ELEMENTOS LIMITED

ABN 49 138 468 756

CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

Contents

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.

Mineral Resources, which are not Ore Reserves, do not have demonstrated economic viability. Economic, environmental, permitting, legal, title taxation, socio-political, marketing or other relevant issues may materially affect the estimate of Mineral Resources. 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 following announcements:

*1 - "Acquisition of the Oropesa Tin Project" released on the 31st July 2018;
*2 – "Substantial Increase in Cleveland Open Pit Project Resources following revised JORC study" released 26th September 2018
*3 - "Ore Reserve for Cleveland Tailings Project" released 3rd August 2015
*4 - "Cleveland JORC Resources Significantly Expanded" released 5th March 2014

Corporate Information

Directors and Company Secretary
Mr Andy Greig (Non-executive Chairman)
Mr Christopher Dunks (Executive Director)
Mr Corey Nolan (Non-executive Director)
Mr Calvin Treacy (Non-executive Director)
Mr Brett Smith (Non-executive Director)
Mr Duncan Cornish (Company Secretary)

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Fax: +61 7 3212 6250
www.elementos.com.au

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Brisbane QLD 4000
Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

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Boardroom Pty Limited
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Sydney NSW 2000
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Stock Exchange Listing
Australian Securities Exchange Ltd
ASX Code: ELT

Australian Business Number
49 138 468 756

Directors' Report

Your directors submit the financial report on Elementos Limited (the "Company") and its controlled entities (the "consolidated entity" or "Group") for the half-year ended 31 December 2019.

Directors

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

- Andy Greig
- Christopher Dunks
- Corey Nolan
- Calvin Treacy
- Brett Smith (appointed 24 January 2020)

Review of Operations

The Group's operating loss for the half-year, after applicable income tax was $1,068,413 which included $388,112 of expenditure on the Oropesa Tin Project.

At 31 December 2019, the Group's net assets totalled $4,614,250, which included cash assets of $153,277.

During the period, the Company's principal activity was the Oropesa Tin Project acquisition and progressing the Cleveland Tin Project towards a new development proposal.

Acquisition of Oropesa Tin Project - Spain

Elementos has now received all shares in Minas De Estana De Espana S.L.U. (MESPA), a key component of the Arrangement Agreement signed with Eurotin Ltd (TSX-V:TIN) for the acquisition of the Oropesa Tin Project.

MESPA, previously a wholly owned subsidiary of Eurotin, is the holder of the Oropesa Project. Subsequent to the financial reporting period the Company has completed the transaction and converted the convertible redeemable preference shares (CRPS), which were previously issued by Elementos and distributed to Eurotin shareholders as consideration for the acquisition, in accordance with the terms of the Arrangement Agreement and subsequent Variations to the Agreement. The completion of the acquisition of the Oropesa Tin Project represents a significant step forward in the growth of Elementos as a multi-project tin development company.

The Company has commenced a detailed Economic Study of the Oropesa Tin Project. This Economic Study will be the first update for shareholders on the economic potential of the project since a Preliminary Economic Assessment (PEA) was released on the TSX-V in July 2014 (prepared by SRK Consulting UK Ltd). The PEA is available for viewing under Eurotin's profile on SEDAR (www.sedar.com).

This Economic Study is being carried out for the purpose of incorporating results from additional work completed on the Oropesa Project since the PEA was released in 2014. This additional work has included a pilot plant metallurgical test programme, ore pre-concentration test work, additional exploration drilling and production of an updated geological resource model, hydrogeological and geotechnical studies and advanced environmental impact assessment studies.

This updated Economic Study is being developed by various independent consultants, including:

- IGAN Consultores, Oviedo, Spain (IGAN) - responsible for the mine design and schedule;
- Wardell Armstrong International UK - responsible for the metallurgical test work; and
- Soluciones, Concentradores Y Procesos de Ingeniería, S.L. (SCYPI) - responsible for the process plant design, capital and operational costs

An updated geological resource for the Oropesa Tin Project that was used in this study was released on 31st July 2018, "Acquisition of the Oropesa Tin Project". Project economics are being carried out by the Company.

The Company will be implementing key objectives that are identified from the Oropesa Economic Study as the project advances towards development.

