

**INFORMATION CIRCULAR OF  
EUROTIN INC.**

**FOR AN ANNUAL GENERAL AND SPECIAL MEETING TO BE HELD**

**ON DECEMBER 12, 2018**

**With respect to a Proposed Plan of Arrangement involving  
Eurotin Inc., its securityholders and Elementos Limited**

November 5, 2018

*Neither the TSX Venture Exchange Inc. (the “**Exchange**”) nor any securities regulatory authority has in any way passed upon the merits of the Transaction described in this Information Circular.*



**Eurotin Inc.**  
**77 King St. W., TD North Tower, Suite 700**  
**P.O. Box 118**  
**Toronto, Ontario, M5K 1G8**

Dear Shareholders:

The Directors of Eurotin Inc. (“**Eurotin**” or the “**Corporation**”) invite you to attend the annual general and special meeting of the shareholders (the “**Eurotin Shareholders**”) of Eurotin (the “**Eurotin Meeting**”) to be held at the offices of Chitiz Pathak LLP, Suite 700-77 King Street West, TD North Tower, Toronto, Ontario at 10:00 a.m. (Toronto time), on Wednesday, December 12, 2018. The principal purpose of the Eurotin Meeting is to seek shareholder approval for a statutory plan of arrangement (the “**Arrangement**”) involving Eurotin, the Eurotin securityholders, Eurotin’s wholly-owned Spanish subsidiary, Minas de Estano De Espana, S.L.U. (“**MESPA**”), and Elementos Limited (“**Elementos**”).

In connection with the Arrangement: (1) Eurotin will transfer all of the issued and outstanding common shares of MESPA which has a 96% interest in the Oropesa tin project in Spain (“**Oropesa**”), to Elementos and Elementos will acquire all of the issued and outstanding common shares of MESPA in consideration for the issuance of 1 billion convertible redeemable preference shares of Elementos (the “**CRP Shares**” or “**CRPs**”), which will be distributed pro rata to Eurotin Shareholders (the “**Distribution Shares**”), (2) Elementos will assume, indirectly through its acquisition of MESPA, a loan in the aggregate principal amount of CAD \$1 million owing to Mark Wellings who is the Chief Executive Officer and a director of Eurotin and Elementos will issue to Mr. Wellings a convertible debenture in respect of such loan entitling Mr. Wellings to convert the loan into ordinary shares of Elementos, (3) on completion of the Arrangement, Elementos will become a reporting issuer in one or more Canadian provinces, (4) upon receipt of the necessary approvals from Spanish mining authorities for the transfer of MESPA, which is expected to happen within three to six months following the effective date of the Arrangement, the CRP Shares will automatically convert into ordinary shares of Elementos and will be posted for trading on the Australian Securities Exchange. Following completion of the Arrangement, Eurotin will be transferred from the TSX Venture Exchange (the “**Exchange**”) to the Exchange’s NEX board. Following the completion of the Arrangement and the transfer to NEX, Eurotin’s principal operations will include the investigation and evaluation of future acquisitions. The transaction will benefit Eurotin Shareholders by allowing them to participate in the future upside of both Eurotin and Elementos.

Detailed information in respect of matters contemplated by the Arrangement is set out in the attached information circular (the “**Circular**”). At the Eurotin Meeting, Eurotin Shareholders will be asked to consider and, if deemed advisable, to approve the special resolutions, the full text of which are set out in the Circular, authorizing the implementation of the Arrangement. The resolutions approving the Arrangement are also subject to “majority of the minority” approval pursuant to Exchange policies as the period of time during which Eurotin Shareholders are holding CRP Shares (as opposed to ordinary shares of Elementos trading on the Australian Securities Exchange) is considered a partial delisting of Eurotin for policy reasons notwithstanding Eurotin’s continued listing on the NEX. Please review the Circular carefully as it has been prepared to help you make an informed decision on the Arrangement. The Arrangement must be approved by not less than two-thirds of the votes cast at the Eurotin Meeting by the Eurotin Shareholders. Without the required level of Eurotin Shareholder approval, the proposed Arrangement cannot be completed. The Arrangement is also subject to the approval of the shareholders of Elementos, the Ontario Superior Court of Justice, and the TSX Venture Exchange.

**THE BOARD OF DIRECTORS OF EUROTIN HAS UNANIMOUSLY APPROVED THE TERMS OF THE ARRANGEMENT AND RECOMMENDS THAT YOU VOTE IN FAVOUR OF THE ARRANGEMENT AT THE MEETING FOR THE REASONS SET OUT IN THE ATTACHED CIRCULAR.**

Your vote on the matters to be acted upon at the Eurotin Meeting is important, regardless of how many shares of Eurotin you own. If the requisite approvals are obtained, a final order of the Ontario Superior Court of Justice approving the Arrangement will be sought following the Eurotin Meeting. We hope that you will be able to attend the Eurotin Meeting in person; however, if you cannot attend, please complete and return the applicable enclosed form of proxy to TSX Trust Company at the address noted in the Circular.

On behalf of Eurotin, we thank you for your past and ongoing support.

Sincerely,

**EUROTIN INC.**

*“Mark Wellings”*

Mark Wellings,

President and Chief Executive Officer

## EUROTIN INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Dear Shareholder:

NOTICE IS HEREBY GIVEN that pursuant to an order (the “**Interim Order**”) of the Superior Court of Ontario dated November 6, 2018, an annual general and special meeting (the “**Eurotin Meeting**”) of the holders of common shares (the “**Eurotin Shareholders**”) of Eurotin Inc. (“**Eurotin**”) will be held at Chitiz Pathak LLP, Suite 700-77 King Street West, TD North Tower, Toronto, Ontario at 10:00 a.m. (Toronto time) on Wednesday, December 12, 2018 for the following purposes:

1. To receive the audited financial statements of the Corporation for the financial year ended March 31, 2018, together with a report of the auditors thereon;
2. To elect directors for the ensuing year;
3. To appoint auditors for the Corporation and to authorize the directors to fix the auditor’s remuneration;
4. To annually approve the Corporation’s stock option plan;
5. To consider, and, if deemed advisable, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”), the full text of which is set out in the Circular, to approve a Plan of Arrangement (the “**Arrangement**”) under Section 182 of the *Business Corporations Act* (Ontario) (the “**OBCA**”), all as more particularly described in the Circular; and
6. To transact such other business as may properly come before the Eurotin Meeting.

Reference is made to the Circular for the details of matters to be considered at the Eurotin Meeting. The full text of the Arrangement Resolution and the Plan of Arrangement are as set forth in Schedule “A” and Schedule “C” hereto, respectively. In order to become effective, the Arrangement Resolution must be approved by at least 66 2/3% of the votes cast by the Shareholders present in person or by proxy at the Meeting, and must also be approved by the majority of the minority of Shareholders being at least a majority of the votes cast on the Arrangement Resolution at the Meeting excluding votes attaching to common shares held by promoters, directors, officers and other insiders of Eurotin, whether in person or by proxy.

All Eurotin Shareholders are invited to attend the Eurotin Meeting. Only Eurotin Shareholders at the close of business on November 5, 2018 (the “**Record Date**”) are entitled to receive notice of and vote at the Eurotin Meeting. If you are unable to attend the Eurotin Meeting in person, please complete, date and sign the enclosed form of proxy and return it, in the envelope provided, to TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, so that it is received no later than 4:00 p.m. (Toronto time) on Tuesday, December 10, 2018 or by 4:00 p.m. (Toronto time) on the business day prior to the date on which any adjournment of the Eurotin Meeting is held. We thank you for your participation as a shareholder of Eurotin

**Pursuant to the Interim Order and the OBCA, Eurotin Shareholders are entitled to exercise rights of dissent in respect of the proposed Arrangement and to be paid fair value for common shares of Eurotin (“Eurotin Shares”). Holders of Eurotin Shares wishing to dissent with respect to the Arrangement must send a written objection to the registered office of Eurotin at Suite 700- 77 King Street West, TD North Tower, P.O. Box 118, Toronto, Ontario, M5K 1G8, Attention: Mark Wellings c/o Paul Pathak prior to the time of the Eurotin Meeting, such that the written objection is received by Eurotin no later than 4:00 pm (Toronto time) on Tuesday, December 10 , 2018 or by 4:00 pm (Toronto time) or on the business day prior to the date on which any adjournment of the Eurotin Meeting is held, in order to be effective.**

**A Eurotin Shareholder's right to dissent is more particularly described in the accompanying Circular and the text of Section 185 of the OBCA is reproduced in Schedule "B" to the accompanying Circular. Failure to strictly comply with these requirements may result in the loss of any right of dissent. Persons who are beneficial owners of Eurotin Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of such shares are entitled to dissent. Accordingly, a beneficial owner of Eurotin Shares desiring to exercise the right of dissent must make arrangements for the Eurotin Shares beneficially owned to be registered in their name prior to the time the written objection to the Arrangement Resolution is required to be received by Eurotin or, alternatively, make arrangements for the registered holder of such shares to dissent on their behalf.**

November 5, 2018

By Order of the Board of Directors of Eurotin Inc.

(Signed) "*Mark Wellings*"

Mark Wellings

President, Chief Executive Officer and Director

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## **SCHEDULES**

Schedule A – Arrangement Resolution

Schedule B – Section 185 of the OBCA – Dissent Rights

Schedule C – Plan of Arrangement

Schedule D – CRP Share Terms

Schedule E – Interim Order

Schedule F – Notice of Petition for Final Order

Schedule G – Information Concerning Elementos

Schedule H – Information Concerning Elementos following the Arrangement

Schedule I – Financial Reports of Elementos

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Schedule K – Fairness Opinion



## **GLOSSARY OF TERMS**

**“Acquisition”** means the acquisition by Elementos of all of Eurotin’s right, title and interest in and to MESPA and the Oropesa Property as contemplated by the Arrangement Agreement.

**“Acquisition Proposal”** means a bona fide proposal or offer by a third party (other than Elementos or any of its Affiliates) to 1) acquire in any manner, directly or indirectly: a) the assets of Eurotin or any of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Eurotin and its subsidiaries, taken as a whole, b) 20% or more of any voting or equity securities of Eurotin or any of its subsidiaries whose assets individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Eurotin and its subsidiaries taken as a whole; or c) without limitation to a) and b) above, the Oropesa Property; 2) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of Eurotin and/or any subsidiary of Eurotin that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for voting or equity securities) of Eurotin or any of its subsidiaries representing 20% or more of the consolidated assets of Eurotin and its subsidiaries, taken as a whole; or 3) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Eurotin or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Eurotin and any of its subsidiaries taken as a whole.

**“Acquisition Record Date”** means the record date on which a Eurotin Shareholder shall be entitled, assuming completion of the Arrangement, to receive CRP Shares, as determined by Eurotin and announced via press release.

**“Affiliate”** means a Company that is affiliated with another Company as described below. A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

**“Arm’s Length Transaction”** means a transaction which is not a Related Party Transaction.

**“Arrangement”** means the arrangement to be completed pursuant to the provisions Section 182 of the OBCA on the terms and conditions set for the in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance with the Arrangement Agreement, the Plan of Arrangement or at the direction of the Court.

**“Arrangement Agreement”** means the Arrangement Agreement dated as of October 19, 2018 among, Eurotin, Mark Wellings, and Elementos a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**“Arrangement Resolution”** means the special resolutions approving the Arrangement Agreement and the Arrangement to be voted on with or without variation by the Eurotin Shareholders at the Eurotin Meeting, in the form set forth in Schedule “A” hereto.

**“Associate”** when used to indicate a relationship with a person or company, means

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the person or company;
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;
- (d) in the case of a person, a relative of that person, including
  - (1) that person’s spouse or child; or
  - (2) any relative of the person or of his spouse who has the same residence as that person;

but

- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

**“ASX”** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange.

**“ASX Listing Rules”** means the listing rules of the ASX, as may be waived or modified by the ASX from time to time.

**“Board”** means the board of directors of Eurotin.

**“Cairn”** means Cairn Merchant Partners LP.

**“Circular”** means this information circular of Eurotin dated November 5, 2018 furnished in connection with the solicitation of proxies for use at the Eurotin Meeting.

**“Closing”** means the completion of the Arrangement on the Effective Date, at the Effective Time.

**“Common Shares”** means the issued and outstanding common shares of Eurotin.

**“Consideration”** means the Distribution Shares, and the assumption of the Wellings Loan.

**“Corporation”** means Eurotin Inc.

**“Company”** unless specially indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

**“Control Person”** means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

**“Court”** means the Superior Court of Ontario.

**“CRP Shares”** means convertible redeemable preference shares of Elementos Limited, to be distributed to Eurotin shareholders on completion of the Arrangement.

**“CRP Share Terms”** means the terms and conditions of the CRP Shares as set out in Schedule “D” attached hereto.

**“Depositary”** means TSX Trust Company.

**“Director”** for purposes of the OBCA, means the director appointed pursuant to section 278 of the OBCA.

**“Dissent Notice”** means a written objection to the Arrangement Resolution made by a registered Eurotin Shareholder in accordance with the Dissent Rights.

**“Dissent Rights”** means the right of a registered Eurotin Shareholder to dissent in respect of the Arrangement Resolution in strict compliance with the procedures described in the Plan or Arrangement and the OBCA as more particularly described in Schedule “B” hereto.

**“Dissenting Shareholders”** means Eurotin Shareholders who validly exercise their Dissent Rights and thereby become entitled to receive the fair value of their Eurotin Shares.

**“Dissenting Shares”** means Eurotin Shares in respect of which a Dissenting Shareholder has validly exercised a Dissent Right.

**“Distribution Shares”** means 1 billion CRP Shares to be distributed *pro rata* to Eurotin Shareholders in accordance with the Plan of Arrangement and which shall convert automatically into an equal number of Elementos ordinary shares upon the completion of certain conditions precedent as set out in the CRP Share terms.

**“Effective Date”** means the effective date of the Arrangement, being the date upon which all conditions precedent (excluding conditions that, by their terms cannot be settled until the Effective Date) to the completion of the Arrangement as set out in Sections 7.1, 7.2, and 7.3 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, or such other date as may be agreed upon by the parties thereto in writing as the effective date of the Arrangement.

**“Effective Time”** means 12:01 a.m., Toronto time, on the Effective Date or such other time on the Effective Date as the Parties may agree in writing.

**“Elementos”** means Elementos Limited (ACN 138 468 756), a company incorporated under the Laws of the Commonwealth of Australia and listed on the ASX.

**“Elementos Board”** means the board of directors of Elementos.

**“Elementos Meeting”** means the extraordinary general meeting of Elementos Shareholders to be held on November 30, 2018, to consider and if deemed advisable, approve the Plan of Arrangement, the Arrangement Agreement and such other matters as may come before the Elementos Meeting.

**“Elementos Securities”** means, collectively, the Elementos Shares, Elementos Options and Elementos Performance Rights.

**“Elementos Shareholders”** means holders of Elementos Shares.

**“Elementos Shares”** means the issued and outstanding ordinary shares in the capital of Elementos.

**“Elementos Options”** means:

- (a) 10,000,000 options to purchase common shares of Elementos at an exercise price of AUS\$0.0125 and expiring on July 31, 2019, and
- (b) 100,000,000 options issued as compensation in the Elementos Private Placement and exercisable for ordinary shares of Elementos.

**“Elementos Performance Rights”** means 30,000,000 performance rights issued pursuant to the Elementos Performance Rights Plan, which shall vest as Elementos Shares to the holder with no additional consideration required upon completion of various performance-based vesting provisions, and which shall expire on June 30, 2020 (to the extent they have not vested at such time).

**“Elementos Private Placement”** means the sale and issuance of: (i) 200,000,000 Elementos Shares at an issuance price of AUS\$0.006 per share, (ii) 100,000,000 Broker Warrants, with each such Broker warrant being exercisable for one Elementos Share at an exercise price of AUS\$0.007 per share until June 30, 2020 as compensation to broker’s in the Elementos Private Placement;

**“Exchange”** means the TSX Venture Exchange Inc.

**“Exchange Policies”** means the policies of the Exchange and all orders, policies, rules, regulations and by-laws of the Exchange as amended from time to time.

**“Eurotin”** means Eurotin Inc., a corporation incorporated under the OBCA.

**“Eurotin Board”** means the board of directors of Eurotin.

**“Eurotin Meeting”** means the annual and special meeting of the Eurotin Shareholders to be held on Thursday, November 9, 2018, to consider and if deemed advisable, approve the Arrangement Agreement, the Plan of Arrangement and other matters, if any, related thereto.

**“Eurotin Shares”** means the common shares in the capital of Eurotin.

**“Eurotin Shareholders” or “Shareholders”** means the holders of Eurotin Shares.

**“Eurotin Special Committee”** means the special committee of the Eurotin Board, comprised of two independent directors of Eurotin, to consider among other things, the Arrangement, the Arrangement Agreement, and the Plan of Arrangement.

**“Exchange Policies”** means the policies of the Exchange and all orders, policies, rules, regulations and by-laws of the Exchange as amended from time to time.

**“Fairness Opinion”** means the fairness opinion provided by Cairn Merchant Partners LP on October 26, 2018 with respect to the Arrangement.

**“Final Order”** means the final order of the Court approving the Arrangement to be applied for following the Eurotin Meeting pursuant to Section 182 of the OBCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction.

**“Heads of Agreement”** means the binding heads of agreement entered into by Eurotin and Elementos on July 31, 2018, as amended.

**“IFRS”** means International Financial Reporting Standards.

**“Interim Order”** means the interim order of the Court dated November 6, 2018 concerning the Arrangement under Section 182 of the OBCA, containing declarations and directions with respect to the Arrangement and the holding of the Eurotin Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction, a copy of which Interim Order is attached as Schedule “E” to this Circular.

**“Insider”** if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the Company that is an insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

**“ITA”** means the *Income Tax Act* (Canada) R.S.C. 1985, c. 1 as amended, including the regulations promulgated thereunder.

**“Loan Agreement”** means a loan agreement entered into as of October 19, 2018 among MESPA, Mark Wellings, and Elementos documenting the Wellings Loan.

**“Majority of the Minority”** means a majority of votes cast by Shareholders at the Meeting excluding votes by Shareholders who are also promoters, directors, officers, or Insiders of Eurotin.

**“Material Adverse Effect”** means in respect of any Person, any change, effect, event or occurrence that individually or in the aggregate with other such changes, effects, events or occurrences, is or would reasonably be expected to be, material and adverse to the business, results of operations or financial condition of that Person and its subsidiaries, taken as a whole, except any change, effect, event or occurrence resulting from or relating to: (i) the announcement of the execution of the Arrangement Agreement or the transactions contemplated thereby and, in the case of Eurotin, the communication by Elementos of its plans or intentions with respect to Eurotin or any of its subsidiaries; (ii) changes in general economic, securities, financial, banking or currency exchange markets; (iii) any change in IFRS; (iv) any natural disaster provided that it does not have a materially disproportionate effect on that Person relative to comparable exploration and/or mining companies; (v) changes affecting the mining industry generally or the price of tin, provided that such changes do not have a materially disproportionate effect on that Person relative to comparable mining and/or exploration companies; (vi) generally applicable changes in applicable Law; (vii) the commencement or continuation of any war, armed hostilities or acts of terrorism; (viii) changes in political or civil conditions in any jurisdiction in which the Person has projects, operates or carries on business that do not disproportionately affect that Person relative to comparable mining and/or exploration companies; (ix) any actions taken (or omitted to be taken) upon the request of the other Party or pursuant to this Agreement; or (x) any decrease in the market price or any decline in the trading volume of that Person's common or ordinary

shares on the principal stock exchange for such securities (it being understood that the causes underlying such change in market price or trading volume (other than those in items (i) to (viii) above) may be taken into account in determining whether a Material Adverse Effect has occurred); provided that references in certain sections of, or definitions in, this Agreement to dollar amounts are not intended to be, and shall not be deemed to be illustrative or interpretation for the purposes of determining whether a “Material Adverse Effect” has occurred;

“**MD&A**” means management’s discussion and analysis, as such term is defined in National Instrument 51-102 –*Continuous Disclosure Obligations* of the Canadian Securities Administrators.

“**Meeting**” means the special shareholder meeting of Eurotin Inc. to be held on December 12, 2018.

“**Member**” means a member of the TSX Venture Exchange as defined in the TSX Venture Exchange Rules.

“**MESPA**” means Minas de Estano de Espana S.L.U., a wholly-owned subsidiary of Eurotin, and owner of a 96% interest in the Oropesa Property.

“**MESPA Completion Date**” means the date on which the MESPA Transfer occurs, being the date upon which all conditions precedent to the MESPA Transfer as set out in Sections 7.5, 7.6 and 7.7 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, or such other date as may be agreed to by the Parties in writing;

“**MESPA Shares**” means all of the issued and outstanding shares of MESPA;

“**MESPA Transfer**” means completion of the transfer of the MESPA Shares in accordance with Article 3 of the Arrangement Agreement;

“**MI 61-101**” means Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrator and the companion policies and forms thereto, as amended from time to time;

“**NI 43-101**” means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.

“**Non Arm’s Length Party**” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

“**OBCA**” means the *Business Corporations Act* (Ontario) R.S.O., 1990 as amended, including the regulations promulgated thereunder.

“**Oropesa Property**” the “**Property**” or “**Oropesa**” means the Oropesa tin exploration and development property located in Spain in respect of which Eurotin currently holds a 96% interest indirectly through MESPA, its wholly-owned subsidiary.

“**Oropesa Property Report**” means the technical report on the Oropesa Property dated September 2018, prepared by SRK Consulting (UK) Limited, in accordance with the provisions of NI 43-101 and entitled “NI43-101 Technical Report on a Mineral Resource Estimate on the Oropesa Tin Project, Cordoba Province, Spain, September 2018.”

“**Party**” means a party to the Arrangement Agreement, being Eurotin or Elementos and “**Parties**” means both of them.

“**Person**” means a Company or individual.

“**Plan of Arrangement**” means the plan of arrangement set out in Schedule “A” to the Arrangement Agreement as amended or supplemented from time to time and which Plan of Arrangement is attached as Schedule “C” to this Circular.

“**Property**” means the Oropesa Property.

“**Record Date**” means November 5, 2018 in respect of the Meeting.

“**Regional Mining Authority**” means the Spanish mining authority, Delegación de Córdoba de la Dirección General de Industria, Energía y Minas de la Consejería de Empleo, Empresa y Comercio de la Junta de Andalucía (*Representation in the province of Córdoba of the General Directorate of Industry, Energy and Mining of the Employment, Business and Commerce Department of the Government of the Region of Andalucía*);

“**Regional Mining Authority Approval**” means written confirmation from the Regional Mining Authority to MESPA and Elementos (or a wholly owned subsidiary of Elementos) approving the transfer of the beneficial ownership for the Oropesa Tin Project from Eurotin (or a wholly-owned subsidiary of Eurotin) to Elementos (or a wholly-owned subsidiary of Elementos).

“**Related Party Transaction**” has the meaning ascribed to that term in Section 1.1 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

“**Regulation S**” means Regulation S under the U.S. Securities Act.

“**Schedules**” means the Schedules to this Circular which are incorporated herein and form part of this Circular.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval as located on the internet at [www.sedar.com](http://www.sedar.com).

“**Superior Proposal**” means any unsolicited bona fide written and publicly announced Acquisition proposal made after the date of the Heads of Agreement by a Person who is an arm’s length third party (and that has not been procured or obtained in violation of the Arrangement Agreement) and: (i) is reasonably capable of being completed without undue delay, taking into account all financial, legal, funding, regulatory and other aspects of such proposal and the Person making such proposal; (ii) that is made available to all Eurotin Shareholders on the same terms and conditions (other than in the case of an asset transaction); (iii) is not subject to a due diligence condition; (iv) is not subject to any financing condition and the funds or other consideration necessary to complete the Acquisition proposal are or are reasonably likely to be available for final completion at the time and on the basis set out therein; and (v) in respect of which the Eurotin Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors, that: (a) failure to recommend such Acquisition proposal to the Eurotin Shareholders would be inconsistent with its fiduciary duties under applicable law; and (b) having regard to all of the terms and conditions of the Acquisition proposal and the person making such proposal, such Acquisition proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Eurotin Shareholders from a financial point of view than the Arrangement Agreement, after taking into account any change to the Arrangement Agreement proposed by Elementos pursuant to an exercise of any matching rights Elementos might have and taking into account the form and amount of consideration, the likelihood and timing of completion and the other terms thereof (after due

consideration of the legal, financial, regulatory and other aspects of such proposal and other factors deemed relevant by the Eurotin Board).

**“U.S. Securities Act”** means the *United States Securities Act* of 1933, as amended.

**“U.S. Exchange Act”** means the *United States Securities Exchange Act* of 1934, as amended.

**“Vendors”** means the beneficial owner(s) of the Target Assets and in this Circular means Eurotin.

**“Voting Share”** means a security of an Issuer that:

- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

**“Wellings Debenture”** means a convertible debenture of Elementos issued to Mark Wellings and being convertible into ordinary shares of Elementos at any time prior to the date that is 24 months from the MESPA Completion Date and which shall be set off against amounts owing to Mark Wellings under the Loan Agreement.

**“Wellings Loan”** means advances made to Eurotin by Mark Wellings, director and Chief Executive Officer of Eurotin, in the aggregate principal amount of \$1,000,000 as documented pursuant to the Loan Agreement.

Words importing the masculine shall be interpreted to include the feminine or neuter and the singular to include the plural and vice versa where the context so requires.

All references to "\$" or "dollars" in this Circular are to lawful currency of Canada unless otherwise expressly stated.



## FORWARD LOOKING STATEMENTS

The information provided in this Circular, including information incorporated by reference, may contain “forward- looking statements” about Elementos or Eurotin. In addition, Elementos and Eurotin may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of Elementos or Eurotin in connection with this Arrangement that are not statements of historical fact and may also constitute forward-looking statements.

All statements, other than statements of historical fact, made by Elementos and Eurotin that address activities, events or developments that Elementos and Eurotin expect or anticipate will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of Elementos and Eurotin and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements.

Consequently, all forward-looking statements made in this Circular and other documents of Elementos and Eurotin are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on Elementos or Eurotin. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that Elementos and Eurotin and/or persons acting on their behalf may issue. Elementos and Eurotin undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable securities laws. See “Risk Factors”.

## INTRODUCTION

**This Circular is furnished in connection with the solicitation of proxies by the management of Eurotin for use at the Eurotin Meeting to be held on December 12, 2018, and any adjournment thereof. No person has been authorized to give any information or make any representations in connection with the Arrangement or other matters to be considered at the Meeting, other than those contained in this Circular and if given or made, any such information or representation must not be relied upon as having been authorized.**

**The information concerning Elementos contained in this Circular has been provided by Elementos. Although Eurotin has no knowledge that would indicate that any of such information is untrue or incomplete, Eurotin does not assume any responsibility for the accuracy or completeness of such information or the failure by Elementos to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Eurotin. Conversely, the information concerning Eurotin contained in this Circular has been provided by Eurotin. Although Elementos has no knowledge that would indicate that any of such information is untrue or incomplete, Elementos does not assume any responsibility for the accuracy or completeness of such information or the failure by Eurotin to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Elementos.**

Except where otherwise indicated, information contained in this Circular is dated as at November 5, 2018.

The Eurotin Meeting had been called primarily for the purpose of considering and, if deemed advisable, passing the Arrangement Resolution approving the Arrangement, and other related matters.

All summaries of, and references to, the Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule “C” to this Circular. You are urged to carefully read the full text of the Plan of Arrangement.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth herein under “Glossary of Terms”.

### **CURRENCY AND ACCOUNTING PRINCIPLES**

Unless otherwise indicated herein, references to “\$”, “CAD\$” or “Canadian dollars” are to Canadian dollars, and references to “A\$”, “AUS\$” or “AUD\$” are to Australian dollars, and references to “US\$” or “U.S. dollars” are to United States dollars.

The historical financial statements of Eurotin incorporated by reference in this Circular are reported in Canadian dollars and have been prepared in accordance with IFRS. The historical financial statements of Elementos attached to this Circular are reported in Australian dollars and have been prepared in compliance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and such compliance also ensures compliance with IFRS, as issued by the International Accounting Standards Board.

### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents filed on SEDAR by Eurotin with securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Circular:

1. The Arrangement Agreement.
2. Condensed Interim Consolidated Financial Statements for the three months ended June 30, 2018, and the MD&A filed in connection therewith.
3. Audited consolidated financial statements for the fiscal year ended March 31, 2018 and the MD&A filed in connection therewith.
4. The Oropesa Property Report.
5. Material change report dated July 31, 2018 pertaining to the execution of the Heads of Agreement.
6. Material change report dated October 24, 2018 pertaining to the execution of the Arrangement Agreement.

