

ELEMENTOS

TOMORROW'S TIN

CONSOLIDATED HALF YEAR REPORT

For the half year ended 31 December 2022

ABN 49 138 468 756



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Cautionary Statements

Forward-looking statements

This report contains a series of forward-looking statements. The words “expect”, “potential”, “intend”, “estimate” and similar expressions identify forward-looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements to differ materially from those expressed or implied in any of the forward-looking statements in this release that are not a guarantee of future performance.

Statements in this report regarding the Elementos business or proposed business, which are not historical facts, are forward-looking statements that involve risks and uncertainties. These include Mineral Resource Estimates, metal prices, capital and operating costs, changes in project parameters as plans continue to be evaluated, the continued availability of capital, general economic, market or business conditions, and statements that describe the future plans, objectives or goals of Elementos, including words to the effect that Elementos or its management expects a stated condition or result to occur. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by Elementos, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements.

Elementos has concluded that it has a reasonable basis for providing these forward-looking statements and the forecast financial information included in this Presentation. This includes a reasonable basis to expect that it will be able to fund the development of the Oropesa Tin Project upon successful delivery of key development milestones. The detailed reasons for these conclusions are outlined throughout this ASX release and in Appendix 1 (JORC Code 2012, Table 1. Consideration of Modifying Factors) contained in [the announcement released to the ASX on 29 March 2022]. All material assumptions and technical parameters underpinning the production target and forecast financial information contained in the Study continue to apply and have not materially changed.

While Elementos considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Study will be achieved. To achieve the range of outcomes indicated in the Study, pre-production funding in excess of US\$86m will likely be required. There is no certainty that Elementos will be able to source that amount of funding when required. Discussions with potential funders have confirmed that a project of this scale will be able to be funded with a combination of Debt and Equity. The company is confident that the capital costs are sufficiently low that raising the required equity will be possible. The company continues to have the full support of its existing largest shareholders and is working with potential offtake partners, brokers, senior debt providers, private equity firms and traditional funders to ensure that the Company will be in a position to fund the project as needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Elementos’ shares. It is also possible that Elementos could pursue other value realisation strategies such as a sale, partial sale or joint venture of the Oropesa Tin Project. This could materially reduce Elementos’ proportionate ownership of, and corresponding funding liability, for the Oropesa Tin Project.

Mineral Resources and Ore Reserves

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

- Cleveland JORC Resource Significantly Expanded, 5 March 2014 (tungsten resource);
- Acquisition of the Oropesa Tin Project, 31st July 2018;
- Substantial Increase in Cleveland Open Pit Project Resources following revised JORC study, 26th September 2018;
- Positive Economic Study for the Oropesa Tin Project, 7th May 2020;
- Oropesa DFS Commencement, 12 July 2021
- Oropesa Tin Project – Mineral Resource Estimate, 8 Nov 2021
- Optimisation Study Oropesa Tin Project, 29 March 2022
- Oropesa Tin Project 2023 Mineral Resource Update, 14 February 2023

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

No Ore Reserve has been declared. This Report has been prepared in compliance with the current JORC Code (2012) and the ASX Listing Rules. All material assumptions, including sufficient progression of all JORC modifying factors, on which the Production Target and forecast financial information are based have been included in this ASX release, including previous or referenced releases.

Competent Person Statement

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

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

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

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

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

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Corporate Information

Directors and Company Secretary

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

Head Office and Registered Office

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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 2022.

Directors

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

- Andy Greig
- Joe David
- Corey Nolan
- Calvin Treacy
- Brett Smith

Review of Operations

The Group’s operating loss for the half-year, after applicable income tax was \$1,007,053.

At 31 December 2022, the Group’s net assets totalled \$19,661,329, which included cash assets of \$4,043,483.

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

Oropesa Tin Project – Spain

Located in southern Spain, the Oropesa Tin Project is one of the world’s few undeveloped, open-cut mineable tin deposits with access to world-class infrastructure. Elementos is developing Oropesa as Europe’s next significant tin mine.



Figure 1. Location of Oropesa Tin Project, Spain.

Definitive Feasibility Study (DFS)

The company continues to rapidly progress the Oropesa Tin Project DFS, via its subsidiary, Minas de Estaño de España, with the support of its Integrated Owners Team (IoT). The IoT is led by our Australian Owner’s Engineer, Wave International, and our Spanish study team, Soluciones Concentradores y Procesos de Ingeniería S.L (SCYPI). This IoT approach allows us to deliver best-for-project in-country solutions with experienced local contractors and consultants, whilst also meeting the high regulatory requirements of being an Australian listed entity subject to meeting the requirements of the ASX and the JORC code.

Oropesa DFS Integrated Owners Team

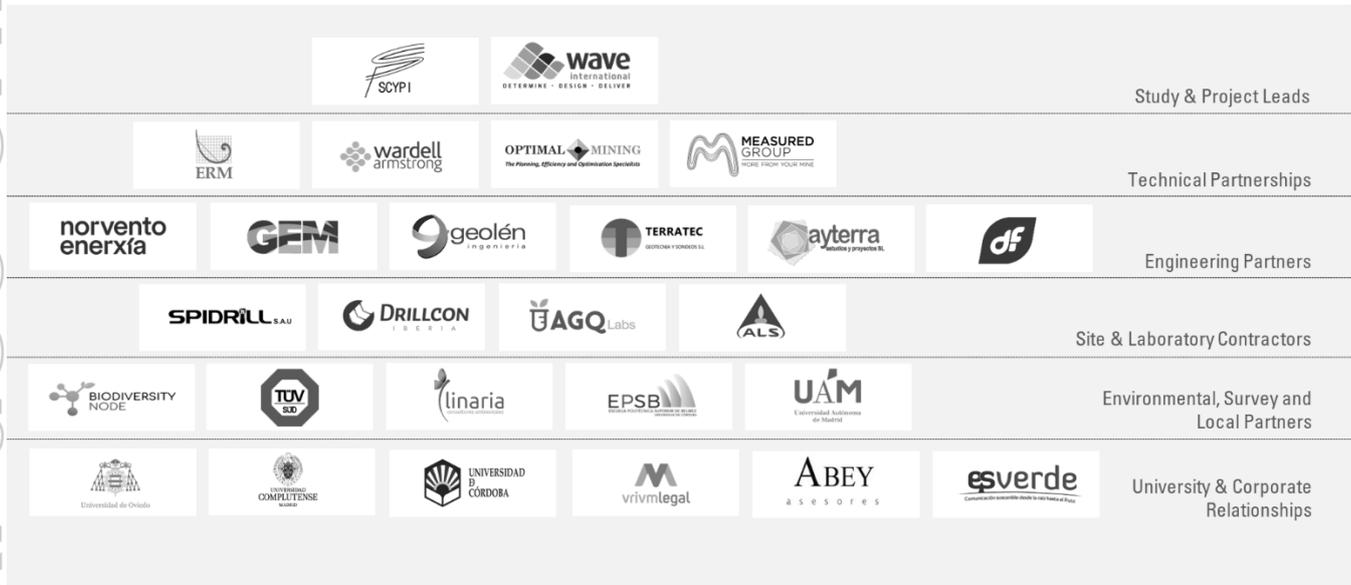


Figure 2. Oropesa DFS – Integrated Owners Team.