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

Highlights of the Oropesa Tin Project include:

- **Large, well-defined resource** - A globally significant, open-cut mineable resource with strong potential for expansion through additional drilling;
- **Open-cut mining potential** –The deposit is amendable to simple drill and blast, truck and shovel open cut mining operations;
- **Simple metallurgy** - Extensive metallurgical testing and a process flowsheet designed to produce a 62.4% tin concentrate at a 74.2% metallurgical recovery (previously reported on 18 October 2019 – Oropesa Presentation – Seville Spain);
- **Near-term production potential** – Definitive Feasibility Study commenced by Eurotin Ltd;
- **Permitting process advanced** – Mining Licence application and Environmental Impact Study lodged with the Junta de Andalucia;
- **Located close to development infrastructure** - Located close to major highways which link to export ports, water supply and power supply. The region has a skilled mining workforce;
- **Low sovereign risk** - The Andalucia region of Spain is home to some of the country's most significant mining operations and is part of the European Union which provides a safe investment environment;
- **Large sunk cost** – significant historical investment in drilling, geophysics, metallurgical testing and development studies; and
- **Local community support** - The local government and community is extremely supportive of the project moving ahead.

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

**1 - 2018 JORC Resource Estimate for the Oropesa Tin Project*

Cleveland Project - Tasmania

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

CLEVELAND JORC RESOURCES TABLES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Underground Tungsten Mineral Resource - September 2018 (at 0.20% WO_3 cut-off)

Category	Tonnage	WO_3 Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO_3 = tungsten oxide

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

**2 - 2018 JORC Resource Estimate for the Cleveland Tin – Copper and Tungsten Projects*
**3 – 2015 Ore Reserve for Cleveland Tailings Project*
**4 - 2014 JORC Resource Estimate for the Cleveland Tin – Copper and Tungsten Projects*

Funding

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

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

During the financial period the Company received $750,000 upon drawdowns of the loan facility.

Subsequent Events

The following significant events occurred subsequent to the reporting date:

- The Company announced on 24 January 2020 the appointment of Mr Brett Smith as Non-Executive Director.

- During February 2020, the Company received $250,000 upon a drawdown of the loan facility with Mr Andy Greig.

- As announced on 14 January 2020 the Company completed the acquisition of the Oropesa Tin Project from Eurotin Inc. The completion of the transaction represents the acquisition of the Oropesa Tin Project which includes the tenement 13.050 and all historical exploration information including drilling results, core samples, environmental and development applications. No goodwill is recognised on the transaction.

  As part of the acquisition Elementos assumed a CAD$1m loan owed from MESPA to Eurotin's Chief Executive officer and Eurotin and subsequently Elementos' largest shareholder, Mark Wellings. The Loan is unsecured, accrues interest at a rate of 5.0% p.a. and is to be repaid by the second anniversary of the Final Completion. In support of the Loan Agreement, Elementos has issued to Mark Wellings a convertible debenture, pursuant to which Mark Wellings shall have the right to convert, from time to time, up to the principal amount and all accrued interest into Elementos shares at a price equal to the higher of the 20 day VWAP of Elementos shares preceding the date that Mark Wellings provides notice of his intention to convert and $0.004 per share. Conversion during the term of the Convertible Debenture will be subject to Elementos' prior consent, other than during a 10 business day period at the end of the Convertible Debenture's terms.

  At interim completion the Company issued 1,000,000,000 convertible redeemable preference shares to Euortin Inc. shareholders. On 14 January 2020 the Company confirmed that final completion had occurred and the CRPS had converted on a 1 for 1 basis to 1,000,000,000 fully paid ordinary shares of Elementos Ltd.

  The below pro-forma balance sheet considers the impact of the Acquisition of the Spanish subsidiary MESPA (which holds the Oropesa Tin Project) as if it had occurred on 31 December 2019.

