategy reduces the risk of investment for our shareholders and optimises the Company's appeal to strategic investors.

**Cleveland development strategy**

| Stage | Project | Commodities | Status (August 2015) | Production commences[a] |
|---|---|---|---|---|
| 1 | Cleveland Tailings | Sn-Cu | Pre-feasibility completed | FY2017 |
| 2 | Cleveland Open Pit | Sn-Cu | Scoping study completed | FY2018 |
| 3 | Cleveland Underground | Sn-Cu-$WO_3$ | Scoping study completed | FY2021 |

Sn = tin, Cu = copper, $WO_3$ = tungsten.
a Subject to completion of technical studies and obtaining necessary approvals.

The Company has made significant progress in the development of the Cleveland Mine during 2015.

Key project milestones achieved this year include:

- Definition of Open Pit Mineral Resources with >98% in the Indicated category;
- The completion of a Pre-feasibility Study for the reprocessing of the tailings Mineral Resource, including a statement of Ore Reserves;
- Completion of independent Scoping Studies for open pit and underground mining;
- Confirmation of the economic viability of the staged development of the Cleveland Project;
- Lodgement of the Development Permit and Environmental Management Plan (DPEMP) with the Tasmanian Government;
- Lodgement of a Mining Lease Application with the Tasmanian Government; and
- Commencement of a Community Engagement Program.

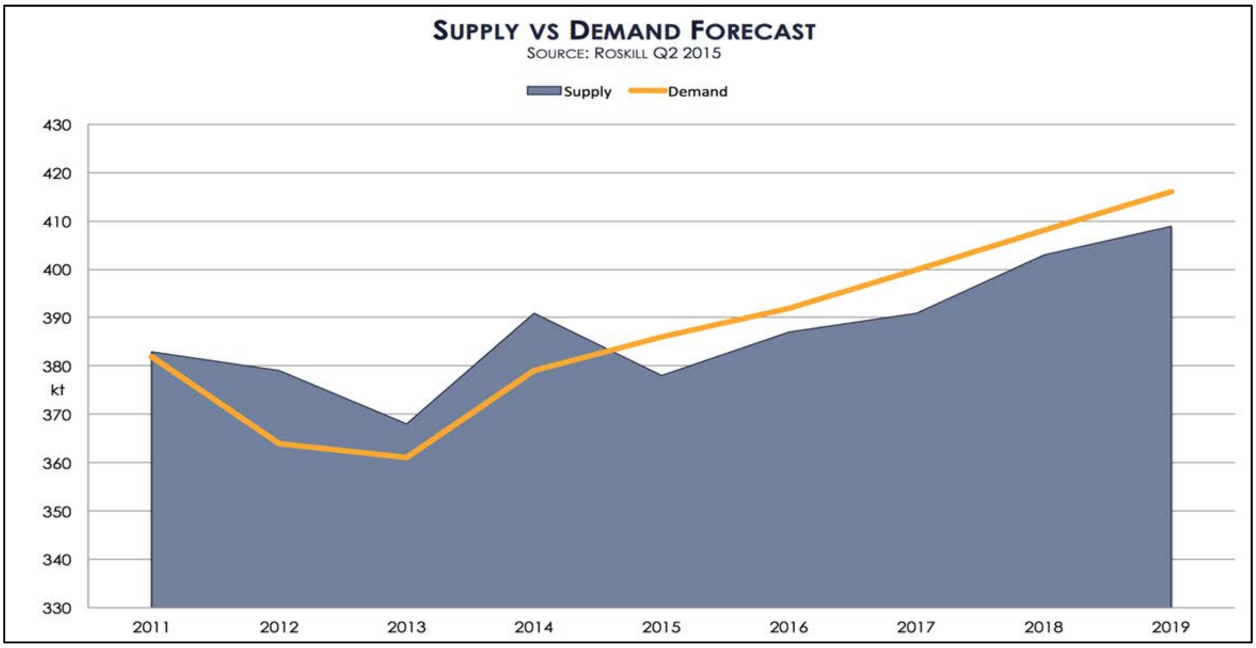
The Company is now well placed to accelerate the development of the Cleveland Project with first production targeted n 2017.

# MARKET UPDATE

Recent research by the International Tin Research Institute ("ITRI") and Roskill Information Services ("Roskill") state the demand for tin remains strong due to its use as a major constituent of solder for electronics. Future markets are also looking strong, with recent research into the use of tin in lithium based battery technology looking likely to be the next catalysis for tin demand.

On the supply side, while Indonesia began to curb illegal mining, Myanmar boosted its tin exports, creating a temporary oversupply in the market. This production is now diminishing and supports higher price forecasts going forward.

**Tin supply verses demand forecasted by Roskill, April 2015**



# REVIEW OF PROJECTS

## Cleveland

Cleveland and its surrounding tenure is located in northwest Tasmania and is 100% owned by the Company. The project area covers the northern margins and metamorphic aureole of the Meredith Granite, which is associated with numerous world-class metal deposits, including renowned tin deposits such as Renison and Mt Bischoff.

The Clevland Project, in addition to its surface mining potential, is a brownfields redevelopment of two deposits accessible from the same underground infrastructure: a large Renison style tin-copper deposit and a world-class long life tungsten porphyry deposit.

Cleveland has:

- 2,020 diamond drill holes providing 1,725 mineralised intersections;
- Well-defined Mineral Resources with over 120,000m of assayed drill core data; and
- Mineralisation open at depth and in all directions.

Northwest Tasmania has well developed infrastructure and a strong mining culture. The site is linked to Burnie Port, an established metals concentrate export port by sealed roads.

Accessible power runs through Cleveland, and there is abundant water available for use. The Burnie region has a large, available, and experienced workforce, with a strong contracting, service and supply history that can provide all the necessary requirements to deliver the project in a cost effective and timely manner.

The Tasmanian Government, Environmental Protection Authority, and the Department of Mineral Resources have all indicated support for the Company's project.

**Regional location showing available infrastructure**


## Stage 1 – Tailings Reprocessing

The Cleveland tin and copper underground mine, operated by Aberfoyle Limited between 1968 and 1986 was one of the largest underground tin operations in the world, producing approximately 23,000 tonnes of tin and 10,000 tonnes of copper during 18 years of operation. The mine closed in 1986 due to a rapid decline in tin prices caused by the collapse of the International Tin Council and the change in the Company's strategic focus following the discovery of the Hellyer Deposit.

Historical mining at Cleveland produced a tailings legacy that the Company proposes to rehabilitate through reprocessing of the tin and copper mineralisation. The tailings are stored above ground on-site in two tailings dams.

The tailings contain a substantial quantity of recoverable tin and copper due in part to operational inefficiencies and technical limitations of tin processing while the mine was in operation. The Company has proven that advances in technology, since Cleveland's closure, will allow the tailings to be economically reprocessed using standard mineral processing techniques including fine particle gravity separation and flotation.

MiningOne Consultants independently estimated the Mineral Resources for the Cleveland Tailings Project. The current Indicated Mineral Resource is approximately 3.8Mt @ 0.30% tin and 0.13% copper[1] (0% cut-off grade).

[1] *Announced per the JORC Code 2012 to the ASX on 17 June 2014 "Cleveland Tailings Resource Upgrade".*

The Company has recently completed a Pre-Feasibility Study[2] ("PFS") for the reprocessing of this Mineral Resource and has estimated an Ore Reserve of 3.7Mt @ 0.29%[3] (0% cut-off grade).

The PFS demonstrated that the reprocessing of tailings is both technically and financially viable, with a risk and opportunity profile that is competitive with or better than other global tin assets at a similar stage of development. Key findings included:

- Production is scheduled to commence in 2017;
- The fully allocated cost (C3)[4] is estimated at US$13,137 per recovered tonne of tin, placing the project in the bottom half of the ITRI C3 cost curve;
- At current prices, the project is profitable and cash flow positive, indicating a robust project that trades through the cycles;
- The project area has excellent infrastructure when compared with other tin projects, with power, water, and communications on site and roads transecting the site, providing excellent access to ports and a skilled labour market;
- The project is in a low-risk jurisdiction relative to other tin provinces throughout the world, with a stable and well-understood regulatory environment and encouraging state government;
- Local community and other stakeholders are supportive;
- Environmental and mining applications have been lodged and Elementos has every reason to believe at this point in time that approval is likely given the significant government and stakeholder support to rehabilitate historical legacies as proposed in the mine plan;
- The proposed tailings reprocessing leverages the potential development of open-pit and underground hard-rock Mineral Resources, creating potential for significant production expansion; and
- The study report has been independently reviewed by leading consultancy AMC Consultants Pty Ltd ("AMC") confirming the study meets the JORC Code definitions of a pre-feasibility study and is of a standard normally accepted by the mining industry for studies of this type.

[2] *Announced per the JORC Code 2012 to the ASX on 3 August 2015 "Cleveland Tailings PFS".*
[3] *Announced per the JORC Code 2012 to the ASX on 3 August 2015 "Cleveland Tailings Ore Reserve".*
[4] *Net Direct Cash Cost (C1) represents the cash cost incurred at each processing stage, from mining through to recoverable metal delivered to market, less net by-product credits (if any). Production Cost (C2) is the sum of net direct cash costs (C1) and depreciation, depletion and amortisation. Fully Allocated Cost (C3) is the sum of the production cost (C2), indirect costs and net interest charges i.e. Total Cost.*

## Stage 2 – Open Pit Mining

The Company recently received an Open Pit Scoping Study, independently prepared by AMC. The study was based on the previously announced Mineral Resource of 0.8 million tonnes (Mt) at 0.81% Sn and 0.27% Cu[5].

The AMC study identified five viable open pits, containing a mining inventory[6] of 0.6 Mt at 0.50% Sn and 0.14% Cu. The open pit will supplement the feed from the proposed tailings reprocessing operation, providing additional high-grade feed into the upgraded process plant.

The highlights of the study included:

- The Project is financially robust and technically low-risk;
- Over 98% of the ore tonnes included in the mining inventory are in the Indicated Mineral Resource category;
- Five pits, with an average stripping ratio of 5.1, will be mined at a combined rate of 200,000 tonnes per year over 3 years;
- The incremental capital cost is estimated at A$6.6 million, comprising A$5.6 million for plant upgrades and A$1.0 million for site works and pre-production waste stripping;
- The capital requirements are fully funded by cash flow from stage 1 and, as such, stage 2 will not require external financing;
- The projected additional cash flow from the open-pit project is A$21 million (before tax);
- The project is cash flow positive at current tin and copper prices (2015 average price of US$16,657 per tonne tin and US$5,780 per tonne copper); and
- The net direct cash cost (C1) of US$8,303 per recovered tonne of tin places the project in the bottom half of the industry cost curve.

Production from the stage 2 high-grade open-pit mine is scheduled to start in 2018, supplementing production from the stage 1 tin-copper tailings reprocessing operation.