Definitive Feasibility Study – Key Workstream Summary

The status of key DFS workstreams, at the end of the half year is summarised below:

1. Mine Planning

- Facilitated an Expression of Interest (EoI) process with established Spanish contract miners to establish mining costs to support the whittle pit shell assessment. Received responses from six highly qualified contractors active in the Spanish market.
- The whittle pit shell analysis and final pit shell design has been completed.
- Detailed mining phase plans have been completed, including the development of a master ramp and interface with the tailings dam construction.
- Commencement of the design of internal backfill dumps for each pushback including ramping systems.
- Commencement of detailed out-of-pit dump shell incorporating major access ramps – including interaction with waste dump geotechnical analysis and design.

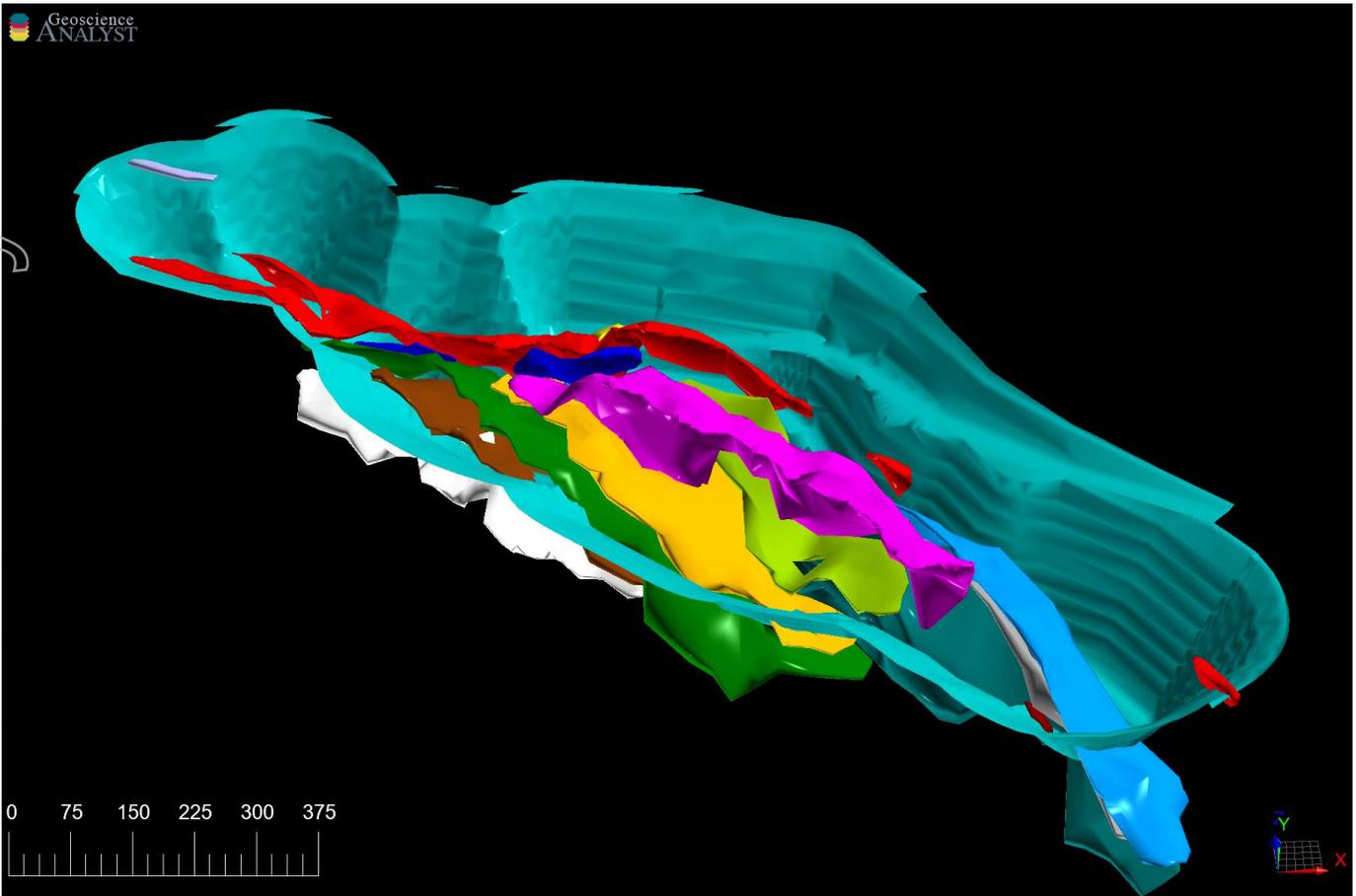


Figure 3. 2023 DFS pit shell (looking north) with the 2021 Mineral Resource Model displayed.

2. Mineral Process Plant

- Mineral Process Plant design matured significantly throughout the reporting period working with our Early Contractor Involvement partner Duro Felguera (DF), an experienced Spanish Engineering, Procurement and Construction (EPC) contractor.
- Battery limits were finalised in November and DF will add Non-Process Infrastructure and Buildings, Services and the Main Substation into their Early Contractor Involvement scope.
- Confirmation of Mass and Water Balances and associated Process Criteria.
- Request for Quotations issued, received and assessed for the main process / mechanical equipment, with the Mechanical Equipment List close to finalisation.
- Full-form EPC Contract drafted and under review by DF, based on fully agreed EPC Term-sheet.

3. Non-Process Infrastructure

Power Supply

- Further high voltage alignment work (completed by Norvento) to supply site with power, including trade off study (20kV vs 66kV).
- Technical engagement with local supply authority (Endesa) to establish interconnection to existing network.
- Study completed on alternative forms of power generation completed (waste energy recovery, renewable alternatives).

Water Management / Water Supply

- Upgraded real-time weather station installed on project to supplement on-line water monitors.
- Additional refinement of the site water model has been undertaken and now runs over 100 years of local rainfall data. This is part of climate change stress testing which will be required by debt funding partners. It also supports assessment of off-site release (in extreme wet conditions), and makeup water requirements (in extreme dry conditions) during construction and operations.

Site Access Roads

- Site access road design (by Geolen) development, ~5km from public road to site, has progressed significantly with the route being finalised and design being completed. This includes reviews with the Roads Authorities on interfaces with the public roads.
- Upgrade of surrounding public roads has been confirmed with the road authorities, with only 1.7km of local public road (CO-8404) requiring a minor widening (~1m) and a single turning intersection required to access the non-public site entry. Confirmation no upgrade required to highway (N-432) or highway intersection.
- Geolen has also initiated investigations of the re-routing of the existing farming track, which runs across the proposed pit. An alignment around the mine has been designed to maintain access to affected properties.