	31 Dec 2019	Pro-Forma Adjustment	Amended 31 Dec 2019
	$	$	$
Total Current Assets	162,706	-	162,706
Total Non-Current Assets	5,487,774	4,096,000	9,583,774
TOTAL ASSETS	5,650,480	4,096,000	9,746,480
Total Current Liabilities	267,185	-	267,185
Total Non-Current Liabilities	769,045	1,096,000	1,865,045
TOTAL LIABILITIES	1,036,230	1,096,000	2,132,230
NET ASSETS	**4,614,250**	**3,000,000**	**7,614,250**
TOTAL EQUITY	**4,614,250**	**3,000,000**	**7,614,250**

Auditor's Independence Declaration

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

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

Chris Dunks
Director
13 March 2020, Brisbane

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

As lead auditor for the review of Elementos Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 13 March 2020

Consolidated Statement of Comprehensive Income for the Half-Year Ended 31 December 2019

	Note	31 Dec 2019 $	31 Dec 2018 $
Other income	2	201	4,871
Less expenses:			
Corporate and administrative expenses	2	(1,068,614)	(984,444)
Loss before income tax expense		(1,068,413)	(979,573)
Income tax expense		-	-
Loss for the period attributable to members of the parent entity		(1,068,413)	(979,573)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		**(1,068,413)**	**(979,573)**
Basic earnings per share (cents per share)		(0.07)	(0.07)
Diluted earnings per share (cents per share)		(0.07)	(0.07)

The accompanying notes form part of this financial statement.

Consolidated Statement of Financial Position as at 31 December 2019

	Note	31 Dec 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		153,277	400,812
Trade and other receivables		9,429	257
Total Current Assets		162,706	401,069
NON-CURRENT ASSETS			
Exploration and evaluation assets	3	5,462,599	5,436,336
Plant and equipment		18,175	21,910
Other Non-Current assets		7,000	7,000
Total Non-Current Assets		5,487,774	5,465,246
TOTAL ASSETS		5,650,480	5,866,315
CURRENT LIABILITIES			
Trade and other payables	4	261,534	182,754
Lease Liability		5,651	5,490
Total Current Liabilities		267,185	188,244
NON-CURRENT LIABILITIES			
Lease Liability		19,045	21,911
Borrowings	5	750,000	-
Total Non-Current Liabilities		769,045	21,911
TOTAL LIABILITIES		1,036,230	210,155
NET ASSETS		**4,614,250**	**5,656,160**
EQUITY			
Issued capital	9	16,667,725	16,667,725
Reserves		457,438	430,935
Accumulated losses		(12,510,913)	(11,442,500)
TOTAL EQUITY		**4,614,250**	**5,656,160**

The accompanying notes form part of this financial statement.

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2019

	Issued Capital	Accumulated Losses	Share-Based Payments Reserve	Total
	$	$	$	$
Balance at 1 July 2018	15,578,119	(9,485,123)	119,849	6,212,845
Loss for the period	-	(979,573)	-	(979,573)
Total comprehensive income	-	(979,573)	-	(979,573)
Equity issued during the period				
- Due to capital raising	1,200,000	-	-	1,200,000
- Following option exercises	31,908	-	-	31,908
Share issue transaction costs	(196,493)	-	110,000	(86,493)
Issue share options	-	-	220,000	220,000
Issue performance rights	-	-	29,344	29,344
Balance at 31 December 2018	**16,613,534**	**(10,464,696)**	**479,193**	**6,628,031**
Balance at 1 July 2019	16,667,725	(11,442,500)	430,935	5,656,160
Loss for the period	-	(1,068,413)	-	(1,068,413)
Total comprehensive income	-	(1,068,413)	-	(1,068,413)
Issue performance rights	-	-	26,503	26,503
Balance at 31 December 2019	**16,667,725**	**(12,510,913)**	**457,438**	**4,614,250**

The accompanying notes form part of this financial statement.

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2019

	31 Dec 2019 $	31 Dec 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(543,708)	(703,304)
Interest received	201	4,871
Payments in relation to Oropesa operations	(437,263)	-
GST refunds	12,965	51,873
Net cash used in operating activities	(967,805)	(646,560)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets	(26,263)	(163,752)
Cash used in investing activities	(26,263)	(163,752)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,227,255
Costs associated with share issue	-	(89,743)
Proceeds from Loan drawdowns	750,000	-
Lease Payments	(3,467)	-
Net cash provided by/(used in) financing activities	746,534	1,137,512
Net increase/(decrease) in cash held	(247,535)	327,200
Cash at beginning of period	400,812	936,562
Cash at end of period	**153,277**	**1,263,762**

The accompanying notes form part of this financial statement.