Copies of the foregoing documents incorporated herein by reference may be obtained on request without charge from Eurotin’s head office located at 77 King Street West, Suite 700, Toronto, ON, M5K 1G8. These documents are also available through SEDAR, which can be accessed online at [www.sedar.com](http://www.sedar.com).

**Any statement contained in a document incorporated or deemed to be incorporated by reference hereto shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or to any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Circular, except as modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated**

**or that is necessary to make a statement not misleading in light of the circumstances to which it was made.**

## SUMMARY

*The following is a summary of information contained elsewhere in this Circular. This summary is qualified in its entirety by and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular, including the Schedules, which are incorporated herein and form part of this Circular, and the documents incorporated by reference herein. Certain capitalized words and terms used in this Summary are defined in the Glossary.*

### **Parties**

#### *Eurotin*

Eurotin is an Ontario based mineral exploration issuer publicly listed on the Exchange and engaged in the exploration of mineral resources properties in Spain through its Spanish subsidiaries, including MESPA. Eurotin's principal mining activities have been on the Oropesa Property. The Eurotin Shares are listed for trading on the Exchange under the symbol "TIN". For additional information concerning Eurotin, please see "*Information Concerning Eurotin*".

#### *Elementos*

Elementos is an Australia based mineral exploration company publicly listed on the ASX. Elementos is focused on the development and exploration of tin mining projects. The Elementos Shares are listed for trading on the ASX under the symbol "ELT". For additional information concerning Elementos, please see "*Information Concerning Elementos*."

#### *Elementos Following the Arrangement*

On completion of the Arrangement, MESPA will be a wholly-owned subsidiary of Elementos. The business and operations of MESPA will be managed from Elementos' current head office, located at Level 10, 110 Mary Street, Brisbane, QLD 400, Australia.

On completion of the Arrangement, the directors and officers of Eurotin and of Elementos will not change. If the Arrangement is effected, the directors and officers of MESPA will resign and a new board of directors will be appointed. See "*Information Concerning Elementos Following the Arrangement*."

### **The Meeting**

The Eurotin Meeting will be held on Wednesday, December 12, 2018 at 10:00 a.m. (Toronto time) for the purposes set forth in the notice of meeting applicable to Eurotin and attached to this Circular, including, among other matters, to consider and, if deemed advisable, to approve annual general meeting matters and to pass, with or without variation, the Arrangement Resolution approving the Plan of Arrangement between Eurotin and Elementos. The full text of the Arrangement Resolution is set out in Schedule "A" to this Circular. Pursuant to the OBCA and the Interim Order, the Arrangement Resolution must be approved, with or without amendment, by at least two-thirds of the votes cast by the Shareholders present in person or by proxy at the meeting. Please see Schedule "A" for more information.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board, without further notice to or approval of the Shareholders, subject to the terms of the Arrangement Agreement, to decide not to proceed with the Arrangement and to revoke such Arrangement Resolution at any time prior to the Effective Time.

The record date for determining the registered shareholders for the Eurotin Meeting is November 5, 2018. Please see "*Business of the Eurotin Meeting*" for further information.

## **The Acquisition**

Pursuant to the Arrangement Agreement, on the Effective Date, Elementos will acquire all of Eurotin's interest in MESPA in consideration for the issuance of 1,000,000,000 CRP Shares, all of which will be issued as a return of capital to Eurotin Shareholders pro rata in accordance with their holdings of Eurotin Shares, in accordance with the terms of the Plan of Arrangement. Due to the technical requirements for transfer of the Spanish Mining Authority, it is expected that the MESPA Transfer will not be finalized until three to six months after the Effective Date. On the MESPA Completion Date, each CRP Share shall automatically convert into one Elementos Share. Please see "*CRP Share Terms.*"

In addition, Elementos, MESPA and Mark Wellings have entered into the Loan Agreement, and Elementos shall provide an executed Wellings Debenture on the MESPA Completion Date.

Upon completion of the MESPA Transfer and the Elementos Private Placement, Elementos will have approximately 2,537,330,962 Elementos Shares issued and outstanding on the MESPA Completion Date. In addition there will be: a) Elementos Options to purchase a further 110,000,000 Elementos Shares, and b) 30,000,000 Elementos Performance Rights resulting in the issuance of up to 30,000,000 Elementos Shares. Immediately following the Effective Time, assuming conversion of the CRP Shares into Elementos Shares, the current holders of Eurotin Shares will hold approximately 39.4% of the issued and outstanding Elementos Shares, and Elementos Shares held by the current holders of the Elementos Shares will represent approximately 60.6% of the issued and outstanding Elementos Shares.

For additional information concerning the Acquisition, please see "*The Arrangement.*"

## **The Arrangement**

The Eurotin Board believes that the Arrangement will be beneficial for Eurotin Shareholders. It will allow Shareholders to continue to benefit from the development of the Oropesa Property through their holdings in Elementos. As a publicly listed company in Australia, and also a reporting issuer in Canada, holding shares in Elementos provides Eurotin Shareholders with the level of transparency and disclosure that is customary. Eurotin Shareholders will continue to hold their Eurotin Shares and will benefit from any additional acquisitions or business interests that Eurotin may engage in in the future.

The Arrangement provides for the completion of the Acquisition. The Arrangement Agreement establishes the Plan of Arrangement and provides for the following transactions to occur and be deemed to occur without further act or formality at the Effective Time:

1. Eurotin Shares held by Dissenting Shareholders will be deemed to be transferred back to Eurotin, and the Dissenting Shareholders will cease to have any rights as Eurotin Shareholders other than the right to be paid fair value for their Eurotin Shares in accordance with the terms of the Plan of Arrangement and OBCA;
2. In consideration for Eurotin's obligations in the Arrangement Agreement to complete the MESPA Transfer on the MESPA Completion Date, Elementos will issue the CRP Shares to Eurotin, which will in turn distribute the CRP Shares pro rata to those Eurotin Shareholders who are not Dissenting Shareholders as a return of capital;

Following the Effective Time:

3. Eurotin will complete all the necessary documents and steps pursuant to Spanish law and Ontario law, as applicable, to transfer all of the issued and outstanding equity securities of MESPA (including all right and title to the Oropesa tin project) to Elementos all as further set out in the Arrangement Agreement, and on the MESPA Completion Date, MESPA will become a wholly-owned subsidiary of Elementos.

4. On the MESPA Completion Date the CRP Shares will automatically convert to Elementos Shares.

As a result of the Arrangement:

1. Eurotin will no longer have an interest in the Oropesa Property and MESPA will no longer be a wholly-owned subsidiary of Eurotin; and
2. Elementos will on the MESPA Completion Date own 100% of the Oropesa Property through MESPA, which shall become a wholly owned subsidiary of Elementos.

No fractional securities will be issued. Any fractions resulting will be rounded down to the nearest whole number.

As the Effective Date has yet to occur, it is not possible at this time to determine a Eurotin Shareholder's exact entitlement to Elementos Shares as a result of the Arrangement.

As of the Record Date, there are 106,741,332 Eurotin Shares issued and outstanding and no Eurotin Options nor Eurotin Warrants outstanding. Assuming that the number of Eurotin Shares were unchanged on the Acquisition Record Date, each Eurotin Shareholder would be entitled to 9.37 CRP Shares in respect of each Eurotin Share held by them as of the Acquisition Record Date as a result of the Arrangement. In the event that additional Eurotin Shares are issued and outstanding on the Acquisition Record Date, the number of CRP Shares to which a Eurotin Shareholder shall be entitled to will be reduced in accordance with their pro rata holdings. On or immediately following the Effective Date, Eurotin will announce via press release the Acquisition Record Date and the specific entitlements of the Eurotin Shareholders to CRP Shares.

For more detailed information see "*The Arrangement*" and the Plan of Arrangement attached to this Circular as Schedule "C".

### **Background to the Arrangement**

The provisions of the Arrangement Agreement are the result of arm's length negotiations conducted among representatives of Eurotin and Elementos and their respective legal advisors.

In autumn of 2017 a major shareholder of Elementos approached management of Eurotin to discuss the concept of Elementos consolidating other tin development projects and including the Property. In spring of 2018 negotiations began in earnest and continued through to July of 2018. Management of Eurotin and Elementos had various meetings and telephone discussions regarding the possibility and terms of the Arrangement. In early July 2018, Elementos delivered a draft heads of agreement to Eurotin. On or about July 30, 2018, the Elementos Board approved the execution of the Heads of Agreement. On July 31, 2018, Elementos and Eurotin entered into the binding Heads of Agreement.

During September and October 2018 due diligence on the parties continued and the Heads of Agreement was extended a number of times. Eurotin commissioned the Fairness Opinion and established the Eurotin Special Committee to consider the Arrangement Agreement and the transactions contemplated therein as well as the Fairness Opinion. The Eurotin Special Committee recommended the Arrangement Agreement and Plan of Arrangement to the Eurotin Board and it was approved by the Eurotin Board on October 19, 2018. On October 19, 2018 Eurotin, Elementos, and Mark Wellings entered into the Arrangement Agreement.

Please see "*The Arrangement – Background to the Arrangement.*"

### **Recommendations of the Eurotin Board of Directors**

**After thorough review and analysis, the Eurotin Board, has considered the proposed Arrangement with Elementos on the terms conditions provided in the Arrangement Agreement and has unanimously**

**determined that the Arrangement is in the best interests of Eurotin and that the Consideration is fair, from a financial point of view, to the Eurotin Shareholders (other Mr. Wellings and his affiliates). Accordingly, THE EURO TIN BOARD HAS UNANIMOUSLY APPROVED THE TERMS OF THE ARRANGEMENT AND RECOMMENDS THAT YOU VOTE FOR THE ARRANGEMENT AT THE MEETING FOR THE REASONS SET FORTH HEREIN.**

Please see “*The Arrangement – Recommendations of the Board of Directors*” for further information

### **Reasons for the Arrangement**

Following completion of the Arrangement, Eurotin will essentially be a public shell corporation, that has value in its ability to provide access to public markets to developing businesses through a reverse take-over transaction. Following completion of the Arrangement, management of Eurotin will focus on the identification of potential companies to conduct a reverse take-over of Eurotin. The Arrangement will enable Elementos to facilitate its strategy of becoming a globally significant tin and base metals producer. Through ownership of the Distribution Shares, Eurotin Shareholders will continue to benefit from participation in the development of the Oropesa Property as well as from the rest of the Elementos asset portfolio which includes other exploration properties, all of which offer enhanced growth prospects and the diversification of risk to Eurotin Shareholders.

See “*The Arrangement - Reasons for the Arrangement*”.

### **Conditions to the Arrangement**

The obligations of Elementos and Eurotin to complete the Arrangement under the Arrangement Agreement are subject to the satisfaction or waiver of certain conditions, including, among others:

1. the Arrangement Resolution being approved by a Majority of the Minority of the Eurotin Shareholders at the Eurotin Meeting and the issuance of the CRP Shares being approved by the Elementos Shareholders at the Elementos Meeting;
2. the making of the Interim Order and the Final Order by the Ontario Superior Court of Justice (Court) approving the Arrangement Agreement pursuant to the OBCA;
3. Eurotin shall have obtained or made all filings, registrations, qualifications or approvals under the rules of the Exchange;
4. regulatory consents/authorisations required to implement the Arrangement Agreement being obtained in accordance with all applicable laws, including the rules and policies of all applicable stock exchanges;
5. there not existing any prohibition at law, including a cease trade order, injunction or other prohibition or order at law against Eurotin or Elementos which shall prevent the completion of the Arrangement Agreement;
6. the Arrangement Agreement shall not have been terminated in accordance with its terms;
7. the distribution by Eurotin of the Distribution Shares to the Eurotin Shareholders pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable securities laws; and
8. the Effective Date shall have occurred on or before the Outside Date.

The Arrangement Agreement also provides that the respective obligations of Eurotin and Elementos to complete the Arrangement are subject to the satisfaction or waiver of certain additional conditions precedent, including, there having not occurred any Material Adverse Effect in respect of either MESPA or Elementos or its subsidiaries, as the case may be.

Please see “*The Arrangement - The Arrangement Agreement - Conditions to the Arrangement*” for further information.

### **Conditions to the MESPA Transfer**

The obligations of Elementos and Eurotin to complete the MESPA Transfer are subject to the satisfaction or waiver of certain conditions, including, among others:

1. all conditions to the Arrangement having been deemed to have been satisfied, waived or released in accordance with their terms and the Arrangement occurring at the Effective Time;
2. the Regional Mining Authority Approval shall have been obtained on terms satisfactory to Elementos and Eurotin;
3. there shall not exist any prohibition at law, including a cease trade order, injunction or other prohibition or order at law or under applicable legislation, against Elementos or Eurotin which shall prevent the consummation of the MESPA Transfer;
4. the Arrangement Agreement shall not have been terminated in accordance with its terms;
5. the Distribution Shares shall have been distributed to the Eurotin Shareholders pursuant to the Arrangement;
6. the MESPA Completion Date shall have occurred on or before the Final MESPA Completion Date;
7. the covenants of each of Eurotin and Elementos and their respective subsidiaries as applicable shall have been performed in all material respects or waived;
8. the representations and warranties of Eurotin and Elementos and their respective subsidiaries as applicable shall be true and correct in all respects, as though made on and as of the MESPA Completion Date;
9. since the date of the Arrangement Agreement, there shall not have occurred or have been disclosed to either party or the public any event, occurrence, development or circumstance that, individually or in the aggregate, has had or would reasonably be expect to have a Material Adverse Effect on either of Eurotin or Elementos or any of their subsidiaries.

Please see “*The Arrangement –Arrangement Agreement - Conditions to the MESPA Transfer*” for further information.

### **Non Solicitation**

Pursuant to the Arrangement Agreement, Eurotin has agreed that it will not, directly or indirectly, solicit, initiate, encourage or facilitate any Acquisition Proposals. .

Notwithstanding the same, Eurotin is not restricted from considering, discussing or negotiating a bona fide unsolicited proposal believed to be a Superior Proposal and required to be considered by the Eurotin Board in order to discharge their fiduciary duties. In the event of a Superior Proposal, Eurotin must provide immediate notice to Elementos of such Superior Proposal and five business days to match the Superior



Proposal. If Eurotin accepts the Superior Proposal, it will be liable to immediately pay a termination fee to Elementos in the amount of \$100,000. See *“The Arrangement – The Arrangement Agreement – Non-Solicitation Covenant”*.

### **Termination of the Arrangement Agreement**

The Arrangement Agreement may be terminated prior to the Effective Time in various circumstances, other than as a result of Eurotin terminating the Arrangement Agreement to accept a Superior Proposal.

In addition to the circumstances set forth above, the Arrangement Agreement may also be terminated prior to the Effective Date, by the mutual agreement of the Parties, by either Party in the event that the either the Eurotin Shareholders do not approve the Arrangement, or Elementos Shareholders do not approve the Acquisition. For additional information please see, *“The Arrangement - the Arrangement Agreement – Termination”*.

### **Fairness Opinion**

Given the relatively straightforward nature of the Arrangement and the clear benefit to Shareholders, it was initially determined that a fairness opinion would not add value to the determination of if the Arrangement is in the best interests of the Eurotin Shareholders and would add to the transactional costs of the Arrangement unnecessarily. After some consideration, and a review of similar transactions, it was determined that a fairness opinion would be in the best interests of the Shareholders to assist in their considerations regarding approval of the Arrangement Resolution and to assist the court in its determination with respect to the Arrangement.

Pursuant to an engagement letter dated October 19, 2018, Cairn agreed to provide Eurotin and the special committee of its Board with the Fairness Opinion. The terms of the engagement letter between Eurotin and Cairn provide that Cairn will receive a fee for rendering the Fairness Opinion. Cairn is also to be reimbursed for its reasonable out-of-pocket expenses, and Eurotin has agreed to indemnify Cairn, in certain circumstances, against certain liabilities that might arise out of its engagement.

The Fairness Opinion concludes that, as of October 26, 2018, the Consideration is fair to the Shareholders (other than Mark Wellings or his affiliates) from a financial point of view. The complete text of the Fairness Opinion, which sets forth, among other things, certain assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this Circular as Schedule “K”. The Fairness Opinion is not and should not be construed as a valuation of Eurotin or Elementos or their respective assets or securities or as a recommendation to any Eurotin Shareholder to vote in favour of the Arrangement Resolution. Shareholders are encouraged to read the Fairness Opinion in its entirety. The Court read and considered the Fairness Opinion in providing the Interim Order.

Eurotin Shareholders are encouraged to read the Fairness Opinion carefully and in its entirety. The Fairness Opinion was provided to the special committee of the Board for its exclusive use only in considering the Arrangement and may not be used or relied upon by any other person or for any other purpose without Cairn’s prior written consent. The Fairness Opinion addresses only the fairness from a financial point of view of the Consideration to be received by Shareholders (other than Mr. Wellings and any of his affiliates) and does not address any other aspect of the Arrangement. The Fairness Opinion does not address the relative merits of the Arrangement as compared to any other strategic alternatives that may be available to Eurotin. The Fairness Opinion does not constitute a recommendation as to how Eurotin Shareholders should vote or act on any matters relating to the Arrangement. The summary of the Fairness Opinion set forth in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

The Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date thereof and the conditions and prospects, financial and otherwise, of Eurotin and Elementos as they are reflected in certain information obtained by Cairn from public sources or otherwise in connection with Cairn’s engagement by Eurotin, and as they have been represented to Cairn. In

Cairn's analyses and in connection with preparing the Fairness Opinion, Cairn made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Cairn or any party involved in the Arrangement.

### **Eurotin Special Committee**

As Mark Wellings is a principal shareholder, director, and officer of Eurotin, it was determined that the Arrangement Agreement and the Plan of Arrangement, and the Loan Agreement and Wellings Debenture be considered by the independent members of its board and established the Eurotin Special Committee. The Eurotin Special Committee is comprised of two directors: John Hick and David Danziger. The Eurotin Special Committee reviewed, among other things, the material agreements to the Arrangement. The Eurotin Special Committee recommended the Arrangement Agreement and the transactions contemplated thereby to the Eurotin Board on October 19, 2018.

### **Voting Agreements**

Mark Wellings, President of Eurotin, and a significant shareholder of Eurotin, has entered into a Voting and Support Agreement with Elementos pursuant to which he agrees to vote his shares in favour of the Arrangement. In addition, Andy Greig, Chairman of the Elementos Board, has entered into a similar Voting and Support Agreement with Eurotin.

### **Recommendations of the Boards of Directors**

The Eurotin Special Committee have considered the proposed Arrangement with Elementos on the terms and conditions as provided in the Arrangement Agreement and have unanimously determined that the Arrangement is in the best interests of Eurotin and is fair to the Eurotin Shareholders, creditors and other stakeholders. The Eurotin Board unanimously recommends that Eurotin Shareholders vote in favour of the Arrangement.

### **Procedure for Arrangement Becoming Effective**

#### *Procedural Steps*

The Arrangement shall be carried out pursuant to the OBCA. Aside from the terms of the Interim Order which was obtained from the Court on November 6, 2018 and attached hereto as Schedule "E", the following procedural steps must be taken in order for the Arrangement to become effective:

1. the Arrangement must be approved by the Eurotin Shareholders and the Acquisition must be approved by the Elementos Shareholders;
2. if approved by the Elementos Shareholders and the Eurotin Shareholders, and assuming all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, are satisfied or waived by the appropriate party, a hearing before the Court must be held to approve the Arrangement;
3. the Final Order must be issued by the Court; and
4. Articles of Arrangement will be filed with the Director and all other documents required to be executed and delivered in order for the Arrangement to become effective will be completed.

Please see "*The Arrangement – Procedure for the Arrangement to become Effective*" for additional information.

## **Shareholder Approvals**

### *Eurotin*

Pursuant to the OBCA and the articles of Eurotin, the Arrangement Resolution approving the Arrangement must be passed, with or without variation, by two-thirds of all votes cast with respect to the Arrangement Resolution by the Eurotin Shareholders, present in person or by proxy at the Eurotin Meeting.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Eurotin Board, without further notice to or approval of the Eurotin Shareholders, subject to the terms of the Arrangement, to decide not to proceed with the Arrangement and to revoke such Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the OBCA.

If more than 5% of the Eurotin Shares become the subject of Dissent Rights, the Arrangement may be terminated in accordance with the terms of the Arrangement Agreement.

In addition, the Exchange has determined that the Arrangement Resolution requires Majority of the Minority approval. The Exchange considers the period of time when Eurotin Shareholders hold CRP Shares (as opposed to ordinary shares of Elementos trading on the ASX) to be a partial de-listing pursuant to Exchange Policy 2.4, notwithstanding the fact that Eurotin Shares will continue to be listed on the NEX board of the Exchange following the Arrangement. Therefore, the Arrangement Resolution requires Majority of the Minority approval pursuant to Exchange Policy 2.4. Eurotin Shareholders who are also promoters, directors, officers, or an Insider of Eurotin will not have their votes counted toward this approval. *Elementos*

Pursuant to Australian law, the resolutions of Elementos Shareholders approving the issue of the CRPS Shares must be passed, with or without variation, by 75% of all votes cast with respect to such resolutions by the Elementos Shareholders, present in person or by proxy at the Elementos Meeting.

Please see “*The Arrangement – Shareholder Approvals*” for further information.

## **Court Approval**

The Arrangement under the OBCA requires the approval of the Court. Prior to the mailing of the Circular, Eurotin obtained the Interim Order providing for the calling and holding of the Eurotin Meeting and other procedural matters relating to the Arrangement. A copy of the Interim Order is attached hereto as Schedule “E”.

Provided that the Arrangement is approved by the requisite majority of the Eurotin Shareholders and Elementos Shareholders and certain other conditions are met, Eurotin will make application to the Court for the Final Order at 10:00 a.m. Toronto time (or as soon thereafter as legal counsel can be heard) on December 14, 2018 at the Court House, 10-393 University Avenue, Toronto, Ontario pursuant to the Notice of Petition for Final Order set out at Schedule “F”. The Final Order is not effective until Articles of Arrangement are filed with the Director, which will occur when all other conditions to closing have been met. At the hearing for the Final Order any security holder or creditor of Eurotin has the right to appear, be heard and present evidence if such person is of the view that his or her interests may be prejudiced by the Arrangement. (See also Schedule “E” - Interim Order and “*The Arrangement – Court Approvals*”).

## **Approval of TSX Venture Exchange**

Eurotin has applied for approval from the Exchange for the Arrangement and received conditional approval on September 24, 2018. Closing will be subject to the fulfillment of all of the requirements of the Exchange. It is a mutual condition precedent to the completion of the Arrangement Agreement that the final approval of the Exchange be obtained.

### **Securities Laws Information for Canadian Eurotin Shareholders**

The issuance of the Distribution Shares pursuant to the Arrangement will be distributed pursuant to exemptions from the registration and prospectus requirements of Canadian securities legislation. The Distribution Shares may be resold in each of the provinces of Canada, without significant restriction, although the CRP Shares will not be listed on the ASX or any stock exchange and will not be transferable without the prior written consent of Elementos. Upon completion of the MEPSA Transfer, the CRP Shares will convert automatically into Elementos Shares and will be listed for trading on the ASX without restriction. “*The Arrangement - Resale of Distribution Shares*.” As a result of the Arrangement, Elementos will become a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, but neither the CRP Shares or the Elementos Shares will be listed on any stock exchange in Canada.

### **Securities Law Information for United States Eurotin Shareholders**

The Distribution Shares to be issued to Eurotin Shareholders under the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued pursuant to the exemption from the registration requirements provided under Section 3(a)(10) of the U.S. Securities Act and exemptions under applicable state securities law.

Neither Elementos nor Eurotin has a class of securities registered with the SEC and, accordingly, neither is a reporting company in the United States.

For further information, see “*The Arrangement - Court Approvals*”, “*The Arrangement - Resale of Distribution Shares*” and “*The Arrangement - Additional Securities, Tax and Financial Statements Information for Eurotin Shareholders in the United States*.”

### **Delivery of Share Certificates**

Following approval of the Arrangement, at the Effective Time, Elementos shall issue the Distribution Shares to Eurotin which are to be distributed to Eurotin Shareholders who are not Dissenting Shareholders and after such distribution such Eurotin Shareholders shall be mailed a statement of account showing their holding of CRPS.

Please see “*The Arrangement – Delivery of Share Certificates*” for more information.

### **Right to Dissent**

Eurotin Shareholders are entitled, as a consequence of the Arrangement, to dissent and be paid the fair value for their Eurotin Shares should they so elect. If the Arrangement becomes effective, Dissenting Shareholders who have followed the procedural requirements will have their Eurotin Shares cancelled in exchange for a cash payment from Eurotin equal to the fair value of such Eurotin Shares as of the day of the Meeting. See Schedule “B” attached hereto for the full text of Section 185 of the OBCA, and see Schedule “C” attached hereto for the Plan of Arrangement and Schedule “E” attached hereto for the Interim Order.

The notice and dissent procedure requirements MUST BE STRICTLY OBSERVED. One of the conditions to the consummation of the Arrangement is that Dissent Notices are not received for a number of the Eurotin Shares in excess of 5% of Eurotin’s issued and outstanding common shares because that may make the Arrangement, in the opinion of Eurotin, impractical or no longer in the best interests of Eurotin. See “*Dissent Rights*” for further information.

### **Canadian Federal Income Tax Considerations**

Please refer to the summary of Canadian federal income tax considerations contained in this Circular set forth under “*Canadian Federal Income Tax Considerations*”. All Eurotin Shareholders should consult their own tax advisers for advice with respect to their own particular circumstances.

### **United States Federal Income Tax Considerations**

Eurotin Shareholders should be aware that the exchange of securities described herein may have tax consequences both in the United States and Canada, which are not described in this Circular. All Eurotin Shareholders should consult their own tax advisers for advice with respect to their own particular circumstances.

### **Interest of Insiders, Promoters or Control Persons**

The chart below indicates the total number of Eurotin Shares and the percentage of such issued and outstanding Eurotin Shares held by Insiders, promoters and control persons of Eurotin as of the Record Date:

<b>Name and Position</b>	<b>Number of Eurotin Shares</b>	<b>Percentage of Issued and Outstanding Eurotin Shares</b>
David Danziger <sup>(2)(3)(4)(5)</sup> Ontario, Canada	391,838	0.37%
John W. W. Hick <sup>(2)(3)(4)(5)</sup> Ontario, Canada	159,125	0.15%
Colin Jones <sup>(2)(3)(4)(5)</sup> Ontario, Canada	90,750	0.09%
Peter Miller Berkshire, United Kingdom	1,508,209	1.41%
Mark Wellings Ontario, Canada	42,793,139	40.09%

Notes:

- (1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) Member of the Audit Committee (David Danziger, Chair).
- (3) Member of the Environment, Health & Safety Committee (Colin Jones, Chair).
- (4) Member of the Corporate Governance and Nominating Committee (John W. Hick, Chair).
- (5) Member of the Human Resources and Compensation Committee (John W. Hick, Chair).

Votes received by the above-noted individuals will not be counted towards the Majority of the Minority approval required pursuant to Exchange policies.

### **Arm's Length Transaction**

Although the Arrangement was negotiated between arms' length parties, the provision of the Wellings Loan is technically a Related Party Transaction pursuant to the definition thereof in Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Mr. Wellings loaned funds to Eurotin for the development of Oropesa over a number of years and these loans were formally committed to writing in the Loan Agreement dated October 19, 2018. Elementos will be responsible for payment of the Wellings Loan pursuant to the Loan Agreement on the MESPA Completion Date. Please see "*Related Party Transaction*" for further information.

### **Available Funds**

Following completion of the Arrangement, Eurotin will essentially be a shell company. It will not meet the continued listing requirements of the Exchange and will be transferred to the NEX board of the Exchange. Having regard to its minimal operational expenses as a shell entity, Eurotin believes it will have sufficient working capital to complete its business objectives for the 18 months following the Effective Date.

Elementos intends to complete a financing for gross proceeds of approximately AUS\$1,200,000 through the issuance of 200,000,000 ordinary shares at an issuance price of AUS\$0.006 per share, as further described in the Schedule "G" attached hereto – "*Information Concerning Elementos*".