Sitewide Layout / Civils

- Development of the site-wide overall layout is being refined by the Wave Civil Engineering team to reflect the latest information from:
 - Mine planning pit shells and ramps (Optimal Mining)
 - Run of Mine (RoM) pads and crushing infrastructure (Optimal and DF)
 - Tailings Dam and Waste Dump locations (GEM)
 - Water dam locations (GEM)
 - Drainage requirements (Ayterra and Geolen)
 - Access road site entry (Geolen)
 - Transmission of power, water lines, communications and services (Norvento & Geolen)
 - Updated process plant layouts and pads (DF)
 - Buildings, warehouses, offices, carparks (DF, Wave)

4. Tailings Dam and Waste Dump Facilities

- GEM completed a significant on-ground geotechnical campaign for the key infrastructure locations, followed by factual and interpretative reporting.
- A key side of the originally proposed tailings dam location has been interpreted as possible for sub-surface faulting which, without further geotechnical investigations, proves an unacceptable risk to the safety of the facility and therefore the project. This has resulted in the need to slightly re-position the tailings dam during the period, with the new design close to finalisation.
- The waste dump has also been re-optimised to not only sync with the updated tailings dam location but reduce waste rock haul out of the pit. This reduction in waste haulage distance reduces truck turn-around time, diesel burn, CO₂ emissions and operating cost. The updated DFS mine plan will schedule waste movement based on this updated waste dump location.

5. DFS Metallurgical test work

- The Pilot-scale metallurgical test work was completed and announced at the end of the September quarter. During the December quarter the full metallurgical reporting was completed and finalised.
- Separate to the DFS Metallurgical test work on tin – an assessment (at Wardell Armstrong labs) of the possibility of producing a by-product zinc concentrate from the ore feed commenced. The zinc concentrate by-product business case will not contribute to the Oropesa DFS but will continue to be studied as a value-engineering opportunity. The design of the process plant and key infrastructure is being future proofed for the addition of zinc circuits if the decision to include is reached.

Mineral Resource Drilling & Updated Mineral Resource Estimate

During the half-year, completed the drilling phase of a program of work designed to convert the remaining Inferred Resources that reside within the 2022 Optimisation Study US\$30,000 pit shell to a higher category. The infill drilling program consisted of 10 diamond drill holes.

On February 14, 2023, subsequent to the half year reporting period, the company announced its 2023 Mineral Resource Estimate Update. The Mineral Resource Estimate is summarised in Table 1 and illustrated in Figure 1 and Figure 2. Full details and parameters used can be found in the Mineral Resource Statement and Appendix 1 – JORC Table 1.

2023 MINERAL RESOURCE ESTIMATE			
Resource Classification	Sn%	Resource Tonnes	Contained Tin Metal (tonnes)
Measured	0.36	7,418,212	26,800.5
Indicated	0.41	11,113,471	45,012.1
Subtotal: Measured & Indicated	0.39	18,531,683	71,812.6
Inferred	0.38	1,070,700	4,021
Total	0.39	19,602,383	75,833.6

Table 1. 2023 Oropesa Mineral Resource Estimate at a 0.15% Sn cut-off

Highlights included:

Increase in Geological Confidence

- 100% of 2023 Mineral Resource Estimate (MRE) tonnes located within the 2022 Optimisation Study¹ US\$30k/t Pit Shell are classified as Measured or Indicated (no Inferred Resources within the US\$30k/t Pit Shell).
- 95% of 2023 MRE is classified either Measured or Indicated Resources, totalling 18.5Mt (+11%) at 0.39% Sn.
- 38% of 2023 MRE is classified as Measured Resources, increasing by 3.1Mt (+73%) to 7.4Mt at 0.36% Sn.
- Elementos will assess the 2023 MRE, applying applicable Modifying Factors, for conversion to JORC Ore Reserves as part of its DFS due for delivery in Q2 CY23.

Increased Tonnage

- Total 2023 MRE increases by 0.7Mt (+4%) to 19.6Mt at 0.39% Sn.
- 2023 MRE Measured or Indicated Resource contained tin increases to 71.8kt (+12%)

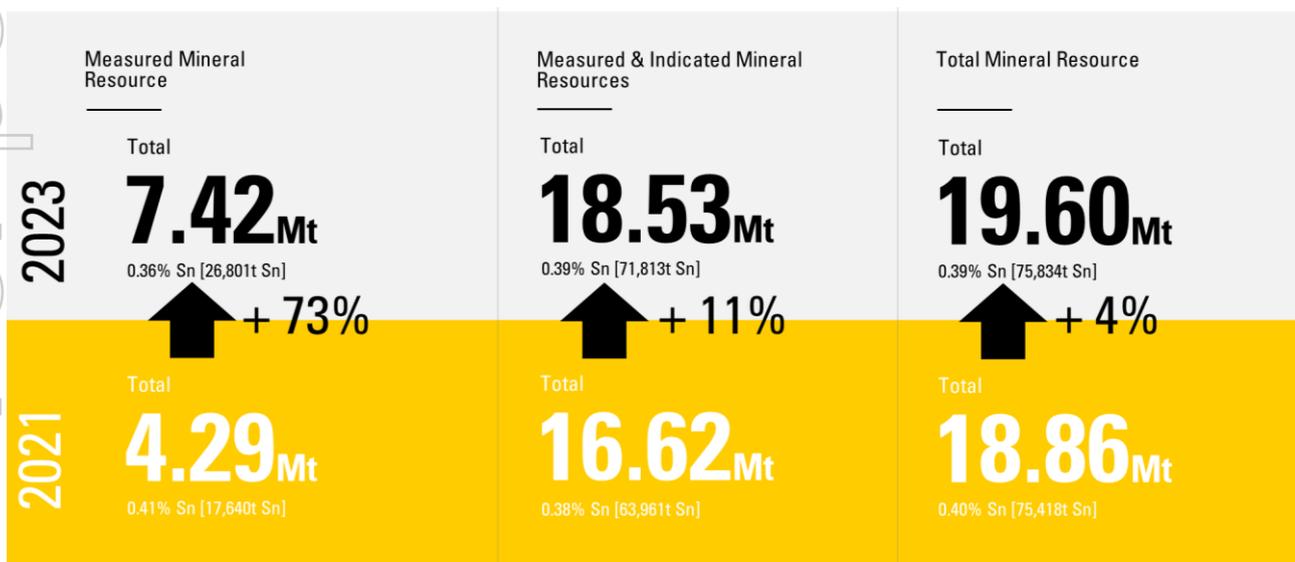


Figure 3. Oropesa Tin Project Mineral Resource Estimate Summary, Feb 2023 vs. Nov 2021

Project Permitting

Following Elementos' key submissions to the Junta de Andalucía on April 6, 2022, the company has been in regular contact with the key government departments (Environment, Mining and Water Authorities) and continues to work closely with the Andalusian Government's Project Accelerator Unit (PAU) which is providing substantial and effective levels of support. The approvals timeline has been set back from initial estimates due to the government shutdown before the 2022 Andalusian elections and the subsequent wait for key head of departments to be appointed. Since September 2022 the interaction with government agencies has been regular, robust and positive, with the company maintaining its schedule of first concentrate production during 2025, based on key approvals being received late 2023 and early 2024.

Environmental & Mining Approvals

On November 14 the Environmental Department invited the project to proceed to the Public Exhibition phase of the permit assessment, a key and material step of licensing progression. However, currently the company is unable to proceed into the Public Exhibition stage due to the Mining Department having not yet submitted a key document (approval of our rehabilitation plan) to the Environmental department. The company and the PAU are working closely together to overcome this inter-governmental challenge, which appears to be due to a department resourcing issue rather than any material concerns over our project or the proposed rehabilitation plan. The company has seized this time delay to appoint additional expert local consultants (Bird species, Oaktree management and Hydrological affection) to further fortify our original submissions and address postulated feedback that may come from community groups and NGOs, based on common feedback from similar projects within Spain and European Union.