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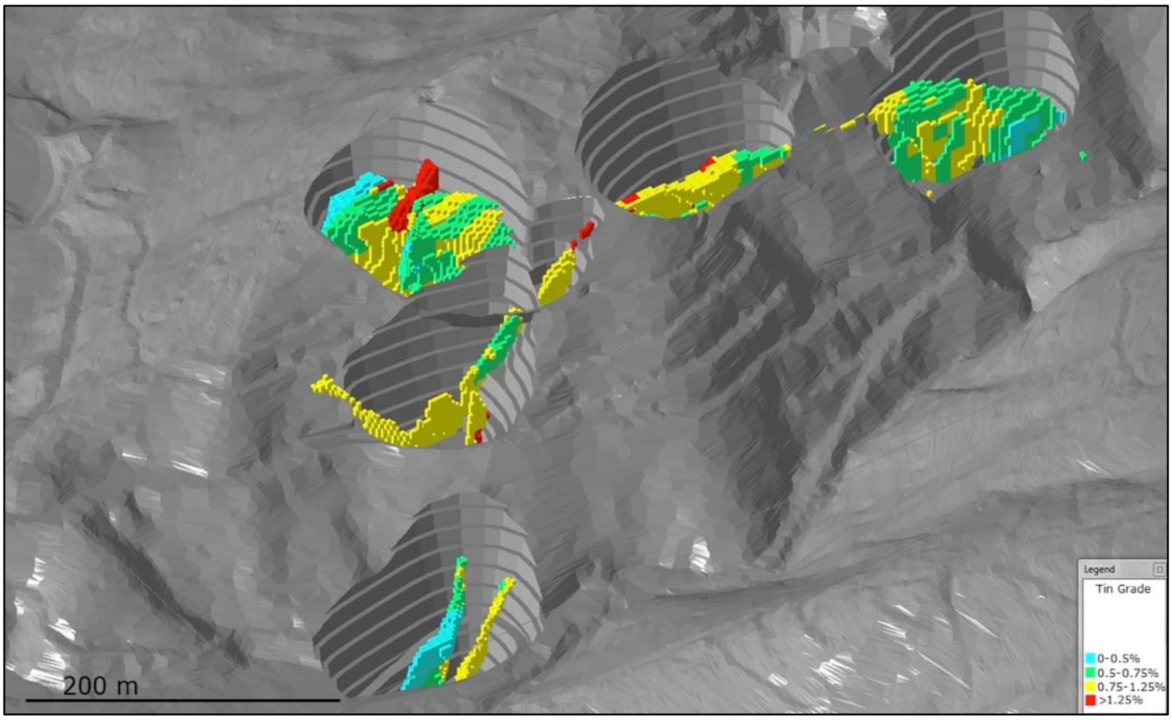
[5] *Announced per the JORC Code 2012 to the ASX on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"*

[6] A mining inventory is not an Ore Reserve. Refer to Cautionary Statements attached to this announcement.

### Cleveland open pit optimisation shells




## Stage 3 - Underground Mining

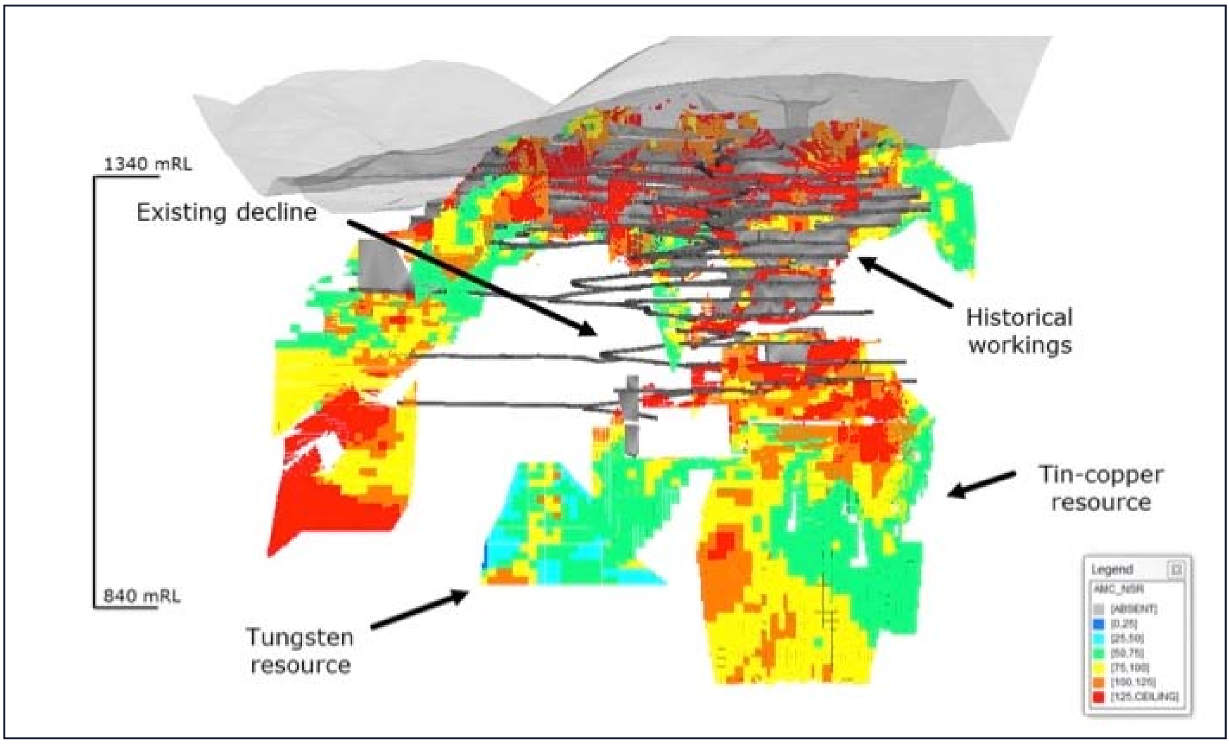
AMC also completed an Underground Scoping Study, which examined the technical and economic viability of mining and processing the previously developed tin-copper deposit and a separate but large tungsten porphyry deposit. As such, the viability of the underground operation was assessed as an extension to the proposed tailings and open-pit operations with shared services, plant and infrastructure.

The study provided a high-level mine design, mining inventory, production schedule, process plant flowsheet, and cost estimate for the potential underground operation. Based on the previously announced Mineral Resource[7], the study identified a mining inventory[8] of 1.9 Mt of tin-copper ore grading 0.61% Sn and 0.22% Cu, and 1.7 Mt of tungsten ore grading 0.31% $WO_3$.

The findings demonstrate that underground operations will extend the Cleveland mine life by eight years, doubling the life of the project, and adding a projected additional A$90 million to the project's pre-tax cash flows. Production from the stage 3 underground mine is scheduled to commence in FY2021.

[7] *Announced per the JORC Code 2012 to the ASX on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"*
[8] A mining inventory is not an Ore Reserve. Refer to Cautionary Statements attached to this announcement.

**Cleveland Underground Mineral Resource (classified by net smelter return)**



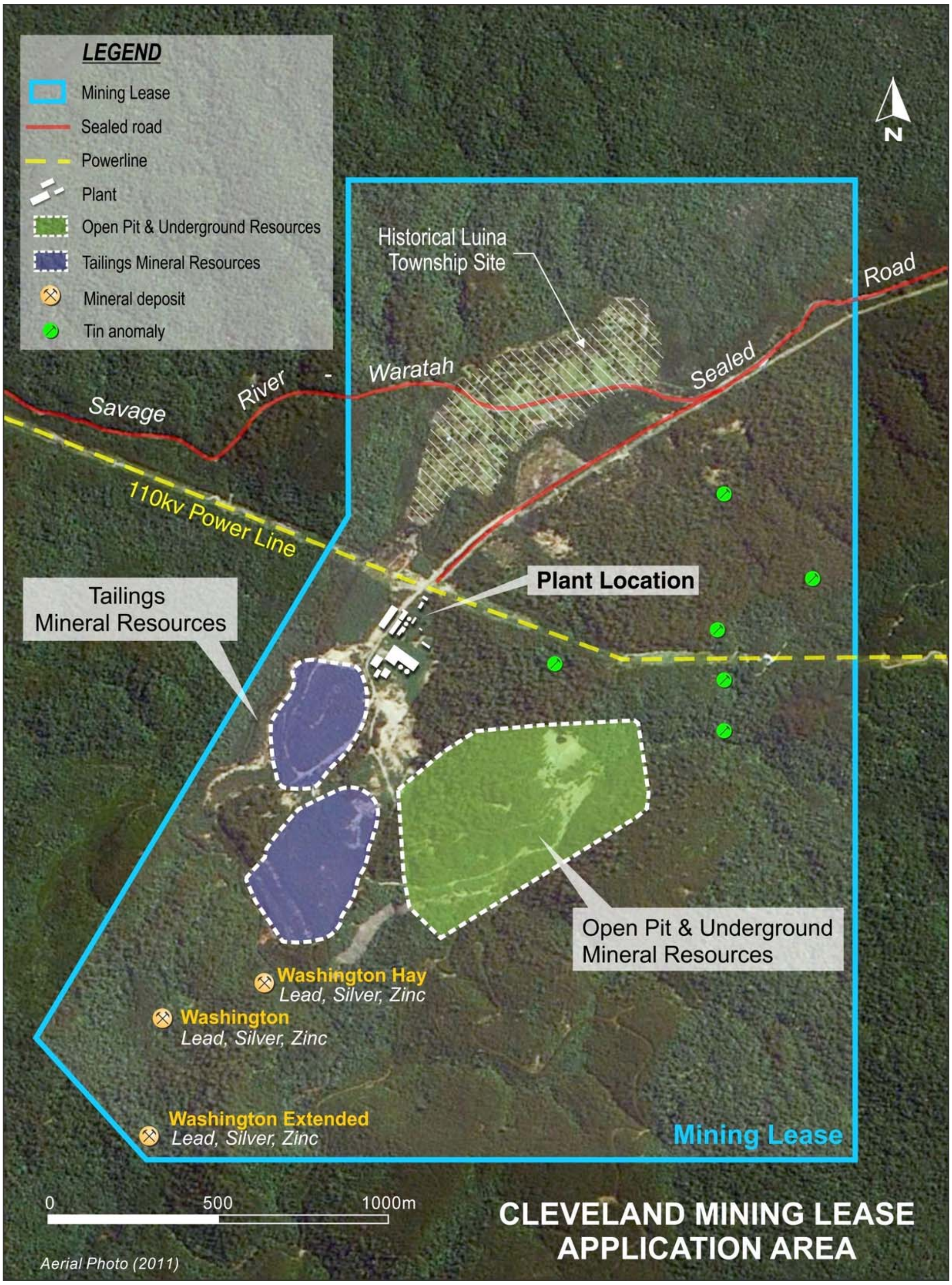

Highlights from the study were:

- ❖ The projected pre-tax cash flow for the underground project is A$90 million, boosting the integrated Cleveland Project pre-tax cash flow to A$166 million;
- ❖ Refurbishment of the existing 3.5 kilometre decline and 9.7 kilometres of the existing 25 kilometres of underground development minimises the required development capital;
- ❖ Underground infrastructure, orebody geometries and ground conditions are amenable to low-cost mechanised bulk mining with large machinery;
- ❖ Underground ore production peaks at 650,000 tonnes per annum, with potential capacity up to 900,000 tonnes per annum;
- ❖ The capital requirements are fully funded by cash flow from stages 1 and 2; as such, stage 3 will not require additional equity; and
- ❖ The integrated tailings-pit-underground operation is projected to generate a revenue of A$638 million over the 15-year mine life, with exploration potential yet to be tested.

## Approvals and Applications

Environmental and mining applications have been lodged and Elementos has every reason to believe at this point in time that approval is likely given the significant government and stakeholder support to rehabilitate historical legacies as proposed in the mine plan.