### **Market for Securities**

The Eurotin Shares are listed on the Exchange under the trading symbol "TIN". The price of the Eurotin Shares on the last day the Eurotin Shares traded prior to the announcement of the HoA on July 31, 2018 was \$0.085 (as of close of markets on July 30, 2018). It is anticipated that following completion of the Arrangement Eurotin will cease trading on the Exchange and will trade on the NEX, a board of the Exchange that provides a forum for listed companies that do not meet the Exchange's continued listing requirements.

Eurotin has applied for approval from the Exchange for the Arrangement. Closing will be subject to the fulfillment of all of the requirements of the Exchange. It is a mutual condition precedent to the completion of the Arrangement that the approval of the Exchange be obtained. Please see "*The Arrangement – Approval of the Exchange*" for further information.

The Elementos Shares are listed on the ASX under the symbol "ELT". The closing price of the Elementos Shares on the last trading day before announcement of the Heads of Agreement on July 31, 2018 was AUS\$0.006. Following completion of the Acquisition Elementos will continue trading on the ASX. Elementos has applied for and been granted approval from the ASX for the Acquisition and the issuance of the Distribution Shares and Closing will be subject to fulfilment of all the requirements of the ASX. See Schedule "G" - "*Information Concerning Elementos – Market for Securities*".

### **Conflicts of Interest**

The directors and officers of Eurotin and Elementos are involved in other projects, including projects in the mining industry and the investment industry, and may have a conflict of interest in allocating their time between the business of their respective companies and other businesses or projects in which they are or will become involved. Please see Schedule "G" "*Information Concerning Elementos – Conflicts of Interest*" and "*Information Concerning Elementos – Other Directorships*".

### **Interests of Experts**

To the best of Eurotin's and Elementos' respective knowledge, no direct or indirect interest in Elementos or Eurotin is held or will be received by any experts. Please see "*Interests of Experts*."

### **Timing**

It is anticipated that the Arrangement will become effective after the requisite approval of the Elementos Shareholders, Eurotin Shareholders, Court and all other regulatory approvals have been obtained and all other conditions to the Arrangement have been satisfied or waived. It is anticipated that the Arrangement will become effective on or before December 31, 2018. Following the Effective Date of the Arrangement, there will be a period of approximately three to six months where the parties will work towards acquiring the Regional Mining Authority Approval and completing the MESPA Transfer. The MESPA Completion Date must occur prior to the date that is twelve months following the distribution of the CRP Shares pursuant to the Arrangement Agreement.

### **Risk Factors**

In considering approval of the Arrangement, Eurotin Shareholders should carefully consider certain risks involved in the business of Eurotin and Elementos. Following the completion of the Arrangement, Elementos will own MESPA, and will carry on the activities described in this Circular. See “*Information Concerning Elementos*” set out at Schedule “G”. For a description of material risk factors with respect to the Arrangement, see “*Risk Factors*”.

### **Accompanying Documents**

This Circular is accompanied by several Schedules which are incorporated by reference into, form an integral part of, and should be read in conjunction with this Circular. It is recommended that Eurotin Shareholders read this Circular and the attached Schedules in their entirety.

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies**

The information contained in this Circular is furnished to the Eurotin Shareholders in connection with the solicitation by management of the Corporation of proxies to be voted at the Meeting of the Shareholders to be held at 10:00 AM (Toronto time) on December 12, 2018 at the offices of Chitiz Pathak LLP, 77 King Street West, Suite 700, Toronto, Ontario, M5K 1G8 for the purposes set forth in the accompanying Notice of Meeting or at any adjournment thereof. Unless otherwise stated, the information provided in this Circular is provided as of November 5, 2018.

This solicitation of proxies is made on behalf of the management of the Corporation. Such solicitation will be made primarily by mail, but proxies may be solicited personally, electronically or by telephone by directors and officers of the Corporation, who will not be remunerated therefor. The costs incurred in the preparation and mailing of the form of proxy, Notice of Meeting and this Circular will be borne by the Corporation. The cost of the solicitation will also be borne by the Corporation.

The Eurotin Board has fixed the close of business on November 5, 2018 as the record date, being the date for the determination of the registered Shareholders entitled to receive notice of, and to vote at, the Meeting (the “**Record Date**”).

### **Appointment of Proxyholders**

The persons named in the enclosed form of proxy are directors of the Corporation. A Shareholder has the right to appoint, as proxyholder or alternate proxyholder, a person, persons or a company (who need not be a Shareholder) to represent such Shareholder at the meeting, other than any of the persons designated in the enclosed form of proxy, and may do so either by inserting the name of his chosen nominee in the space provided for that purpose on the form and striking out the other names on the form, or by completing another proper form of proxy.

### **Deposit of Proxy**

An appointment of a proxyholder or alternate proxyholders, by resolution of the directors duly passed, WILL NOT BE VALID FOR THE MEETING OR ANY ADJOURNMENT THEREOF UNLESS IT IS DEPOSITED WITH THE CORPORATION’S TRANSFER AGENT, TSX TRUST COMPANY, SUITE 301, 100 ADELAIDE STREET WEST, TORONTO, ONTARIO, M5H 4H1, NOT LATER THAN THE TIME THAT IS 4:00 P.M. (TORONTO TIME) ON THE DAY, EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS, PRIOR TO THE MEETING OR ANY ADJOURNMENT THEREOF. A return envelope has been included with the material.

### **Revocation of Proxies**

A Shareholder who has given a proxy may revoke the proxy:

- (b) by depositing an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing:
  - (1) with TSX Trust Company, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof, at which the proxy is to be used;
  - (2) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used;



- (3) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (c) in any other manner provided by law.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **Exercise of Discretion**

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a Shareholder will be voted or withheld from voting in accordance with the instructions, if any, of the Shareholder on any ballot that may be called for. If the Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly by the proxy.

In the absence of such direction in respect of a particular matter, such shares will be voted in favour of such matter. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. As of the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any such amendments, variations or other matters which are not now known to the management of the Corporation should properly come before the Meeting, the shares represented by the proxies hereby solicited will be voted thereon in accordance with the best judgment of the person or persons voting such proxies.

All matters to be voted upon as set forth in the Notice of Meeting require approval by a simple majority of all votes cast at the Meeting, except where specified as a special resolution. Special resolutions require the affirmative vote of not less than two-thirds of the votes cast by the Shareholders who vote in respect of that resolution in order to be passed.

### **Non-Registered Holders**

Only registered holders of Common Shares or the persons they appoint as their proxies are permitted to vote at the Meeting. Many Shareholders are “non-registered” shareholders (“**Non-Registered Shareholders**”) because the shares they own are not registered in their names but are instead either (i) registered in the name of an intermediary (the “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Eurotin Shares, such as, among others, brokerage firms, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Circular and the enclosed form of proxy (collectively the “**Meeting Materials**”) to Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders of Eurotin Shares.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Shareholders. A Non-Registered Shareholder who has not waived the right to receive the Meeting Materials will either be given:

- (a) a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, in accordance with the directions of the Intermediary and which will constitute voting instructions which the Intermediary must follow; or

- (b) a form of proxy which has already been signed by the Intermediary (typically a facsimile signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. This form of proxy does not require the Intermediary to sign when submitting the proxy. In this case the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Corporation, c/o TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1.

In either case, the purpose of these procedures is to permit the Non-Registered Shareholder to direct the voting of the shares of the Corporation the Non-Registered Shareholder beneficially owns. Should a Non-Registered Shareholder wish to attend and vote at the Meeting in person, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert his or her name in the space provided for the purpose on the voting instructions form and return it in accordance with the directions of the Intermediary.

**The Non-Registered Shareholder should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instructions form is to be delivered.**

A Non-Registered Shareholder may revoke a form of proxy or voting instructions form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

#### **Non-Objecting Beneficial Owners**

These meeting materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions or form of proxy delivered to you.

#### **Voting Shares And Principal Holders**

The Corporation is authorized to issue an unlimited number of Common Shares. As of the close of business on the Record Date, the Corporation has issued and outstanding 106,741,332 fully paid and non-assessable Common Shares. All of the outstanding Common Shares are entitled to be voted at the Meeting and, unless otherwise stated herein, each resolution identified in the accompanying Notice of Meeting will be an ordinary resolution requiring for its approval a majority of the votes in respect of the resolution.

The Record Date for the Meeting is November 5, 2018. Each holder of Common Shares is entitled to one vote for each Common Share shown as registered in such holder's name on the list of Shareholders prepared as of the close of business on the Record Date with respect to all matters to be voted on at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as of the date hereof no person beneficially owns, directly or indirectly, or exercises control over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares of the Corporation, except as follows:

Name	Number of Shares	Approximate Percentage of Total Issued
Mark Wellings	42,793,139	40.09%
Lions Bay Capital Inc.	13,333,334	12.49%

## EXECUTIVE COMPENSATION

### *Named Executive Officers*

Pursuant to applicable securities regulations, the Corporation must disclose the compensation paid to its Named Executive Officers (“NEOs”) for the three most recently completed financial years. NEOs include the Corporation’s Chief Executive Officer, the Corporation’s Chief Financial Officer and the other three most highly compensated executive officers provided that disclosure is not required for those executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation did not exceed \$150,000.

### *Compensation Discussion & Analysis*

This section provides information regarding the compensation program in effect for the fiscal year ended March 31, 2018 for the NEOs and directors. The Corporation has approved a charter for the Human Resources and Compensation Committee (the “**Compensation Committee**”) in order to assist in the review, structure and approval of the Corporation’s compensation policies. The Corporation does not have a formal pre-determined compensation plan nor does it engage in benchmarking practices. Rather, the Corporation informally assesses the performance of its Named Executive Officers and considers a variety of factors generally, both objective and subjective, when determining compensation levels. Going forward, the compensation program of the Corporation has the following objectives: (1) to provide a compensation program that is fair and competitive in order to attract and retain well-qualified and experienced executives within the Corporation; (2) to focus the efforts of executives on business performance; and (3) to recognize individual performance. Compensation of the NEOs currently consists of salary and option grants.

In performing its duties, the Compensation Committee has considered the implications of risks associated with the Corporation’s compensation policies and practices. At its present early stage of development and considering its present compensation policies, the Corporation currently has no compensation policies or practices that would encourage an executive officer or other individual to take inappropriate or excessive risks. An NEO or director is permitted for his own benefit and at his own risk, to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units or exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly.

### *Compensation Governance*

The Compensation Committee oversees director and executive compensation and consists of three directors: Colin Jones, David Danziger, and John Hick, who serves as Chair.

### *Independence*

The Board has determined that Mr. Jones, Mr. Hick, and Mr. Danziger are independent and are free from any relationship that would interfere with their ability to exercise independent judgment as a member of the Compensation Committee. The Board bases its assessment on its independence criteria and the applicable rules, regulations and policies of regulatory authorities and stock exchanges. Senior management and

employees serve as resources to the Compensation Committee; however, the Compensation Committee may retain, at the expense of the Corporation, external advisors from time to time for independent advice and to assist it in carrying out its duties and responsibilities.

### ***Competencies***

While the qualifications for Compensation Committee members are not prescribed by a regulatory body, the Corporation believes that the Compensation Committee members should understand the issues and outcomes of compensation and human resources policy decisions and plan designs.

At a minimum, the Corporation believes the committee members should:

- (a) understand executive compensation and other human resources issues and have specific knowledge about the mining industry;
- (b) be familiar with the proxy disclosure rules and other legal requirements relating to executive compensation; and
- (c) be aware of emerging compensation trends and issues applicable to the Corporation and the mining industry.

All of the Compensation Committee members have diverse professional backgrounds and gained executive compensation experience while serving on the boards and as senior executives of other public companies and their compensation committees.

See their respective biographies under the heading “Election of Directors” below, for more information about the background and experience of each Compensation Committee member, including other board and board committee memberships with other public companies.

### ***Purpose of the Compensation Committee***

The Compensation Committee’s primary function is to assist the Eurotin Board in fulfilling its oversight responsibilities by:

1. reviewing, structuring and approving and then recommending to the Board for its approval, salary, bonus, and/or other benefits, direct or indirect, and any change of control packages of the Chairman of the Board (if any), the President, the Chief Executive Officer and other members of the senior management team deemed appropriate by the Compensation Committee;
2. recommending salary guidelines to the Board;
3. reviewing and recommending to the Board appropriate compensation for the directors of the Corporation;
4. administering, where applicable, the Corporation’s compensation plans, stock option plans, outside directors compensation plans, and such other compensation plans or structures as are adopted by the Corporation from time-to-time;
5. researching and identifying trends in employment benefits; and
6. establishing and periodically reviewing of the Corporation’s policies in the area of management benefits and perquisites.

### *Responsibilities and Duties of the Compensation Committee*

The responsibilities, duties and powers of the Compensation Committee include:

1. annually reviewing and revising the charter of the Compensation Committee as necessary with the approval of the Board;
2. providing annual reports to the Board on compensation matters;
3. annually reviewing and making recommendations to the Board after taking into account any recommendation of members of senior management, with respect to the Corporation's overall compensation and benefits philosophies and programs for employees, including base salaries, bonus and any incentive plans, deferred compensation and retirement plans and share purchase or issuance plans including stock options. As part of its review process, the Compensation Committee will review peer group and other industry compensation data reported through surveys and other sources;
4. annually reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other members of the senior management team and, evaluating their performance in light of those corporate goals and objectives. Based on such evaluation, annually reviewing and making recommendations to the Board with respect to compensation and benefit programs for the Chief Executive Officer and doing the same for other members of the senior management team including base salaries, bonuses or other performance incentives and stock options. In setting the salary of the Chief Executive Officer and other members of the senior management team, the Compensation Committee will take into consideration salaries paid to others in similar positions in the mining industry;
5. reviewing and making recommendations to the Board with respect to the implementation or variation of stock option plans, share purchase plans, restricted share plans, compensation and incentive plans and retirement plans. The number of options, restricted shares or other compensation granted will give consideration to the potential contribution an individual may make to the Corporation's success;
6. if required, preparing a report on executive compensation on an annual basis in connection with the preparation of the Corporation's annual proxy circular or as otherwise required pursuant to applicable securities laws. The Compensation Committee is also responsible to review all other executive compensation disclosure before it is filed with regulators and/or made public;
7. the preparation any report on executive compensation which may be required should be compliant with regulatory form requirements and should describe the process undertaken by the Compensation Committee and should speak specifically to the weighting factors and target levels set out in the determination of the executive's compensation;
8. reviewing and recommending to the Board the compensation of the Board including, annual retainer, meeting fees, option grants and/or other benefits conferred upon the Board;
9. viewing and submitting to the Board, as a whole, recommendations concerning executive compensation and compensation plan matters. Unless such matters are delegated specifically to the Compensation Committee, the Compensation Committee shall only make recommendations to the Board for their consideration and approval, if appropriate. The Board will have the responsibility to instruct management to implement the directives; and
10. the engagement and compensation of any outside advisor that it determines to be necessary from time to time to carry out its responsibilities.

### Option-Based Awards

Long-term incentives in the form of options to purchase Common Shares is intended to align the interests of the Corporation’s directors and its executive officers with those of its shareholders and to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value. In addition, the addition of “vesting” provisions at the time of option grants assists in retaining officers and directors over the longer term. The stock option incentive plan is administered by the Compensation Committee with ultimate authority for the grants of options retained by the Board based on recommendations from the Compensation Committee. In establishing the number of the incentive stock options to be granted to NEOs, reference is made to the number of stock options granted to officers of other publicly traded companies that, similar to the Corporation, are involved in the mineral exploration industry. The Compensation Committee and Board also consider the overall number of options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of options. The level of effort, time, responsibility, ability, experience and level of commitment of the executive officer or director is also considered in determining the level of incentive stock option compensation.

### Summary compensation table

The following table sets forth the compensation earned by the NEOs for the years ended March 31, 2016, March 31, 2017 and March 31, 2018.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mark Wellings, President & CEO	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Carlos Pinglo, CFO	2018	110,000	Nil	Nil	Nil	Nil	Nil	Nil	110,000
	2017	110,000	Nil	Nil	Nil	Nil	Nil	Nil	110,000
	2016	110,000	Nil	Nil	Nil	Nil	Nil	Nil	110,000

### Incentive Plan Awards

#### Outstanding Option-Based Awards as at March 31, 2018

Name	Option-based Awards					Share-based Awards		
	Number of securities underlying unexercised options (#)	Date Awarded	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid or distributed (\$)
Mark Wellings, President & CEO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Carlos Pinglo, CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Incentive Plan Awards – Value Vested or Earned During the Financial Year Ended March 31, 2018

The following table sets forth the value vested of option and share based awards for the NEOs:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Mark Wellings, President & CEO	Nil	Nil	Nil
Carlos Pinglo, CFO	Nil	Nil	Nil

### Stock Option Plan

The Corporation maintains a stock option plan (the “**Stock Option Plan**”) for directors, officers, employees and consultants of the Corporation and its subsidiaries, which was established on March 13, 2009.

The purpose of the Stock Option Plan is to add incentive and to provide consideration for effective services of full and part-time employees, full and part-time officers and directors of the Corporation, and persons performing special technical or other services to the Corporation and its subsidiaries. The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of options granted pursuant to the Stock Option Plan, from time to time, are determined by the Board at the time of the grant, subject to the defined parameters of the Stock Option Plan.

The Stock Option Plan is administered by the Board and the Compensation Committee. Participation is limited to directors, full and part-time officers, full and part-time employees and consultants providing services to the Corporation.

The exercise price of any option cannot be less than the discounted market price of the Common Shares at the time the option is granted. Market price is deemed to be the closing price as reported on the principal stock exchange or over-the-counter market on which the common shares are listed or quoted, on the last trading day immediately preceding the day upon which the option is granted. The exercise period cannot exceed ten years. Options will terminate on the date of expiration specified, 90 days after a participant ceases to be eligible (or 30 days if the recipient is involved in investor relations activities), or one (1) year after the date of death.

The Stock Option Plan allows for the issuance of stock options on a “rolling” basis whereby up to a maximum of 10% of the issued and outstanding Common Shares may be reserved for granting under the Stock Option Plan with no vesting provisions. The maximum number of Common Shares reserved for issuance to any individual officer or director shall not exceed five per cent (5%) of the issued and outstanding Common Shares and to any technical consultant shall not exceed two percent (2%) of the issued and outstanding Common Shares, in each case subject to adjustment of such number pursuant to the provisions contained in the Stock Option Plan related to share capital re-adjustments.

### Pension Plan Benefits

The Corporation has no pension or retirement plans.

### Director Compensation

The following table describes all compensation provided to the directors of the Corporation for the financial year ended March 31, 2018. Please see “summary compensation table” for details with respect to directors who also served as NEOs of the Corporation.

Name	Fees earned (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
David Danziger	\$10,000	Nil	Nil	Nil	Nil	Nil	\$10,000
John W.W. Hick	\$10,000	Nil	Nil	Nil	Nil	Nil	\$10,000
Colin Jones	\$10,000	Nil	Nil	Nil	Nil	Nil	\$10,000
Peter Miller	\$10,000	Nil	Nil	Nil	Nil	Nil	\$10,000
Mark Wellings	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- The fees earned are accrued and have not yet been paid.

### Termination And Change Of Control Benefits

Carlos Pinglo, who was appointed as CFO of the Corporation on September 27, 2011, has an employment agreement dated September 27, 2011 (as amended April 1, 2013, and May 1, 2015) with the Corporation (the “**Pinglo Agreement**”). Pursuant to the Pinglo Agreement, Mr. Pinglo receives an annual salary of \$110,000. In the event of the termination of Mr. Pinglo’s employment for any reason whatsoever by the Corporation other than for good cause, Mr. Pinglo shall be entitled to a severance payment in an amount equal to \$220,000. In the event of the termination of his employment after a change of control (as such term is defined in the Pinglo Agreement), Mr. Pinglo shall be entitled to the payment of severance equal to \$330,000.

Mark Wellings, who was appointed as President and CEO of the Corporation on November 30, 2015, has not entered into a formal employment agreement and has taken no compensation as of the date of this Circular.

### Securities Authorized For Issuance Under Equity Compensation Plans

This table sets forth information as at March 31, 2018 with respect to the Corporation’s compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	n/a	n/a	10,674,133
Equity compensation plans not approved by security holders	n/a	n/a	n/a

## CORPORATE GOVERNANCE PRACTICES

CORPORATE GUIDELINE	GOVERNANCE	THE PRACTICE OF EUROTIN INC.
1. <b>Board of Directors</b>		
(1) Disclose the identity of directors who are independent.		Four of the five proposed directors of the Corporation are independent, namely Peter Miller, Colin Jones, David Danziger, and John W. W. Hick.



(2) Disclose the identity of directors who are not independent, and describe the basis for that determination.	By virtue of his position as President and Chief Executive Officer, Mark Wellings is not independent.
<b>2. Board of Directors</b>	
If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<p>David Danziger is presently a director of the following reporting issuers: Euro Sun Mining Inc. (formerly Carpathian Gold Inc.) (TSX), Jackpotjoy PLC (LSE), The Intertain Group Inc. (TSX), Aumento Capital VII Corporation (TSXV) and Integrity Gaming Inc. (formerly Poydras Gaming Finance Corp.) (TSXV).</p> <p>Colin Jones is presently a director of Geodrill Limited (TSX).</p> <p>John W. W. Hick is presently a director of the following reporting issuers: Diamond Estates Wines and Spirits Inc. (TSXV), LSC Lithium Corporation (TSXV); Quebec Precious Metals Corporation (TSXV), Samco Gold Limited (TSXV) and Sphinx Resources Ltd. (TSXV).</p> <p>Peter Miller is presently a director of International Millennium Mining Corp. (TSXV)</p> <p>Mark Wellings is presently a director of the following reporting issuers: Contact Gold Corp. (TSXV), Superior Gold Inc. (TSXV) and Adventus Zinc Corporation (TSXV).</p>
<b>3. Orientation and Continuing Education</b>	
Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.	<p>Responsibility of Corporate Governance and Nominating Committee</p> <p>Each new director discusses with the existing members of the Board the relevant board and committee mandates and the duties, time commitments and contributions expected of each Board member. All directors are given the opportunity to discuss the Corporation's business and affairs and board procedures of the Corporation with the external auditors and legal counsel. The Corporation has prepared a Director's Manual for all new Directors including all company mandates, policies, procedures and filing requirements and promotional material.</p> <p>Management provides a presentation outlining the Corporation's business and affairs, including information regarding each of the Corporation's on-going mineral properties and future objectives relating to each property. Members of the Corporation's management make themselves available to the Board to discuss the Corporation's business and affairs.</p> <p>Currently, no formal continuing education process has been adopted. However, the Corporation's management endeavours to ensure that the Board is kept aware of changes affecting the Corporation's business and of changes in any legal, regulatory and industry requirements and standards. Board members are entitled to attend such seminars or educational programs as each may determine necessary to keep abreast of current issues relevant to their service as directors.</p>

<b>4. Ethical Business Conduct</b>	
Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.	<p>The Corporation has adopted a Code of Business Conduct and Ethics.</p> <p>In addition, each director is required to disclose fully to the Board any material interest such director may have in any transaction contemplated by the Corporation. In the event that a director discloses a material interest in a proposed transaction, the Corporation's independent directors will review the nature and terms of the proposed transaction in order to ascertain and confirm that it is being considered on commercially reasonable and arm's-length terms.</p>
<b>5. Nomination of Directors</b>	
Disclose what steps, if any, are taken to identify new candidates for board nomination, including:	
<ol style="list-style-type: none"> <li>1. who identifies new candidates, and</li> <li>2. the process of identifying new candidates.</li> </ol>	<p>(a) The Corporate Governance &amp; Nominating Committee identifies potential candidates to serve as Board members. The Corporate Governance &amp; Nominating Committee also seeks recommendations from the Board, management and from outside advisors regarding suitable candidates.</p> <p>(b) Board members are encouraged during their regular meetings to identify new candidates for nomination to the Board. The Board is asked to consider the needs of the Corporation in conjunction with the competencies and skills of any proposed nominees.</p>
<b>6. Compensation</b>	
Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:	
<ol style="list-style-type: none"> <li>(a) who determines the compensation; and</li> <li>(b) the process of determining compensation.</li> </ol>	<p>(a) The Compensation Committee examines executive compensation on an annual basis and makes recommendations on setting such compensation to the Board.</p> <p>(b) The members of the Compensation Committee annually review all compensation of senior management and directors, and consider such factors as comparable compensation within the industry and time required to perform the associated duties and responsibilities. A recommendation is made to the Board by the Compensation Committee for final discussion and approval.</p>
<b>7. Other Board Committees</b>	
If the board has standing committees other than the audit, compensation and nominating committees, describe their function.	Environmental, Health and Safety Committee – function is to assist the Board in its oversight of environmental, health and safety issues and has authority to investigate any activity of the Corporation and its subsidiaries relating to environmental, health or safety matters.
<b>8. Assessments</b>	
Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees and its individual directors are performing effectively.	Responsibility of Corporate Governance and Nominating Committee. The Board as a whole also helps to assess each director's individual performance.

## AUDIT COMMITTEE

The Corporation is required to have an audit committee comprised of not less than three directors, all of whom must be independent of the Corporation subject to exemptions under applicable securities laws (the “**Audit Committee**”).

### **Audit Committee Charter**

The Board has adopted a Charter for the Audit Committee, which sets out the Committee’s mandate, organization, powers and responsibilities. The complete Charter is attached as Schedule “J” to this Management Information Circular.

### **Independence**

National Instrument 52-110 Audit Committees, (“NI 52-110”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of the member’s independent judgment.

The Corporation’s current Audit Committee consists of David Danziger, John W. W. Hick and Colin Jones. Each of Mr. Danziger, Mr. Hick and Mr. Jones are independent.

### **Relevant Education and Experience**

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements. All members of the Audit Committee are financially literate as such term is defined in NI 52-110. Each of the members has the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

The following sets out the relevant education and experience of the members of the Audit Committee:

**David Danziger, B.Comm., CPA, CA** – Mr. Danziger is a Chartered Accountant with over 30 years of experience in audit, accounting and management consulting and over 15 years’ experience specific to the mineral resource sector. He is currently an assurance partner at MNP LLP, Chartered Professional Accountants, and a director of Jackpotjoy PLC, The Intertain Group Limited, Euro Sun Mining Inc. (formerly Carpathian Gold Inc.), Integrity Gaming Inc. (formerly Poydras Gaming Finance Corp.) and Aumento Capital VII Corporation. Mr. Danziger has served as both a member and chairman on numerous audit committees of companies listed on each of the TSX, the TSXV and the CSE. He also serves as audit partner for many public companies and regularly presents to audit committees on all exchanges.

**John W. W. Hick, B.A., LL.B.** – Mr. Hick has considerable experience in both senior management and director capacities with a number of public companies over the last 35 years, prior to which he was actively engaged in the practice of law in Ontario. Mr. Hick is currently President & CEO of his own consulting firm, John W. W. Hick Consultants Inc. During his career, he has also been the President and/or CEO of the following public companies where he had direct involvement in and responsibilities for the financial results and reporting of such companies: Medoro Resources Ltd., Grafton Group Limited; TVX Gold Inc., Geomaque Explorations Ltd., Defiance Mining Corporation and Rio Narcea Gold Mines Ltd. In addition to serving as a director, he has served on

the audit committees of a number of public companies and is currently serving on the audit committees of the following public companies: Diamond Estates Wines and Spirits Inc., Quebec Precious Metals Corp., Samco Gold Ltd., and Sphinx Resources Ltd.

**Colin Jones, B.Sc.** – Mr. Jones has considerable experience with public companies. From 1998 to 2006, Mr. Jones served as Partner and Manager Audits for RSG Global and from 1994 to 1998, he served as an Exploration Manager for Freeport Indonesia. Mr. Jones served as a Director of Odyssey Resources Ltd., from January 2008 to September 2008, a Director of Helio Resource Corp. from January 2008 to June 2013 and a Director of Premium Exploration, Inc. from July 2010 to December 2012. Mr. Jones has been a Director of Geodrill Limited since November 15, 2010 and West African Resources Limited from February 28, 2014 to August 28, 2015. Mr. Jones has a Bachelor of Science (Earth Sciences) from Massey University, NZ.

#### ***Audit Committee Oversight***

Since the commencement of the Corporation’s most recently completed financial year, the Audit Committee of the Corporation has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

#### ***Reliance on Certain Exemptions***

Since the commencement of the Corporation’s most recently completed financial year, the Corporation has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI-52-110; or
- (b) an exemption from NI-52-110, in whole or in part, granted under Part 8 (Exemptions).

#### ***Pre-Approval Policies and Procedures***

The Audit Committee has not adopted any specific policies and procedures for the engagement of non audit services.