Water Licences

The project has been in regular contact with the Water Authorities (Guadalquivir Water Basin) since its April-2022 submissions, including having them visit the project site on the August 4, 2022. From a water domain viewpoint, no red flags have been raised by the Authority and the aquifer (and public domain) affect is not considered critical, as the aquifer depletion is not considered an issue due to its relatively small size and localised nature. However, separate from the initial technical review, the Water Authority has subsequently advised, on an administrative process basis, that the project make an additional application under Article 4.7 (Water Framework Directive) which is a European Directive to prevent the deterioration of water and preserve the good status or potential of all surface and underground waters in terms of chemical, ecological and quantitative matters. This Article 4.7 hydrological and hydrogeological submission has been a major focus of the study team during the reporting period and should be ready for submission late Q1-2023. We are working closely with the Andalusian authorities, the PAU and the Water Authority to expedite the assessment of this Article 4.7. We will update the market as further timeframes are established with the authorities regarding water licencing.

Cleveland Project – Tasmania

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

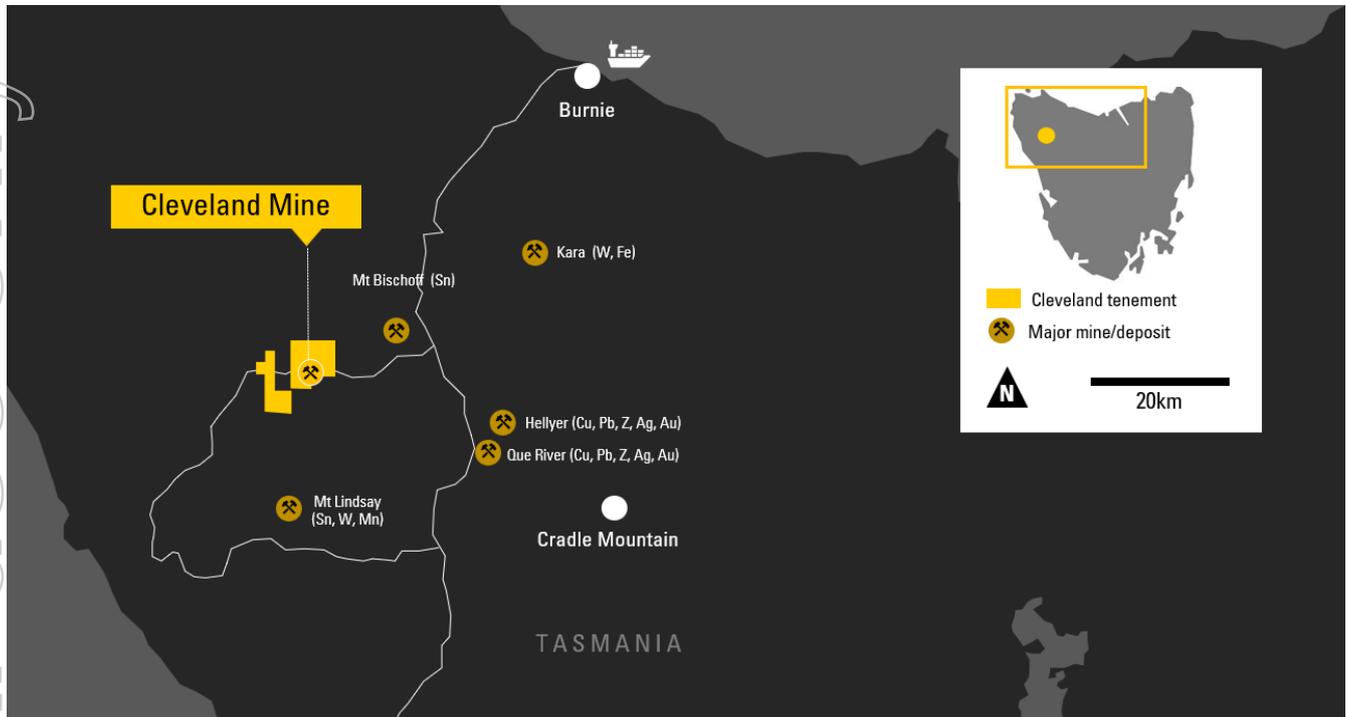


Figure 4. Location of the Cleveland Tin Project, Tasmania

During the half-year period the company received assays for the remaining three exploration diamond drill holes that were completed during the first quarter of 2022 (4 holes for 1,130m). Assay data for drill hole C2119 has confirmed a major extension to both the Battery tin-copper lode and the deeper Foley's tungsten zone (ASX Release 15th June 2022, "Tin and tungsten mineralisation extended at Cleveland Tin Project").

Drill holes C2120-2122 were targeted at historical self-potential geophysical anomalies that were located along strike to the northeast of the closed mine workings, having been detected in 1954 and 1972, but had never been drill tested. All three drill holes intersected the Cleveland ore host horizon geological sequence (Halls Formation) and recorded anomalous tin, copper and zinc. All three drill holes intersected carbonaceous black shales (conductive) which contained disseminated and laminar exhalative pyrite at the interpreted location of the self-potential anomalies.

Whilst the assays themselves are not significant, they do continue to highlight the prospectivity for additional mineralisation in the area. The next stage of the program is to conduct downhole geophysical surveys to explore the potential to host additional mineralisation at depth and along strike. This work has been delayed due to continuous inclement weather restricting access.