**Cleveland Mining Lease application area**






ELEMENTOS LIMITED

## Mineral Resources and Ore Reserves

### Stage 1

| Tailings Mineral Resource (at 0% Sn cut-off) [9] | | | |
|---|---|---|---|
| Category | Tonnage | Sn Grade | Cu Grade |
| Indicated | 3.8 Mt | 0.30% | 0.13% |

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

| Tailings Ore Reserve (at 0% Sn cut-off) [10] | | | | | |
|---|---|---|---|---|---|
| Category | Tonnage | Sn Grade | Cu Grade | Contained Sn | Contained Cu |
| Probable | 3.7 Mt | 0.29% | 0.13% | 11 Kt | 5 Kt |

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

### Stage 2

| Open Pit Tin-Copper Mineral Resource (at 0.35% Sn cut-off) [11] | | | |
|---|---|---|---|
| Category | Tonnage | Sn Grade | Cu Grade |
| Indicated | 0.8 Mt | 0.81% | 0.27 |
| Inferred | 0.01 Mt | 0.99% | 0.34 |

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

### Stage 3

| Underground Tin-Copper Mineral Resource (at 0.35% Sn cut-off) [12] | | | |
|---|---|---|---|
| Category | Tonnage | Sn Grade | Cu Grade |
| Indicated | 4.2 Mt | 0.67% | 0.28% |
| Inferred | 2.4 Mt | 0.56% | 0.19% |

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

| Underground Tungsten Mineral Resource (at 0.20% $WO_3$ cut-off) [13] | | |
|---|---|---|
| Category | Tonnage | $WO_3$ Grade |
| Inferred | 4 Mt | 0.30% |

Table subject to rounding errors; $WO_3$ = tungsten oxide

[9] *Announced per the JORC Code 2012 to the ASX on 17 June 2014 "Cleveland Tailings Resource Upgrade"*
[10] *Announced per the JORC Code 2012 to the ASX on 3 August 2015 "Cleveland Tailings Ore Reserve"*
[11] *Announced per the JORC Code 2012 to the ASX on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"*
[12] *Announced per the JORC Code 2012 to the ASX on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"*
[13] *This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

## Millenium, Australia

The Millenium Project is situated near Cloncurry in the world-class Mt Isa Inlier, a significant gold and base metal producing region, and host to major copper-gold and lead-silver-zinc deposits. The district has established mining, processing and transportation infrastructure in close proximity to the regional centres of Mt Isa and Cloncurry.

Millenium is a large tenement holding over the Corella Fault zone, 40 kilometres northwest of Cloncurry, and includes 134 hectares of Mining Leases. Chinalco Yunnan Copper Resources Ltd manages the project under joint venture.

Activities undertaken by the joint venture partner, included:

- ❖ The Pilgrim Fault geochemical survey, which identified a strong copper-gold anomalous zone; and
- ❖ Desktop geological and geophysical assessment.

Due to the focus on higher priority projects, the joint venture partner will take some further time to assess the geological features within the project area in more detail before establishing the targets for additional exploration.

## Selwyn Range, Australia

Selwyn Range is situated 35 kilometres north of Osborne, 10 kilometres east of the prolific Selwyn trend (which includes the Merlin molybdenum rhenium development project), and 40 kilometres west of the Cannington mine.

Selwyn Range consists of 109 $km^2$ of largely contiguous, fully granted, Exploration Permits for Minerals (“EPMs”): 19371, 19375 and 19426.

The EPMs are located over an area of inflection in a prospective north-south structural trend, a feature often related to major deposits and mineralised systems in the district.

Activities undertaken by the joint venture partner, Jason Resources Pty Ltd (previously Below Ground Technology Pty Ltd) included:

- ❖ Desktop geological reviews;
- ❖ Geophysical data consolidation; and
- ❖ Landholder and access activities.

After conducting desktop geological reviews and due to the focus on higher priority projects, the JV Partner will take some further time to assess the geological features within the project area in more detail before establishing the targets for additional exploration.

# GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

A summary of the governance and controls applicable to the Company's Mineral Resource and Reserves processes is as follows:

- ❖ Review and validation of drilling and sampling methodology and data spacing, geological logging, data collection and storage, sampling and analytical quality control;
- ❖ Geological interpretation — review of known and interpreted structure, lithology and weathering controls;
- ❖ Estimation methodology — relevant to mineralisation style and proposed mining methodology;
- ❖ Comparison of estimation results with previous mineral resource models, and with results using alternate modelling methodologies;
- ❖ Visual validation of block model against raw composite data; and
- ❖ Peer review by senior company personnel and independent consultants.

# 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.

## Mineral Resources and Ore Reserves

Elementos confirms that Mineral Resource and Ore Reserve estimates used in this document were estimated, reported and reviewed in accordance with the guidelines of the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2012 edition.

Elementos confirms that it is not aware of any new information or data that materially affects the Mineral Resource or Ore Reserve information included in the "Cleveland Tailings Resource Upgrade" announced to the ASX on 17 June 2014, or the "Cleveland Open Pit - High-Grade Mineral Resource Defined" announced on 3 March 2015 and the "Cleveland Tailings Ore Reserve" released on the 3 August 2015.

The Company also confirms that all material assumptions and technical parameters underpinning the estimates in the Cleveland Mineral Resources and Reserves continue to apply and have not materially changed. Elementos also confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the date of announcement.

## Scoping Study Results

The scoping studies referred to in this announcement are based on low-level technical and economic assessments, which are insufficient to support the estimation of Ore Reserves, or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping studies will be realised.

Elementos advises that the scoping study results are partly drawn from Inferred Resources. There is a low level of geological confidence associated with these estimates and there is no certainty that further exploration work will result in the conversion of the estimate to an Indicated Mineral Resources or that the production target itself will be realised. The term "mining inventory" is used to describe the Indicated and Inferred Mineral Resource within the mine design.

Whereas an Ore Reserve, as defined by the JORC code (2012 Edition), must be based on a study at pre-feasibility study level or better and must not include Inferred Mineral Resources or Exploration Targets. As such, no Ore Reserve can be stated on the basis of the scoping studies.

# ELEMENTOS LIMITED

**ABN 49 138 468 756**

## CONSOLIDATED FINANCIAL REPORT
## FOR THE YEAR ENDED
## 30 JUNE 2015

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Address: Level 5, 10 Market Street, Brisbane, Qld 4000 Post: PO Box 10555, Brisbane Adelaide Street, QLD 4000, Australia

The directors submit their report on the consolidated entity ("Group") consisting of Elementos Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2015.

### Directors

The directors of the Company at any time during or since the end of the financial year are listed below. During the year, there were eight meetings of the full board of directors. The meetings attended by each director were:

| | Board | | Audit and Risk Committee* | | Remuneration Committee* | |
|---|---|---|---|---|---|---|
| **Directors** | **Meetings** | **Attend** | **Meetings** | **Attend** | **Meetings** | **Attend** |
| R Anthon (appointed 1/1/15) | 5 | 5 | 1 | 1 | 1 | 1 |
| C Treacy | 8 | 8 | - | - | - | - |
| C Nolan | 8 | 8 | 1 | 1 | 1 | 1 |
| R Seville | 7 | 7 | - | - | - | - |

*The Directors consider that the Company is not of a size and that its affairs are of such complexity as to justify the formation of special or separate committees.

The directors have been in office since the start of the financial year to the date of this report unless otherwise indicated.

### Company Secretary

Duncan Cornish, held the position of Company Secretary at the end of the financial year. Mr Cornish is a Chartered Accountant with significant experience as public company CFO and Secretary, focused on junior resource companies, as well as financial, administration and governance.

Mr Cornish is an accomplished and highly efficient corporate administrator and manager. Duncan has more than 20 years' experience in the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst & Young and PricewaterhouseCoopers.

He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities, and serves as corporate secretary and chief financial officer of several Australian and Canadian public companies.

Mr. Cornish holds a Bachelor of Business (Accounting) and is a member of the Australian Institute of Chartered Accountants.

### Principal Activities

The principal activity of the Group during the year was project development in Australia. The Group is developing the Cleveland tin-copper-tungsten Project through a staged, low-capital development strategy, which minimises upfront capital, with cash flow funding future stages. This ensures maximum benefit from capital expenditure, delivering optimal value to shareholders.

| Cleveland Development Strategy | | | |
|---|---|---|---|
| Stage | Project | Commodities | Production commences [a] |
| 1 | Cleveland Tailings | Sn-Cu | FY2017 |
| 2 | Cleveland Open Pit | Sn-Cu | FY2018 |
| 3 | Cleveland Underground | Sn-Cu-W | FY2021 |

a Subject to completion of technical studies and obtaining necessary approvals.
Sn = tin, Cu = copper, W = tungsten.

The Group also continued development of joint arrangements for its others assets in Australia and withdrew from its activities in South America.

**Review of Operations**

Exploration and development activities at the Group's projects during the year are detailed below.

At the **Cleveland Project in North-western Tasmania**, the Group carried out the following activities:

- Resource Definition
  - Open pit Mineral Resources defined (at 0.35% tin cut-off)
    - Indicated resources of 0.8 Mt at 0.81% tin and 0.27% copper
    - Inferred resources of 0.01 Mt at0.99% tin and 0.34% copper
    - Main tin and copper lenses extend over 700 meters strike length
  - Underground Mineral Resources restated
    - Indicated resources of 4.1 Mt at 0.67% tin and 0.28% copper
    - Inferred resources of 2.4 Mt at 0.56% tin and 0.19% copper
- Stakeholder engagement
  - Commenced a Community Engagement Program
    - Friday the 6th of February 2015
    - Friday the 1st of May 2015
  - Commenced landholder identification process
- Approvals and Permitting
  - Continued field-testing and monitoring of environmental aspects across the project area, including water quality testing
  - Submitted a Development Plan and Environmental Management Plan to the Tasmanian EPA for assessment and approval
  - Submitted a Mining Lease Application to Mineral Resources Tasmania for assessment and approvals
  - Installed survey control points and completed the mark out of the Mining Lease boundary
  - Installed gate and signage on site

  - Consolidated Exploration Lease (EL) 9/2006 into EL 7/2005
- Technical Studies
  - Completed preliminary metallurgical testing
  - Commenced power and minor infrastructure studies
  - Commenced preliminary process plant design
  - Commenced pre-feasibility study for stage 1 tailings reprocessing
  - Commenced scoping studies for stage 2 open pit mining and stage 3 underground mining
- Exploration
  - Undertook further exploration of lead, zinc and silver mineralisation

At **Santo Domingo in Argentina**, activities focused on withdrawing from all commitments to focus on the development of Cleveland.

At the **Millenium Project in the Mt Isa district**, activities undertaken by the joint venture partners Chinalco Yunnan Copper Resources Ltd (CYU) included:

- During the year, CYU identified, as part of the Pilgrim Fault geochemical survey, a strong copper/gold anomalous zone at the northern end of the original Millennium drilling locations; and
- Due to the focus on higher priority projects, CYU will take some further time to assess the geological features at Millennium in more detail before establishing the targets for additional exploration.

At the **Selwyn Range project in the Mt Isa district**, activities included:

- During the last financial year, Elementos entered into a joint venture with Below Ground Technology Pty Ltd ("BGT") to explore for copper, cobalt and gold and ultimately earn a majority interest in the Selwyn Range project; and
- After conducting desktop geological reviews and due to the focus on higher priority projects, BGT will take some further time to assess the geological features at Selwyn Range in more detail before establishing the targets for additional exploration.

**Significant Changes in State of Affairs**

The Group's operating loss for the financial year, after applicable income tax was $2,692,540 (2014: $1,491,656). Exploration and evaluation expenditure during the year totalled $1,352,157 (2014: $1,319,395).

At 30 June 2015, the Group's net assets totalled $5,502,726 (2014: $6,755,762) which included cash assets of $761,828 (2014: $682,689).