#### ***Audit Fees***

Grant Thornton LLP was appointed the auditor of the Corporation effective September 27, 2011. The following table sets forth the fees paid by the Corporation and Stannico to Grant Thornton LLP for services rendered in the fiscal years ended March 31, 2017 and March 31, 2018:

	<u>2017</u>	<u>2018</u>
Audit Fees:	\$25,000	\$25,000
Audit Related Fees:	Nil	Nil
Tax Fees:	Nil	Nil
All Other Fees:	Nil	Nil
<b>Total:</b>	<b>\$25,000</b>	<b>\$25,000</b>

The Corporation is a “venture issuer” as defined in NI-52-110 and is relying on the exemption in section 6.1 of NI-52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations).

#### **INTEREST OF CERTAIN PERSONS IN MATERIAL TRANSACTIONS**

Other than as previously disclosed in this Circular, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive

officer, proposed nominee for election as a director or any Shareholder holding more than 10% of the voting rights attached to the Common Shares or an associate or affiliate of any of the foregoing in any transaction in the preceding financing year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

#### **INDEBTEDNESS OF CORPORATION OF DIRECTORS AND SENIOR OFFICERS**

Other than as stated below, no director, executive officer, promoter, member of management, nominee for election as director of the Corporation or any of their associates or affiliates is or has been indebted to the Corporation during the most recently completed financial year.

The Corporation is indebted to Mark Wellings for the amount of \$1 million on account of cash advances provided to the Corporation, which is reflected in the Wellings Loan to be assumed by Elementos pursuant to the Arrangement.

#### **COMMITMENTS TO ACQUIRE SECURITIES OF THE CORPORATION**

Other than as set forth herein, there are no agreements, commitments, or understandings made by the Corporation or any officers or directors of the Corporation to acquire Common Shares.

#### **PARTICULARS OF MATTERS TO BE ACTED UPON**

##### **Arrangement Agreement**

The primary purpose of the Meeting is the consideration of the Arrangement. At the Meeting, Eurotin Shareholders will be asked to consider and, if deemed advisable to pass the Arrangement Resolution, as set forth in Schedule “A” attached hereto, to approve the Arrangement under the OBCA pursuant to the terms of the Plan of Arrangement and the Arrangement Agreement.

In order to implement the Arrangement, the Arrangement Resolution must be approved by not less than two thirds of votes cast by the Eurotin Shareholders, present in person or by proxy at the Meeting. The Arrangement Resolution must also receive Majority of the Minority approval. For Majority of the Minority Approval, the voting shares, held directly or indirectly, by the following promoters, directors, officers or other Insiders of Eurotin will not be counted:

Name and Position	Number of Eurotin Shares	Percentage of Issued and Outstanding Eurotin Shares
David Danziger Director	391,838	0.37%
John W. W. Hick Director	159,125	0.15%
Colin Jones Director	90,750	0.09%
Peter Miller Director	1,508,209	1.41%
Mark Wellings Director, Chief Executive Officer	42,793,139	40.09%

Lions Bay Capital Inc. Insider	13,333,334	12.49%
Carlos Pinglo Chief Financial Officer	Nil	Nil

The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below at “*The Arrangement*” and “*The Arrangement Agreement*”. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Eurotin under its profile on SEDAR at [www.sedar.com](http://www.sedar.com), and the Plan of Arrangement, which is attached to this Circular as Schedule “C”. In the event of any inconsistency between the descriptions of the Arrangement, the Plan of Arrangement or the terms of the Arrangement Agreement contained herein and the terms of the Plan of Arrangement or the Arrangement Agreement, the Plan of Arrangement and the Arrangement Agreement, as applicable, shall govern. If the Arrangement is approved at the Meeting and the Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect commencing at the Effective Time (which will be at 12.01 a.m (Toronto time)) on the Effective Date (which is expected to occur before December 31, 2018).

**Management of the Corporation recommends that Shareholders vote in favor of the Arrangement Resolution. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the approval of the Arrangement Resolution.**

#### **Election of Directors**

The articles of the Corporation provide that the Board shall consist of a minimum of one and a maximum of ten directors, the number of which may be fixed from time to time by a resolution of the Board. The Corporation currently has five directors. The number of directors of the Corporation proposed to be elected at the Meeting is five. The term of office of the current five directors will end at the conclusion of the Meeting. Unless a director’s office is earlier vacated in accordance with the provisions the OBCA, each director will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

The following table sets out the names of management’s nominees for election as directors, each nominee’s principal occupation, business or employment, the period of time during which each has been a director of the Corporation, the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date hereof.

Name and Residence	Principal Occupation	Director Since	Shares Held or Beneficially Owned <sup>(1)</sup>	Percent of Issued and Outstanding Common Shares
David Danziger <sup>(2)(3)(4)(5)</sup> Ontario, Canada	Partner, MNP LLP	July, 2008	391,838	0.37%
John W. W. Hick <sup>(2)(3)(4)(5)</sup> Ontario, Canada	Corporate Director	April, 2011	159,125	0.15%
Colin Jones <sup>(2)(3)(4)(5)</sup> Auckland, New Zealand	Independent Geological Consultant	April, 2011	90,750	0.09%
Peter Miller Berkshire, United Kingdom	Independent Geological Consultant	April, 2011	1,508,209	1.41%
Mark Wellings Ontario, Canada	President & CEO of the Corporation	January, 2015	42,793,139	40.09%

Notes:

- (1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) Member of the Audit Committee (David Danziger, Chair).
- (3) Member of the Environment, Health & Safety Committee (Colin Jones, Chair).
- (4) Member of the Corporate Governance and Nominating Committee (John W. W. Hick, Chair).
- (5) Member of the Human Resources and Compensation Committee (John W. W. Hick, Chair).

The following is a brief biography of the director nominees:

**David Danziger**, BComm., C.P.A., C.A. - Director. Mr. Danziger is the Senior Vice President, Assurance and the National Leader, Public Companies at MNP LLP, Chartered Professional Accountants, a full service audit and accounting firm with locations across Canada. Mr. Danziger has over 30 years' experience in audit, accounting and management consulting and over 15 years specific in the mineral resource sector. He is currently a Director for Jackpotjoy PLC (LSE), The Intertain Group Inc. (TSX), Euro Sun Mining Inc. (formerly Carpathian Gold Inc.) (TSX), Integrity Gaming Inc. (formerly Poydras Gaming Finance Corp.) (TSXV) and Aumento Capital VII Corporation (TSXV). Mr. Danziger graduated with a B.Comm. from the University of Toronto.

**John W. W. Hick B.A., LL.B** - Director and Chairman of the Board. Mr. Hick has over 35 years' of experience in the mining industry in both senior management positions and as an independent director, during which he has spent the majority of his time based in Toronto, Canada. He is currently President and CEO of his own consulting company, John W. W. Hick Consultants Inc., and acts as an independent director of a number of TSX (or TSXV) listed companies. Previously, Mr. Hick has held either senior management and/or board positions with a number of publically listed Canadian mining companies, including Medoro Resources Ltd., Rio Narcea Gold Mines Ltd, Defiance Mining Corp., Geomaque Explorations Ltd., TVX Gold Inc., Rayrock Resources Inc. and Placer Dome Inc.

**Colin Jones**, B.Sc. - Director. Mr. Jones is a mining, exploration and geological consultant with 30 years' experience. Previously, Mr. Jones was the Executive Vice-President of Dundee Resources Limited, responsible for sourcing investment opportunities globally in exploration and development companies as well as management of associated technical evaluation and due diligence programs. He has worked on all continents on producing mines, as part of feasibility teams and as an explorationist. From 1998 to 2006, Mr. Jones served as Partner and Manager Audits for RSG Global and from 1994 to 1998, he served as an Exploration Manager for Freeport Indonesia. Mr. Jones served as a Director of Odyssey Resources Ltd., from January 2008 to September 2008, a Director of Helio Resource Corp. from January 2008 to June 2013, a Director of Premium Exploration, Inc. from July 2010 to December 2012 and a Director of West African

Resources Limited from February 28, 2014 to August 28, 2015. Mr. Jones has been a Director of Geodrill Limited since November 15, 2010. Mr. Jones has a Bachelor of Science (Earth Sciences) from Massey University, NZ.

**Peter Miller**, B.Sc (Geol), MBA, C.Sci. - Director. In 1970, Peter Miller began his career as a mine geologist on Libanon gold mine in South Africa. From 1974 to 1985, he was with leading South African brokerage houses, where he was several times voted the country's top mining analyst. In 1982, he co-founded MasterBore, which grew to become South Africa's second largest drilling company over the following five years. In 1985, he returned to the UK to become a senior mining analyst with Shearson Lehman Brothers and shortly thereafter joined Canada's Yorkton Securities as both a senior mining analyst and corporate financier. In 1997, he founded Icelandic Gold, which ultimately became Iberian Minerals Corp.; during the period 1999-2008, while he was President and CEO, the company bought and then developed the \$500 million Aguas Tenidas copper/zinc mine in southern Spain, as well as purchased the Condestable copper mine in Peru. In 2008, he acquired the option rights to majority interests in two tin projects in Spain, which became the principal assets of the Corporation. Mr. Miller served as President and CEO of the Corporation from April 12, 2011 to October 14, 2013.

**Mark Wellings**, P.Eng., MBA, B.A.Sc. (Geological Engineering) - Director. Mr. Wellings, is a mining professional with over 25 years international experience in both the mining industry and mining finance sector. From 1988-2004 Mr. Wellings worked in the industry with a variety of companies and roles including Derry, Michener, Booth & Wahl, Arimco N.L., Inco Ltd. and Watts Griffis McQuat acquiring valuable hands-on experience in exploration, development and production. Following completion of his MBA in 1996, Mr. Wellings joined the investment dealer GMP Securities L.P. where he co-founded the firm's corporate finance mining practice. In his 18 years at GMP, Mr. Wellings was responsible for, and advising on, some of the Canadian mining industry's largest transactions, both in equity financing and M&A. On November 30, 2015, Mr. Wellings was appointed President and CEO of the Corporation.

#### *Corporate Cease Trade Orders or Bankruptcies*

Other than as noted below, no proposed director is, or has been, within 10 years before the date of this Circular:

- a. a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days;
- (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

David Danziger and John Hick were each a director of the Carpathian Gold Inc. when on April 16, 2014, the Ontario Securities Commission (the "OSC") issued a permanent management cease trade order, which superseded a temporary management cease trade order (the "MCTO") dated April 4, 2014, against the management of Carpathian Gold Inc. The MCTO was issued in connection with the Corporation's failure to file its (i) audited annual financial statements for the year ended December 31, 2013, (ii) management's discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2013, and (iii) corresponding certifications of the foregoing filings as required by National Instrument 52-



109 – Certification of Disclosure in the Issuer’s Annual and Interim Filings. The MCTO was lifted on June 19, 2014 following the filing of the required continuous disclosure documents on June 17, 2014. On April 17, 2015 the OSC again issued a MCTO against the management of Carpathian Gold. The MCTO was issued in connection with the Corporation’s failure to file its (i) audited annual financial statements for the year ended December 31, 2014, (ii) management’s discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2013, and (iii) corresponding certifications of the foregoing filings as required by National Instrument 52-109 – Certification of Disclosure in the Issuer’s Annual and Interim Filings. The MCTO was lifted on May 1, 2015 following the filing of the required continuous disclosure documents on April 29, 2015.

Mr. Danziger was appointed director of American Apparel, Inc. (“**American Apparel**”), a company listed on the NYSE MKT LLC exchange on July 11, 2011 and resigned as director on June 14, 2015. Subsequently, on October 5, 2015, American Apparel announced that it had reached an agreement with its lenders to significantly reduce its debt and interest payments through a consensual pre-arranged reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. On October 6, 2015, American Apparel announced that it received a notification letter stating that the staff of NYSE Regulation, Inc. determined to suspend trading immediately and commence proceedings to delist American Apparel's common stock from NYSE MKT LLC due to the uncertainty resulting from the proposed Chapter 11 reorganization.

Mr. Hick was a director of Timminco Limited (“**Timminco**”) which was granted protection under the *Companies Creditors Arrangement Act* (“**CCAA**”) on January 3, 2012. As a result of the CCAA filing, the TSX delisted the company effective February 6, 2012. On August 17, 2012, with the approval of the judge overseeing the CCAA process, a professional receiver was appointed to manage the voluntary bankruptcy and winding up of Timminco and all of the directors resigned effective that date.

#### *Penalties or Sanctions*

To the knowledge of the Corporation, no proposed director has been subject:

- (1) to any penalties or sanctions imposed by a court or securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (2) to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about voting for the election of the director.

**Management of the Corporation recommends that Shareholders vote in favour of the recommended directors. Shareholders can vote for all of these directors, vote for some of them and withhold for others, or withhold for all of them. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the proposed nominees set forth above as directors of the Corporation.**

#### **Appointment and Remuneration of Auditors**

Shareholders are requested by management to approve a resolution to re-appoint Grant Thornton LLP as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration.

**Management of the Corporation recommends that Shareholders vote in favor of re-appointing Grant Thornton LLP as auditors of the Corporation and to authorize the directors to fix their remuneration. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote**

**FOR the approval of the resolution to appoint Grant Thornton LLP and to authorize the directors to fix their remuneration.**

### **Approval Of Stock Option Plan**

The Corporation has in place a Stock Option Plan which provides that the Board may from time to time, in its discretion and in accordance with TSXV requirements, grant to directors, officers, employees and consultants of the Corporation options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Corporation's issued and outstanding Common Shares at the date of being granted. It is a requirement of TSXV policies that issuers who have such "rolling plans" seek annual Shareholder approval of their stock option plan. Accordingly, although no amendments are being made to the Stock Option Plan, Shareholders will be asked to re-approve the Stock Option Plan in accordance with TSXV policy.

For a description of the Stock Option Plan, see "*Executive Compensation-Stock Option Plan*", above.

**Management of the Corporation recommends that Shareholders vote in favor of the resolution to approve the Stock Option Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the annual approval of the Stock Option Plan.**

## **THE ARRANGEMENT**

### *Purpose of the Arrangement*

Eurotin has agreed to sell its wholly-owned subsidiary, MESPA, to Elementos for consideration of 1 billion CRP Shares to be issued from treasury by Elementos to Eurotin and then distributed pro rata to current Eurotin Shareholders. Elementos is a tin exploration company listed on the ASX, and has a business strategy to become a globally significant tin and base metals producer. Elementos' primary asset is its 100% ownership of the Cleveland tin project in Tasmania located 80 kilometers southwest of Burnie in the mineral rich northwest region of Tasmania, Australia. Eurotin is a junior mining exploration company listed on the Exchange, and its material mining asset is its 96% interest in the Oropesa Property, held indirectly through MESPA.

The purpose of the Arrangement is to effect the acquisition of MESPA by Elementos. Following completion of the Arrangement, Eurotin Shareholders will continue to hold their Eurotin Shares and will also hold the Distribution Shares of Elementos. Elementos Shareholders will continue to have an indirect interest in MESPA through their holdings in Elementos. See Schedule "G" – "*Information Concerning Elementos*".

The description of the Arrangement in this section "*The Arrangement*" is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached as Schedule "C" hereto and the full text of the Arrangement Agreement, which is available on SEDAR under Eurotin's profile. In the event of any inconsistency between the descriptions of the Arrangement, the Plan of Arrangement or the terms of the Arrangement Agreement contained herein and the terms of the Plan of Arrangement or the Arrangement Agreement, the Plan of Arrangement and the Arrangement Agreement, as applicable, shall govern.

### *The Arrangement*

Pursuant to the Arrangement Agreement, Elementos, or a subsidiary of Elementos, will acquire all of Eurotin's interests in MESPA in consideration of the issuance of 1,000,000,000 CRP Shares to be distributed pro rata to Eurotin Shareholders. The Arrangement Agreement establishes the Plan of Arrangement and provides for the following transactions to occur and be deemed to occur without further act or formality at the Effective Time:

1. Eurotin Shares held by Dissenting Shareholders will be deemed to be transferred back to Eurotin, and the Dissenting Shareholders will cease to have any rights as Eurotin Shareholders other than the

- right to be paid fair value for their Eurotin Shares in accordance with the terms of the Plan of Arrangement and OBCA;
2. Eurotin shall be bound by its obligations as set out in the Arrangement Agreement to, amongst other things, transfer the MESPA Shares, transfer any documents required for the completion of the MESPA Transfer, and complete the conditions precedent with respect to the MESPA Transfer as set out in the Arrangement Agreement on the MESPA Completion Date and in consideration therefore Elementos will issue the ELT CRPS;
  3. Each holder of Eurotin Shares in respect of which Dissent Rights have not been exercised, shall be entitled to a return on capital of each of its Eurotin Shares in the form of a number of ELT CRPS that is equal to the ratio of 1,000,000,000 ELT CRPS divided by the number of Eurotin Shares that are not subject to Dissent Rights outstanding immediately prior to the Effective Time, or such other amount as the directors may determine as is necessary to reduce the stated capital of the Eurotin Shares to an amount that will result in the distribution of all of CRP Shares received by Eurotin to the shareholders of Eurotin.

For more detailed information, see the Plan of Arrangement attached to this Circular as Schedule “C”.

No fractional securities will be issued. Any fractions resulting will be rounded down to the next whole number.

As of the Record Date, there are 106,741,332 Eurotin Shares issued and outstanding and no options, or warrants exercisable for Eurotin Shares.

#### *Treatment of Eurotin Warrants and Options*

The Arrangement Agreement and the Plan of Arrangement will not have any impact on options or warrants exercisable into Eurotin Shares as no options or warrants are outstanding on the date of this Circular.

#### *Background to the Arrangement*

The provisions of the Arrangement Agreement are the result of arm’s length negotiations conducted among representatives of Eurotin and Elementos and their respective legal advisors.

In autumn of 2017 a major shareholder of Elementos approached management of Eurotin to discuss the concept of Elementos potentially consolidating other tin developments and including the Oropesa Property in such consolidation. Later in 2017, management of Eurotin was introduced to management of Elementos. In spring of 2018 negotiations began in earnest and continued through to July of 2018. Throughout that period members of the Eurotin Board and the Elementos Board had various meetings and telephone discussions regarding the possibility and terms of the sale of the Oropesa Property. Canadian mining companies have experienced a market downturn for a number of years and the share price for Eurotin’s shares were not reflective of the value of the Oropesa Property. Furthermore, Eurotin would suffer significant dilution should it continue to fund the development of the Oropesa Property.

Through the course of the spring and early summer of 2018 the Elementos Board and Eurotin Board determined the basic terms of the sale and established that the transaction would be completed by Plan of Arrangement, and Elementos would assume the Wellings Loan pursuant to a Loan Agreement and would also issue the Wellings Debenture.

In early July, 2018, Elementos delivered a draft Heads of Agreement to Eurotin. On or about July 31, 2018, the Elementos Board approved the execution of the Heads of Agreement. The Eurotin Board approved the execution of the Heads of Agreement on July 30, 2018. On July 31, 2018, Elementos and Eurotin entered into the binding Heads of Agreement. The target date for completion of the Arrangement Agreement and all ancillary agreements in the Heads of Agreement was August 31, 2018. Due diligence in Spain revealed that

the MESPA Transfer could not be completed at the same time as the Arrangement and the transaction would have to be staggered across two stages. This development required an extension to the diligence period under the Heads of Agreement and the Variation to the Binding Heads of Agreement was signed on September 5, 2018 to push the deadline for signing the Arrangement Agreement out to September 21, 2018. A second Variation to Heads of Agreement was entered into to extend the time further to September 28, 2018, and a third Variation to Heads of Agreement to extend to October 5, 2018. A fourth Variation to Heads of Agreement was entered into to extend the time further to October 12, 2018.

On or about October 5, 2018, Eurotin established the Eurotin Special Committee comprised of independent directors of Eurotin to consider the transactions contemplated by the Heads of Agreement and approval of the Loan Agreement, the Wellings Debenture, and the Arrangement Agreement.

The parties continued their negotiations respecting the terms of the Heads of Agreement and consulted with legal counsel to obtain corporate, securities, and tax advice and their fairness opinion advisors to assist them with the negotiations of the Arrangement.

On October 11, 2018 the Eurotin Special Committee met to review the Arrangement Agreement, the Loan Agreement and the Wellings Debenture in substantially final form, and recommended approval to the wider Eurotin Board. On or about October 17, 2018, the Eurotin Special Committee discussed the need for a fairness opinion and retained Cairn Merchant Partners LP to provide the Fairness Opinion with respect to the Arrangement Agreement and the transactions contemplated thereby and the fairness, from a financial perspective, of the Consideration to be provided to the Eurotin Shareholders (other than Mr. Wellings and any of his affiliates) in connection with the Arrangement. Cairn Merchant Partners LP was formally retained by the Eurotin Special Committee on October 19, 2018. On October 19, 2018, after considering all of the relevant factors, including the fact that Cairn would be providing the Fairness Opinion, the Eurotin Board approved the Arrangement Agreement and the Plan of Arrangement as being in the best interests of Eurotin and its Shareholders.

#### *Reasons for the Arrangement*

The Eurotin Board is of the view that the Arrangement will benefit Eurotin and the Eurotin Shareholders for the following reasons:

1. The Eurotin Board believes that the current market price of the Eurotin Shares does not adequately reflect the underlying value of the Oropesa Property. Elementos will be able to expend the necessary resources to further develop the mine to production and profit and Eurotin Shareholders will benefit from the unlocking of this value through their holdings in Elementos;
2. Market conditions for mineral resource issuers is generally more positive in Australia than it is in Canada currently which the Eurotin Board believes will help to unlock the potential of the Oropesa Property by Elementos;
3. Through ownership of Elementos Shares, Eurotin Shareholders also benefit from participation in Elementos' Cleveland tin project in Tasmania, Australia in addition to the Oropesa Property held by MESPA and any future exploration projects that may be added to Elementos' portfolio, which offers enhanced growth prospects and diversification of risk to Eurotin Shareholders;
4. Following completion of the Arrangement, Eurotin Shareholders will continue to hold shares in Eurotin, which will be a shell corporation listed on the NEX. Public shells continue to be sought after in the current market as operating businesses seek alternatives to an initial public offering in order to go public. Eurotin Shareholders will have equity in any business that completes a reverse take-over of Eurotin in the coming months.

### *Arrangement Agreement*

The Arrangement and the MESPA Transfer will be effected in accordance with the Arrangement Agreement, a copy of which has been filed under the profile of Eurotin on SEDAR at [www.sedar.com](http://www.sedar.com) as a material document. The description of the Arrangement Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Arrangement Agreement, which is incorporated by reference herein.

If the Arrangement Resolution is passed, the Final Order of the Court is obtained approving the Arrangement, every requirement of the OBCA relating to the Arrangement has been complied with and all other conditions disclosed under “*The Arrangement – The Arrangement Agreement - Conditions to the Arrangement*” are met or waived, the Arrangement will become effective at 12:01 a.m. on the Effective Date. It is currently expected that the Effective Date will be on or before December 31, 2018.

The Arrangement Agreement contains certain representations and warranties made by each of Eurotin and Elementos in respect of its assets, liabilities, capital, financial position and operations. In addition, each of Eurotin and Elementos provide covenants which govern the conduct of certain of their operations and affairs prior to the completion of the Arrangement and prior to the completion of the MESPA Transfer. The Arrangement Agreement contains a number of conditions precedent to the obligations of Eurotin and Elementos thereunder. Unless all of such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Acquisition and the Arrangement will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all. The conditions to the Arrangement becoming effective and the conditions to the MESPA Transfer are set out in the Arrangement Agreement. Upon the conditions being fulfilled or waived, documents, records and information, including a copy of the entered Final Order and the Articles of Arrangement will be filed with the Director as required pursuant to the OBCA in order to give effect to the Arrangement as of the Effective Time. Following the filing of the Articles of Arrangement, the parties will work towards completion of the MESPA Transfer pursuant to the conditions with respect thereto in the Arrangement Agreement. If, for some reason, the MESPA Transfer cannot be completed and the Arrangement Agreement is terminated, Elementos will redeem the CRP Shares at nominal value and the Arrangement will essentially be unwound. If the MESPA Transfer is completed the CPR Shares will automatically convert into Elementos Shares.

### Representations and Warranties

The Arrangement Agreement contains representations and warranties made by each of Eurotin and Elementos. The assertions embodied in those representations and warranties are solely for the purposes of the Arrangement Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are qualified by certain disclosure provided by the Parties or are subject to a standard of materiality or are qualified by a reference to the concept of a “Material Adverse Effect” (which is a concept defined in the Arrangement Agreement and in some respects different from the materiality standards generally applicable under securities laws). Therefore, Eurotin Shareholders should not rely on the representations and warranties as statements of factual information.

The Arrangement Agreement contains representations and warranties of the Parties relating to certain matters including, among other things: incorporation and qualification; ownership of subsidiaries; absence of conflict with or violation of constating documents, agreements or applicable laws; authority to execute and deliver the Arrangement Agreement and perform its obligations under the Arrangement Agreement; due authorization and enforceability of the Arrangement Agreement; composition of share capital; options or other rights for the purchase of securities; indebtedness; receipt of all required consents; financial statements, records and accounts; ownership of assets and conduct of operations; absence of adverse litigation, judgment or order; absence of investigation proceedings; absence of adverse material change; taxation matters; material agreements; environmental matters; reporting issuer and listing status; public filings, and matters related to the Acquisition and Arrangement, intellectual property, labour and employment matters, and in relation to Eurotin’s ownership of MESPA, MESPA’s mining permits and licensing in Spain, and the MESPA Transfer.

Each Party has agreed to indemnify and save harmless the other Party from and against claims caused by a default in the Arrangement Agreement, including any breach of representations and warranties until the earlier of the MESPA Completion Date and any earlier termination of the Arrangement Agreement, in the case of Eurotin and until the earlier of the date which is two years following the MESPA Completion Date or the termination of the Arrangement Agreement, in the case of Elementos. Additionally, Mr. Wellings has agreed to indemnify Elementos and MESPA in relation to claims resulting from a default in the Arrangement Agreement until the earlier of the date which is two years following the MESPA Completion Date or the termination of the Arrangement Agreement, provided however that any liability in relation to such indemnity shall not exceed the amount of the Wellings Loan and the only recourse available to Elementos or MESPA in relation thereto shall be the set-off as against the Wellings Loan.

### Covenants

Eurotin and Elementos have each given to the other Party customary covenants in respect of the Acquisition and the Arrangement, including to take all necessary actions in order to enable it to participate in and effect the Acquisition and the Arrangement and use all commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to the obligations of the other party.

Each Party covenanted and agreed with the other that, except as otherwise contemplated in the Arrangement Agreement, until the Effective Date or the day upon which the Arrangement Agreement is terminated, whichever is earlier, it shall conduct its business only in, and not take any action other than in the usual, ordinary and regular course of business and consistent with prudent business practices.

Each Party shall provide the other and its representatives with full access to its books and records. Each Party shall notify the other of any event that may cause its representations or warranties to be incorrect or misleading, cause the non-fulfillment of any condition precedent or cause any other Material Adverse Effect.

In addition to the above-noted covenants with respect to the conduct of business of the Parties, each of the Parties provided additional covenants with respect to the Arrangement and the MESPA Transfer. Mutual covenants include using commercially reasonable best efforts to obtain the Regional Mining Authority Approval, all additional third party consents, approvals and notices that may be required, defend all lawsuits or other legal regulatory proceedings, and to allow counsel for the other party to attend the shareholder's meeting. Eurotin covenants to procure the resignations of the current directors and officers of MESPA as of the MESPA Completion Date. Elementos covenants to apply for and diligently pursue an application to list the Elementos Shares underlying the CRP Shares to be distributed to Eurotin Shareholders and covenants to issue the Distribution Shares as of the Effective Date.

Each Party has agreed to indemnify and save harmless the other Party and its directors, officers, employees and agents from and against all claims caused by or arising from any misrepresentation or alleged misrepresentation of one another in the Arrangement Agreement or any other materials filed in compliance with applicable securities laws.

### Conditions to the Arrangement

The respective obligations of Elementos and Eurotin to complete the transactions contemplated by the Arrangement Agreement are subject to a number of conditions which must be satisfied or waived in order for the Arrangement to become effective. There is no assurance that these conditions will be satisfied or waived on a timely basis. Notwithstanding the foregoing, the Arrangement Resolution authorizes the Eurotin Board, without further notice to or approval of its shareholders, to amend the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the OBCA. Unless all of the conditions are satisfied or waived, the Arrangement will not proceed. Following completion of the Arrangement there will be a period of time during which the parties will work towards finalizing the MESPA Transfer. Certain additional conditions must be met by the parties prior to the MESPA Completion Date and if they are not met, the Distribution Shares will be redeemed by Elementos for nominal value and the Arrangement will essentially be unwound.