Notes to the Financial Statements for the Half -Year Ended 31 December 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". The historical cost basis has been used.

This interim financial report does not include all notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report of Elementos Limited (the "Company") and its controlled entities (together the "Group") as at 30 June 2019, together with public announcements made by the Company during the interim reporting period in accordance with its continuous disclosure obligations.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2019 Annual Report, expect as noted below.

New and amended standards adopted by the group
The following standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting AASB 16 Leases.

AASB 16 Leases
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2019. This standard replaces the accounting requirements applicable to leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for most leases, a right-to-use asset and a liability will be recognised, with the right-to-use asset being depreciated and the liability being unwound in principal and interest components over the life of the lease.

Upon adoption of this standard, the Consolidated Entity transitioned using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, using the entity's incremental borrowing rate at 1 July 2019. Comparative figures are not restated. Based on the transition approach and the entity's current leasing arrangements, there were no material impacts in the current or future reporting periods and on foreseeable future transactions.

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Accounting policy adopted from 1 July 2019

Lease Liabilities
Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases that relate to building premises, the entity's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the Group to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on the ability of the Group to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development. The Group has not generated any revenues from operations. During the half-year ended 31 December 2019, the Group received $750,000 following drawdowns from the unsecured loan provided by the Chairman of the Group, with $1,250,000 still available under the facility.

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

NOTE 2: RESULTS FOR THE PERIOD

	31 Dec 2019 $	31 Dec 2018 $
The following income and expense items are relevant in explaining the financial performance for the interim period:		
Interest received	201	4,871
Depreciation	(3,736)	(5,098)
ASX, ASIC, share registry expenses	(36,047)	(41,539)
Business development and investor relations costs	(79,734)	(75,343)
Legal fees	(21,706)	(203,238)
Insurances	(42,004)	(34,782)
Audit and external accounting/advice fees	(50,871)	(51,285)
Oropesa Tin Project operating costs	(388,112)	-
Interest on Loan	(11,630)	-
Share based payments – corporate adviser	-	(220,000)
Employee benefits expense comprises:		
Salaries and wages	(222,204)	(96,415)
Consulting fees	(84,787)	(161,198)
Contributions to defined contribution plans	(21,109)	(16,289)
Equity settled performance rights	(26,503)	(29,344)
Annual leave expensed	(12,876)	3,848

NOTE 3: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2019 $	30 June 2019 $
Exploration and evaluation expenditure carried forward in respect of the areas of interest are:		
Exploration and evaluation expenditure	5,462,599	5,436,336
Movement in exploration and evaluation assets:		
Opening balance – at cost (1 July)	5,436,336	5,326,936
Capitalised exploration expenditure	26,263	257,879
Total exploration and evaluation expenditure	5,462,599	5,584,815
Less research and development refunds received	-	(148,479)
Carrying amount at the end of period	5,462,599	5,436,336

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

NOTE 4: TRADE AND OTHER PAYABLES

	31 Dec 2019 $	30 June 2019 $
Current:		
Trade payables and accrued expenses	233,027	167,124
Employee provisions	28,507	15,630
Total payables (unsecured)	261,534	182,754

NOTE 5: BORROWINGS

	31 Dec 2019 $	30 June 2019 $
Non-Current		
Unsecured:		
Loan	750,000	-
Total unsecured non-current borrowings	750,000	-

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

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

NOTE 6: CONTINGENT LIABILITIES

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

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

The following significant events occurred subsequent to the reporting date:

- As announced on 14 January 2020 the Company completed the acquisition of the Oropesa Tin Project from Eurotin Inc. The completion of the transaction represents the acquisition of the Oropesa Tin Project which includes the tenement 13.050 and all historical exploration information including drilling results, core samples, environmental and development applications. No goodwill is recognised on the transaction.

  As part of the acquisition, Elementos assumed a CAD$1m loan (payable to Eurotin's Chief Executive Officer and Eurotin and subsequently Elementos' largest shareholder, Mark Wellings). The Loan is unsecured, accrues interest at a rate of 5.0% p.a. and is to be repaid by the second anniversary of the Final Completion date being 14 Jan 2022. In support of the Loan Agreement, Elementos has issued to Mark Wellings a convertible debenture, pursuant to which Mark Wellings shall have the right to convert, from time to time, up to the principal amount and all accrued interest into Elementos shares at a price equal to the higher of the 20 day VWAP of Elementos shares preceding the date that Mark Wellings provides notice of his intention to convert and $0.004 per share. Conversion during the term of the

Convertible Debenture will be subject to Elementos' prior consent, other than during a 10 business day period at the end of the Convertible Debenture's terms.