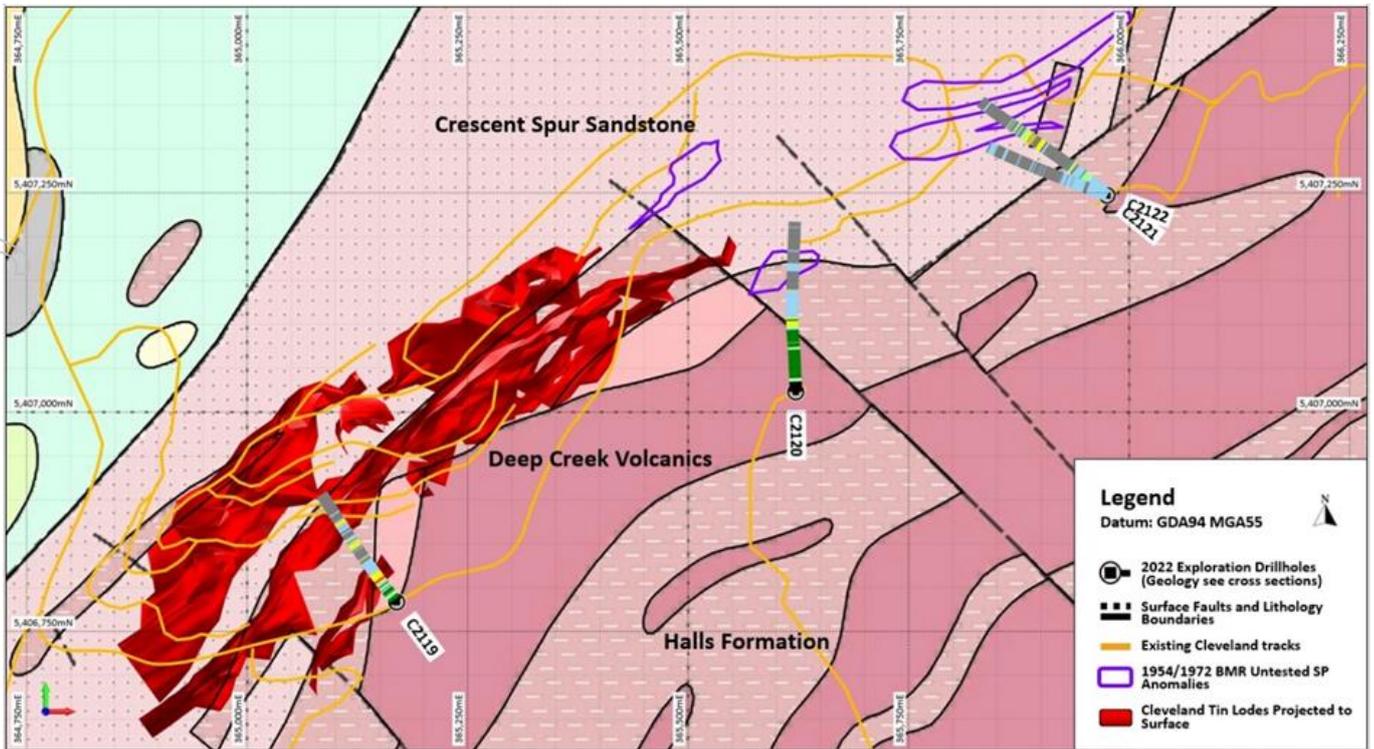


Figure 5. Plan depicting the location of the 2022 Cleveland Diamond Drilling Program (drill hole geology, see drill hole C2120 following)