The following significant mutual conditions to the completion of the Arrangement, in addition to other conditions, are contained in the Arrangement Agreement:

1. the Arrangement Resolution being approved by the Eurotin Shareholders at the Eurotin Meeting and the issuance of the CRP Shares being approved by the Elementos Shareholders at the Elementos Meeting;
2. the making of the Interim Order and the Final Order by the Ontario Superior Court of Justice (Court) approving the Arrangement Agreement pursuant to the OBCA;
3. Eurotin shall have obtained or made all filings, registrations, qualifications or approvals under the rules of the Exchange;
4. there not existing any prohibition at law, including a cease trade order, injunction or other prohibition or order at law against Eurotin or Elementos which shall prevent the completion of the Arrangement Agreement;
5. the Arrangement Agreement shall not have been terminated in accordance with its terms;
6. the distribution by Eurotin of the Distribution Shares to the Eurotin Shareholders pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable securities laws; and
7. the Effective Date shall have occurred on or before the Outside Date.

The obligation of Elementos to complete the transactions contemplated by the Arrangement Agreement is subject to the fulfillment or waiver of the following additional conditions, as set forth in the Arrangement Agreement, at or before the Effective Time or such other time as is specified below, including, but not limited to:

1. the covenants of Eurotin and its subsidiaries shall have been performed in all material respects or waived;
2. the representations and warranties of Eurotin shall be true and correct in all respects, as though made on and as of the Effective Time;
3. since the date of the Arrangement Agreement, there shall not have occurred or have been disclosed to either party or the public any event, occurrence, development or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on MESPA.
4. the ASX confirming to Eurotin that re-compliance with Chapters 1 and 2 of the ASX Listing Rules is not required;
5. Elementos obtained or made all filings or approvals required of it to issue the CRP Shares, including the Elementos Shares to be issued on the conversion of the CRP Shares;
6. Elementos shall have received duly executed escrow agreements from Eurotin or any Eurotin Shareholders on the terms as may be required pursuant to the listing rules of the ASX;
7. All directors and officers of MESPA having delivered a resignation from all of his or her offices with MESPA, accompanied by a release in a form satisfactory to Elementos, acting reasonably, effective as at the MESPA Completion Date;

8. Eurotin shall have provided evidence, satisfactory to Elementos that all encumbrances, charges or liens over the MESPA Shares are discharged;
9. there shall not be any action taken, any applicable law enacted, entered, enforced or deemed applicable by any governmental entity or pending or threatened any suit, action or proceeding by any governmental entity in connection with the grant of any appropriate regulatory authorizations or otherwise (i) seeking to prohibit or restrict the acquisition by Elementos of the MESPA Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Plan of Arrangement or seeking to obtain from Eurotin or, any of its subsidiaries, any damages that are material in relation to Eurotin or its subsidiaries, (iii) seeking to prohibit or materially limit the ownership or operation by Elementos of any material portion of the business or assets of MESPSA, or to compel Elementos to dispose of or hold separate any material portion of the business or assets of MESPA, as a result of the Plan of Arrangement, (iv) seeking to impose limitations on the ability of Elementos to acquire or hold, or exercise full rights of ownership of, the MESPA Shares, including the right to vote the MESPA Shares acquired by Elementos, (v) seeking to prohibit Elementos from effectively controlling, in any material respect, the business or operations of MESPA, or (vi) imposing any condition or restriction that, in the judgment of Elementos, acting reasonably, would be materially burdensome to the future operations or business of Elementos, any of its subsidiaries or MESPA, or any combination of any or all of the foregoing, after the Effective Time; and
10. receipt of the SPIB Deed, as such term is defined in the Arrangement Agreement..

The obligation of Eurotin to complete the transactions contemplated by the Arrangement Agreement is subject to the fulfillment or waiver of the following additional conditions, as set forth in the Arrangement Agreement, at or before the Effective Time or such other time as is specified below, including, but not limited to:

1. the covenants of Elementos and its subsidiaries shall have been performed in all material respects or waived;
2. holders of no more than 5% of the Eurotin Shares shall have exercised Dissent Rights;
3. the representations and warranties of Elementos shall be true and correct in all respects, as though made on and as of the Effective Time; and
4. since the date of the Arrangement Agreement, there shall not have occurred or have been disclosed to either party or the public any event, occurrence, development or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Elementos or its subsidiaries.

#### Conditions to the MESPA Transfer

The obligations of Elementos and Eurotin to complete the MESPA Transfer are subject to the satisfaction or waiver of certain conditions prior to the MESPA Completion Date, including, among others:

1. All conditions to the Arrangement having been deemed to have been satisfied, waived or released in accordance with their terms and the Arrangement occurring at the Effective Time;
2. the Regional Mining Authority Approval shall have been obtained on terms satisfactory to Elementos and Eurotin;
3. there shall not exist any prohibition at law, including a cease trade order, injunction or other prohibition or order at law or under applicable legislation, against Elementos or Eurotin which shall prevent the consummation of the MESPA Transfer;



4. the Arrangement Agreement shall not have been terminated in accordance with its terms;
5. the Distribution Shares shall have been distributed to the Eurotin Shareholders pursuant to the Arrangement;
6. the MESPA Completion Date shall have occurred on or before the Final MESPA Completion Date;
7. the covenants of each of Eurotin and Elementos and their respective subsidiaries as applicable shall have been performed in all material respects or waived;
8. the representations and warranties of Eurotin and Elementos and their respective subsidiaries as applicable shall be true and correct in all respects, as though made on and as of the MESPA Completion Date;
9. since the date of the Arrangement Agreement, there shall not have occurred or have been disclosed to either party or the public any event, occurrence, development or circumstance that, individually or in the aggregate, has had or would reasonably be expect to have a Material Adverse Effect on either of MESPA or Elementos or any of their subsidiaries;
10. All directors and officers of MESPA having delivered a resignation from all of his or her offices with MESPA, accompanied by a release in a form satisfactory to Elementos, acting reasonably, effective as at the MESPA Completion Date;
11. there shall not be any action taken, any applicable law enacted, entered, enforced or deemed applicable by any governmental entity or pending or threatened any suit, action or proceeding by any governmental entity in connection with the grant of any appropriate regulatory authorizations or otherwise (i) seeking to prohibit or restrict the acquisition by Elementos of the MESPA Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Plan of Arrangement or seeking to obtain from Eurotin or, any of its subsidiaries, any damages that are material in relation to Eurotin or its subsidiaries, (iii) seeking to prohibit or materially limit the ownership or operation by Elementos of any material portion of the business or assets of MESPSA, or to compel Elementos to dispose of or hold separate any material portion of the business or assets of MESPA, as a result of the Plan of Arrangement, (iv) seeking to impose limitations on the ability of Elementos to acquire or hold, or exercise full rights of ownership of, the MESPA Shares, including the right to vote the MESPA Shares acquired by Elementos, (v) seeking to prohibit Elementos from effectively controlling, in any material respect, the business or operations of MESPA, or (vi) imposing any condition or restriction that, in the judgment of Elementos, acting reasonably, would be materially burdensome to the future operations or business of Elementos, any of its subsidiaries or MESPA, or any combination of any or all of the foregoing, after the Effective Time; and
12. the SPIB Deed (as defined in the Arrangement Agreement) shall have taken full effect in accordance with its terms

#### No Solicitation

Pursuant to the Arrangement Agreement, Eurotin has agreed that it will not, directly or indirectly, or through any of its representatives, (i) solicit, initiate, knowingly encourage or facilitate (including by way of furnishing non-public information or entering into any form of discussion, negotiation, agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding an Acquisition Proposal, (ii) participate in any discussions or negotiations with any Person (other than Elementos or any of its Affiliates) regarding an Acquisition Proposal, (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, (iv) accept or enter into or publicly propose to accept or enter into, any agreement, understanding or arrangement or other contract in respect of an Acquisition Proposal or (v) fail to recommend the Arrangement to Shareholders prior to the

Meeting or take a neutral or no position with respect to an Acquisition Proposal (each a “**Change in Recommendation**”).

Eurotin has also agreed that it shall, and shall cause its representatives to, immediately cease any discussion or negotiation with any Persons commenced prior to the date of the Arrangement Agreement with respect to any Acquisition Proposal (other than Elementos) and to discontinue access to any confidential information that it may have granted. Eurotin also agreed not to waive or terminate any confidentiality, standstill or similar agreement or restriction to which it is a party.

Notwithstanding the above or any other provision of the Arrangement Agreement, if at any time prior to obtaining the approval of the Eurotin Shareholders for the Arrangement Resolution, Eurotin receives a bona fide written Acquisition Proposal (that was not solicited in contravention of the non-solicitation covenants) or an Acquisition Proposal is made to Eurotin Shareholders that did not result from a breach of the above or any other provision of the Arrangement Agreement, the Eurotin Board may:

(a) contact the person making such Acquisition Proposal and its representatives solely for the purpose of clarifying the terms and conditions of such Acquisition Proposal and the likelihood of its consummation so as to determine whether such proposal is, or could reasonably be expected to lead to, a Superior Proposal; and

(b) if the Eurotin Board determines in good faith and after consultation with its financial advisors and outside counsel that the Acquisition Proposal constitutes or if consummated in accordance with its terms, could reasonably be expected to be, a Superior Proposal, then Eurotin may for one period of ten consecutive Business Days only, in response to a request made by the person making the Acquisition Proposal, furnish information with respect to Eurotin to the person making such Acquisition Proposal, allow such person and its Representatives to access Eurotin’s facilities and properties, and/or enter into, participate, facilitate and maintain discussions or negotiations with and otherwise cooperate with or assist, the person making such Acquisition Proposal, provided that Eurotin shall not, and shall not allow its representatives to, disclose any non-public information with respect to Eurotin to such person (A) if such non-public information has not been previously provided to, or is not concurrently provided to, Elementos; (B) without entering into a confidentiality agreement with such person which contains confidentiality, standstill and other provisions that are not more favourable to such person than the terms in the Arrangement Agreement; and (C) without promptly providing a copy of such confidentiality agreement to Elementos following its execution. For greater certainty, the limitation to one period of ten (10) consecutive Business Days set out above shall not apply to a person who in good faith makes a new or amended Acquisition Proposal following a determination that the person’s initial (or previous) Acquisition Proposal ceased to be a Superior Proposal as a result of Elementos’ exercise of its right to match as described below.

Eurotin has agreed that it shall promptly (and in any event within one calendar day – excluding Saturday, Sunday or any statutory holiday in Ontario) notify Elementos of receipt of the Acquisition Proposal and Eurotin has agreed to keep Elementos promptly and fully informed of the status of any such proposal, inquiry, offer or request and will provide copies of any written documents or correspondence provided to Eurotin relating thereto.

Subject to the right to match set out below, at any time prior to obtaining approval of the Eurotin Shareholders to the Arrangement, if Eurotin receives an Acquisition Proposal which the Eurotin Board concludes in good faith constitutes a Superior Proposal, the Eurotin Board may, subject to compliance with the termination procedures of the Arrangement Agreement, including payment of applicable termination fees to Elementos in the amount of \$100,000, terminate the Arrangement Agreement to enter into a definitive agreement with respect to such Superior Proposal.

#### Right to Match

Eurotin has agreed that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal unless it has provided Elementos with the

Superior Proposal and documents required to be provided to Elementos as mentioned above, delivered a written notice to Elementos that the Eurotin Board has determined that the Acquisition Proposal is a Superior Proposal and has determined to recommend such Superior Proposal, and a period of five (5) Business Days has elapsed from the date on which Elementos receives notice of Superior Proposal and all relating documents.

During such five (5) Business Day period, Elementos will have the right, but not the obligation, to offer to amend the terms of the Arrangement Agreement and the Plan of Arrangement (including increasing or modifying the consideration payable thereunder). The Eurotin Board shall review any such proposal by Elementos to determine (acting in good faith and in accordance with its fiduciary duties) whether the Acquisition Proposal to which Elementos is responding would continue to be a Superior Proposal when assessed against the amended Arrangement Agreement and Plan of Arrangement as proposed by Elementos. If the Eurotin Board determines that the Acquisition Proposal would cease to be a Superior Proposal, it will cause Eurotin to enter into an amendment to the Arrangement Agreement and the Plan of Arrangement reflecting the offer by Elementos to amend the terms of the Arrangement Agreement and the Plan of Arrangement and reaffirm its recommendation of the amended Plan of Arrangement.

If Elementos does not offer to amend the terms of the Arrangement Agreement and the Plan of Arrangement during the five (5) Business Day period or the Eurotin Board determines acting in good faith and in the discharge of its fiduciary duties that the Acquisition Proposal would nonetheless remain a Superior Proposal with respect to Elementos' proposal to amend the Arrangement Agreement and Plan of Arrangement, and therefore rejects Elementos' offer to amend the Arrangement Agreement and Plan of Arrangement, Eurotin shall be entitled to terminate the Arrangement Agreement and enter into the proposed agreement upon payment to Elementos of the termination fee of \$100,000. Each successive modification of any proposed agreement shall constitute a new Acquisition Proposal for the purposes of the requirement to initiate an additional five (5) Business Day match period, provided however, that upon acceptance of an amended offer from Elementos, Eurotin shall not consider any further Acquisition Proposal made by the same person or persons who made the Superior Proposal that resulted in the amended offer from Elementos.

#### Termination of the Arrangement Agreement

The Arrangement Agreement may, notwithstanding any approval of the Arrangement Resolution by the Eurotin Shareholders or the Court, be terminated by either party: 1) upon their mutual written agreement, 2) by either party if the Effective Time fails to occur before the Outside Date (so long as such failure was not due to a breach of the Arrangement Agreement the terminating party), 3) the Arrangement failed to receive the necessary shareholder approvals, 4) the Regional Mining Authority Approval fails to be obtained on or prior to the Final MESPA Completion Date (so long as such failure was not due to a breach of the Arrangement Agreement by the terminating party), 5) if, after the date of the Arrangement Agreement, a law is enacted that makes consummation of the Arrangement or any material part thereof, illegal or prohibited, or 6) any regulatory authority has issued an order or ruling permanently restraining or prohibiting any of the transactions contemplated by the Arrangement Agreement.

The Arrangement Agreement may be terminated by Elementos if: 1) prior to the Meeting, Eurotin makes a Change in Recommendation, 2) the Eurotin Board authorizes Eurotin to enter into a binding agreement relating to a Superior Proposal, 3) any of the conditions precedent required to be completed by Eurotin in the Arrangement Agreement is not satisfied by the Outside Date, or the MESPA Completion Date, as applicable, 4) Eurotin breaches any of its representations and warranties and covenants in the Arrangement Agreement or is in default of any obligations or covenants.

The Arrangement Agreement may be terminated by Eurotin if: 1) the Eurotin Board authorizes Eurotin to enter into a legally binding agreement with respect to a Superior Proposal and Eurotin pays to Elementos the termination fee with respect thereto, 2) any of the conditions precedent required to be completed by Elementos in the Arrangement Agreement is not satisfied by the Outside, or the MESPA Completion Date, as applicable, 3) Elementos breaches any of its representations and warranties and covenants in the Arrangement Agreement or is in default of any obligations or covenants.

### Expenses

Other than the payment of \$100,000 as a termination fee by Eurotin to Elementos in the event Eurotin enters into a binding agreement in respect of a Superior Proposal, the Arrangement Agreement provides that regardless of whether the Arrangement is completed Eurotin and Elementos shall each bear their own costs of the Arrangement, including legal, financial and other advisors' and representatives' fees and expenses and any fees for advice or opinions incurred in connection with the negotiation, preparation, execution and delivery of the Arrangement Agreement and any other agreements, documents, opinions or evaluations contemplated thereby.

### *CRP Share Terms*

On the Effective Date, each Eurotin Shareholder who does not exercise their dissent rights as set out herein, shall receive their *pro-rata* portion of the Distribution Shares as consideration for the sale of MESPA to Elementos. Please see Schedule "D" for the full text of the CRP Share terms. The CRP Shares are convertible redeemable preferred shares of Elementos having substantially the following terms.

### Conversion

Each CRP Share shall automatically convert into one Elementos Share on the date that is 10 business days after the later of:

- 1) The date the Regional Mining Authority Approval is received; and
- 2) The MESPA Completion Date.

Upon conversion, the CRP Shares will no longer be of any force or effect and holders of CRP Shares will hold Elementos Shares that rank *pari passu* with all other fully paid ordinary shares of Elementos. Holders of CPR Shares have no right to convert the CRP Shares.

Conversion will not constitute a redemption, buy-back, cancellation or termination of CRP Shares, or an issue, allotment or creation of a new Elementos Share.

Within two (2) business days of conversion Elementos must apply for official quotation on the ASX of the Elementos Shares arising from such conversion. The Elementos Shares issued upon conversion will be held in an uncertificated position through the Clearing House Electronic Subregister System in Australia. Eurotin Shareholders receiving Elementos Shares upon conversion of their CRP Shares will receive a statement of holdings for their shares as soon as practicable following conversion but in any event within 10 business days of the conversion.

The date of conversion of the CRP Shares is subject to adjustment in order to comply with the policies of the ASX as further described in the CRP Share Terms.

### Redemption

The CRP Shares can be redeemed by Elementos upon any of the following events:

- (a) If the CRP Shares are not registered in the name of the Eurotin Shareholder receiving the shares by the date being 10 business days after the issue of the CRP Shares; or
- (b) If the Regional Mining Authority Approval is not received within 12 months following the distribution of CRP Shares; or
- (c) If the MESPA Completion Date does not occur within 12 months following the distribution of CRP Shares; or
- (d) the Arrangement Agreement is terminated in accordance with its terms.

Elementos may redeem the CRP Shares by giving a redemption notice to holders and paying to CRP Share holder on the redemption date the face value of each CPR Share, which shall be AUS\$0.0000001per CRP Share.

Elementos must redeem all the CRP Shares at the same time and upon receipt of a redemption notice the holders of CRP Shares will have only the right to receive the redemption value of their CRP Shares. The redemption is a buy back of shares for nominal value intended to unwind the Arrangement in the event MESPA cannot be transferred to Elementos.

### General Terms of CRPS

CRP Shares rank equally amongst themselves and have no entitlement to be paid dividends. Until conversion, the CRP Shares will receive a nominal amount in respect of their face value on a winding up of Elementos. CRP Shares carry no voting rights other than with respect to certain fundamental changes to Elementos. CRP Shares carry no rights to participate in profits or property of Elementos.

The CRP Shares are non-transferable. In the event of a takeover of Elementos, Elementos will use reasonable endeavours to have the CRP Shares included such transaction. Until conversion, Elementos will not issue shares ranking in priority to the CRP Shares.

### *Recommendations of the Boards of Directors*

The Eurotin Special Committee has considered the proposed transaction with Elementos on the terms and conditions as provided in the Arrangement Agreement and has recommended to the Eurotin Board that it approve the Arrangement, execute the Arrangement Agreement and recommend that the Eurotin Shareholders vote in favour of the Arrangement. **The Eurotin Board unanimously determined that the Arrangement is in the best interests of Eurotin and the Consideration is fair from a financial point of view to the Eurotin Shareholders (other than Mr. Wellings an his affilaites). The Eurotin Board recommends that the Eurotin Shareholders vote in favour of the Arrangement.**

In arriving at its conclusion, the Eurotin Board considered the following, among other matters:

- a. information with respect to the financial condition, business and operations, on both a historical and prospective basis, of both MESPA and Elementos;
- b. the terms of the Arrangement will result in holders of Eurotin Shares continuing to own an interest in all of the assets currently held by Eurotin, through each Eurotin Shareholder's respective ownership of the Distribution Shares;

- c. information provided by Elementos with respect to its business and operations properties;
- d. current industry, economic and market conditions and trends;
- e. the procedures by which the Arrangement is to be approved, including the requirement for approval by special resolution of the Eurotin Shareholders at the Eurotin Meeting and by the Court after a hearing at which fairness will be considered;
- f. the availability of rights of dissent to Eurotin Shareholders with respect to the Arrangement;
- g. the management group and technical team of Elementos; and
- h. the reasons for the Arrangement set out above.

In view of the variety of factors considered in connection with its evaluation of the Arrangement, the Eurotin Board did not find it practicable to quantify or otherwise assign relative weights to the specific factors in reaching its determination as to the fairness of the Arrangement.

*Procedure for the Arrangement to Become Effective*

The Arrangement is proposed to be carried out under Section 182 of the OBCA. The following procedural steps must be taken by Eurotin in order for the Arrangement to become effective:

- (a) the Arrangement must be approved by the Eurotin Shareholders in the manner set forth in the Interim Order;
- (b) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;
- (c) if the Arrangement is approved by the Eurotin Shareholders in the manner set forth in the Interim Order, a hearing before the Court must be held to obtain the Final Order approving the Arrangement; and
- (d) if the Final Order is granted by the Court, the Articles of Arrangement must be filed with the Director as required under the OBCA in order for the Director to give effect to the Arrangement in conjunction with the Closing.

*Shareholder Approvals*

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by at least 2/3 of the votes cast by the Eurotin Shareholders present in person or by proxy at the Eurotin Meeting. Notwithstanding the foregoing, the Arrangement Resolution authorizes the Eurotin Board, without further notice to or approval of the Eurotin Shareholders, subject to the terms of the Arrangement, to amend the Arrangement Agreement or to decide not to proceed with the Arrangement and to revoke the Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the OBCA. If more than 5% of the Eurotin Shares become the subject of Dissent Rights, the Arrangement Agreement may be terminated.

If Eurotin Shareholders fail to approve the Arrangement Resolution pursuant to the Interim Order, the Arrangement will be terminated.

In addition, pursuant to Exchange policy 2.9 – *Trading Halts, Suspensions and Delisting*, the Exchange requires the Arrangement Resolution to be approved by a Majority of the Minority. Shares of Eurotin currently held by promoters, directors, officers, or other Insiders will not be counted towards this approval. There is a period of time between the Effective Date of the Arrangement and the MESPA Completion Date where Shareholders will hold the CRP Shares of Elementos, which are not listed or posted for trading on an securities exchange. Due to the illiquidity during this interim period, the Exchange considers the Arrangement to include a partial delisting of Eurotin notwithstanding the fact that the Eurotin Shares will continue to be listed on the NEX board of the Exchange following the Arrangement.

**The Eurotin Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and recommends that the Eurotin Shareholders vote FOR the Arrangement Resolution. See “The Arrangement — Recommendation of the Board of Directors” above.**

In connection with the Arrangement Agreement, Mark Wellings, President of Eurotin, and a significant shareholder of Eurotin, has entered into a Voting and Support Agreement with Elementos pursuant to which he agrees to vote his shares in favour of the Arrangement. In addition, Andy Greig, Chairman of the Elementos Board, has entered into a similar Voting and Support Agreement with Eurotin.

As of the Record Date, Mr. Wellings holds, directly and indirectly, an aggregate of 42,793,139 Eurotin Shares, representing approximately 40.09% of the issued Eurotin Shares on such date.

#### *Court Approvals*

On November 6, 2018, Eurotin obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters, which is attached to this Circular as Schedule “E”.

Subject to the terms of the Arrangement Agreement and, if the Arrangement Resolution is approved at the Eurotin Meeting, Eurotin will apply to the Court for the Final Order at the Court House, 10-393 University Avenue, Toronto, Ontario at 10:00 a.m. (Toronto time) on December 14, 2018 or as soon thereafter as counsel may be heard pursuant to the Notice of Petition for Final Order set out at Schedule “F” attached hereto. Please see the Notice of Hearing that accompanies this Circular for further information on participating or presenting evidence at the hearing for the Final Order.

The issuance of Distribution Shares pursuant to the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and will be issued and exchanged in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions provided under the securities laws of each State of the United States in which Eurotin Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts from registration a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered, and the U.S. Shareholders and any other persons who are eligible to receive Distribution Shares pursuant to the Arrangement will have the right to appear at that hearing. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement are approved by the Court, the Distribution Shares issued pursuant to the Arrangement will not require registration under the U.S. Securities Act. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the issuance of the Distribution Shares to Eurotin Shareholders in connection with the Arrangement. To the extent an exemption under

applicable state securities laws comparable to the exemption under Section 3(a)(10) is not available, Eurotin and Elementos will rely on one or more available exemptions from registration under such laws.

At the hearing for the Final Order, securityholders and creditors of Eurotin are entitled to appear in person or by counsel and to make a submission regarding the Arrangement, subject to filing and serving an appearance and satisfying any other applicable requirements.

At the hearing for the Final Order, the Court will also consider, among other things, the fairness of the terms and conditions of the Arrangement and the rights and interests of every Person affected. The Court has broad discretion under the OBCA when making orders with respect to arrangements. The Court may approve the Arrangement either as proposed, or make the Arrangement subject to such terms and conditions as the Court considers appropriate, or may dismiss the application. Depending upon the nature of any required amendments, Eurotin and/or Elementos may determine not to proceed with the Arrangement if any amendment ordered by the Court is not satisfactory to any of such Party, acting reasonably.

#### *Approval of the Exchange*

The Arrangement Agreement provides that receipt of all regulatory approvals, including without limitation, the approval of the Exchange for the Acquisition as needed. Eurotin received conditional approval from the Exchange for the Arrangement on September 24, 2018. Final approval by the Exchange is conditional upon receipt of various documents and information, including evidence of Majority of the Minority shareholder approvals and court approval, all of which will be filed by Eurotin when obtained.

#### *Fairness Opinion*

Given the relatively straightforward nature of the Arrangement and the clear benefit to Shareholders, it was initially determined that a fairness opinion would not add value to the determination of if the Arrangement is in the best interests of the Eurotin Shareholders and would add to the transactional costs of the Arrangement unnecessarily. After some consideration, and a review of similar transactions, it was determined that a fairness opinion would be in the best interests of the Shareholders to assist in their considerations regarding approval of the Arrangement Resolution and to assist the Court in its determination with respect to the Arrangement.

Pursuant to an engagement letter dated October 19, 2018, Cairn agreed to provide Eurotin and the special committee of its Board with the Fairness Opinion. The terms of the engagement letter between Eurotin and Cairn provide that Cairn will receive a fee for rendering the Fairness Opinion. Cairn is also to be reimbursed for its reasonable out-of-pocket expenses, and Eurotin has agreed to indemnify Cairn, in certain circumstances, against certain liabilities that might arise out of its engagement.

The Fairness Opinion concludes that, as of October 26, 2018, the Consideration is fair to the Shareholders (other than Mr. Wellings or any of his affiliates) from a financial point of view. The complete text of the Fairness Opinion, which sets forth, among other things, certain assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this Circular as Schedule "K". The Fairness Opinion is not and should not be construed as a valuation of Eurotin or Elementos or their respective assets or securities or as a recommendation to any Eurotin Shareholder to vote in favour of the Arrangement Resolution. Shareholders are encouraged to read the Fairness Opinion in its entirety. The Fairness Opinion only speaks to the fairness of the Consideration payable by Elementos pursuant to the Arrangement, from a financial point of view, to the Shareholders (other than Mr. Wellings or any of his affiliates) and does not address any other aspect of the Arrangement or any related transaction, including any tax consequences of the Arrangement to Eurotin or the Shareholders.

The Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date thereof and the conditions and prospects, financial and otherwise, of Eurotin and Elementos as they are reflected in certain information obtained by Cairn from public sources or otherwise in connection with Cairn's engagement by Eurotin, and as they have been represented to Cairn. In



Cairn's analyses and in connection with preparing the Fairness Opinion, Cairn made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Cairn or any party involved in the Arrangement.

Eurotin Shareholders are encouraged to read the Fairness Opinion carefully and in its entirety. The Fairness Opinion was provided to the Eurotin Special Committee for its exclusive use only in considering the Arrangement and may not be used or relied upon by any other person or for any other purpose without Cairn's prior written consent. The Fairness Opinion addresses only the fairness from a financial point of view of the Consideration to be received by Shareholders (other than Mr. Wellings and any of his affiliates) and does not address any other aspect of the Arrangement. The Fairness Opinion does not address the relative merits of the Arrangement as compared to any other strategic alternatives that may be available to Eurotin. The Fairness Opinion does not constitute a recommendation as to how Eurotin Shareholders should vote or act on any matters relating to the Arrangement. The summary of the Fairness Opinion set forth in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

#### *Resale of Distribution Shares*

Eurotin Shareholders, including securityholders residing elsewhere than in Canada, are urged to consult their legal advisors to determine the extent of all applicable resale provisions for the Distribution Shares.