During the year, the Company raised $1.54 million (128,662,404 shares) from private placements and a rights issue.

## Information on Directors

The board has a strong combination of technical, managerial and capital markets experience. Expertise and experience includes operating and mineral exploration in Australia. The names and qualifications of the current directors are summarised as follows:

**Rick Anthon (appointed 1 January 2015)**

*Chairman*

Mr Anthon BA (ANU), LLB (ANU), MAICD is a practicing lawyer with over 30 years' experience in both corporate and commercial law. Mr Anthon also has extensive experience in the resource sector, as a director of a number of resource companies and as legal adviser, including project acquisition and development, capital raising and corporate governance.

Mr Anthon's leadership and experience in the resource sector, in conjunction with his close working relationship with the current board, will be valuable as we focus on the development of the Cleveland Mine and building value for all stakeholders.

*Directorships held in other ASX listed companies in the last three years:* Bass Metals Ltd, Laneway Resources Ltd, Stratum Metals Ltd, Lamboo Resources Ltd and Baru Resources Ltd.

**Calvin Treacy (ceased as Managing Director 9 June 2015)**

*Non-executive Director*

Mr Treacy (BEng, MBA, MAICD) has over twenty years senior management experience in mining, mining technology and manufacturing. He has a strong track record of founding and growing companies, and brings a wealth of experience in the areas of strategic planning and capital raising.

Mr Treacy is a qualified Mechanical Engineer and holds a Masters of Business Administration, with extensive experience across a range of industries and positions.

Mr Treacy has worked in a range of roles including Non-executive Director, Chief Executive Officer, Chief Operating Officer and Production Manager, providing a blend of experience from hands-on management through to executive oversight and strategic management.

*Directorships held in other ASX listed companies in the last three years: Nil*

**Corey Nolan**

*Non-executive Director*

Mr Nolan (BCom, MMEE, Graduate of AICD) has twenty years of diverse experience in the resources sector. This has included experience in mining operations, global resource evaluation, and the financing and development of new opportunities in Australia, South Africa, Asia and South America.

Mr Nolan is a qualified mineral economist. He has held specialist roles as an equities analyst in the mining and natural resources sector of stock broking firms Morgan Stanley and Wilson HTM. During this period, he undertook detailed coverage of the Australian and global resources sector including the commodities market.

Mr Nolan has been a Director at PWC in the corporate finance and valuations practice, specialising in resources industry valuations for Australian and global resources firms.

*Directorships held in other ASX listed companies in the last three years:* Leyshon Resources Limited.

**Richard Seville**

*Non-executive Director*

Mr Seville (BSc, MEngSc, MAusIMM, ARSM) is a mining geologist and geotechnical engineer with thirty years' experience in exploration, mine development and operations. He also has significant corporate experience, in the roles of Chief Execuitve Officer and Operations Director in ASX/AIM listed mining companies.

*Directorships held in other ASX listed companies in the last three years:* Leyshon Resources Limited and Orocobre Limited.

The relevant interest of each director held directly or indirectly in shares and options issued by the Company at the date of this report is as follows:

| Directors | Shares | Unlisted Options |
|---|---|---|
| R Anthon | 4,664,678 | - |
| C Treacy | 26,850,004 | 6,200,000 |
| C Nolan | 3,853,400 | 3,300,000 |
| R Seville | 26,290,597 | - |

## Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director and other key management personnel.

The Group's remuneration policy seeks to align director and executive objectives with those of shareholders and business, while at the same time, recognising the early development stage of the Group and the criticality of funds being utilised to achieve development objectives. The board believes the current policy has been appropriate and effective in achieving a balance of these objectives.

The remuneration structure for executives is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group.

The Group's policy for determining the nature and amount of remuneration of board members and key executives is set out below.

The executives receive payments provided for under an employment agreement, which may include cash, superannuation, short-term incentives, and equity based performance remuneration.

Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Individuals may elect to salary sacrifice part of their fees as increased payments towards superannuation. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the Group. However, to align directors' interests with shareholder interests, directors are encouraged to hold equity interests in the Group. The maximum aggregate amount of fees that can be paid to non-executive directors approved by shareholders is currently $250,000. One-third, by number, of non-executive directors retires by rotation at the Company's Annual General Meeting. Retiring directors are eligible for re-election by shareholders at the Annual General Meeting of the Company.

The Group's remuneration policy provides for long-term incentives to be offered through a director and employee share option plan. Options are granted under these plans to align directors', executives', employees' and shareholders' interests. The Group does not remunerate any key management personnel with securities that are not performance based. No options were granted during the current financial year.

The board of directors is responsible for determining and reviewing the Group's remuneration policy, remuneration levels and performance of both executive and non-executive directors. Independent external advice will be sought when required. No independent external advice was sought during the current year.

The board is presently reassessing the remuneration policy to ensure it incorporates appropriate elements given the Group's status and planned activities. Through this review process, the directors aim to provide clearer and more manageable performance criteria for remuneration incentives including the issue of employee and executive options, while also securing greater loyalty from key employees and executives, reducing administration costs and the regulatory burden on the Group.

***Performance-Based Remuneration***

Performance-based remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for reaching or exceeding specific objectives or as recognition for strong individual performance. Short-term incentives are available to eligible staff of the Group and are comprised of cash bonuses, determined on a discretionary basis by the chief executive officer and the board. No short-term incentives were made available during the year.

Long-term incentives are comprised of share options, which are granted from time-to-time to encourage sustained strong performance in the realisation of strategic outcomes and growth in shareholder value.

The exercise price of the options is determined after taking into account the underlying share price performance in the period leading up to the date of grant and if applicable, performance conditions attached to the share options. Subject to specific vesting conditions, each option is convertible into one ordinary share. No options were granted during the current financial year.

The names of key management personnel of Elementos Ltd who have held office during the financial year are:

| | |
|---|---|
| Rick Anthon | Chairman – (appointed 1 January 2015) |
| Calvin Treacy | Director - Managing Director (ceased 9 June 2015) and Director - Non-executive (commenced 9 June 2015) |
| Tim McManus | Chief Operating Officer (commenced 29 September 2014, ceased 9 June 2015)<br>Chief Executive Officer (commenced 9 June 2015) |
| Corey Nolan | Director - Non-executive |
| Richard Seville | Director - Non-executive |

***Remuneration Details of Key Management Personnel***

The remuneration of the key management personnel of Elementos Limited was as follows:

**Year Ended 30 June 2015**

| Key Management Personnel | Short Term Benefits | | Equity Settled Shares | Equity Settled Options | Post Employment Super-annuation | Total |
|---|---|---|---|---|---|---|
| | Salary and Fees ($) | Bonuses ($) | ($) | ($) | ($) | ($) |
| R Anthon | 25,000 | - | - | - | - | 25,000 |
| C Treacy | 217,422 | - | - | - | 15,449 | 232,871 |
| C Nolan | 20,696 | - | 18,510 | - | 3,725 | 42,931 |
| R Seville | 20,696 | - | 18,510 | - | 3,725 | 42,931 |
| T McManus | 134,036 | - | - | - | 12,733 | 146,769 |
| | 417,850 | - | 37,020 | - | 35,632 | 490,502 |

**Year Ended 30 June 2014**

| Key Management Personnel | Short Term Benefits | | Equity Settled Shares | Equity Settled Options | Post Employment Super-annuation | Total |
|---|---|---|---|---|---|---|
| | Salary and Fees ($) | Bonuses ($) | ($) | ($) | ($) | ($) |
| C Treacy | 102,644 | - | 50,000 | 42,780 | 9,494 | 204,918 |
| C Nolan | 67,173 | - | - | - | 6,213 | 73,386 |
| R Seville (appointed 14 October 2013) | 28,602 | - | - | - | 2,646 | 31,248 |
| C Dunks (resigned 16 November 2013) | - | - | 50,000 | - | - | 50,000 |
| M Adams (resigned 16 November 2013) | - | - | 50,000 | - | - | 50,000 |
| R Trevillion (resigned 22 July 2013) | - | - | 50,000 | - | - | 50,000 |
| | 198,419 | - | 200,000 | 42,780 | 18,353 | 459,552 |

The remuneration of key management personnel of Elementos Limited prior to the merger was as follows:

**Year Ended 30 June 2014**

| Key Management Personnel | Short Term Benefits | | Equity Settled Shares | Equity Settled Options | Post Employment Super-annuation | Total |
|---|---|---|---|---|---|---|
| | Salary and Fees ($) | Bonuses ($) | ($) | ($) | ($) | ($) |
| C Nolan | 50,000 | - | - | - | 4,625 | 54,625 |
| A Anthony McLellan | 72,456 | - | - | - | 6,630 | 79,086 |
| J Calaway | 11,534 | - | - | - | - | 11,534 |
| M McCauley | 3,990 | - | - | - | 369 | 4,359 |
| | 137,980 | - | - | - | 11,624 | 149,604 |

Refer to Note 1 of the financial statements for further information regarding the merger with Rockwell Minerals Limited.

Following are employment details of persons who were key management personnel of the Group during the financial year:

| Key Management Personnel | Position Held | Contract Details | Proportion of Remuneration | |
|---|---|---|---|---|
| | | | Equity Based | Salary and Wages |
| R Anthon | Chairman | No fixed term, termination as provided by Corporations Act | - | 100% |
| C Treacy | Non-executive Director | No fixed term, termination as provided by Corporations Act | - | 100% |
| C Nolan | Non-executive Director | No fixed term, termination as provided by Corporations Act | 43% | 57% |
| R Seville | Non-executive Director | No fixed term, termination as provided by Corporations Act | 43% | 57% |
| T McManus | Chief Executive Officer (appointed Chief Operating Officer 29/9/14, appointed Chief Executive Officer 9/6/15) | No fixed term, 3 months notice to terminate | - | 100% |

***Options Granted as Remuneration***

There were no remuneration options granted during the current year.

***Company Performance, Shareholder Wealth, and Director and Executive Remuneration***

During the financial year, the Company has generated losses as its principal activity was mineral exploration.

The following table shows the share price of the Company since 2011.

| | 30 June 2015 | 30 June 2014 | 30 June 2013 | 30 June 2012 | 30 June 2011 |
|---|---|---|---|---|---|
| Share Price at year end ($) | 0.01 | 0.02 | 0.015 | 0.079 | 0.225 |

As the Company is still in the exploration and development stage, the link between remuneration, company performance and shareholder wealth is tenuous. Share prices are subject to the influence of metal prices and market sentiment towards the sector, and as such, increases and decreases might occur independent of executive performance and remuneration.

***Options Held by Key Management Personnel***

Details of options held directly, indirectly or beneficially by key management personnel are as follows:

| Key Management Personnel | Balance at 1 July 2014 | Granted as Compen-sation | Exercised | Other Changes | Balance at 30 June 2015 | Total Vested 30 June 2015 | Total Vested and Exercisable 30 June 2015 |
|---|---|---|---|---|---|---|---|
| R Anthon | - | - | - | - | - | - | - |
| C Treacy | 6,200,000 | - | - | - | 6,200,000 | 6,200,000 | 6,200,000 |
| C Nolan | 3,300,000 | - | - | - | 3,300,000 | 3,300,000 | 3,300,000 |
| R Seville | - | - | - | - | - | - | - |
| | 9,500,000 | - | - | - | 9,500,000 | 9,500,000 | 9,500,000 |

***Shares Held by Key Management Personnel***

Details of shares held directly, indirectly or beneficially by key management personnel are as follows:

| Key Management Personnel | Balance at 1 July 2014 | Granted as Compen-sation | Received on Exercise of Options | Other Changes | Balance at 30 June 2015 |
|---|---|---|---|---|---|
| R Anthon | - | - | - | 4,664,678 | 4,664,678 |
| C Treacy | 22,750,004 | - | - | 4,100,000 | 26,850,004 |
| C Nolan | 1,047,372 | 2,753,185 | - | 52,843 | 3,853,400 |
| R Seville | 16,981,177 | 2,753,185 | - | 6,556,236 | 26,290,598 |
| T McManus | - | - | - | 300,000 | 300,000 |
| | 40,778,553 | 5,506,369 | - | 15,673,757 | 61,958,680 |

This is the end of the Remuneration Report.