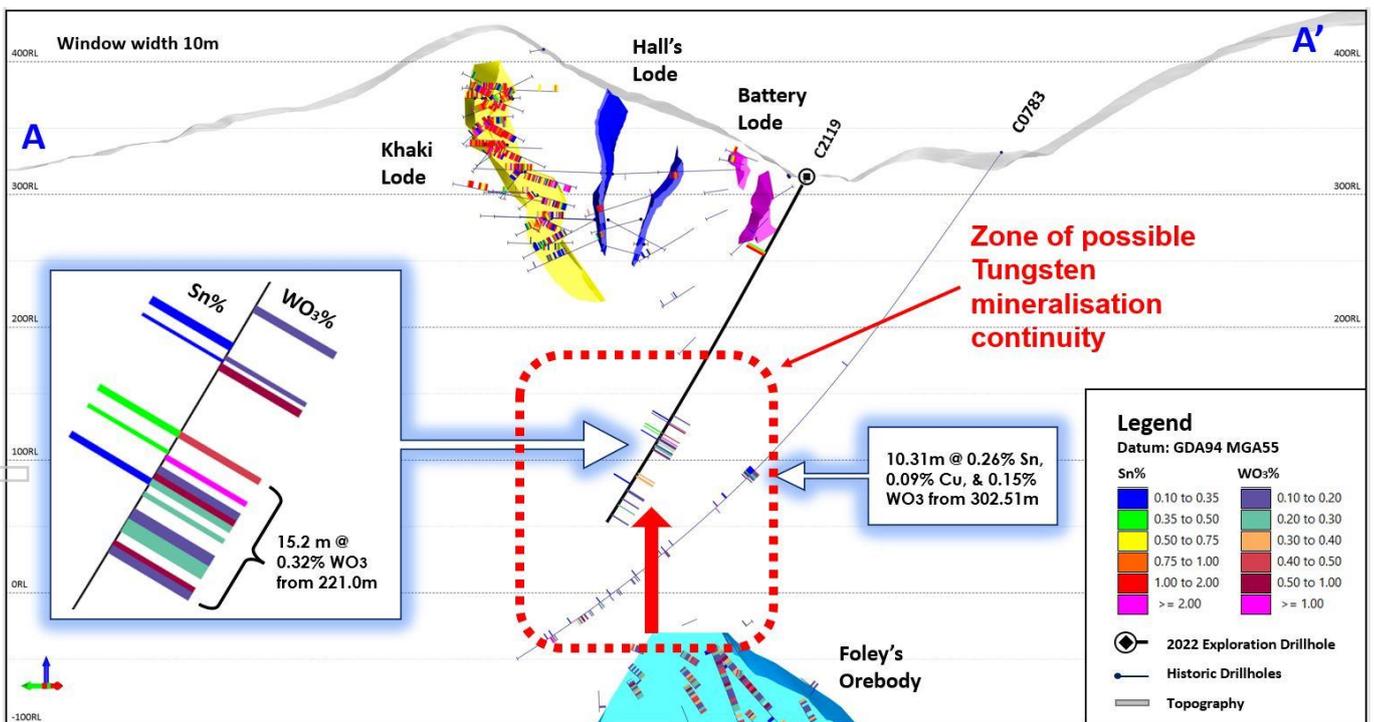


Figure 6. Section of drill hole C2119

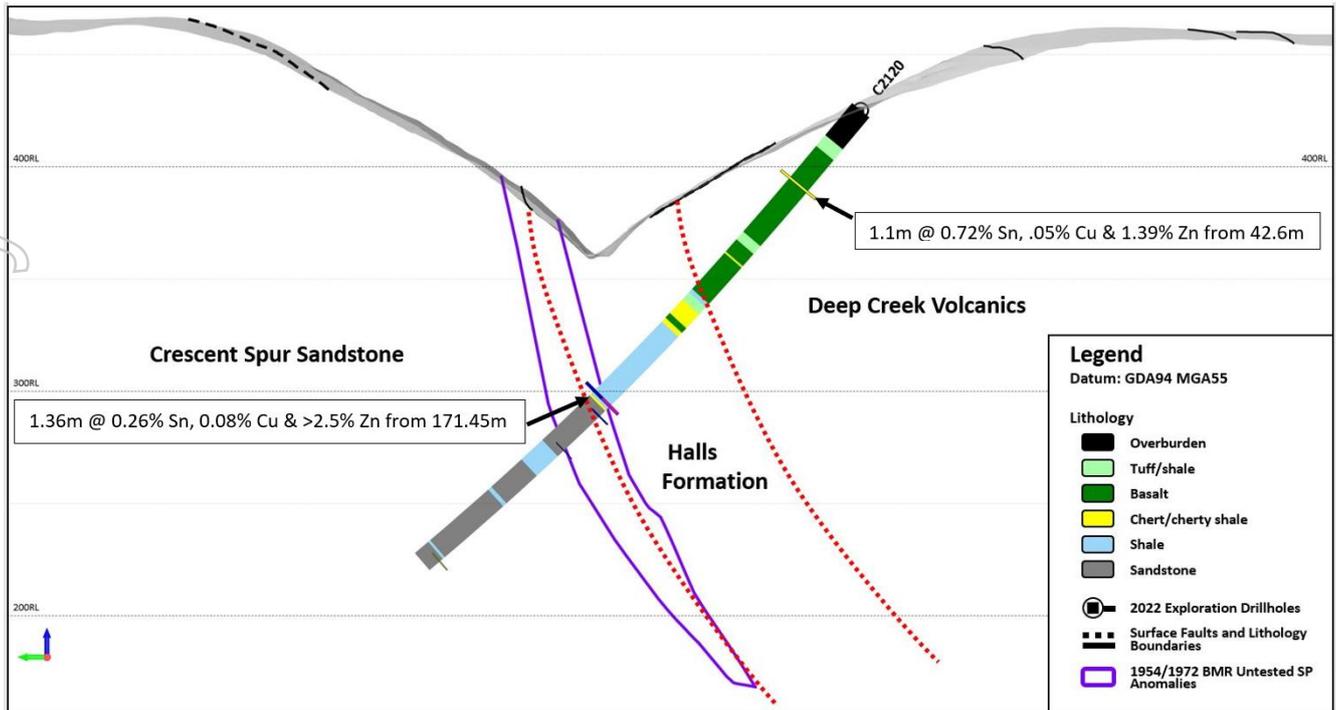


Figure 7. Section of drill hole C2120

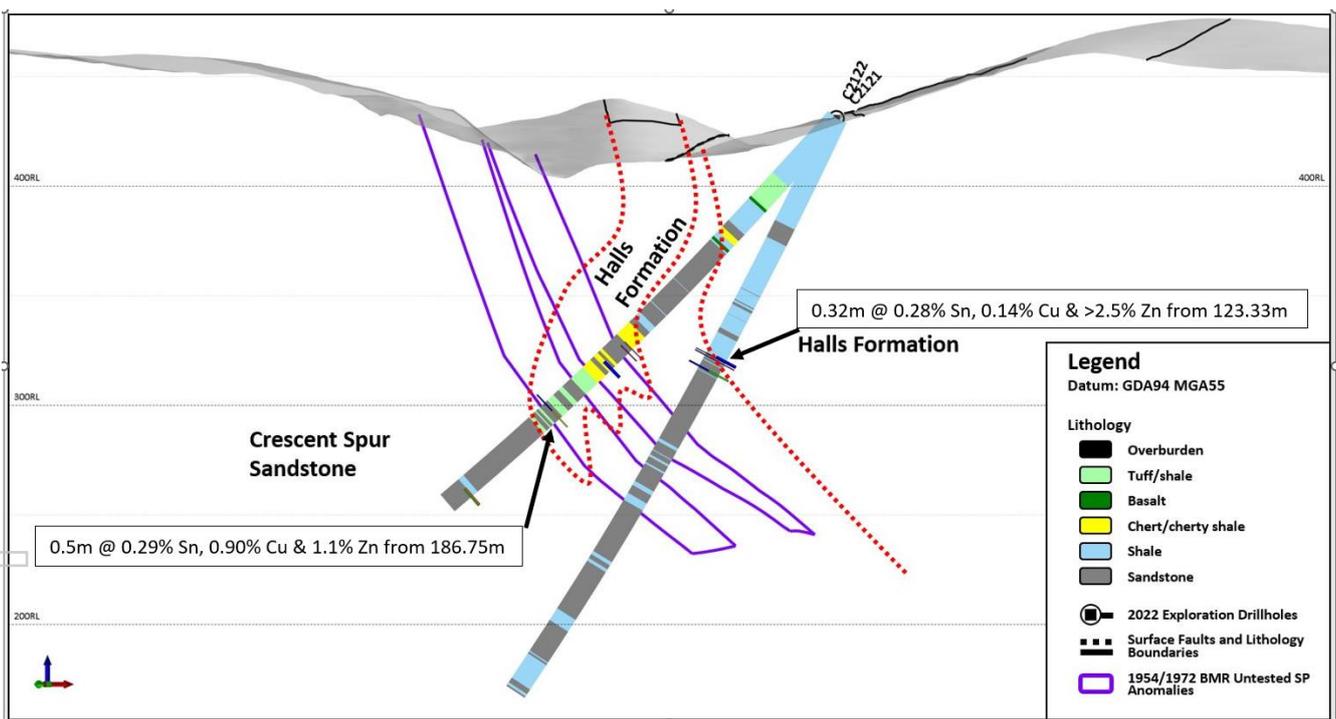


Figure 8. Section of drill holes C2121 & C2122

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

Environmental, Social and Governance (ESG)

During the half-year the ESG sub-committee met to discuss the company's developing ESG Reporting Plan.

Tin Code Reporting Plan

After Elementos performed a strategic review on ESG disclosure expectations and frameworks, last period it found the International Tin Association's (ITA) Tin Code to be an effective reporting format to cover the key ESG issues. The Tin Code is the global ESG reporting framework specifically designed for the tin sector.

During the reporting period the board of the ITA resolved to allow explorers and developers to report against the Tin Code. Elementos aims to complete its first submission of a Tin Code report for a tin mine developer during 2023.

Background on the Tin Code

The Tin Code ESG reporting tool has 10 Principles supported by more than 70 Standards. These standards are specific to various tiers of the supply chain, with many being relevant to mine operators and others to smelters or secondary recycling companies and vice-versa. Company evidence for each standard is independently evaluated by an external assessor against a range of indicators to demonstrate progressive improvement with an expectation to achieve conformance in priority areas and to increasingly make use of assurance for further validation. This approach has been adopted to provide an opportunity for positive change among all operators.

The Tin Code reflects leading ESG standards & international expectations including;

- ISO (14001, 9001, 45001, 37001)
- OECD Guidance for responsible supply chains
- ILO Convention standards
- RMI Risk Readiness Assessment
- Investor expectations and more

The Tin Code is accepted and recognised by leading external organisations:

- LME passport – listed multi-dimensional ESG reporting tool
- LME Responsible Sourcing – Standard 7.3 conditionally approved for 'Track A'
- Responsible Steel – recognition in progress
- ICMM Mining Principles – equivalency in progress

Corporate

Share Options

Following approval at the 2022 Annual General Meeting the company issued 1,800,000 share options in total to Non-Executive Directors and the Company Secretary. The share options have an exercise price of \$1.10, expire date of 31 May 2025 and vest immediately.

Funding

During the period the following options were exercised on a post consolidation basis:

- the company issued 1,000,011 ordinary shares raising \$225,002 upon the exercise of options with an exercise price of \$0.225 (pre consolidation \$0.009) per share and expiry of 31 August 2022.

Subsequent Events

The following significant events occurred subsequent to the reporting date:

- On 27 January 2023 the Company announced the commencement of an eight-hole exploration drilling campaign at the Oropesa Tin Project. The Drilling programme is targeting additional mineralisation outside the 2021 Mineral Resource Estimate. The drilling will target the north-west and south-east ends of the deposit and was designed based on results from the 10-hole infill drilling and the geotechnical drill programs completed in 2022 at Oropesa.
- On 15 February 2023, the Company announced the 2023 Mineral Resource Estimate (MRE) at the Oropesa Tin Project. The MRE update achieved its goal of upgrading the Inferred and Indicated Mineral Resource categories and increasing the geological confidence of the deposit. For further details refer to the review of operations.

Auditor's Independence Declaration

The 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.