As of the date of this Circular, Elementos is not a reporting issuer in any jurisdiction in Canada, nor are the Elementos Shares listed on any stock exchange in Canada. The Elementos Shares are listed for trading on the ASX. Following the completion of the Arrangement, Elementos will become a reporting issuer in each jurisdiction in which Eurotin is a reporting issuer, being, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The Distribution Shares will not be listed on any stock exchange, but the Elementos Shares to be issued on conversion thereof are and will continue to be listed on the ASX.

#### *Application of Canadian Securities Law to Resales*

The Distribution Shares to be issued directly to the Eurotin Shareholders, as the case may be, pursuant to the Arrangement will be issued in reliance on exemptions from prospectus and registration requirements of applicable securities laws of the various applicable provinces in Canada and will not be subject to any hold period and may be resold through registered dealers in each of the provinces of Canada.

#### *Application of U.S. Securities Law to Resales*

There is no established public market in the United States for the Elementos Shares or Eurotin Shares prior to the Effective Date of the Arrangement, and none is expected to develop for the foreseeable future in the United States for either after completion of the Arrangement. It is a condition to the Arrangement that Elementos becomes a reporting issuer in a jurisdiction in Canada for the Distribution Shares to be issued to the Eurotin Shareholders.

The manner in which holders of Distribution Shares resident in the U.S. ("**U.S. Shareholders**") may resell the Distribution Shares will depend on whether a U.S. Shareholder is an "affiliate" of Eurotin or Elementos, as the case may be. As defined in Rule 144 under the U.S. Securities Act ("**Rule 144**"), an "affiliate" of an issuer is a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such issuer. Generally, executive officers, directors or 10% or greater shareholders of an issuer are considered to be "affiliates" of an issuer.

Subject to certain limitations, all holders of Distribution Shares may immediately resell such securities outside the United States without registration under the U.S. Securities Act pursuant to Regulation S thereunder. Distribution Shares to be issued to Eurotin Shareholders who are not and have not been "affiliates" of Eurotin or Elementos within ninety (90) days of the Effective Date of the Arrangement may

be resold without restriction under the U.S. Securities Act. Resales of the Distribution Shares may be effected through the facilities of the ASX.

Generally, subject to certain limitations, holders of Distribution Shares following the Arrangement who are affiliates of Eurotin or Elementos solely by virtue of their status as an officer or director of either company may, under the securities laws of the United States, resell their Shares in an “offshore transaction” (which would include a sale through the ASX) if neither the seller or any person acting on the seller’s behalf engages in “directed selling efforts” in the United States. For purposes of Regulation S, “directed selling efforts” means “any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered” in the resale transaction. Certain additional restrictions are applicable to a holder of Distribution Shares who will be an affiliate of Eurotin or Elementos other than by virtue of his or her status as an officer or director of Elementos or Eurotin.

Distribution Shares issued to Eurotin Shareholders, who are “affiliates” of Eurotin or Elementos may be resold pursuant to an exemption from the registration requirements of the U.S. Securities Act, such as that contained in Rule 144, or in accordance with Rule 904 of Regulation S and available exemptions under state securities laws.

The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the Distribution Shares received upon completion of the Arrangement. All holders of Distribution Shares are urged to consult with counsel to ensure that the resale of their Distribution Shares complies with applicable securities legislation.

*Additional Securities, Tax, Financial Statements, and Reserve and Resource Estimates Information for Eurotin Shareholders in the United States*

THE SECURITIES ISSUABLE BY ELEMENTOS IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

Each of Eurotin and Elementos is a “foreign private issuer,” as defined in and for purposes of the U.S. Securities Act and the U.S. Exchange Act. Neither Company has a class of securities registered under the U.S. Exchange Act and, as a result, neither files periodic reports or other information with the SEC.

The Distribution Shares to be issued to the Eurotin Shareholders under the Arrangement have not been registered under the U.S. Securities Act or the securities laws of any state of the United States and are being issued in reliance on the exemption from registration in accordance with Section 3(a)(10) of the U.S. Securities Act as described under “Court Approvals” above and exemptions provided under applicable state securities laws. This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Residents of the United States should be aware that such requirements are different from the disclosure requirements in the United States applicable to proxy statements under the U.S. Exchange Act. Likewise, information concerning the properties and operations of Elementos and Eurotin has been prepared in accordance with Canadian standards, and may not be comparable to similar information for United States companies.

Financial statements included herein or incorporated by reference have been prepared in accordance with generally accepted accounting principles and subject to auditing and auditor independence standards in Canada or Australia (as applicable), and thus may not be comparable to financial statements of United States companies. Eurotin Shareholders should be aware that the exchange of the securities described herein may have tax consequences both in the United States and in Canada, which are not described in this Circular.

Eurotin Shareholders are advised to consult their tax advisors to determine the tax consequences to them of the Arrangement in their own particular circumstances.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that Elementos and Eurotin are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein may be residents of a foreign country, and that all or a substantial portion of the assets of Elementos and Eurotin and said persons may be located outside the United States.

#### CAUTIONARY NOTE TO U.S. INVESTORS REGARDING RESERVE AND RESOURCE ESTIMATES

This Circular has been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws. In Canada, an issuer is required to provide technical information with respect to mineralization, including reserves and resources, if any, on its mineral exploration properties in accordance with Canadian requirements, which differ significantly from the requirements of the SEC applicable to registration statements and reports filed by United States companies pursuant to the U.S. Securities Act or the U.S. Exchange Act. As such, information contained or incorporated by reference in this Circular concerning descriptions of mineralization under Canadian standards may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

Mineral resource estimates included in this Circular and in any document incorporated by reference herein or therein have been prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining and Metallurgy Classification System, as required by Canadian securities regulatory authorities. In particular, this Circular and any document incorporated by reference herein, include the terms "measured mineral resource", "indicated mineral resource" and "inferred mineral resource." While these terms are recognized and required by Canadian regulations (under NI 43-101), the SEC does not recognize them. In addition, a document incorporated by reference in this Circular may include disclosure of "contained ounces" of mineralization. Although such disclosure is permitted under Canadian regulations, the SEC only permits issuers to report mineralization as in place tonnage and grade without reference to unit measures.

The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC Industry Guide 7 (under the U.S. Exchange Act), as interpreted by the staff of the SEC, mineralization may not be classified as a "reserve" for United States reporting purposes unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards.

United States investors are cautioned not to assume that any part or all of the mineral deposits identified as a "measured mineral resource", "indicated mineral resource" or "inferred mineral resource" will ever be converted to reserves as defined in NI 43-101 or SEC Industry Guide 7. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of "inferred mineral resources" may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that part or all of an inferred mineral resource exists, or is economically or legally mineable.

#### *Exchange of Share Certificates*

Eurotin Shareholders eligible to receive their pro rata portion of the Distribution Shares at the Effective Time need not take any action with respect to their Eurotin Share certificates and will continue to hold them without change following the completion of the Arrangement. Following the Arrangement and as of the Effective Time, the registered holders of Eurotin Shares eligible to receive Distribution Shares will be mailed notices

setting out their pro rata portion of the Distribution Shares to the registered address of the Eurotin Shareholder currently on record with Eurotin.

#### *Fractional Shares*

No fractional Distribution Shares will be issued to Eurotin Shareholders. No cash will be paid in lieu of fractional shares. Any fractions resulting from the calculation of Eurotin Shareholders pro rata allotment of Distribution Shares will be rounded down to the nearest whole number.

The foregoing information is a summary only and is subject to and qualified in its entirety by the Plan of Arrangement. For further details of procedures see the Plan of Arrangement, which is attached as Schedule “C” hereto.

### **DISSENT RIGHTS**

As indicated in the Notice accompanying this Circular, and as provided in the Plan of Arrangement and the Interim Order, any holder of Eurotin Shares is entitled to be paid the fair value of such shares by Eurotin in accordance with the Dissent Rights in the Plan of Arrangement and the provisions of Section 185 of the OBCA if the Eurotin Shareholder duly dissents to the Arrangement Resolution and the Arrangement becomes effective. A holder of Eurotin Shares who dissents to the Arrangement Resolution and is paid the fair value of such shares will not be entitled to receive any Distribution Shares. The fair value of such holder’s Eurotin Shares will be determined as of the close of business on the business day before the adoption of the Arrangement Resolution. The payment for such fair value of the shares shall be made by Eurotin.

**The statutory provisions dealing with the right of dissent are technical and complex. Any shareholders who wish to exercise their Dissent Rights should seek independent legal advice, as failure to comply strictly with the provisions of Sections 185 of the OBCA, the Plan of Arrangement and the Interim Order may result in the loss of Dissent Rights.**

Eurotin Shareholders registered as such on the Record Date of the Eurotin Meeting may exercise Dissent Rights pursuant to and in the manner set forth in Section 185 of the OBCA, the Plan of Arrangement and the Interim Order, provided that the Dissent Notice duly executed by such Eurotin Shareholder is received by Eurotin not less than two business days in advance of the date of the Eurotin Meeting. Dissenting Shareholders are ultimately entitled to be paid fair value for their Dissenting Shares and shall be deemed to have transferred their Dissenting Shares to Eurotin for cancellation immediately at the Effective Time and in no case shall Eurotin be required to recognize such Persons as holding Eurotin Shares after the Effective Time.

A vote against the Arrangement Resolution, an abstention from voting in respect of the Arrangement Resolution, or the execution or exercise of a proxy to vote against the Arrangement Resolution does not constitute a Dissent Notice, and a Eurotin Shareholder need not vote against the Arrangement Resolution in order to dissent. However, a Eurotin Shareholder who consents to or votes in favour of the Arrangement Resolution, other than as a proxy for a different Eurotin Shareholder whose proxy required an affirmative vote, or otherwise acts inconsistently with the dissent, will cease to be entitled to exercise any Dissent Rights.

Eurotin Shareholders who do not duly exercise their Dissent Rights and are not entitled to be paid fair value for their Dissenting Shares shall be deemed to have participated in the Arrangement on the same basis as a Eurotin Shareholder who is not a Dissenting Shareholder and shall receive the Distribution Shares on the same basis as every other Eurotin Shareholder.

Pursuant to the terms of the Arrangement Agreement, the obligation of Elementos and Eurotin to complete the Arrangement is subject to, *inter alia*, Eurotin not having received notices of dissent in respect of more than 5% of the number of Eurotin Shares, which are issued as at the Effective Date which requirement may be waived by the Companies. Should Elementos and Eurotin not complete the Arrangement, whether as a

result of the failure of the Elementos Shareholders to approve the Arrangement or the Eurotin Shareholders to approve the Arrangement Resolution or Eurotin receiving Dissent Notices in excess of 5% of the number of Eurotin Shares which are issued as at the Effective Date or for any other reason, Dissenting Shareholders will not be entitled to receive fair value for their Eurotin Shares.

Prior to the Arrangement becoming effective, Eurotin will send a notice of intention to act to each Dissenting Shareholder stating that the Arrangement Resolution has been passed and informing the Dissenting Shareholder of their intention to act on such Arrangement Resolution. A notice of intention need not be sent to any Eurotin Shareholder who voted in favour of the Arrangement Resolution or who has withdrawn his or her Dissent Notice. Within one month of the date of the notice given by Eurotin of its intention to act, the Dissenting Shareholder is required to send written notice to Eurotin that it requires Eurotin to purchase all of its Eurotin Shares, and at the same time to deliver certificates representing those Eurotin Shares to Eurotin. Upon such delivery, a Dissenting Shareholder will be bound to sell and Eurotin will be bound to purchase the Eurotin Shares subject to the demand for a payment equal to their fair value as of the day before the day on which the Arrangement Resolution was passed by the Eurotin Shareholders, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable). Every Dissenting Shareholder who has delivered a demand for payment must be paid the same price as the other Dissenting Shareholders.

A Dissenting Shareholder who has sent a demand for payment, or Eurotin, may apply to the Court which may: (a) require the Dissenting Shareholder to sell and Eurotin, to purchase the Eurotin Shares in respect of which a Dissent Notice has been validly given; (b) set the price and terms of the purchase and sale, or order that the price and terms be established by arbitration, in either case having due regard for the rights of creditors; (c) join in the application of any other Dissenting Shareholder who has delivered a demand for payment; and (d) make consequential orders and give such directions as it considers appropriate. No Dissenting Shareholder who has delivered a demand for payment may vote or exercise or assert any rights of a Eurotin Shareholder in respect of the Eurotin Shares for which a demand for payment has been given, other than the rights to receive payment for those Eurotin Shares. Until a Dissenting Shareholder who has delivered a demand for payment is paid in full, that Dissenting Shareholder may exercise and assert all the rights of a creditor of Eurotin. No Dissenting Shareholder may withdraw his demand for payment unless Eurotin consents.

Once the Arrangement becomes effective, none of the resulting changes to Elementos or Eurotin will affect the rights of the Dissenting Shareholders or Eurotin or the price to be paid for the Dissenting Shareholder's Eurotin Shares. If the Court determines that a person is not a Dissenting Shareholder or is not otherwise entitled to dissent, the Court, without prejudice to any acts or proceedings that Eurotin or the Eurotin Shareholders may have taken during the intervening period, may make the order it considers appropriate to remove the restrictions on the Dissenting Shareholder from dealing with his Eurotin Shares.

**Strict adherence to the procedures set forth above will be required and a shareholder's failure to do so may result in the loss of all Dissent Rights. Accordingly, each Eurotin Shareholder who might desire to exercise Dissent Rights should carefully consider and fully comply with the provisions set forth above and below and consult his or her legal advisor.**

#### *Section 185 of the OBCA*

Under section 185 of the OBCA, Eurotin Shareholders will be entitled to exercise dissent rights (the "**Dissent Rights**"). As a result, any Eurotin Shareholder may make a claim under section 185 of the OBCA only with respect to all the Eurotin Shares held by such Eurotin Shareholder on behalf of any one beneficial owner and registered in the Shareholder's name, if the Shareholder complies with the requirements of section 185 of the OBCA and validly dissents with respect to the Arrangement Resolution and the Arrangement becomes effective.

The following summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting shareholder under the OBCA. The OBCA requires strict compliance with the

procedures established therein and failure to strictly comply with such procedures may result in the loss of a Shareholder's Dissent Rights. Accordingly, each Shareholder who wishes to exercise rights of dissent should carefully consider and comply with the provisions of section 185 of the OBCA and consult its legal advisors.

Pursuant to subsections 185(4) and 185(6) of the OBCA, a Dissenting Shareholder who seeks payment of the fair value of its Eurotin Shares is required to deliver a written objection to the resolution to be put before Shareholders at the Eurotin Meeting to approve the Arrangement Resolution to the Corporation at or before the Eurotin Meeting. The Corporation's address for such purpose is 77 King Street West, Suite 700, P.O. Box 118, Toronto, Ontario, M5K 1G8. A Dissenting Shareholder is not entitled to dissent with respect to the Eurotin Shares it beneficially owns if it votes any of such Eurotin Shares for the approval of the Arrangement Resolution. The execution or exercise of a proxy or otherwise voting against the Arrangement Resolution does not constitute a written objection for purposes of the right to dissent under the OBCA.

Within 10 days after the Arrangement Resolution is approved by the Shareholders, the Corporation must so notify the Dissenting Shareholder who is then required, within 20 days after receipt of such notice (or if such Shareholder does not receive such notice, within 20 days after learning of the approval of the Amalgamation Resolution), to send to Eurotin a written notice containing its name and address, the number of Eurotin Shares in respect of which the Dissenting Shareholder dissents and a demand for payment of the fair value of such Eurotin Shares and, not later than the 30th day after sending such written notice, to send to the Eurotin or its transfer agent the appropriate share certificate or certificates.

A Dissenting Shareholder who fails to send to Eurotin, within the appropriate time frame, the certificates representing the Eurotin Shares in respect of which the Shareholder dissents forfeits the right to make a claim under section 185 of the OBCA. The Corporation or its transfer agent will endorse on the share certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will return forthwith the certificates to the Dissenting Shareholder.

On sending a demand for payment to the Eurotin, a Dissenting Shareholder ceases to have any rights as a Shareholder, other than the right to be paid the fair value of such holder's Eurotin Shares as determined under section 185 of the OBCA, except where: (a) the Dissenting Shareholder withdraws the demand for payment before Eurotin makes an offer to the Shareholder pursuant to subsection 185(15) of the OBCA, (b) Eurotin fails to make an offer pursuant to subsection 185(15) of the OBCA and the Dissenting Shareholder withdraws the demand for payment, or (c) the transaction contemplated in the Arrangement Agreement does not proceed, in which case the Dissenting Shareholder's rights as a Shareholder will be reinstated as of the date the Dissenting Shareholder sent the demand for payment.

If the Arrangement becomes effective, Eurotin will be required to send, not later than the seventh day after the later of (i) the Effective Date, or (ii) the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for such Dissenting Shareholder's Eurotin Shares such amount as the Eurotin Board considers to be the fair value thereof accompanied by a statement showing how the fair value was determined.

Eurotin must pay for the Eurotin Shares of a Dissenting Shareholder within 10 days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if Eurotin does not receive an acceptance thereof within 30-days after such offer has been made. If such offer is not made or accepted, Eurotin may, within 50 days after the Effective Date or within such further period as a court may allow, apply to a court of competent jurisdiction to fix the fair value of such Eurotin Shares. If Eurotin fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days or within such further period as the court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to a court, all Dissenting Shareholders whose Eurotin Shares have not been purchased by Eurotin will be joined as parties and be bound by the decision of the court, and Eurotin will be required to notify each Dissenting Shareholder of the date, place and consequences of the application and of the right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine

whether any person is a Dissenting Shareholder who should be joined as a party, and the court will fix a fair value for the Eurotin Shares of all Dissenting Shareholders who have not accepted an offer to pay. The final order of a court will be rendered against Eurotin in favour of each Dissenting Shareholder. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each such Dissenting Shareholder from the Effective Date until the date of payment.

The text of Section 185 of the OBCA, which will be relevant in any dissent proceeding, is attached hereto as Schedule "B".

### **Address for Dissent Notices**

All Dissent Notices of a Eurotin Shareholder, in accordance with the provisions of the Plan of Arrangement, should be addressed to Eurotin c/o Chitiz Pathak LLP, 77 King Street West, TD North Tower, Suite 700, P.O. Box 118, Toronto, Ontario, M5K 1G8, Attention: Carlos Pinglo, CFO.

### **Strict Compliance with Dissent Provisions Required**

The foregoing summary does not purport to be a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such shareholder's Eurotin Shares, and is qualified in its entirety by reference to the Interim Order and Section 185 of the OBCA, the full texts of which are attached to this Circular respectively as Schedule "B" and Schedule "E" and the Plan of Arrangement, attached as Schedule "C" and which is a schedule to the Arrangement Agreement filed as a material document on SEDAR at [www.sedar.com](http://www.sedar.com). The Dissent Rights in the Plan of Arrangement and the provisions of Sections 185 of the OBCA require strict adherence to the procedures established therein and failure to do so may result in the loss of Dissent Rights. Accordingly, each Eurotin Shareholder who might desire to exercise Dissent Rights should carefully consider and comply with the provisions of those sections and should consult a legal advisor.

The Arrangement Agreement provides, as a condition to the obligations to complete the Arrangement that holders of not more than 5% of the issued and outstanding Eurotin Shares shall have exercised Dissent Rights in connection with the Arrangement.

### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations arising in connection with the Arrangement generally applicable to Eurotin Shareholders who, at all relevant times, for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") (1) hold any Eurotin Shares as capital property; (2) will hold any Distribution Shares and Elementos Shares as capital property; and (3) deal at arm's length and are not affiliated with Eurotin and Elementos (each a "**Holder**"). Generally, the Eurotin Shares, Distribution Shares and Elementos Shares will be considered capital property to a Holder provided the Holder does not hold such securities in the course of carrying on a business of buying and selling securities or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act in force as of the date hereof and the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any other changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary is not applicable to a Holder that (i) is a “financial institution” for the purposes of the mark-to-market rules contained in the Tax Act, (ii) is a “specified financial institution” as defined in the Tax Act, (iii) is a securityholder an interest in which is a “tax shelter investment” as defined in the Tax Act, (iv) has acquired Eurotin Shares upon the exercise of an employee stock option or warrant, (v) is a taxpayer whose “functional currency” for the purposes of the Tax Act is the currency of a country other than Canada, or (vi) has entered or will enter into a “derivative forward agreement”, as defined in the Tax Act, with respect to the Eurotin Shares, the Distribution Shares or the Elementos Shares. This summary is also not applicable to a Holder with respect to whom Elementos is or will be a foreign affiliate within the meaning of the Tax Act.

This summary assumes that Elementos is not, and will not be, resident or deemed to be resident in Canada for purposes of the Tax Act.

**The Distribution Shares are not “qualified investments” under the Tax Act for Registered Plans. Where a Registered Plan acquires or holds a Distribution Share in circumstances where the Distribution Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, holder or subscriber under the Registered Plan. See “*Eligibility for Investment*”.**

**This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any Eurotin Shareholder. Accordingly, Eurotin Shareholders should consult their own tax advisors for advice as to the income tax consequences to them of the Arrangement in their particular circumstances.**

### **Currency Conversion**

For purposes of the Tax Act, all amounts related to the acquisition, holding or disposition of Eurotin Shares, Distribution Shares and Elementos Shares (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must be converted into Canadian dollars, generally based on the Bank of Canada exchange rate on the date such amounts arise or such other rate of exchange as is acceptable to the Minister of National Revenue (Canada).

### **Holders Resident in Canada**

This part of the summary is applicable to a Holder who, at all relevant times, for purposes of the Tax Act is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders whose Eurotin Shares might not otherwise qualify as capital property, may, in certain circumstances, be entitled to make, or may already have made, an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Eurotin Shares, and every “Canadian security” (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years, deemed to be capital property. This election does not apply to Distribution Shares or Elementos Shares. Resident Holders whose Eurotin Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

### ***Receipt of Distribution Shares***

Provided that the fair market value of all Distribution Shares at the time they are distributed to Eurotin Shareholders (the “**Distribution**”) is no greater than the aggregate paid-up capital of all Eurotin Shares immediately before the Distribution, the Distribution will be treated as a return of capital for Canadian federal income tax purposes unless a provision of the Tax Act deems otherwise. Subsection 84(4.1) of the Tax Act applies in certain circumstances to deem a return of capital by a public corporation (such as Eurotin) to be a dividend. However, subsection 84(4.1) of the Tax Act does not apply to the return of capital of a corporation, provided that the payment is made on the winding-up, discontinuance or reorganization of the business of the corporation, or (i) the return of capital can reasonably be considered to have been derived from proceeds of disposition realized by the corporation from a transaction that occurred outside the ordinary course of its



business but within the period that commenced 24 months before the return of capital, and (ii) no other amount that may reasonably be considered to have derived from such proceeds was paid by the corporation as a reduction of paid-up capital prior to the return of capital.

Based in part on an understanding of the CRA's administrative practice, provided that the fair market value of all Distribution Shares at the time of the Distribution is no greater than the aggregate paid-up capital of all Eurotin Shares immediately before the Distribution, the Distribution should be treated as a tax-free return of paid-up capital (subject to the comments below concerning the reduction of the adjusted cost base of Eurotin Shares) and not as a deemed dividend pursuant to subsection 84(4.1) of the Tax Act.

If, at the time of the Distribution, the fair market value of all Distribution Shares were to exceed the paid-up capital of all Eurotin Shares immediately before the Distribution (which, as described below, Eurotin does not expect to be the case), Eurotin would be deemed to have paid a dividend on the Eurotin Shares equal to the amount of such excess, and each Resident Holder would be deemed to have received a pro rata portion of such dividend, based on the proportion of Eurotin Shares held by such Eurotin Shareholder at the time of the Distribution. Eurotin expects that the fair market value of all Distribution Shares at the time of the Distribution will be substantially lower than the amount that will be the aggregate paid-up capital of all Eurotin Shares immediately before the Distribution.

The fair market value of all Distribution Shares received by a Resident Holder from Eurotin on the Distribution must be deducted in computing the adjusted cost base to a Resident Holder of such Resident Holder's Eurotin Shares. If the amount so required to be deducted from the adjusted cost base of the Eurotin Shares to a particular Resident Holder is equal to or less than the adjusted cost base of such Eurotin Shares, then no gain or loss will be realized or deemed to be realized by the Resident Holder. If the amount so required to be deducted from the adjusted cost base of the Eurotin Shares to a particular Resident Holder exceeds the adjusted cost base of such shares, the excess will be deemed to be a capital gain realized by such Resident Holder from a disposition of such shares. See "*Holders Resident in Canada – Taxation of Capital Gains and Losses*".

### ***Conversion of Distribution Shares***

The automatic conversion of Distribution Shares into Elementos Shares will be deemed not to constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss.

The cost to a Resident Holder of the Elementos Shares received on the conversion of Distribution Shares will be deemed to be equal to the Resident Holder's adjusted cost base of the converted Distribution Shares immediately before the conversion. For the purpose of computing the adjusted cost base to a Resident Holder of each Elementos Share acquired on the conversion of a Distribution Share, the cost of such Elementos Share must be averaged with the adjusted cost base to such Resident Holder of all other Elementos Shares (if any) held by the Resident Holder as capital property immediately prior to the conversion.

### ***Dividends on Elementos Shares***

A Resident Holder will be required to include in computing such Resident Holder's income for a taxation year the amount of any dividends including amounts deducted for foreign withholding tax, if any, received on Elementos Shares. Dividends received on Elementos Shares by a Resident Holder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. A Resident Holder that is a corporation will not be entitled to deduct the amount of such dividends in computing its taxable income.

To the extent that foreign withholding tax is payable by a Resident Holder in respect of any dividends received on Elementos Shares, the Resident Holder may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Resident Holders should

consult their own tax advisors regarding the availability of a foreign tax credit or deduction in their particular circumstances.

### ***Disposition of Distribution Shares and Elementos Shares***

A Resident Holder who disposes of, or is deemed to have disposed of, Distribution Shares (otherwise than on the automatic conversion of such shares for Elementos Shares) or Elementos Shares will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Distributions Shares or Elementos Shares exceed (or are less than) the aggregate of the adjusted cost base of such Distributions Shares or Elementos Shares, respectively, and any reasonable costs of disposition. See “*Residents of Canada – Taxation of Capital Gains and Losses*”.

### ***Taxation of Capital Gains and Losses***

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

If the Resident Holder is a corporation, the amount of any capital loss realized on a disposition or deemed disposition of a Eurotin Share may be reduced by the amount of dividends received or deemed to have been received by it on such share to the extent and under circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Capital gains realized by an individual or trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act.

### ***Additional Refundable Tax***

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act), including dividends on Elementos Shares and taxable capital gains.

### ***Offshore Investment Fund Property Rules***

The Tax Act contains rules that may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property”. These rules could apply to a Resident Holder in respect of Distribution Shares or Elementos Shares if:

1. the Distribution Shares or Elementos Shares, as the case may be, may reasonably be considered to derive their value, directly or indirectly, primarily from portfolio investments in (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (collectively, “**Investment Assets**”); and

2. it may reasonably be concluded, having regard to all the circumstances, that one of the main reasons for a Resident Holder acquiring, holding or having an interest in the Distribution Shares or Elementos Shares, as applicable, was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by such Holder.

If applicable, these rules would generally require a Resident Holder to include in its taxable income for each taxation year in which a Resident Holder holds Distribution Shares or Elementos Shares an imputed amount determined by applying a prescribed rate of return to the “designated cost” (as defined for purposes of the offshore investment fund property rules) to the holder of the Distribution Shares or Elementos Shares, as applicable, at the end of each month in the year, less the amount of income for the year (other than a capital gain) from the applicable Distribution Shares or Elementos Shares. Any amount required under these rules to be included in computing a Resident Holder’s income in respect of Distribution Shares or Elementos Shares, as the case may be, would be added to the adjusted cost base to a Resident Holder of such shares.

The application of these rules depends, in part, on the reasons a Resident Holder acquires or holds Distribution Shares or Elementos Shares. Resident Holders should consult their own tax advisors regarding the application and consequences of these rules to their own particular circumstances.