## Dividends

No dividend has been proposed or paid since the start of the financial year.

## Options

At the date of this report, the unissued ordinary shares of the Company under options are as follows:

### Unlisted Options

| Grant Date | Expiry Date | Exercise Price | No. Under Option |
|---|---|---|---|
| 23 October 2009 | 23 October 2015 | $0.226(i) | 4,500,000 |
| 30 November 2010 | 29 November 2015 | $0.226 (i) | 500,000 |
| 28 March 2011 | 18 January 2017 | $0.326(i) | 1,000,000 |
| 4 December 2012 | 3 December 2016 | $0.06 (i) | 200,000 |
| 8 February 2013 | 20 January 2017 | $0.06 (i) | 2,350,000 |
| 20 March 2014 | 20 March 2018 | $0.03 (i) | 9,300,000 |

(i) The Trust Deeds relating to the grant of these options provides for a reduction in the option exercise price where the Company undertakes a pro-rata issue of securities. The reduction in exercise price is calculated in accordance with the formula provided in the ASX Listing Rules.

There have been no unissued shares or interests under option of any controlled entity within the economic entity during or since reporting date. Option holders do not have any rights to participate in any share issue or other interests in the Company or any other entity.

## Subsequent Events

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

## Environmental Issues

The Group is subject to significant environmental regulations under the laws of the Commonwealth of Australia and states of Australia in which the Group operates. The Group is also subject to environmental regulation in relation to its exploration activities in Chile and Argentina.

The directors monitor the Group's compliance with environmental obligations. The directors are not aware of any compliance breach arising during the year and up to the date of this report.

## Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Elementos Limited support and, where practicable or appropriate, have adhered to the ASX Principles of Corporate Governance. The Company's corporate governance statement is contained on its website.

### Indemnifying Directors and Auditors

The Company has entered into a Deed with each of the directors whereby the Company has agreed to provide certain indemnities to each director to the extent permitted by the Corporations Act and to use its best endeavours to obtain and maintain directors' and officers' indemnity insurance, subject to such insurance being available at reasonable commercial terms.

The economic entity has paid premiums to insure each of the directors of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

The Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in respect of any person who is or has been an auditor of the Company or a related entity during the year and up to the date of this report.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

### Non-Audit Services

The auditors did not provide any non-audit services during the year.

### Auditor's Independence Declaration

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

Signed in accordance with a resolution of the board of directors.

**R Anthon**
**Chairman of Directors**

Dated this 29th day of September 2015
Brisbane, Queensland

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## DECLARATION OF INDEPENDENCE BY AJ WHYTE TO DIRECTORS OF ELEMENTOS LIMITED

As lead auditor of Elementos Limited for the year ended 30 June 2015, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 29 September 2015

**ELEMENTOS LIMITED**
**ABN 49 138 468 756**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2015

| | Note | 30 June 2015 | 30 June 2014 |
|---|---|---|---|
| | | $ | $ |
| Revenue | 2 | 96,706 | 12,641 |
| Corporate and administrative expenses | 3 | (944,903) | (1,026,188) |
| Writeoff of exploration assets | 8 | (1,844,343) | (277,473) |
| Listing expenses | 19 | - | (200,636) |
| **Loss before income tax expense** | | (2,692,540) | (1,491,656) |
| Income tax expense | 4 | - | - |
| **Loss for the year attributable to members of the parent entity** | | (2,692,540) | (1,491,656) |
| **Other comprehensive income** | | | |
| Items that will be reclassified to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | (73,705) | (594,929) |
| **Other comprehensive income for the year net of tax** | | (73,705) | (594,929) |
| **Total comprehensive income attributable to members of the parent entity** | | (2,766,245) | (2,086,585) |
| Basic and diluted earnings per share (cents per share) | 15 | (0.36) | (0.33) |

The accompanying notes form part of these financial statements.

**ELEMENTOS LIMITED**
**ABN 49 138 468 756**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2015

| | Note | 30 June 2015 | 30 June 2014 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 761,828 | 682,689 |
| Trade and other receivables | 6 | 19,380 | 25,527 |
| Other current assets | 7 | 10,917 | 14,406 |
| **TOTAL CURRENT ASSETS** | | 792,125 | 722,622 |
| **NON-CURRENT ASSETS** | | | |
| Exploration and evaluation assets | 8 | 4,859,170 | 6,456,348 |
| Property, plant and equipment | 9 | 4,186 | 36,060 |
| Other non-current assets | 10 | 13,950 | 26,047 |
| **TOTAL NON-CURRENT ASSETS** | | 4,877,306 | 6,518,455 |
| **TOTAL ASSETS** | | 5,669,431 | 7,241,077 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 166,705 | 485,315 |
| **TOTAL CURRENT LIABILITIES** | | 166,705 | 485,315 |
| **TOTAL LIABILITIES** | | 166,705 | 485,315 |
| **NET ASSETS** | | 5,502,726 | 6,755,762 |
| **EQUITY** | | | |
| Contributed equity | 12 | 12,437,377 | 10,924,168 |
| Reserves | 13 | (604,464) | (530,759) |
| Accumulated losses | | (6,330,187) | (3,637,647) |
| **TOTAL EQUITY** | | 5,502,726 | 6,755,762 |

The accompanying notes form part of these financial statements.

ELEMENTOS LIMITED
ABN 49 138 468 756

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2015

| | Note | Contributed Equity | Accumulated Losses | Share-Based Payments Reserve | Foreign Currency Translation Reserve | Total |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| **Balance at 30 June 2013** | | 4,998,940 | (2,145,991) | - | - | 2,852,949 |
| Loss for the period | | - | (1,491,656) | - | - | (1,491,656) |
| Other comprehensive income for the period | 13 | - | - | - | (594,929) | (594,929) |
| Total comprehensive income | | - | (1,491,656) | - | (594,929) | (2,086,585) |
| Rockwell shares issued prior to merger | 12 | 444,500 | - | - | - | 444,500 |
| Shares issued due to capital raising | 12 | 2,605,800 | - | - | - | 2,605,800 |
| Equity settled compensation | 12 | 40,665 | - | - | - | 40,665 |
| Shares issued other | 12 | 52,308 | - | - | - | 52,308 |
| Transaction costs | 12 | (59,794) | - | - | - | (59,794) |
| Share based payments | 19 | - | - | 64,170 | - | 64,170 |
| Deemed value of notional merger shares issued | 19 | 2,841,749 | - | - | - | 2,841,749 |
| **Balance at 30 June 2014** | | **10,924,168** | **(3,637,647)** | **64,170** | **(594,929)** | **6,755,762** |
| Loss for the period | | - | (2,692,540) | - | - | (2,692,540) |
| Other comprehensive income for the period | 13 | - | - | - | (73,705) | (73,705) |
| Total comprehensive income | | - | (2,692,540) | - | (73,705) | (2,766,245) |
| Shares issued due to capital raising | 12 | 1,543,948 | - | - | - | 1,543,948 |
| Equity settled compensation | 12 | 37,021 | - | - | - | 37,021 |
| Transaction costs | 12 | (67,760) | - | - | - | (67,760) |
| **Balance at 30 June 2015** | | **12,437,377** | **(6,330,187)** | **64,170** | **(668,634)** | **5,502,726** |

The accompanying notes form part of these financial statements.

**ELEMENTOS LIMITED**
**ABN 49 138 468 756**

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2015

| | Note | 30 June 2015 | 30 June 2014 |
|---|---|---|---|
| | | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest received | | 51,125 | 11,141 |
| Other receipts | | 45,581 | 1,500 |
| Payments to suppliers and employees | | (818,863) | (1,088,016) |
| **Net cash provided by/(used in) operating activities** | 14 | (722,157) | (1,075,375) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for exploration and evaluation assets | | (1,352,157) | (1,319,395) |
| Research and develpment refunds | | 682,268 | - |
| Cash acquired on acquistion of subsidiary | | - | 149,056 |
| Purchase of property, plant and equipment | | (5,844) | (208) |
| **Net cash provided by/(used in) investing activities** | | (675,733) | (1,170,547) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | 1,543,948 | 2,845,300 |
| Costs associated with share issues | | (67,760) | (57,394) |
| **Net cash provided by/(used in) financing activities** | | 1,476,188 | 2,787,906 |
| **Net increase/(decrease) in cash held** | | 78,298 | 541,984 |
| **Cash at Beginning of Year** | | 682,689 | 143,733 |
| Effect of exchange rates on cash holdings in foreign currencies | | 841 | (3,028) |
| **Cash at End of Year** | 5 | 761,828 | 682,689 |

The accompanying notes form part of these financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. Elementos Limited is a for-profit entity for the purpose of preparing the financial statements. The financial statements are presented in Australian dollars.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements are for the consolidated entity consisting of Elementos Limited and its Controlled Entities. Elementos Limited is a public company, incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis and are based on historical cost modified by the measurement at fair value of selected non-current assets, financial assets and liabilities. The financial report was authorised for issue on 29 September 2015 by the directors of the Company.

Separate financial statements for Elementos Limited as an individual entity are no longer presented following a change to the Corporations Act 2001. However, financial information required for Elementos Limited as an individual entity is included in Note 25.

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

### 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 significant revenues from operations. During the year, the Group has raised $1.54 million from the issue of 128,662,404 shares. The Group's ability to continue to adopt the going concern assumption will depend upon a number of matters including subsequent successful raising in the future of necessary funding and the successful exploration and subsequent exploitation of the Group's tenements. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial statements. No adjustments for such circumstances have been made in the financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Acquisition of Rockwell Minerals Ltd and its Controlled Entities

During the previous year, Rockwell Minerals Limited's original shareholders obtained a majority share interest in Elementos Limited after the merger transaction. This transaction did not meet the definition of a business combination in Australian Accounting Standard AASB3 *Business Combinations*. The transaction has therefore been accounted for in the consolidated financial statements in accordance with Australian Accounting Standard AASB2 *Share-based Payment* and has been accounted for as a continuation of the financial statements of Rockwell Minerals Limited together with a deemed issue of shares, equivalent to the shares held by the former shareholders of Elementos Limited. The deemed issue of shares is, in effect, a share-based payment transaction whereby Rockwell Minerals Limited is deemed to have received the net assets of Elementos Limited, together with the listing status of Elementos Limited. The overall accounting effect is very similar to that of a reverse acquisition in AASB3.