Joe David
Managing Director
14 March 2023, Brisbane

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Auditor's Independence Declaration



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

As lead auditor for the review of Elementos Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'A J Whyte', is written over a faint, circular stamp or watermark.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 14 March 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Comprehensive Income for the Half-Year Ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Interest Income		15,361	263
Other income		50,000	-
Gain on settlement of borrowings		-	158,348
Less expenses:			
Corporate and administrative expenses		(1,067,312)	(1,324,795)
Foreign currency gain / (loss)		(5,102)	(35,235)
Loss before income tax expense		(1,007,053)	(1,201,419)
Income tax expense		-	-
Loss for the period attributable to members of the parent entity		(1,007,053)	(1,201,419)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gain / (losses) on translation of foreign operations		326,269	(91,943)
Other comprehensive income for the period, net of tax		326,269	(91,943)
Total comprehensive income attributable to members of the parent entity		(680,784)	(1,293,362)
Basic loss per share (cents per share)	9	(0.57)	(0.75)
Diluted loss per share (cents per share)	9	(0.57)	(0.75)

The accompanying notes form part of this financial statement.

Consolidated Statement of Financial Position as at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		4,043,483	6,270,173
Trade and other receivables		129,804	563,624
Other current assets		23,106	27,685
Total Current Assets		4,196,393	6,861,482
NON-CURRENT ASSETS			
Exploration and evaluation assets	3	16,157,004	13,901,380
Property, plant and equipment		61,608	2,616
Right of use assets		26,744	47,376
Other non-current assets		126,134	74,199
Total Non-Current Assets		16,371,490	14,025,571
TOTAL ASSETS		20,567,883	20,887,053
CURRENT LIABILITIES			
Trade and other payables	4	878,620	808,997
Lease liability		27,934	51,118
Total Current Liabilities		906,554	860,115
NON-CURRENT LIABILITIES			
Lease liability		-	7,092
Total Non-Current Liabilities		-	7,092
TOTAL LIABILITIES		906,554	867,207
NET ASSETS		19,661,329	20,019,846
EQUITY			
Issued capital	8	36,386,703	36,165,450
Reserves		755,487	328,204
Accumulated losses		(17,480,861)	(16,473,808)
TOTAL EQUITY		19,661,329	20,019,846

The accompanying notes form part of this financial statement.

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2022

	Issued Capital	Accumulated Losses	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	28,740,673	(14,243,171)	290,286	(211,718)	14,576,070
Loss for the period	-	(1,201,419)	-	-	(1,201,419)
Translation exchange loss	-	-	-	(91,943)	(91,943)
Total comprehensive income	-	(1,201,419)	-	(91,943)	(1,293,362)
Issue of shares	1,909,630	-	-	-	1,909,630
Transaction costs	(22,285)	-	-	-	(22,285)
Conversion of loan to equity	569,246	-	-	-	569,246
Issue of performance rights	-	-	381,543	-	381,543
Balance at 31 December 2021	31,197,264	(15,444,590)	671,829	(303,661)	16,120,842
Balance at 1 July 2022	36,165,450	(16,473,808)	831,735	(503,531)	20,019,846
Loss for the period	-	(1,007,053)	-	-	(1,007,053)
Translation exchange gain	-	-	-	326,269	326,269
Total comprehensive income	-	(1,007,053)	-	326,269	(680,784)
Issue of shares	225,002	-	-	-	225,002
Transaction costs	(3,749)	-	-	-	(3,749)
Issue of options and performance rights	-	-	101,014	-	101,014
Balance at 31 December 2022	36,386,703	(17,480,861)	932,749	(177,262)	19,661,329

The accompanying notes form part of this financial statement.

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2022

	31 Dec 2022	31 Dec 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(944,342)	(896,447)
Interest received	15,361	263
Interest expense	(3,723)	(97,508)
VAT received	659,949	-
Other receipts	50,000	-
Net cash used in operating activities	<u>(222,755)</u>	<u>(993,692)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets	(2,133,007)	(1,824,644)
Payments for property, plant and equipment	(61,583)	(2,113)
Cash used in investing activities	<u>(2,194,590)</u>	<u>(1,826,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	225,002	1,909,630
Costs associated with share issue	(3,749)	(22,285)
Loan repayment	-	(648,569)
Lease payments	(30,276)	(15,653)
Net cash provided by/(used in) financing activities	<u>190,977</u>	<u>1,223,123</u>
Net increase/(decrease) in cash held	(2,226,368)	(1,597,326)
Net foreign exchange difference	(322)	(490)
Cash at beginning of period	6,270,173	5,542,252
Cash at end of period	<u>4,043,483</u>	<u>3,944,436</u>

The accompanying notes form part of this financial statement.

Notes to the Financial Statements for the Half -Year Ended 31 December 2022

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 2022 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 2022, 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 2022 Annual Report, except as noted below.

New and amended standards adopted by the group

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

Going Concern

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

The Group has not generated any revenues from operations. As at 31 December 2022 the Group had cash reserves of \$4,043,483, net current assets of \$3,289,839 and net assets of \$19,661,329. The Group incurred a net loss of \$1,007,053 for the half year ended 31 December 2022 and had an outflow of \$222,755 of cash from operating activities.

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

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

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

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

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

NOTE 2: RESULTS FOR THE PERIOD

	31 Dec 2022	31 Dec 2021
	\$	\$
The following income and expense items are relevant in explaining the financial performance for the interim period:		
Depreciation	(23,223)	(19,523)
ASX, ASIC, share registry expenses	(72,083)	(91,006)
Business development and investor relations costs	(74,460)	(75,667)
Legal fees	(19,692)	(32,546)
Insurances	(28,765)	(12,018)
Audit and external accounting/advice fees	(44,768)	(36,415)
Interest expense	(1,885)	(10,323)
Employee benefits expense comprises:		
Salaries and wages	(422,141)	(410,812)
Consulting fees	(88,060)	(93,504)
Superannuation	(41,878)	(41,047)
Equity settled performance rights and options	(101,014)	(381,543)
Annual leave expensed	(14,593)	(20,156)

NOTE 3: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2022	30 June 2022
	\$	\$
Exploration and evaluation expenditure carried forward in respect of the areas of interest are:		
Exploration and evaluation expenditure	16,157,004	13,901,380
Movement in exploration and evaluation assets:		
Opening balance – at cost (1 July)	13,901,380	11,390,716
Capitalised exploration expenditure	2,188,472	2,646,427
Foreign exchange differences	67,152	(135,763)
Carrying amount at the end of period	16,157,004	13,901,380

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 2022	30 June 2022
	\$	\$
Current:		
Trade payables and accrued expenses	791,493	736,463
Short term employee benefits	87,127	72,534
Total payables (unsecured)	878,620	808,997

NOTE 5: CONTINGENT LIABILITIES

The Company's wholly owned subsidiary, Minas de Estano De Espana (MESPA) is currently involved in a number of legal proceedings in Spain. While none of the cases are considered material, and do not affect the Company's title to the Oropesa Project, the Company is actively monitoring and defending these cases (as required). MESPA has received claims against it by Sondeos & Perforaciones Industriales Del Bierzo, SA (SPIB) and its principal Mr. José Cereijo Soto.

The first claim relates to invoices of €141,000 relating to Dirección Facultativa (Registered Engineer) services alleged to have been performed by Mr Soto. Two of the three invoices making up the total amount are related to services alleged to have been performed from before 2016, with the remaining invoice for services between 2016 - 2021. The matter went to trial in late 2022 and the judge ruled in early 2023 that MESPA was liable for ~€45,000 inclusive of interest to SPIB in relation to the claim. The ruling has been appealed by SPIB and the Company is awaiting further communication from the courts on the matter.