### ***Foreign Property Information Reporting***

In general, a Resident Holder that is a “specified Canadian entity” (as defined in the Tax Act) for a taxation year or a fiscal period and whose total cost amount of “specified foreign property” (as defined in the Tax Act), including Distribution Shares and Elementos Shares, at any time in the year or fiscal period exceeds Cdn\$100,000 will be required to file an information return with the CRA for the taxation year or fiscal period disclosing certain prescribed information in respect of such property. Subject to certain exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a “specified Canadian entity,” as will certain partnerships. Distribution Shares and Elementos Shares will be “specified foreign property” to a Resident Holder. Penalties may apply where a Resident Holder fails to file the required information return in respect of such Resident Holder’s “specified foreign property” on a timely basis in accordance with the Tax Act.

The reporting rules in the Tax Act are complex and this summary does not purport to address all circumstances in which reporting may be required by a Resident Holder. Resident Holders should consult their own tax advisors regarding the reporting rules contained in the Tax Act.

### ***Dissenting Resident Holders***

A Resident Holder who dissents in respect of the Arrangement (a “**Resident Dissenter**”) and who is entitled to receive payment from Eurotin equal to the fair value of the Resident Dissenter's Eurotin Shares will be deemed to have disposed of such shares for proceeds of disposition equal to the cash payment received by the Resident Dissenter less the amount of any interest awarded by a court. A Resident Dissenter will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of such Eurotin Shares, as reduced by the amount of any deemed dividend as discussed below and net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares immediately before the disposition. See “*Residents of Canada – Taxation of Capital Gains and Losses*”.

A Resident Dissenter generally will be deemed to have received a dividend equal to the amount by which such proceeds exceed the paid-up capital of such shares, and such deemed dividend will reduce the proceeds of disposition for purposes of computing a capital gain (or a capital loss) on the disposition of such Eurotin Shares.

A Resident Dissenter who receives interest awarded by a court will be required to include the full amount of such interest in income. In addition, a Resident Dissenter that, throughout its taxation year, is a “Canadian-

controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act), including interest income.

### **Holders Not Resident in Canada**

The following portion of this summary is applicable to a Holder who (i) has not been, is not, and will not be resident or deemed to be resident in Canada for purposes of the Tax Act at any relevant time, and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Eurotin Shares, Distribution Shares or Elementos Shares in connection with carrying on a business in Canada (a “**Non-Resident Holder**”) at any relevant time. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

### ***Receipt of Distribution Shares***

The discussion above, under the heading “*Holders Resident in Canada - Receipt of Distribution Shares*”, of the deemed dividend potentially resulting from the distribution of Distribution Shares also applies to a Non-Resident Holder. As noted in the above discussion, Eurotin is not expected to be deemed to have paid a dividend as a result of the distribution of Distribution Shares. In the event that Eurotin was deemed to have paid a dividend, the portion of the dividend deemed to have been paid to a Non-Resident Holder would be subject to withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, subject to reduction under an applicable income tax treaty.

### ***Conversion of Distribution Shares***

The tax consequences of the automatic conversion of a Distribution Share held by a Non-Resident Holder to an Elementos Share are the same as those described above under “*Holders Resident in Canada – Conversion of Distribution Shares*”.

### ***Dividends on Elementos Shares***

Dividends paid on Elementos Shares to a Non-Resident Holder will not be subject to Canadian withholding tax or other income tax under the Tax Act.

### ***Disposition of Distribution Shares and Elementos Shares***

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain arising on a disposition or deemed disposition of Distribution Shares or Elementos Shares provided that (i) the shares disposed of are not “taxable Canadian property” of the Non-Resident Holder at the time of the disposition, or (ii) the Non-Resident Holder is exempt from taxation in Canada on the disposition of such shares under the terms of an applicable income tax treaty.

Generally, a share of a corporation owned by a Non-Resident Holder that is listed on a “designated stock exchange” as defined in the Tax Act (which includes the ASX) at a particular time will not be taxable Canadian property of the Non-Resident Holder at the particular time unless, at any time during the 60-month period immediately preceding the date of disposition of the particular share, (i) one or any combination of (A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder does not deal at arm’s length, and (C) partnerships in which the Non-Resident Holder or a person described in (B) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of the capital stock of the particular corporation AND (ii) more than 50% of the fair market value of the particular share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” or “timber resource properties” (each as defined in the Tax Act), or an option in respect of, or interests in, or for civil law rights in, any such properties, whether or not such property exists.

A share of a corporation owned by a Non-Resident Holder that is not listed on a “designated stock exchange” as defined in the Tax Act will not generally be taxable Canadian property of the Non-Resident Holder at a particular time unless at any time during the 60-month period immediately preceding the date of disposition of the particular share, more than 50% of the fair market value of the share was derived directly or indirectly (otherwise than through a corporation, partnership or trust the shares or interests in which were not themselves taxable Canadian property at the particular time) from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” or “timber resource properties” (each as defined in the Tax Act) or an option in respect of, or interests in, or for civil law rights in, any such properties, whether or not such properties exist.

Notwithstanding the foregoing, a share could also be deemed to be taxable Canadian property of the Non-Resident Holder under certain other provisions of the Tax Act. Non-Resident Holders who hold or may hold Distribution Shares or Elementos Shares as taxable Canadian property should consult their own tax advisors.

If Distribution Shares or Elementos Shares are taxable Canadian property to a Non-Resident Holder at a particular time, such holder may be exempt from tax on any capital gain realized on the disposition of such shares by virtue of an applicable income tax treaty. In circumstances where a Distribution Share or Elementos Share constitutes taxable Canadian property to a Non-Resident Holder, any capital gain that would be realized by such Non-Resident Holder on the disposition of the share that is not exempt from tax under the Tax Act pursuant to an applicable income tax treaty generally will be subject to the same Canadian tax consequences as discussed above for a Resident Holder under the heading “*Receipt of Distribution Shares*”, “*Disposition of Distribution Shares or Elementos Shares*”, as applicable, and under the heading “*Taxation of Capital Gains and Capital Losses*”.

#### ***Dissenting Non-Resident Holders***

A Non-Resident Holder who exercises Dissent Rights in respect of the Arrangement (a “**Non-Resident Dissenter**”) and disposes of Eurotin Shares in consideration for a cash payment from Eurotin will realize a dividend and capital gain or loss in the same manner as discussed above under “*Residents of Canada - Dissenting Resident Holders*”. The amount of any dividend will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the terms of an applicable income tax treaty. A Non-Resident Dissenter will not be subject to income tax under the Tax Act on any capital gain realized on the disposition of its Eurotin Shares unless the shares are “taxable Canadian property” and the gain is not exempt from tax pursuant to the terms of an applicable income tax treaty. Interest received by a Non-Resident Dissenter upon the exercise of the Dissent Rights will generally not be subject to non-resident withholding tax under the Tax Act.

## **ELIGIBILITY FOR INVESTMENT**

### **Distribution Shares**

Distribution Shares will not be a “qualified investment” for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), tax-free savings accounts (“**TFSAs**”), registered disability savings plans (“**RDSPs**”), registered education savings plans (“**RESPs**”) and deferred profit sharing plans (collectively, “**Registered Plans**”).

If Distribution Shares are received by a Registered Plan (because the Eurotin Shares are held by the Registered Plan at the time of the Distribution), the annuitant, holder or subscriber (the “**Plan Holder**”) under an RRSP, RRIF, TFSA, RDSP or RESP will be subject to a penalty tax equal to 50% of the fair market value of such Distribution Shares at the time the Distribution Shares are acquired by the applicable Registered Plan. The Plan Holder will be entitled to a refund of the 50% penalty tax for the year in which the Distribution Shares are disposed of, unless it is reasonable to conclude that the Plan Holder knew, or ought to have known, at the time the Distribution Shares were acquired by the Registered Plan, that the Distribution Shares were not a qualified investment for the Registered Plan. In the present circumstances, the Plan Holder may not be entitled to a refund of the 50% penalty tax.

Additional Canadian tax considerations that are not disclosed above may be applicable to Registered Plans that receive Distribution Shares pursuant to the Arrangement including that the Registered Plan may become taxable on its income earned in respect of the Distribution Shares, and, in the case of an RESP, with respect to the RESP's registration being revocable at the time the Distribution Shares are acquired by it.

**HOLDERS OF EUROTIN SHARES THAT HOLD SUCH SHARES IN A REGISTERED PLAN ARE URGED TO PAY IMMEDIATE ATTENTION TO THIS MATTER AND ARE URGED TO CONSULT WITH THEIR TAX ADVISORS IMMEDIATELY REGARDING THE CONSEQUENCES TO THEM OF THE DISTRIBUTION OF DISTRIBUTION SHARES, INCLUDING WHETHER THEY SHOULD DISPOSE OF THEIR EUROTIN SHARES HELD IN A REGISTERED PLAN WITH A SETTLEMENT DATE THAT IS PRIOR TO THE EFFECTIVE DATE.**

### **Eurotin Shares**

Based on the provisions of the Tax Act in effect on the date hereof, once the shares of Eurotin have been transferred to the NEX board of the Exchange, the Eurotin Shares will be qualified investments under the Tax Act for Registered Plans only for so long as Eurotin continues to qualify as a "public corporation" for purposes of the Tax Act. Eurotin will continue to be a public corporation for purposes of the Tax Act until such time as it makes an election not to be a public corporation or is designated by the CRA not to be a public corporation. While Eurotin intends to continue to be a public corporation, there can be no assurances that Eurotin will not, at some point, cease to be a public corporation. Eurotin Shareholders should consult their own tax advisors with respect to the consequences of the Eurotin Shares ceasing to be a qualified investment for Registered Plans.

Notwithstanding that the Eurotin Shares may be qualified investments for a RRSP, RRIF, TFSA, RDSP or RESP, the Plan Holder will be subject to a penalty tax in respect of the Eurotin Shares if such securities are a "prohibited investment" and not "excluded property" for the particular Registered Plan for purposes of the Tax Act. Eurotin Shares will generally not be a prohibited investment for a particular RRSP, RRIF, TFSA, RDSP or RESP if the Plan Holder (i) does not have a "significant interest" (as defined for purposes of the prohibited investment rules in the Tax Act) in Eurotin, and (ii) deals at arm's length with Eurotin for purposes of the Tax Act. Generally, a Plan Holder will not have a significant interest in Eurotin provided the Plan Holder, together with persons or partnerships with whom the Plan Holder does not deal at arm's length, does not own (and is not deemed to own pursuant to the Tax Act), directly or indirectly, 10% or more of the issued shares of any class of the capital stock of Eurotin or of any other corporation that is related to Eurotin (for purposes of the Tax Act). Plan Holders should consult their own tax advisors in regard to the application of these rules under the Tax Act in their particular circumstances.

**NOTWITHSTANDING THAT THE EUROTIN SHARES MAY BE QUALIFIED INVESTMENTS FOR A REGISTERED PLAN, HOLDERS OF EUROTIN SHARES THAT HOLD SUCH SHARES IN A REGISTERED PLAN ARE URGED TO CONSULT WITH THEIR TAX ADVISORS IMMEDIATELY REGARDING THE CONSEQUENCES TO THEM OF THE DISTRIBUTION OF DISTRIBUTION SHARES, INCLUDING WHETHER THEY SHOULD DISPOSE OF THEIR EUROTIN SHARES HELD IN A REGISTERED PLAN WITH A SETTLEMENT DATE THAT IS PRIOR TO THE EFFECTIVE DATE.**

### **INFORMATION CONCERNING MESPA**

MESPA is a wholly-owned Spanish subsidiary of Eurotin. MESPA has a 96% interest in the Oropesa tin project in Spain. For further information on the Oropesa Property see the Oropesa Property Report incorporated by reference herein and filed to the SEDAR profile of Eurotin on September 20, 2018.

## **Oropesa Tin Project**

The Oropesa Property Report was prepared by SRK Consulting (UK) Limited (“**SRK**”) in September 2018 and filed to Eurotin’s SEDAR profile on September 20, 2018.

### **Property Description, Location, and Access**

The Property includes a 14.51 km<sup>2</sup> concession package located approximately 75 km northwest of Cordoba and 180 km northeast of Seville, Region of Andalucía, in southern Spain. Eurotin has a 96% interest in the Property with registered title to the Property with the Andalucía mining authorities under the Spanish Mining Act.

The Property is easily accessible from Seville, the regional capital via paved highways, 133 km north on A-66/E-803 and 96 km east on N-432 to the town of Fuente Obejuna. The Property can be accessed from the town of Los Blazquez approximately 1.8 km north of Fuente Obejuna on highway CO-9012. Paved roads are within 3 km of the property, which is directly accessed via a farm road which intersects the Co-9012 highway. Other farm tracks and trails provide convenient access to other parts of the property.

The Property is subject to Oropesa Investigation Permit number 13.050 (the “**Permit**”) which was originally granted to Sondeos y Perforaciones Industriales del Bierzo, S.A. (“**SPIB**”) in January, 2008. Pursuant to a Sale and Purchase Agreement (the “**SPA**”) dated January 30, 2013, SPIB agreed to transfer the Permit to MESPA and pursuant to the SPA, SPIB was granted a 1.35% net smelter return (“**NSR**”) from the sale of tin concentrate from the Property, and also the right to be issued a 4% equity interest in MESPA when the Property reaches commercial production.

### **Climate, Local Resources, Infrastructure and Physiography**

#### *Climate*

The region has a Mediterranean climate which has short mild winters, and long, hot, dry summers. The daily temperatures average 12°C from December to February; during the summer months (July and August) an average temperature of 28°C is experienced. Precipitation is limited to approximately 640 mm annually, half of which falls from January to March. Exploration and mining practices (open pit and underground) are typically conducted year round.

#### *Local Resources*

The property is located close to the regional capital of Seville, and to the cities of Huelva Cordoba and the former coal mining town of Penarroya-Pueblonuevo. The Andalusia Region has a long mining history and supplies, services and professional, skilled and semi-skilled labour are easily sourced from the cities/towns described previously, for both exploration and mining. The area is currently used for sheep and pig farming, with minor plantations of grain crops.

#### *Infrastructure*

The area is well serviced with paved dual and multi-lane highways, there are also gravel roads and farm tracks throughout the area. The district has power transmission lines which have different voltage capacities. There is a rail head in the town of Penarroya-Pueblonuevo approximately 16 km away.

#### *Physiography*

The local topography is typically gently rolling hills, elevations on the property range from approximately 550 m at the eastern boundary of the property to approximately 811 m at the top of the Sierra de la Grana in the northern part of the property. Sierra de la Grana is thickly covered in jara bushes, whilst the rest of the property is sparsely vegetated with thorn bushes, other shrubs and oak trees.

Several seasonal water courses run through the property. Whilst these are anticipated to be suitable for exploration activities additional water source will be required for mining operation requirements.

## **History**

### *Early History*

Mining has been occurring in the Ossa-Morena area since at least 2,000 BC. There is evidence that copper-silver (Cu-Ag) deposits were worked by ancient cultures and the Romans mined outcrops containing lead-silver (Pb-Ag) veins and copper-gold (Cu-Au) veins approximately 145 km west of the Property. Mining activities appeared to cease at the end of the Roman period. The Cu-Ag veins appear to have been mined again during the 1500s and the Pb-Ag veins were again exploited from 1848 to 1945 in the Azuaga-Berlanga area (20 – 30 km west of the Property). Small mining operations were probably occurring in the central area of the Property during medieval times and during the last century, with slag piles and hand dug shafts having been identified. Coal mining was occurring to the east of the Property from the mid-1800s until recently.

### *Recent History*

Instituto Geológico y Minero de España (“**IGME**”), between 1969 and late 1990, conducted multi-discipline exploration programmes over an area which included the current Property. A summary of the historical exploration and drilling programs completed by IGME is provided in Section 9.1 and Section 10.1 of the Oropesa Property Report.

### *Historical Estimates*

SRK has previously produced three Mineral Resource Estimates on the Permit, which are summarised below:

- Mineral Resource with effective date of 9 October 2012 reporting an Oxide Indicated Mineral Resource of 1.7 Mt grading 0.33% Sn, a Fresh Indicated Mineral Resource of 7.0 Mt grading 0.31% Sn, an Oxide Inferred Mineral Resource of 2.7 Mt grading 0.22% Sn and a Fresh Inferred Mineral Resource of 6.1 Mt grading 0.28% Sn.
- Mineral Resource Estimate completed by SRK for 5 June 2014, which reported an Oxide Indicated Mineral Resource of 3.3 Mt grading 0.35% Sn, a Fresh Indicated Mineral Resource of 11.6 Mt grading 0.37% Sn, an Oxide Inferred Mineral Resource of 1.1 Mt grading 0.35% Sn and a Fresh Inferred Mineral Resource of 3.2 Mt grading 0.38% Sn.
- Mineral Resource Estimate completed by SRK for 30 October 2015, which reported an Oxide Indicated Mineral Resource of 80 kt grading 0.48% Sn, Transition Indicated Mineral Resource of 2.1 Mt grading 0.56% Sn and Fresh Indicated Mineral Resource of 7.3 Mt grading 0.55% Sn. Inferred Mineral Resources included an Oxide subtotal of 78 kt grading 0.43% Sn, Transition subtotal of 1.2 Mt grading 0.42% Sn and Fresh sub-total of 2.1 Mt grading 0.58% Sn.

### *Historical Production*

SRK notes that historically there may have been some very small operations of primitive smelting for iron from the central part of the deposit. SRK is not aware of any previous significant production from the Property.

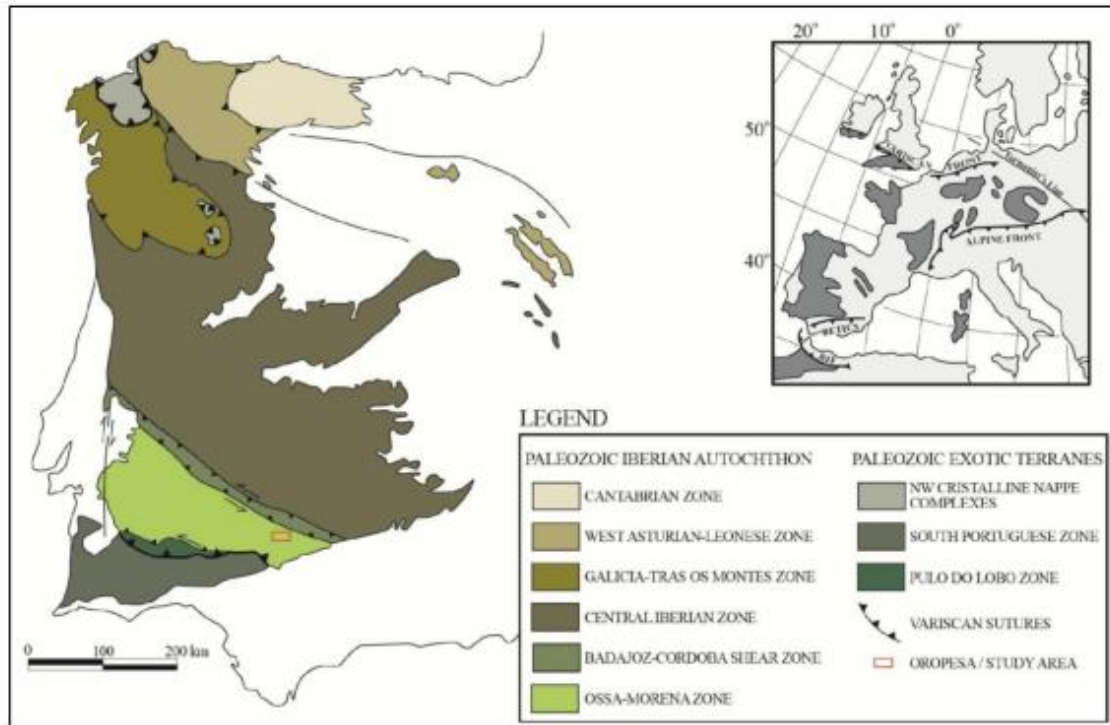
## **Geological Setting and Mineralization**

### *Regional Geology*

The following summary of the regional geology uses information primarily contained within Dallmeyer and Martinez-Garcia (1990) and Wagner (2004). The Project is located within the Iberian Massif, a complex orogenic belt consisting of numerous allochthonous and autochthonous terranes that comprise Paleozoic sedimentary sequences with lesser Precambrian basement. These rocks are cut by numerous intrusions of



varying ages and deformed by one or more phases of folding and faulting. The Iberian Massif can be subdivided into six zones, based on differences in stratigraphy and structural history (Figure 7-1). The Oropesa project occurs near the northeastern edge of the Ossa Morena Zone.

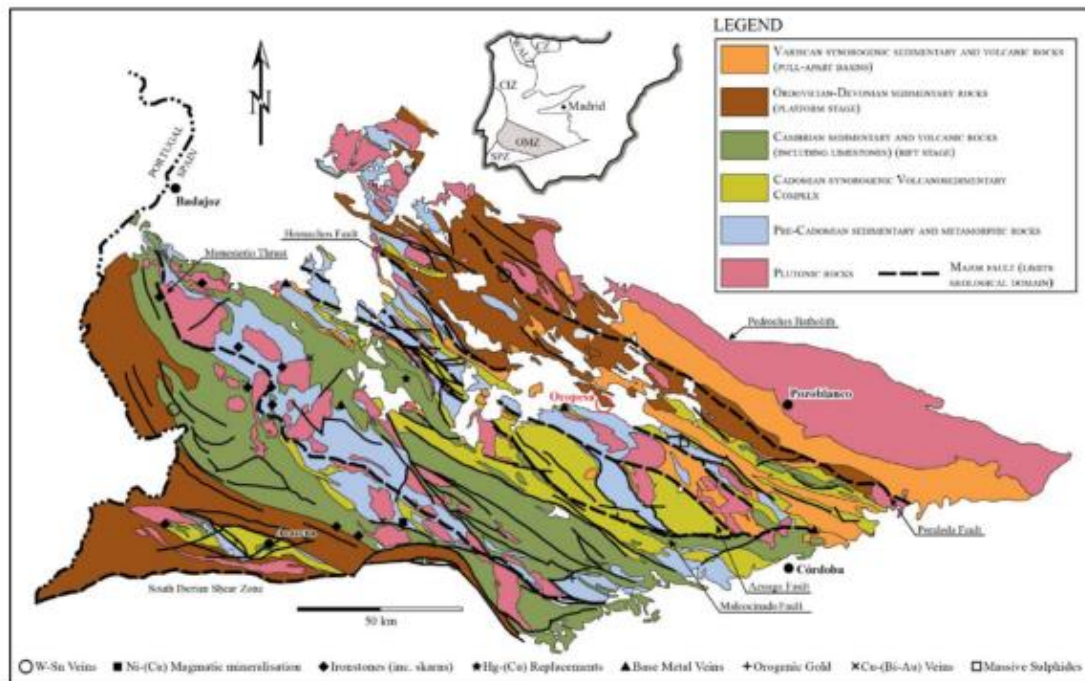


**Figure 7-1: Simplified geology map of the Iberian Massif from Smith 2012**

The Precambrian and Paleozoic metasedimentary rocks of the Ossa Moreno Zone can be further subdivided into four main packages (Figure 7-2) based on differences in age and depositional environment:

- Precambrian rocks of various type and affinity;
- a Cambrian, rift-related sedimentary sequence;
- an Ordovician to Devonian passive margin sequence; and
- Mid-Devonian to Early Permian syn-orogenic (basin-fill) sequences.

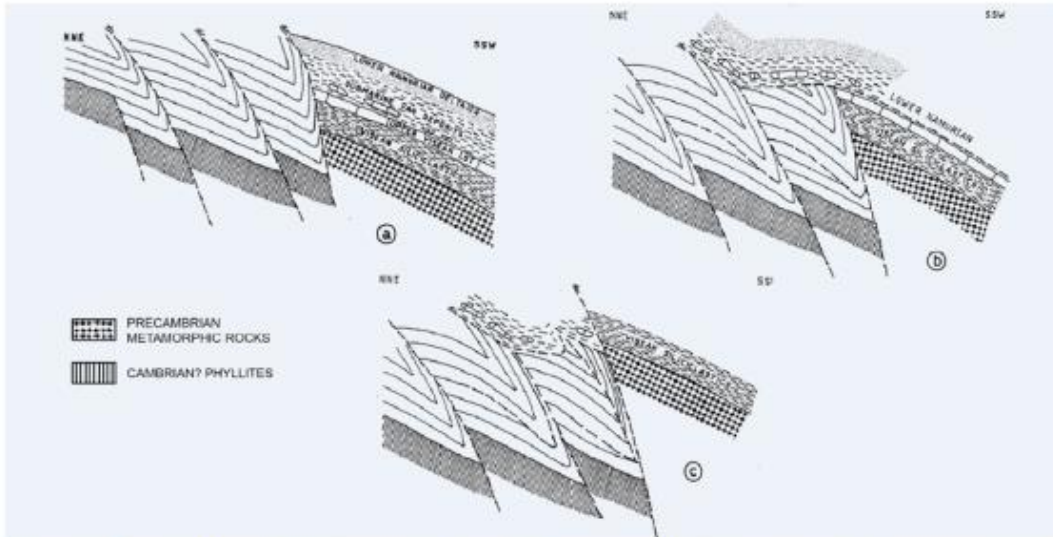
The structural history of the Precambrian basement is not well constrained, but likely involved one or two distinct orogenic phases. Rifting initiated during the Cambrian, leading to the development of an oceanic basin along the edge of which the passive margin sediments that are now preserved in the Ossa-Morena zone were deposited. The earliest evidence for collision is recorded by obduction of the Beja-Acebuches ophiolite in the Middle Devonian. From the Mid-Devonian until the Early Permian the Ossa Morena Zone underwent a protracted multi-stage orogenesis (the Variscan/Hercyninan orogeny) which led to the development of several basins, including the Peñarroya basin which hosts the Oropesa deposit.



**Figure 7-2: Geology of the Ossa Morena Zone from Smith 2012**

The Peñarroya basin is northwest trending and approximately 50 km long by 2 km wide. It is interpreted by Wagner (2004) to have formed as a pull-apart basin within a strike-slip to transtensional fault system. This interpretation is supported by observations at the Property, where there is evidence for syn-sedimentary faulting strongly oblique to the basin-bounding faults. The Peñarroya basin contains a variety of sedimentary rocks including conglomerates, sandstone, siltstone and coal measures. There is a broad transition from rocks that are predominantly marine in origin at the base of the sequence to predominantly terrestrial in origin near the top of the sequence. The coal measures in the Peñarroya basin have been extensively mined since Roman times up to the 20th century.

Subsequent to basin formation, but still within the broad time constraints of the Variscan/Hercynian orogeny, there was a switch to a transpressional tectonic regime. Evidence for this transpressional phase can be observed in the widespread folding within the Peñarroya basin, including overturned stratigraphy, and development of reverse faulting. The basin inversion has a strong asymmetry, with the most intense folding and the largest reverse faults localised along the southwest margin of the basin. Many of the reverse faults are probably reactivated from the earlier basin-forming event and thus the asymmetry likely reflects, to some extent, the original basin-forming fault architecture.

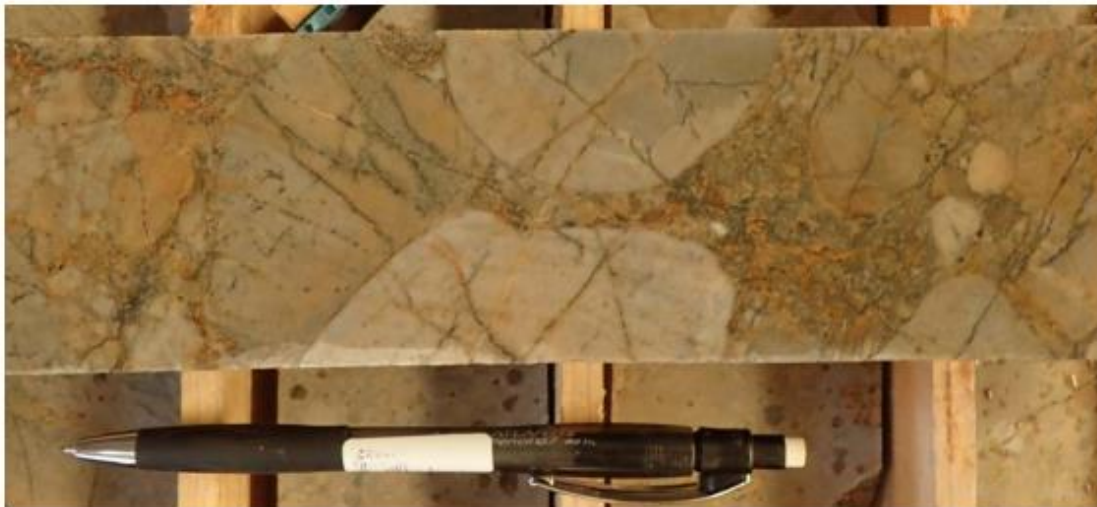


**Figure 7-3: Schematic cross section illustrating the evolution of folding in the Peñarroya basin modified from Wagner 2004**

*Local/Project Geology*

**Stratigraphy**

The Oropesa deposit consists of two main lithological units: conglomerate and sandstone. The conglomerate is poorly-sorted and predominantly clast-supported (Figure 7-4). It consists primarily of cobble to pebble-sized, sub rounded clasts with a gradational matrix. Most clasts are of sedimentary origin, although occasional igneous clasts can be observed. Locally, the conglomerate also contains occasional 1-5 m interbeds of sandstone.