Since the consolidated financial statements represent a continuation of the financial statements of Rockwell Minerals Limited, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in AASB 3 have been applied:

- fair value adjustments arising at acquisition were made to Elementos Limited assets and liabilities, not those of Rockwell Minerals Limited;
- the cost of the acquisition and the amount recognised as issued capital to affect the transaction is based on the notional amount of shares that Rockwell Minerals Limited would have needed to issue Elementos Limited shareholders, for them to hold the same shareholding percentage in Rockwell Minerals Limited as they have in the Group post the actual transaction;
- accumulated losses and other equity balances in the consolidated financial statements at acquisition date are those of Rockwell Minerals Limited;
- a share-based payment transaction arises whereby Rockwell Minerals Limited is deemed to have issued shares in exchange for the net assets of Elementos Limited (together with the listing status of Elementos Limited). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit or loss as a listing expense;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Elementos Limited, including the equity instruments issued to effect the acquisition; and
- the results for the year ended 30 June 2014 comprise the consolidated results for the year of Rockwell Minerals Limited together with the results of Elementos Limited from the acquisition date, being 14 October 2013.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Principles of Consolidation

*Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elementos Limited ("Company" or "parent entity") as at 30 June 2015, and the results of all subsidiaries for the year then ended. Elementos Limited and its subsidiaries together are referred to in these financial statements as the Group or the economic entity.

The names of the subsidiaries are contained in Note 23. All subsidiaries have a 30 June financial year end and are accounted for by the parent entity at cost.

Subsidiaries are all entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has a right to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

*Changes in ownership interests*

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in the profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

### Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director/Chief Executive Officer.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation assets where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

### Restoration Costs

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the exploration and mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

The economic entity currently has no obligation for any restoration costs in relation to discontinued operations, nor is it currently liable for any future restoration costs in relation to current areas of interest. Consequently, no provision for restoration has been deemed necessary.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Impairment of Assets

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

### Financial Instruments

*Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

*Classification and Subsequent Measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

*Fair value* is the price that would be received to sell an asset or paid to transfer a *Amortised cost* is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Financial Instruments (cont)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The economic entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

*Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

*Impairment*

At each reporting date, the economic entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of less than 3 months.

### Issued Capital

Ordinary shares are classified as equity. Transaction costs (net of tax where the deduction can be utilised) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Share Based Payments

The economic entity makes equity-settled share based payments to directors, employees and other parties for services provided or the acquisition of exploration assets. Where applicable, the fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a binomial lattice pricing model which incorporates all market vesting conditions. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity-settled payment.

### Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

### Employee Benefits

*Short-term employee benefit obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or overseas VAT), except where the amount of GST incurred is not recoverable. In these circumstances the GST (or overseas VAT) is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis except for the GST component of investing and financing activities which are disclosed as operating cash flows.

### Foreign Currency Transactions and Balances

*Functional and presentation currency:*

The functional and presentation currency of Elementos Ltd and its Australian subsidiaries is Australian dollars ($A).

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Foreign Currency Transactions and Balances (cont)

*Transactions and balances:*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were measured.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

*Group Companies:*

The financial results and position of foreign operations whose functional currency is different from the economic entity's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period;
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income.

### Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period adjusted for any bonus elements in ordinary shares issued during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the economic entity.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

**Key Judgements**

*Exploration and Evaluation Assets*

The economic entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to reporting date.

Exploration and evaluation assets at 30 June 2015 were $4,859,170 (2014: $6,456,348).

*Acquisition of Elementos Ltd*

During the previous year, Rockwell Minerals Ltd's original shareholders acquired a majority share interest in Elementos Ltd as part of the merger transaction. For the purpose of accounting for this transaction, Elementos Ltd was considered a business as defined in AASB3 Business Combinations. Contributing to this judgement is the fact that at the date of the merger, proven and probable reserves had not yet been established for the Elementos tenements, and significant additional expenditure was required to establish the viability of these tenements.

***New and Amended Standards and Interpretations***

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any period prior and are not likely to affect future periods.

A number of new standards and amendments to the standards are effective for financial reporting periods beginning and after 1 July 2015 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements when they are first applied.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Critical Accounting Estimates and Judgements (cont)

***Fair Values***

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| **NOTE 2: REVENUE** | | |
| **Revenue from operating activities:** | | |
| Interest received from other persons | 51,125 | 11,141 |
| Consulting fees | 45,581 | - |
| Other | - | 1,500 |
| | 96,706 | 12,641 |
| **NOTE 3: EXPENSES** | | |
| **Included in expenses are the following items:** | | |
| Depreciation | 37,790 | 8,079 |
| Foreign currency translation loss/(profit) | (98) | 139 |
| Employee benefits expense comprises: | | |
| Salaries and wages | 676,099 | 388,008 |
| Contributions to defined contribution plans | 50,401 | 28,711 |
| Equity settled options | - | 64,170 |
| Annual leave expensed | 7,386 | 10,704 |
| Less capitalised as exploration assets | (11,239) | (51,605) |
| | 722,647 | 439,988 |

**NOTE 4: INCOME TAX EXPENSE**

The prima facie tax on the operating loss is reconciled to income tax expense as follows:

| | | |
|---|---|---|
| Prima facie tax/(benefit) on loss from ordinary activities before income tax at 30% (2014: 30%) | (807,762) | (447,496) |
| **Adjust for tax effect of:** | | |
| Non-deductible amounts | 81,841 | 32,832 |
| Tax loss not recognised | 488,425 | 414,664 |
| Temporary differences recognised | 237,496 | |
| Income tax expense/(benefit) | - | - |

| | 30 June 2015<br>$ | 30 June 2014<br>$ |
|---|---|---|

## NOTE 4: INCOME TAX (CONT)

Deferred tax assets and liabilities not recognised, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur:

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Temporary differences | - | 63,021 |
| Tax losses | 3,650,673 | 3,162,248 |

The Group has carried forward tax losses of $12,960,563 in Australia, which must satisfy the Continuity of Ownership Test, or failing that, the Same Business Test, in order to be utilised in the future.

## NOTE 5: CASH AND CASH EQUIVALENTS

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Cash at bank and on hand | 307,426 | 639,462 |
| Short term deposits | 454,402 | 43,227 |
| | 761,828 | 682,689 |

## NOTE 6: TRADE AND OTHER RECEIVABLES

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| **Current:** | | |
| Other receivables | 19,380 | 25,527 |

There are no balances within other receivables that contain assets that are impaired or are past due. It is expected these balances will be received when due. There are no balances with terms that have been renegotiated, but which would otherwise be past due or impaired.

These amounts are non-interest bearing and generally on 30 day terms. No collateral is held over receivables.

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| **NOTE 7: OTHER CURRENT ASSETS** | | |
| **Current:** | | |
| Other deposits | 790 | 790 |
| Prepayments | 10,127 | 13,616 |
| | 10,917 | 14,406 |

## NOTE 8: EXPLORATION AND EVALUATION ASSETS

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Exploration and evaluation expenditure carried forward in respect of areas of interest are: | | |
| Exploration and evaluation phase - at cost | 4,859,170 | 6,456,348 |
| **Movement in exploration and evaluation assets:** | | |
| Opening balance - at cost | 6,456,348 | 2,879,676 |
| Acquisition of tenements | - | 808,011 |
| Capitalised exploration expenditure | 1,003,138 | 891,063 |
| Exploration and evaluation assets acquired on the merger | - | 2,750,000 |
| Foreign currency translation movement | (73,705) | (594,929) |
| Exploration and evaluation assets written off | (1,844,343) | (277,473) |
| Total exploration and evaluation assets | 5,541,438 | 6,456,348 |
| Less research and development refunds received | (682,268) | - |
| Carrying amount at the end of the year | 4,859,170 | 6,456,348 |

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.

Elementos Limited completed a merger transaction during the previous year with Rockwell Minerals Limited. As part of this merger, exploration assets with a fair value of $2,750,000 were acquired.

In regards to the Cleveland project, there has been recent exploration and evaluation activity, and ongoing activity is planned.

The Santo Domingo project has been written off in full.

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|

## NOTE 9: PLANT AND EQUIPMENT

**Plant and Equipment**

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| At cost | 38,542 | 117,875 |
| Accumulated depreciation | (34,356) | (81,815) |
| Total plant and equipment | 4,186 | 36,060 |

Reconciliation of the carrying amounts for property, plant and equipment is set out below:

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Balance at the beginning of year | 36,060 | - |
| Additions on merger | - | 44,524 |
| Additions during the year | 5,844 | 208 |
| Disposals during the year | - | - |
| Depreciation expense | (37,790) | (8,079) |
| Foreign currency translation movement | 72 | (593) |
| Carrying amount at the end of year | 4,186 | 36,060 |

## NOTE 10: OTHER NON-CURRENT ASSETS

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Mining Lease Deposits | 13,950 | 7,950 |
| Tax credits | - | 18,097 |
| | 13,950 | 26,047 |

## NOTE 11: TRADE AND OTHER PAYABLES

**Current:**

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Trade payables and accrued expenses | 165,404 | 476,813 |
| Short term employee benefits | 1,301 | 8,502 |
| Total payables (unsecured) | 166,705 | 485,315 |

The average credit period on purchases of goods and services is 30 days. No interest is paid on trade payables.

## NOTE 12: CONTRIBUTED EQUITY

| | | 2015 | | 2014 | |
|---|---|---|---|---|---|
| **Fully paid ordinary shares** | | **No. of Shares** | **$** | **No. of Shares** | **$** |
| Balance as at 1 July | | 633,310,870 | 10,924,168 | 70,390,006 | 4,998,940 |
| Rockwell shares issued prior to merger | | | | | |
| 26 July 2013 | (a) | | | 4,000,000 | 200,000 |
| 2 August 2013 | (b) | | | 4,890,000 | 244,500 |
| Reversal of existing shares on merger | | | | (79,280,006) | - |
| Existing Elementos shares on issue | | | | 188,638,746 | - |
| Issue of shares on acquisition of Rockwell Minerals Limited (refer note 19) | | | | 277,480,026 | 2,841,749 |
| Other share issues: | | | | | |
| 22 November 2013 | (c) | | | 632,507 | 12,081 |
| 22 November 2013 | (d) | | | 68,950,000 | 1,379,000 |
| 20 March 2014 | (e) | | | 15,000,000 | 300,000 |
| 20 March 2014 | (f) | | | 887,923 | 14,278 |
| 11 June 2014 | (g) | | | 48,066,667 | 576,800 |
| 11 June 2014 | (h) | | | 29,166,667 | 350,000 |
| 11 June 2014 | (i) | | | 120,000 | 2,400 |
| 11 June 2014 | (j) | | | 3,395,135 | 49,908 |
| 11 June 2014 | (k) | | | 973,199 | 14,306 |
| 25 July 2014 | (l) | 83,186,790 | 998,240 | | |
| 11 August 2014 | (m) | 40,315,384 | 483,785 | | |
| 11 August 2014 | (n) | 2,000,230 | 24,003 | | |
| 2 October 2014 | (o) | 1,403,366 | 14,174 | | |
| 23 December 2014 | (p) | 2,402,372 | 14,174 | | |
| 23 December 2014 | (q) | 3,160,000 | 37,920 | | |
| 5 March 2015 | (r) | 1,700,632 | 8,673 | | |
| Balance as at 30 June | | 767,479,644 | 12,505,137 | 633,310,870 | 10,983,962 |
| Total transaction costs associated with share issues | | | (67,760) | | (59,794) |
| Net issued capital | | | 12,437,377 | | 10,924,168 |

## NOTE 12: CONTRIBUTED EQUITY (CONT)

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.