At interim completion, the Company issued 1,000,000,000 Convertible Redeemable Preference Shares (CRPS) to Euortin Inc. shareholders. On 14 January 2020, the Company confirmed that final completion had occurred and the CRPS had converted on a 1 for 1 basis to 1,000,000,000 fully paid ordinary shares of Elementos Ltd.

- The Company announced on 24 January 2020 the appointment of Mr Brett Smith as Non-Executive Director.
- During February 2020, the Company received $250,000 upon a drawdown of the loan facility with Mr Andy Greig.

NOTE 8: SEGMENT REPORTING

Description of Segments

Operating segments have been determined on the basis of reports reviewed by the board of directors and the Chief Executive Office (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the board of directors which is at the consolidated entity level. The Group does not have any products or services that it derives revenue from. The Group's exploration and development activities in Australia is the Group's sole focus, primarily focused around tin and copper.

Accordingly, management currently identifies the Group as having only one reportable segment, being the exploration of mineral assets in Australia. There have been no changes in the operating segments during the half-year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. As detailed in the Review of Operations and Note 7 at the reporting date the Company was in the process of acquiring the Oropesa Tin Project based in Spain, following completion of the acquisition the Board of Directors and Chief Executive Officer will review the operating segments moving forward.

NOTE 9: ISSUED CAPITAL

	31 Dec 2019 $	30 June 2019 $
(a) Issued and paid up capital		
Ordinary shares fully paid	16,667,725	16,866,027
Share issue costs	-	(198,302)
	16,667,725	16,667,725

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

	31 Dec 2019		30 Jun 2019	
	Number of shares	$	Number of shares	$
(b) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	1,544,330,961	16,667,725	1,332,012,910	15,578,119
Shares issued (a)	-	-	5,318,052	31,908
Shares issued (b)	-	-	149,999,999	900,000
Shares issued (b)	-	-	50,000,000	300,000
Shares issued (c)	-	-	7,000,000	56,000
Share issue costs	-	-	-	(198,302)
Closing Balance	1,544,330,961	16,667,725	1,544,330,961	16,667,725

Notes for the above table, relating to the year ended 30 June 2019, are:

(a) Issued at 0.60 cents each upon the exercise of options.

(b) On 31 July 2018, the Company announced that it had received commitments to complete a private placement of 199,999,999 shares to be issued at 0.60 cents per share to raise a total of $1,200,000 (before costs). The transaction completed in two tranches as follows:

1. On 26 October 2018 149,999,999 shares issued at 0.60 cents per share
2. On 14 November 2018 50,000,000 shares issued at 0.60 cents per share

(c) Issued on the exercise of vested performance rights, no funds were raised as this amount reflects the valuation of performance rights at the time of grant.

	31 Dec 2019	30 June 2019
	No. of Options	No. of Options
(c) Incentive Options		
Unlisted Share Options	-	10,000,000
Balance at the beginning of the reporting period	10,000,000	11,000,000
Options issued during the period	-	-
Exercised during the period	-	-
Expired during the period	(10,000,000)	(1,000,000)
Balance at the end of the reporting period	-	10,000,000

	31 Dec 2019 No. of Options	30 June 2019 No. of Options
(d) Other Options		
Unlisted Share Options	100,000,000	100,000,000
Balance at the beginning of the reporting period	100,000,000	5,318,052
Options issued during the period	-	100,000,000
Exercised during the period	-	(5,318,052)
Expired during the period	-	-
Balance at the end of the reporting period	100,000,000	100,000,000

NOTE 10: LOSS PER SHARE

	31 Dec 2019 $	31 Dec 2018 $
Net loss used in the calculation of basic and diluted LPS	(1,068,413)	(979,573)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	1,544,330,961	1,404,212,732

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

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Chris Dunks
Director

13 March 2020
Brisbane

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Elementos Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Elementos Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

D P Wright

Director

Brisbane, 13 March 2020