MESPA is also defending a second claim for the 2018 appointment and dismissal of Mr Jose Cereijo Soto as MESPA's Con.Delegado (CEO) and an alleged €300,000 payment he claims he was entitled to receive if ever terminated as CEO. The pre-trial hearing in relation to the claim has been set for March 2024.

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

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

The following significant events occurred subsequent to the reporting date:

- On 27 January 2023 the Company announced the commencement of an eight-hole exploration drilling campaign at the Oropesa Tin Project. The Drilling programme is targeting additional mineralisation outside the 2021 Mineral Resource Estimate. The drilling will target the north-west and south-east ends of the deposit and was designed based on results from the 10-hole infill drilling and the geotechnical drill programs completed in 2022 at Oropesa.
- On 15 February 2023, the Company announced the 2023 Mineral Resource Estimate (MRE) at the Oropesa Tin Project. The MRE update achieved its goal of upgrading the Inferred and Indicated Mineral Resource categories and increasing the geological confidence of the deposit. For further details refer to the review of operations.

NOTE 7: SEGMENT REPORTING**Description of Segments**

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

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

Basis of accounting for purposes of reporting by operating segments.

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Segment Assets

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

(c) Segment Liabilities

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

31 December 2022	Australia	Spain	Intercompany Eliminations	Total
	\$	\$	\$	\$
Current assets	12,301,642	194,994	(8,300,243)	4,196,393
Non-current assets	6,286,980	10,084,510	-	16,371,490
Total assets	18,588,622	10,279,504	(8,300,243)	20,567,883
Current liabilities	350,399	8,856,398	(8,300,243)	906,554
Non-current liabilities	-	-	-	-
Total liabilities	350,399	8,856,398	(8,300,243)	906,554
Income/(loss) for the period	(901,131)	(105,922)	-	(1,007,053)
Other comprehensive income for the period	-	326,269	-	326,269
Total comprehensive income for the period	(901,131)	220,347	-	(680,784)
30 June 2022	Australia	Spain	Intercompany Eliminations	Total
	\$	\$	\$	\$
Current assets	12,968,095	743,613	(6,850,226)	6,861,482
Non-current assets	6,203,202	7,822,369	-	14,025,571
Total assets	19,171,297	8,565,982	(6,850,226)	20,887,053
Current liabilities	347,118	7,363,223	(6,850,226)	860,115
Non-current liabilities	7,092	-	-	7,092
Total liabilities	354,210	7,363,223	(6,850,226)	867,207
31 December 2021				
Income/(loss) for the period	(1,245,991)	44,572	-	(1,201,419)
Other comprehensive income for the period	-	(91,943)	-	(91,943)
Total comprehensive income for the period	(1,245,991)	(47,371)	-	(1,293,362)

NOTE 8: ISSUED CAPITAL**Fully paid ordinary shares**

	31 Dec 2022		30 Jun 2022	
	Number of shares	\$	Number of shares	\$
(a) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	177,128,963	36,165,450	3,861,238,867	28,740,673
Shares issued (a)	1,000,011	225,002	-	-
Shares issued (b)	-	-	66,000,000	660,000
Shares issued (b)	-	-	56,924,600	569,246
Shares issued (c)	-	-	8,691,465	78,223
Shares issued (c)	-	-	69,212,300	1,038,185
Share consolidation (d)	-	-	(3,899,584,015)	-
Shares issued (e)	-	-	2,425,746	545,793
Shares issued (e)	-	-	12,220,000	4,582,500
Share issue costs	-	(3,749)	-	(49,170)
Closing Balance	178,128,974	36,386,703	177,128,963	36,165,450

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

Notes for the above table, relating to the half-year ended 31 December 2022, are:

- (a) Between 1 July 2022 and 31 August 2022, 1,000,011 options with an exercise price of \$0.225 per option were exercised raising \$225,002.

Notes for the above table, relating to the year ended 30 June 2022, are:

- (b) On 6 July 2021, following shareholder approval, the following transactions occurred:
- The issue of 66,000,000 shares with an issue price of 1 cent per share and 33,000,000 attaching unlisted options with an exercise price of 1.5 cents per share and expiry of 30 April 2022 in relation to the capital raising completed in April 2021.
 - The issue of 56,924,600 shares with an issue price of 1 cent per share and 28,462,300 attaching unlisted options with an exercise price of 1.5 cents per share and expiry of 30 April 2022 to Mr Andy Greig (Chairman) on conversion of the outstanding loan principal and interest. The loan facility was closed upon the issue of shares. See Note 8 for further details in relation to the loan facility.
- (c) Between 1 July 2021 and the share consolidation date of 1 December 2021 the following options were exercised:
- 8,691,465 options with an exercise price of 0.9 cents per option raising \$78,223; and
 - 69,212,300 options with an exercise price of 1.5 cents per option raising \$1,038,185.
- (d) On 1 December 2021, following shareholder approval, the Company undertook a 25:1 consolidation of the ordinary shares on issue. The consolidation resulted in the reduction in the number of shares on issue by 3,899,584,015 ordinary shares.
- (e) Between the date of the share consolidation and 30 June 2022 the following options were exercised:
- 2,425,746 options with an exercise price of \$0.225 per option raising \$545,793; and
 - 12,220,000 options with an exercise price of \$0.375 per option raising \$4,582,500.

	31 Dec 2022	30 June 2022
	No. of Options	No. of Options
(b) Other Options		
Unlisted Share Options	-	4,912,265
Balance at the beginning of the reporting period	4,912,265	506,390,657
Options issued during the period pursuant to a Placement	-	61,462,300
Exercised prior to consolidation	-	(77,903,765)
Consolidation ^(a)	-	(470,351,181)
Exercised following consolidation	(1,000,011)	(14,645,746)
Expired	(3,912,254)	(40,000)
Balance at the end of the reporting period	-	4,912,265

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

	31 Dec 2022	30 June 2022
	No. of Options	No. of Options
(c) Director Options		
Unlisted Share Options	1,800,000	1,800,000
Balance at the beginning of the reporting period	1,800,000	-
Options issued ^(a)	-	1,800,000
Exercised	-	-
Expired	-	-
Balance at the end of the reporting period	1,800,000	1,800,000

- (a) The 1,800,000 options to the Directors and Company Secretary were agreed to be issued subject to shareholder approval which was obtained at the 2022 Annual General Meeting.

(d) Performance Rights

During the 2022 annual financial period the Company issued 3,300,000 performance rights (on a post consolidation basis) to Executives of the Company. The performance rights have both company milestone and employment retention vesting conditions. A share-based payment expense of \$181,760 was recorded during the period (2021: \$381,543).

NOTE 9: LOSS PER SHARE

	31 Dec 2022	31 Dec 2021
	\$	\$
Net loss used in the calculation of basic and diluted LPS	(1,007,053)	(1,201,419)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	177,866,389	160,950,748

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

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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 2022 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Joe David
Managing Director

14 March 2023
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Elementos Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Elementos Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Material uncertainty relating to going concern

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

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Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd

BDO



A J Whyte

Director

Brisbane, 14 March 2023

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