(a) Issued at 5 cents each, pursuant to directors and executive staff salary sacrifice plan.
(b) Issued at 5 cents each, pursuant to a private placement.
(c) Issued at 1.91 cents each, pursuant to directors and executive staff salary sacrifice plan.
(d) Issued at 2 cents each, pursuant to a private placement.
(e) Issued at 2 cents each, pursuant to a private placement.
(f) Issued at 1.608 cents each, pursuant to directors and executive staff salary sacrifice plan.
(g) Issued at 1.2 cents each, pursuant to a private placement.
(h) Issued at 1.2 cents each, issued as payment to acquire an interest in a tenement.
(i) Issued at 2.0 cents each, as settlement of placement fees.
(j) Issued at 1.47 cents each, as payment of a tenement option payment.
(k) Issued at 1.47 cents each, pursuant to directors and executive staff salary sacrifice plan.
(l) Issued at 1.2 cents each, pursuant to a rights issue.
(m) Issued at 1.2 cents each, shortfall placement of the rights issue.
(n) Issued at 1.2 cents each, pursuant to a private placement.
(o) Issued at 1.01 cents each, pursuant to directors and exectuive staff salary sacrifice plan.
(p) Issued at 0.059 cents each, pursuant to directors and exectuive staff salary sacrifice plan.
(q) Issued at 1.2 cents each, pursuant to shareholder approval at AGM held on 26 November 2014.
(r) Issued at 0.051 cents each, pursuant to directors and exectuive staff salary sacrifice plan.

## NOTE 12: CONTRIBUTED EQUITY (CONT)

| Options | | 30 June 2015 No. of Options | 30 June 2014 No. of Options |
|---|---|---|---|
| **Unlisted Share Options** | | 17,850,000 | 18,400,000 |
| Balance at the beginning of the reporting period | | 18,400,000 | - |
| Options acquired as part of the merger | | - | 9,100,000 |
| Options issued during the period: | | | |
| Issued to directors | (a) | - | 6,200,000 |
| Issued to staff | (b) | - | 3,100,000 |
| Lapsed | (c) | (550,000) | - |
| Exercisable at end of year | | 17,850,000 | 18,400,000 |

(a) Issued to directors pursuant to shareholder approval
(b) Issued to staff pursuant to the Employee Share Option Plan
(c) Staff options lapsed

### Capital Management

Exploration companies such as Elementos Limited are funded almost exclusively by share capital. The Group has no debt. The Group's capital comprises equity, as disclosed in the statement of financial position.

Management controls the capital of the Group to ensure it can fund its operations and continue as a going concern. Capital management policy is to fund its exploration activities by way of equity. No dividend will be paid while the Group is in exploration stage. There are no externally imposed capital requirements.

There have been no changes to the capital management policies during the year.

## NOTE 13: RESERVES

### Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when the investment is disposed of.

### Share-Based Payments Reserve

The share-based payment reserve is used to recognise the fair value of options issued to employees. This reserve can be reclassified as retained earnings if options

## NOTE 14: CASH FLOW INFORMATION

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| **Reconciliation of Cash Flow from Operations with Loss after Income Tax:** | | |
| Profit/(loss) after income tax | (2,692,540) | (1,491,656) |
| Non-cash flows in loss from ordinary activities: | | |
| Depreciation | 37,790 | 8,079 |
| Share based payment expense | - | 64,170 |
| Exploration expenditure written off | 1,844,343 | 277,473 |
| Equity settled compensation | 37,021 | 245,269 |
| Changes in operating assets and liabilities: | | |
| (Increase)/Decrease in receivables | 5,020 | 143,292 |
| (Increase)/Decrease in prepayments and other assets | 4,103 | 4,444 |
| (Decrease)/Increase in payables | 42,106 | (326,446) |
| Cash flows from operations | (722,157) | (1,075,375) |

## NOTE 15: EARNINGS PER SHARE

| | | |
|---|---|---|
| Net loss used in the calculation of basic and diluted EPS | (2,692,540) | (1,491,656) |
| Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS | 752,713,682 | 452,331,868 |

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

## NOTE 16: COMMITMENTS

### (a) Exploration Commitments

The Group must meet minimum expenditure commitments in relation to option agreements over exploration tenements and to maintain those tenements in good standing.

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Not later than 1 year | 1,739,675 | 1,443,579 |
| Later than 1 year but not later than 5 years | 1,102,401 | 1,921,057 |
| Total commitment | 2,842,077 | 3,364,636 |

To keep tenements in good standing work programs should meet minimum expenditure requirements. The Group has the option to negotiate new terms or relinquish the tenements, and also meet expenditure requirements by joint venture or farm-in arrangements (where not currently existing). The current joint venture partners are responsible for approximately $1.6 million of the above expenditure commitments.

### (b) Operating Lease Commitments

The operating leases consist of premises and equipment leases.

| | | |
|---|---|---|
| Not later than 1 year | - | 15,732 |
| Later than 1 year but not later than 5 years | - | - |
| Total commitment | - | 15,732 |

## NOTE 17: CONTINGENT LIABILITIES

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

## NOTE 18: RELATED PARTY TRANSACTIONS

### Parent Entity

Elementos Limited is the legal parent and ultimate parent entity of the Group, owning 100% of all subsidiaries at 30 June 2015.

### Subsidiary

Interest in subsidiaries are disclosed in Note 23.

### Key Management Personnel

| | | |
|---|---|---|
| Short-term employee benefits | 417,850 | 198,419 |
| Post-employment benefits | 35,632 | 18,353 |
| Share-based payments | 37,020 | 242,780 |
| | 490,502 | 459,552 |

## NOTE 19: SHARE-BASED PAYMENTS

**Merger**

On 14 October 2013, Elementos Limited completed a merger transaction with Rockwell Minerals Limited to acquire 100% of the issued capital through an off-market takeover offer.

Under the takeover offer, each Rockwell shareholder was offered 3.5 Elementos shares for each Rockwell share, resulting in Rockwell shareholders becoming the controlling shareholders of Elementos.

Consequently, this transaction was accounted for as discussed in Note 1.

| The value of the transaction is as follows: | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | $ | $ |
| Assets and liabilities acquired | | |
| Cash and cash equivalents | - | 149,056 |
| Trade and other receivables | - | 37,907 |
| Other current assets | - | 3,591 |
| Property, plant and equipment | - | 44,524 |
| Exploration and evaluation assets | - | 2,750,000 |
| Trade and other payables | - | (343,965) |
| | - | 2,641,113 |
| Fair value of notional shares that Rockwell Minerals Limited issued to effect the transaction | - | 2,841,749 |
| Listing expense | - | 200,636 |

The fair value of the shares was assessed on the basis of the fair value of the net assets acquired and Elementos Limited's listing status.

**Director and Employee Share-based Payments**

| Share based payment expense recognised during the year: | | |
|---|---|---|
| Options issued to employees under employee share option plan | - | 21,390 |
| Options issued to directors under director share option plan | - | 42,780 |
| | - | 64,170 |

## NOTE 20: AUDITORS' REMUNERATION

| Remuneration of the auditor of the parent entity: | | |
|---|---|---|
| BDO Audit Pty Ltd and its related entities | | |
| - auditing or reviewing the financial reports | 36,092 | 22,136 |
| - independent experts report and associated | - | 7,500 |
| | 36,092 | 29,636 |

## NOTE 21: FINANCIAL RISK MANAGEMENT

### (a) Financial Risk Management Policies

The Elementos Group's financial instruments comprises cash balances, receivables and payables. The main purpose of these financial instruments is to provide finance for Group operations.

**Treasury Risk Management**

Key executives of the Company meet on a regular basis to analyse exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the risk management policies and reports to the board.

**Financial Risks**

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. These risks are managed through monitoring of forecast cash flows, interest rates, economic conditions and ensuring adequate funds are available.

**Interest Rate Risk**

The Group's exposure to interest rate risk, which is the risk that a financial instrument's cash flows or fair value will fluctuate as a result of changes in market interest rates, arises in relation to theGroup's bank balances.

This risk is managed through the use of variable rate bank accounts.

**Liquidity Risk**

Liquidity risk is the risk that the Group will not be able meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The economic entity's activities are funded from equity sources.

**Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is their carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk arises from exposures to deposits with financial institutions and sundry receivables.

Credit risk is managed and reviewed regularly by key executives. The key executives monitor credit risk by actively assessing the rating quality and liquidity of counter

- only banks and financial institutions with an ‘A’ rating are utilised; and
- all other entities are rated for credit worthiness taking into account their size, market position and financial standing.

## NOTE 21: FINANCIAL RISK MANAGEMENT (CONT)

At 30 June 2015, there was no concentration of credit risk, other than bank balances and on geographical basis with most financial assets in Australia (2014: nil).

**Foreign Currency Risk**

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the relevant entity's functional currency.

Financial assets and liabilities exist for the Group's Argentine operations, and thus there is exposure to the Argentine Peso. As this risk is minor, it is not hedged. At reporting date, the net foreign currency risk (stated in $AUD) was $836 (2014: $3,014).

Financial assets and liabilities exist for the Group's Chilean operations, and thus there is exposure to the Chilean Peso. As this risk is minor, it is not hedged. At reporting date, the net foreign currency risk (stated in $AUD) was $nil (2014: $358).

### (b) Financial Instrument Composition and Contractual Maturity Analysis

| | 30 June 2015<br>$ | 30 June 2014<br>$ |
|---|---|---|
| Financial assets: | | |
| Within 6 months | | |
| - cash & cash equivalents (i) | 761,828 | 682,689 |
| - receivables (ii) | 19,380 | 25,527 |
| | 781,208 | 708,216 |
| Financial liabilities: | | |
| Within 6 months | | |
| - payables (ii) | (166,705) | (485,315) |

(i) Floating interest rates, with weighted average effective interest rate 1.79%, with an average maturity of 10 days.

(ii) Non-interest bearing. The contractual cash flows do not differ to the carrying amount.

### (c) Net Fair Values

Fair values of financial assets and financial liabilities are materially in line with carrying values.

### (d) Sensitivity Analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant would be +/- $7,610 (2014:

The Group has performed sensitivity analysis relating to its exposure to foreign exchange risk. At year end, the effect on profit and equity as a result of a 10% change in the Argentine Peso, with all other variables remaining constant would be +/-$10,731 (2014: $9,602). The effect on profit and equity as a result of a 10% change in the Chilean Peso, with all other variables remaining constant would be +/-$nil (2014: $462).

## NOTE 22: SEGMENT REPORTING

**Description of Segments**

Operating segments have been determined on the basis of reports reviewed by the chief operating decision maker. The Managing Director/Chief Executive Officer are considered to be the chief operating decision maker of the Group. The Managing Director/Chief Executive Officer assess and review activities based on each area of interest. Each area of interest is aggregated on a geographic basis to form a reportable segment. The Group's exploration activities in each area of interest are primarily centered around tin, copper and gold. The Group's reportable segments are Australia, Chile and Argentina.

**Information provided to the Managing Director/Chief Executive Officer**

Segment information provided to the Managing Director/Chief Executive Officer for the year ended 30 June 2015 is as follows:

| **2015** | **Australia $** | **Chile** | **Argentina $** | **Total $** |
|---|---|---|---|---|
| Depreciation | (37,169) | - | (621) | (37,790) |
| Write back/(off) of exploration assets | - | - | (1,844,343) | (1,844,343) |
| EBITDA | (28,179) | - | (1,802,128) | (1,830,307) |
| **Segment Assets and Liabilities** | | | | |
| Segment assets | 4,881,188 | - | 4,884 | 4,886,072 |
| Segment liabilities | (42,943) | - | (8,033) | (50,976) |
| Additions to capitalised exploration expenditure | 923,500 | - | - | 923,500 |

| **2014** | **Australia $** | **Chile** | **Argentina $** | **Total $** |
|---|---|---|---|---|
| Depreciation | (6,656) | - | (1,423) | (8,079) |
| Write back/(off) of exploration assets | - | - | (277,473) | (277,473) |
| EBITDA | (733,416) | (11,978) | (436,342) | (1,181,736) |
| **Segment Assets and Liabilities** | | | | |
| Segment assets | 4,643,100 | 13,187 | 1,792,868 | 6,449,155 |
| Segment liabilities | (412,254) | (6,638) | (21,127) | (440,019) |
| Additions to capitalised exploration expenditure | 1,585,205 | - | 2,863,869 | 4,449,074 |

## NOTE 22: SEGMENT REPORTING (CONT)

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Segment profit or loss before tax | (1,830,307) | (1,181,736) |
| Interest received from other | 29,073 | 1,551 |
| Corporate and other expenses | (891,306) | (311,471) |
| Profit or loss before tax | (2,692,540) | (1,491,656) |

Segment assets excludes corporate assets. Segment assets reconciles to total assets as follows:

| | | |
|---|---|---|
| Segment assets | 4,886,072 | 6,449,155 |
| Cash | 757,048 | 660,999 |
| Plant and equipment | - | 35,121 |
| Other corporate assets | 26,311 | 95,802 |
| Total assets | 5,669,431 | 7,241,077 |

Segment liabilities excludes corporate liabilities. Segment liabilities reconciles to total liabilities as follows:

| | | |
|---|---|---|
| Segment liabilities | (50,976) | (440,019) |
| Trade and other payables | (115,729) | (45,296) |
| Total liabilities | (166,705) | (485,315) |

## NOTE 23: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subisdiaires in accordance with the accounting policy described in Note 1:

| | Country of incorporation | Ownership interest 2015 | Ownership interest 2014 |
|---|---|---|---|
| Rockwell Minerals Limited | Australia | 100% | 100% |
| Rockwell Minerals (Tasmania) Pty L | Australia | 100% | 100% |
| Element Minerals Australia Pty Ltd | Australia | 100% | 100% |
| Elementos Minerales S.A. | Argentina | 100% | 100% |
| Elementos Chile Limitda | Chile | 100% | 100% |

## NOTE 24: SUBSEQUENT EVENTS

There were no subsequent events after year end.

## NOTE 25: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Elementos Limited at 30 June 2015. This information has been prepared using consistent accounting policies as presented in Note 1.

| | 30 June 2015 $ | 30 June 2014 $ |
|---|---|---|
| Current assets | 777,286 | 684,820 |
| Non-current assets | 7,833,324 | 17,098,985 |
| Total assets | 8,610,610 | 17,783,805 |
| Current liabilities | 130,338 | 106,183 |
| Non-current liabilities | - | - |
| Total liabilities | 130,338 | 106,183 |
| Contributed equity | 28,332,909 | 26,819,699 |
| Reserves | 1,073,392 | 1,073,392 |
| Accumulated losses | (20,926,029) | (10,215,469) |
| Total equity | 8,480,272 | 17,677,622 |
| Loss for the period | (10,710,560) | (3,349,071) |
| Other comprehensive income for the period | - | - |
| Total comprehensive income for the period | (10,710,560) | (3,349,071) |

The Company has no contingent liabilities, nor has it entered into any guarantees in relation to the debts of its subsidiaries (2014: nil).

The Company has not entered into any contractual commitments for the acquisition of property, plant and equipment (2014: nil).

The Company and its Australian 100% owned controlled entities have formed a tax consolidated group.

Members of the Group entered into a tax sharing arrangement. The agreement provides for the allocation of income tax liabilities between the entities in proportion to their contribution to the Group's taxable income. The head entity of the tax consolidated Group is Elementos Ltd.

## NOTE 26: COMPANY DETAILS

The registered office and principal place of business is:

Level 5, 10 Market Street
Brisbane, Queensland, 4000 Australia

**ELEMENTOS LIMITED**
**ABN 49 138 468 756**

## DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:
   - (a) complying with Accounting Standards which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   - (b) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2015 and of their performance for the financial year ended on that date.
2. The chief executive officer and chief financial officer have each declared that:
   - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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.

**R Anthon**
**Chairman**

Dated this 29th September 2015
Brisbane, Queensland

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Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

# INDEPENDENT AUDITOR'S REPORT

To the members of Elementos Limited

## Report on the Financial Report

We have audited the accompanying financial report of Elementos Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Elementos Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**Opinion**

In our opinion:

(a) the financial report of Elementos Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Emphasis of matter**

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In our opinion, the Remuneration Report of Elementos Limited for the year ended 30 June 2015 complies with section 300A of the Corporations Act 2001.

**BDO Audit Pty Ltd**
BDO

**A J Whyte**
Director

Brisbane, 29 September 2015

**ELEMENTOS LIMITED**
**ABN 49 138 468 756**

# ASX INFORMATION

Following is additional information required by the Australian Securities Exchange Limited and not disclosed elsewhere in this report.

## 1. Equity:

The following information is provided as at 6 October 2015.

**Shareholding**

Distribution of Shareholders Number:

| Category Number (Size of Holding) | Ordinary Shares (Number) | Shares Held (Number) |
|---|---|---|
| 1 - 1,000 | 57 | 10,552 |
| 1,001 - 5,000 | 85 | 261,215 |
| 5,001 - 10,000 | 94 | 772,216 |
| 10,001 - 100,000 | 312 | 13,273,253 |
| 100,001 - and over | 320 | 753,162,406 |
| | 868 | 767,479,642 |

The number of shareholdings held in less than marketable parcels is 49.

Twenty Largest Holders - Ordinary Shares:

| # | Shareholder | Number of Shares Held | % of Total Issued Capital |
|---|---|---|---|
| 1 | MR ANDREW CARLYLE GREIG | 164,000,001 | 21.369 |
| 2 | BOURSE SECURITIES PTY LTD | 68,366,667 | 8.908 |
| 3 | JAMES CALAWAY <AND RELATED PARTIES> | 60,020,768 | 7.821 |
| 4 | MR PHILLIP GERRARD BERRY | 28,202,753 | 3.675 |
| 5 | CALVIN PATRICK TREACY <AND RELATED PARTIES> | 26,850,004 | 3.498 |
| 6 | MR MICHAEL DAVID ADAMS & MRS CAROL ADAMS | 26,390,004 | 3.439 |
| 7 | MR RICHARD PHILLIP SEVILLE <AND RELATED PARTIES> | 26,290,598 | 3.426 |
| 8 | CHRISTOPHER JOHN STAPLES & ANNA CLAIRE STAPLES <THE STAPLES A/C> | 18,333,337 | 2.389 |
| 9 | 1514341 ONTARIO INC | 17,200,000 | 2.241 |
| 10 | J P MORGAN NOMINEES AUSTRALIA LIMITED | 15,841,804 | 2.064 |
| 11 | MR WILLIAM RICHARDS GOODALL <GOODALL FAMILY A/C> | 15,750,004 | 2.052 |
| 12 | MR CHRISTOPHER JAMES DUNKS <AND RELATED PARTIES> | 15,750,004 | 2.052 |
| 13 | MR JOHN DOUGLAS JEFFERY & MRS ELSPETH LOUISE JEFFERY <GIBSON BROS HOLDING S/F A/C> | 15,000,000 | 1.954 |
| 14 | MR NEIL FRANCES STUART <AND RELATED PARTIES> | 13,252,858 | 1.727 |
| 15 | LEET INVESTMENTS PTY LIMITED <SUPERANNUATION FUND A/C> | 11,992,539 | 1.563 |

| # | Shareholder | Number of Shares Held | % of Total Issued Capital |
|---|---|---|---|
| 16 | MR DENIS GRENVILLE HINTON & MRS ROSLYN SUSANNA HINTON <HINTON FAMILY SUPER A/C> | 6,388,999 | 0.832 |
| 17 | MR TIMOTHY NEWTON | 5,600,000 | 0.730 |
| 18 | HOMEMINSTER PTY LTD <HOMEMINSTER SUPER FUND A/C> | 5,031,303 | 0.656 |
| 19 | KRAM NOMINEES PTY LTD | 4,872,365 | 0.635 |
| 20 | MR RICHARD ANTHON <AND RELATED PARTIES> | 4,664,678 | 0.608 |

The substantial shareholders listed in the Company's register as at 6 October 2015 are:

| Shareholder | Number of Shares Held |
|---|---|
| MR ANDREW CARLYLE GREIG | 164,000,001 |
| BOURSE SECURITIES PTY LTD | 68,366,667 |
| JAMES CALAWAY <AND RELATED PARTIES> | 60,020,768 |

## Unlisted Equity Securities

The following unlisted securities were on issue as at 6 October 2015.

| Security | Number | No. of Holders |
|---|---|---|
| Options exercisable at 22.6 cents on or before 23 October 2015 | 4,500,000 | 2 |
| Options exercisable at 22.6 cents on or before 30 November 2015 | 500,000 | 1 |
| Options exercisable at 32.6 cents on or before 18 January 2017 | 1,000,000 | 1 |
| Options exercisable at 6 cents on or before 3 December 2016 | 200,000 | 1 |
| Options exercisable at 6 cents on or before 20 January 2017 | 2,350,000 | 4 |
| Options exercisable at 3 cents on or before 20 March 2018 | 9,300,000 | 2 |
| Options exercisable at $0.012 each on or before 31 July 2018 | 1,000,000 | 1 |
| Options exercisable at $0.0125 each on or before 31 July 2019 | 10,000,000 | 1 |
| Options exercisable at $0.015 each on or before 31 July 2019 | 10,000,000 | 1 |

## Voting Rights

Each ordinary share is entitled to one vote when a poll is called. Otherwise each member present at a meeting has one vote on a show of hands.

There are no voting rights attaching to either the listed or unlisted Options, but voting rights as detailed above will attach to the ordinary shares issued when the Options are exercised.

## ASX INFORMATION

**2. Registers of securities are held at the following address:**

Boardroom Pty Ltd
Level 12
225 George Street
Sydney NSW 2000
Australia

**3. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited, other than those classified as restricted securities and detailed below.

**4. Restricted Securities**

The Company has no restricted securities.

**5. Use of Cash and Convertible assets**

During the year, the Company has used cash and assets readily convertible to cash in a manner consistent with its business activities. The Company is involved in an advanced stage tin-copper and tungsten project in Tasmania, as well as mineral exploration in Australia.

**6. Schedule of Tenements**

| Tenement Name | Tenement Number | Area (Hectares) | Elementos Interest | Location of Tenements |
|---|---|---|---|---|
| Cleveland | EL7/2005 | 5993 | 100% | Tasmania |
| | EL15/2011 | 3358 | 100% | Tasmania |
| Millenium | ML 2512 | 4 | 100% | Queensland |
| | ML 2761 | 20 | 100% | Queensland |
| | ML 2762 | 16 | 100% | Queensland |
| | ML 7506 | 50 | 100% | Queensland |
| | ML 7507 | 45 | 100% | Queensland |
| | EPM 18402 | 5146 | 100% | Queensland |
| | EPM 18773 | 3859 | 100% | Queensland |
| | EPM 18793 | 2251 | 100% | Queensland |
| | EPM 18982 | 4184 | 100% | Queensland |
| | EPM 19014 | 6111 | 100% | Queensland |
| | EPM 19036 | 3216 | 100% | Queensland |
| Selwyn South | EPM 19371 | 3860 | 100% | Queensland |
| | EPM 19375 | 6433 | 100% | Queensland |
| | EPM 19426 | 643 | 100% | Queensland |