**Figure 7-4: Conglomerate intersected in drillhole ORPD57 at 193.8 m**

The sandstone unit is quite variable and includes several different lithofacies. There is considerable grain size variation, from a pebbly sandstone, down to a very fine sandstone; however, the majority of the sandstones fall between the fine and granule grain size classifications (Figure 7-5).



**Figure 7-5: Bedded Sandstone in drillhole ORPD108 at 173 m**

Rare siltstones and shales are also observed locally and are included in the broad ‘sandstone’ unit. The sandstone unit varies from massive to bedded, with local younging indicators, such as graded bedding and trace fossils. Some sandstone beds also preserve silica pseudomorphs of early (diagenetic) bladed gypsum and broken crinoid fossils are also occasionally observed at the base of some sandstone beds.

Post-sedimentary deformation has complicated the geometry of the Oropesa deposit; however, even when this deformation is accounted for, there is clear evidence for considerable lateral variations in sandstone grain size as well as the presence of wedge-shaped conglomerate units, erosional surfaces and channels. In addition to these features, there are also some very sharp changes in lithology both along and across strike that are interpreted to result from syn-sedimentary faulting. All of these features support the interpretation that the Peñarroya basin was a fault-controlled basin with significant topography at the basin margins. The presence of crinoid fossils, which do not occur in fresh water, indicate at least periodic marine ingress while the gypsum blades suggest the presence of synsedimentary brines, possibly formed during periods where the basin was sealed off from the ocean.

### **Structure**

The geometry of the Oropesa deposit is primarily the result of two major deformation phases, an initial strike-slip to extensional phase of deformation during basin formation followed by a strong contractional overprint.

The initial phase of basin formation produced a complicated initial geometry characterised by at least two major fault orientations: a basin-parallel, NW striking fault set, the original dip of which is still uncertain, and an oblique N-S striking, fault set with steep to subvertical dips. Both fault sets appear to have been active during basin formation, producing rapid lateral facies changes and the characteristic wedge shaped stratigraphic packages.

Low core axis angles indicating local dips of greater than 60°, combined with evidence for overturned bedding indicate that the sedimentary sequence has undergone significant folding post-deposition. Modelling has identified a single closed to open fold that controls the first order geometry of the deposit (Figure 7-6 and Figure 7-7). The axial plane of the fold varies from flatlying to shallow-dipping to the northeast, which broadly supports previous interpretations of a syn-folding reverse fault controlling the uplift of Devonian quartzites immediately northeast of Oropesa. Importantly, due to the geometry of the fold, NW striking faults

are likely to be folded whereas N-S faults may be relatively undeformed. Properly understanding the geometries that might be expected as a result of folding an already complex syn-sedimentary fault network is essential to constraining the geometry of mineralisation.

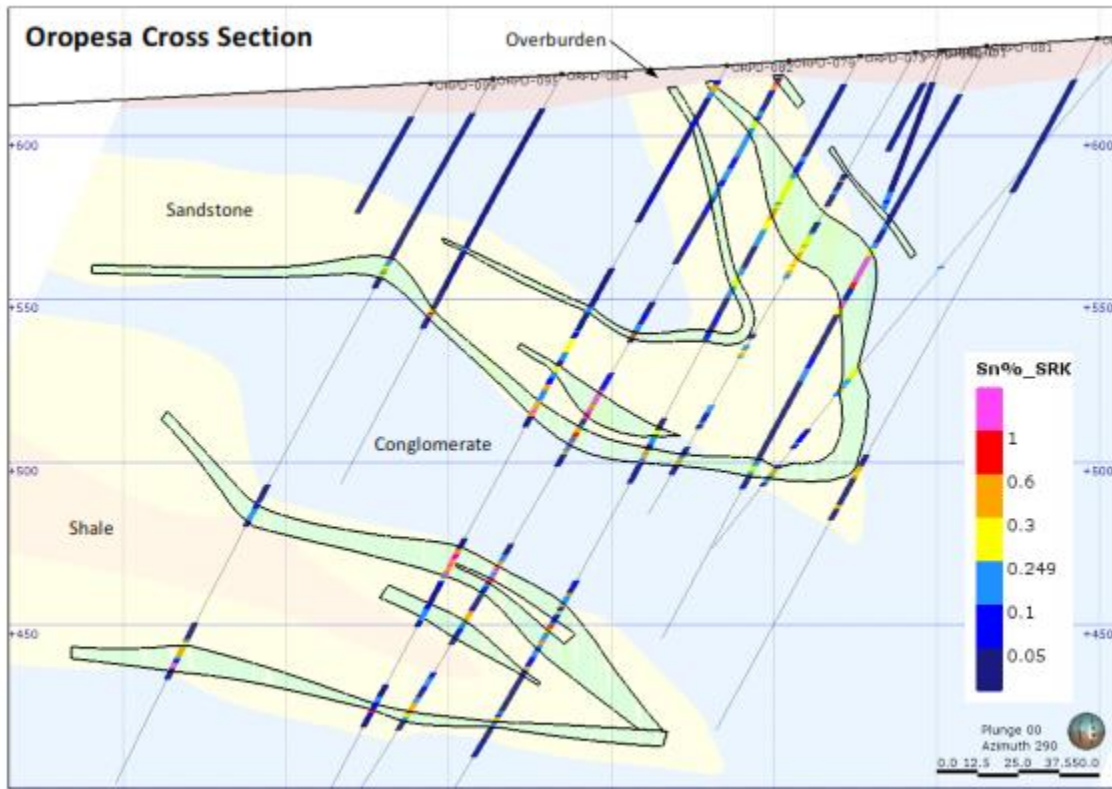
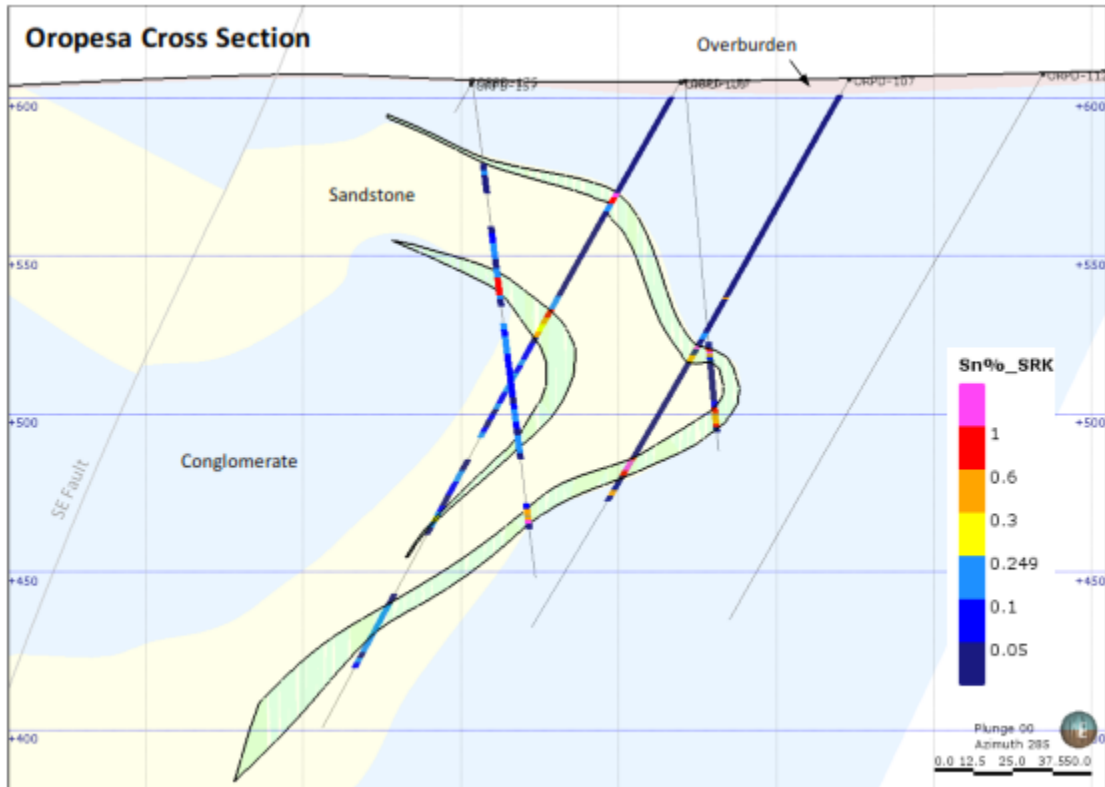


Figure 7-6: Cross Section from the northwest of Oropesa



**Figure 7-7: Cross Section from the southeast of Oropesa**

**Mineralization**

Mineralisation at Oropesa is strongly lithologically controlled, with the majority of mineralisation occurring in sandstone (Figure 7-8); grain-size and stratigraphic position act as second-order controls.



**Figure 7-8: Replacement mineralisation in sandstone in drillhole ORPD108 at 216.7 m**

Overall, granular sandstones are typically better mineralised, whereas finer-grained sandstones are commonly lower grade or barren, even when associated with silica alteration. The cause of this relationship

between grain-size and mineralisation is not well understood but could be due to increased porosity in coarser-grained sandstones and/or potentially related to the composition of the cement.

Tin mineralisation is also controlled by stratigraphic position, typically occurring proximal to conglomerate contacts. This may in part relate to the natural grain-size variation through the sandstone packages, however, other influences, such as micro or macro-scale fracturing localised at rheological contrasts may have some influence.

In addition to the stratigraphic-controls, there are also several interpreted mineralised faults. Fault-hosted mineralisation is commonly associated with increased weathering, broken ground and, in some cases, an increase in clay content. Two north-striking, subvertical faults have been modelled thus far, more may exist, however, they are difficult to identify with the existing drill patterns. These faults cut across the main mineralisation trend and appear to be relatively undeformed by folding. A mineralised, basin-parallel (northwest-striking) fault has also been identified. Based on the major facies changes across this fault and the angular relationship with bedding this fault is interpreted to have been folded.

Fault-hosted mineralisation is volumetrically much less significant than the sediment-hosted replacement style mineralisation, however, faults are interpreted to have acted as feeder structures, bringing the mineralising fluid up from depth.

A sheeted carbonate-base metal vein system is also locally observed at Oropesa. Where present, these veins are typically 1cm wide, with a spacing of 1-5m and a sulphide mineralogy dominated by chalcopyrite, sphalerite and galena. This vein system is interpreted to be associated with Stage 3 in the paragenetic sequence and thus likely post-dates the major tin mineralising stage.

#### *Timing of Mineralisation*

Mineralisation occurred during the Variscan/ Hercynian orogeny. Initial indications suggest that mineralisation was pre-folding, however, further field studies focused on identifying key timing relationships and testing existing concepts will need to be completed to improve the associated geological understanding as this will be an important constraint for planning the next phase of exploration.

### **Exploration**

#### *Historical Exploration*

IGME, between 1969 and late 1990, conducted multi-discipline exploration programmes over an area which included the current Oropesa property. These programmes included 1:50,000 scale geological mapping, and stream sediment geochemical surveys. The mapping programme discovered the presence of tin (Sn) on the present Oropesa property in 1982. The tin mineralisation on Oropesa was identified as banded copper-tin veins occurring within a carbonitised detrital unit of Lower Carboniferous age.

From 1983 to 1990, exploration on the property was focused on two areas of tin mineralisation, Oropesa and La Grana (situated approximately 1.5 km north of Oropesa) and also covered the regional extents of the property. The exploration programmes conducted during this time included, detailed mapping, geochemical surveys (including stream sediment and soil), and geophysical surveys (including ground Induced Polarization and Resistivity, ground and airborne magnetic and VLF electromagnetic surveys), trenching, diamond drilling and metallurgical test work.

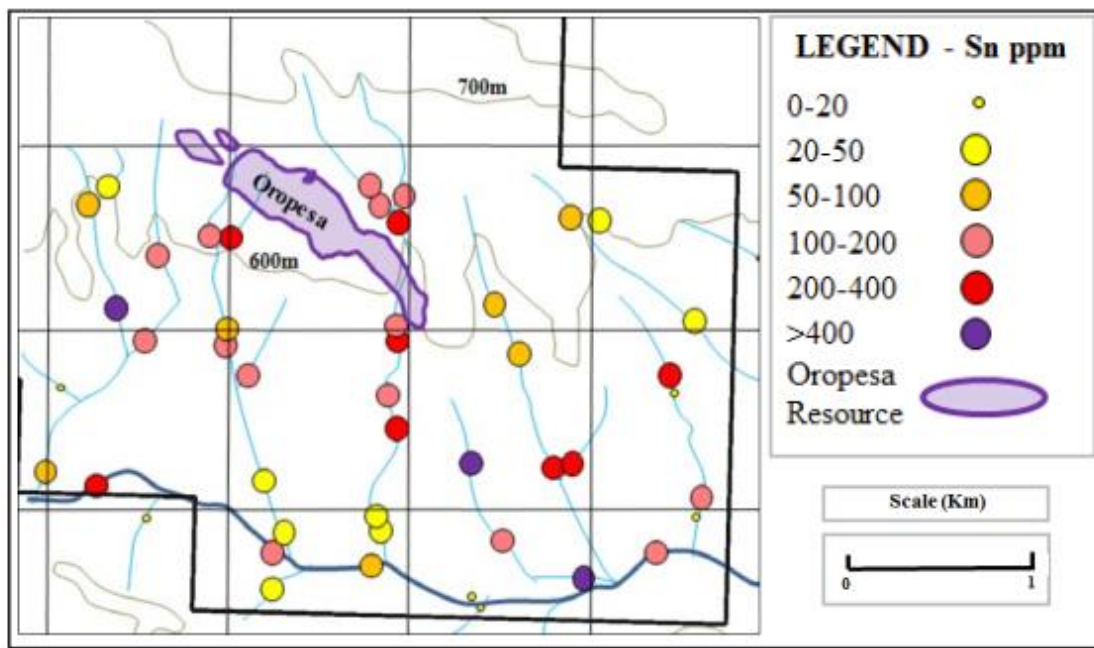
#### *Regional Geological Mapping*

From 1982 to 1988, detailed geological mapping was completed over the property and surrounding areas. The tin mineralisation host unit was identified as a carbonitised, detrital conglomerate and arenite (also referred to as greywacke) and this was traced across the property.

### Regional Geochemical Stream Sediment Surveys

Multiple stream sediment sampling programmes have been undertaken over Oropesa and the surrounding areas. Approximately 130 samples covering 115 km were taken and analysed for Cu, Pb, Zn, and Sn. No sample collection or analytical methodology is available. As expected, the best Sn values (<10 to 650 ppm) were situated over the Oropesa area. Higher Cu, Pb and Zn values were found not to correlate with the higher Sn values.

Additional sampling from the same area included 36 samples which were concentrated by panning, followed by heavy liquid separation and, subsequently, a Frantz magnetic separator. Information from the sampling programmes is incomplete, with only limited descriptive information available for 20 of the 36 samples. Mineralogical content was examined by Dr D Antonio Arribas from the Granada University. Cassiterite was identified in 18 samples, with samples from downstream of the Oropesa project showing most abundant cassiterite concentrations. Figure 9-1 shows a map of the results from the stream sediment sampling program.



**Figure 9-1: Map of Oropesa Stream Sediment Sampling Results within the Company's current Licence Boundaries (Source: MESPA)**

### Regional Geochemical Soil Surveys

A regional geochemical soil survey was conducted by IGME in 1989 and covered both Oropesa (11 lines, 1200 m long, 100 m apart, oriented at 030°) and La Grana (two lines, approximately 500 m long, 100 m apart, oriented at 030°). The aim of the survey was to establish the ideal parameters (grain size, minimum sample density, soil horizon) for a regional sampling programme and the Oropesa project area was used as a control site. Samples were collected from the B soil horizon (where outcrops occurred surface soil was collected) and 575 samples in total were collected at -80 mesh (-0.177 mm) and sent for analysis.

Twenty-three test pits were also dug between 1.5 and 2 m deep using an excavator. Soil horizons A, B, and C were sampled for 69 samples and three fractions were collected (0.25/+0.177 mm, -0.177/+0.125 mm, and



<0.125 mm). Analysis was completed by ICP methodology for 20 elements and colorimetry for three elements: Sn, tungsten (W), and fluorine (F).

Results indicated that A-B soil material at -80 mesh is suitable for analysis, at a sampling density of 100x250 m. Sampling identified areas of Sn mineralisation and hydrothermal alteration zones.

#### *Regional Geophysical Surveys*

##### **Combined Airborne Magnetic, Electromagnetic and VLF Survey**

An area covering approximately 162 km<sup>2</sup> (including the entire Oropesa property) was flown by helicopter between December 1987 and January 1988 by Aerodat Ltd. Lines were flown at approximately 400 m spacing (although 200 m intervals occurred in places) on a bearing of 030°, with an average ground clearance of 60 m. A magnetic high (2000 m long and 1000 m wide) was identified which is associated with the Sierra La Grana – Oropesa area. The Oropesa project appears to coincide with an electro-magnetic anomaly, whilst a second anomaly extends westward from the La Grana occurrences.

#### *Local Geochemical Soil Surveys*

Soil surveys at Oropesa were undertaken from 1989 to 1990 and included 25 lines, approximately 100 m apart at an orientation of 020°. Samples were taken at 25 m spacing, and the lines varied from 500 to 1300 m in length. In total, 665 samples were collected and analysed for Sn, Cu, Pb, and Zn at Laboratorios Almeria, SA (“Laboral”) by Atomic Absorption methods. It is unknown whether the laboratory was certified during this time. An anomalous (>125 ppm) area was identified at 2000 m long and 200 – 700 m wide at an approximate orientation of NNW/SSE (Figure 9-2). Three other areas of high Sn were detected in the western, central and southern parts of the area.

At La Grana, 1,173 samples were collected at 25 m spacing and analysed for Cu, Pb, Zn, and Sn. Two areas of significant Sn (>250 ppm) were identified approximately 1.3 km apart (Figure 9-2). Sn occurrences at La Grana West showed a strong correlation with Cu and Pb, whilst La Grana East had a weak Cu-Sn correlation and strong Pb-Sn correlation.

#### *Local Geophysical Surveys*

##### ***Oropesa IP-Resistivity Survey***

A two phase pole-dipole survey was completed over Oropesa in 1983 and 1985. A total of 10.075 km was surveyed and there appeared to be a correlation between chargeability and geochemical anomalies.

##### ***Oropesa VLF Electromagnetic and Magnetometer Surveys***

A total of 14.775 km of surveys, was conducted across the mineralised horizon at Oropesa, including the three anomalous zones identified by geochemical sampling. Readings were taken parallel to the geochemical grid lines at 25 m intervals, approximately 100 m apart. Data were smoothed using a moving average. Four VLF electromagnetic conductors were identified; being associated with the known mineralisation and geochemical anomalies previously identified with the fourth conductor thought to be due to a result of cultural influences. The magnetic data was found to be inconclusive.

##### ***La Grana Gravity Survey***

At La Grana, an area of approximately 3x6 km was surveyed on lines spaced either 500 or 1,000 m apart and oriented 020°. Plans of the Bouger, Regional and Residual data is available; however, no report has been found to date. Separate gravity anomalies are coincident with both the La Grana West and La Grana East occurrences.

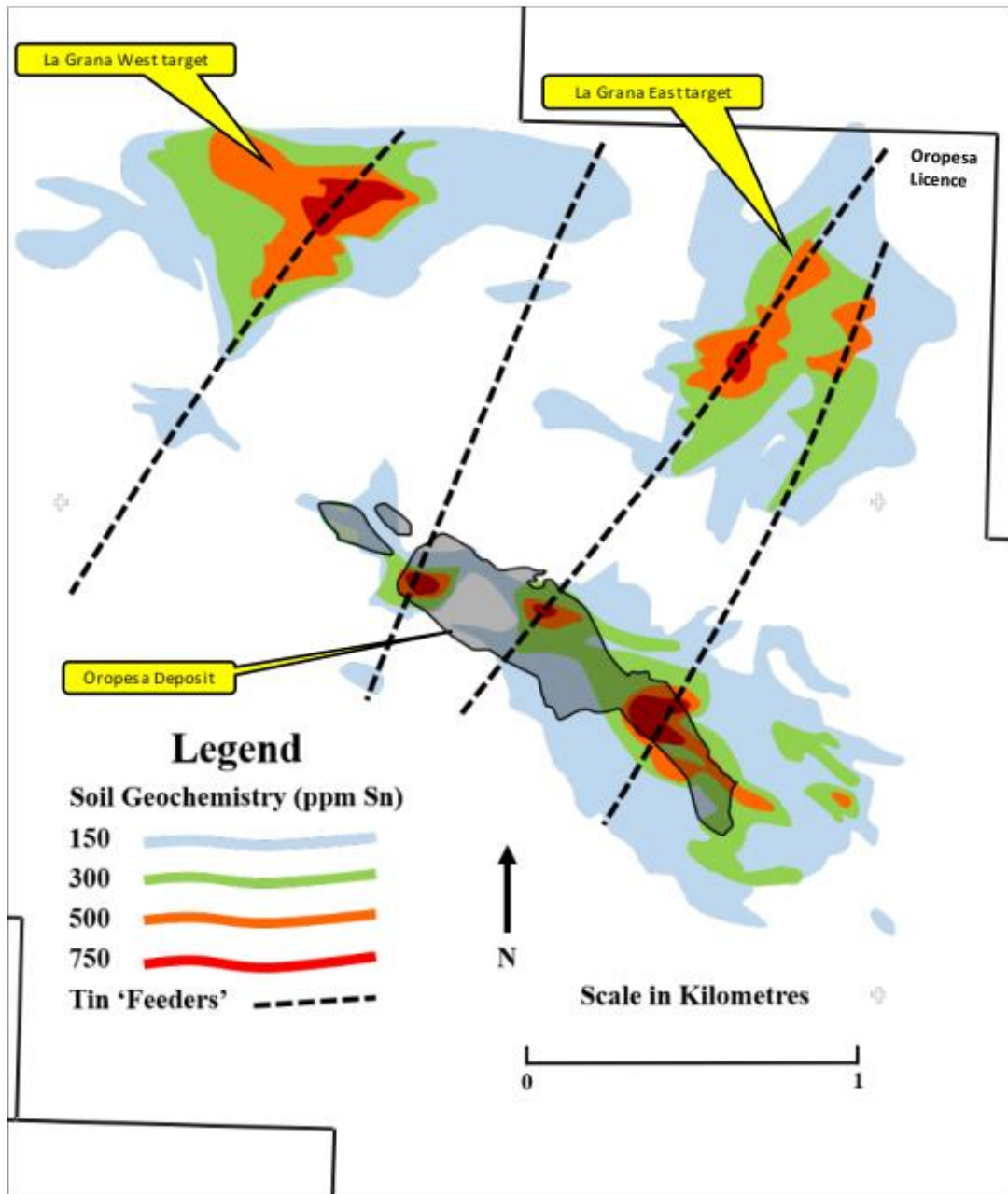


Figure 9-2: Schematic of the Oropesa and La Grana soil geochemistry relative to wireframe locations, interpreted 'feeder' structures and Licence Boundary (Source: MESPA)

*Oropesa Trenching and Sampling*

From 1982 through to 1986, 26 trenches totalling 2,681 m in cumulative length were dug to bed rock. The trenches were oriented at 020° and at a maximum approximate depth of 3 m. Nine of the trenches were aimed at exposing mineralisation and 14 were designed to test geochemical and geophysical anomalies. All of trenches were mapped in detail; however systematic sampling occurred only for the last 14 trenches. Sample methodology was not typically detailed. All analysis was completed at the IGME laboratory in Madrid by XRF.

### ***Local Drilling***

Between 1982 and 1990, 33 holes were drilled by IGME into the Oropesa anomaly.

### ***Mineralogical Studies***

Mineralogical studies were undertaken by IGME and reported in the Boletín Geológico y Minero (Alvarez Rodriguez and Gomez-Limon, 1988, and Garcia Frutos and Ranz Boquerin, 1989). Both papers describe technical difficulties encountered in relation to the recovery of cassiterite from Oropesa with poor yields being a result of a low liberation size and the occurrence of iron oxides which are partly embedded in the cassiterite.

### ***Exploration by MESPA***

Since the acquisition of the property, MESPA has completed a review of the IGME data including re-interpretation and development of an exploration model for tin emplacement. A number of exploration programmes have been carried out over the property including geochemical and geophysical surveys, trenching, test pitting programmes.

### ***Geochemical Survey***

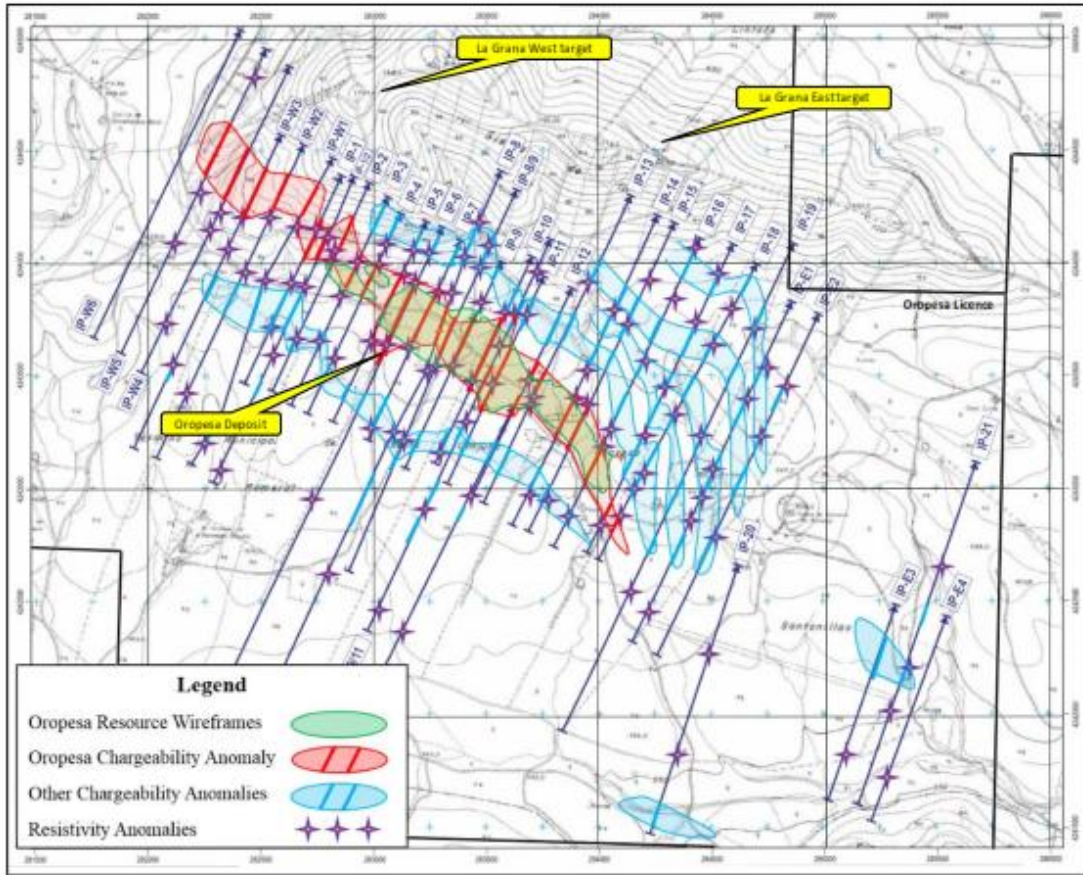
From 2008 to 2010, a sampling programme was conducted taking 160 float samples from the La Grana West area (a small number of samples were also taken from La Grana East and Oropesa). All sample locations were recorded using a hand held GPS ( $\pm 5$  m accuracy).

The aim of this sampling programme was to identify and prove the presence of cassiterite mineralisation on the property, and to gain an understanding of the size and nature of the mineralisation.

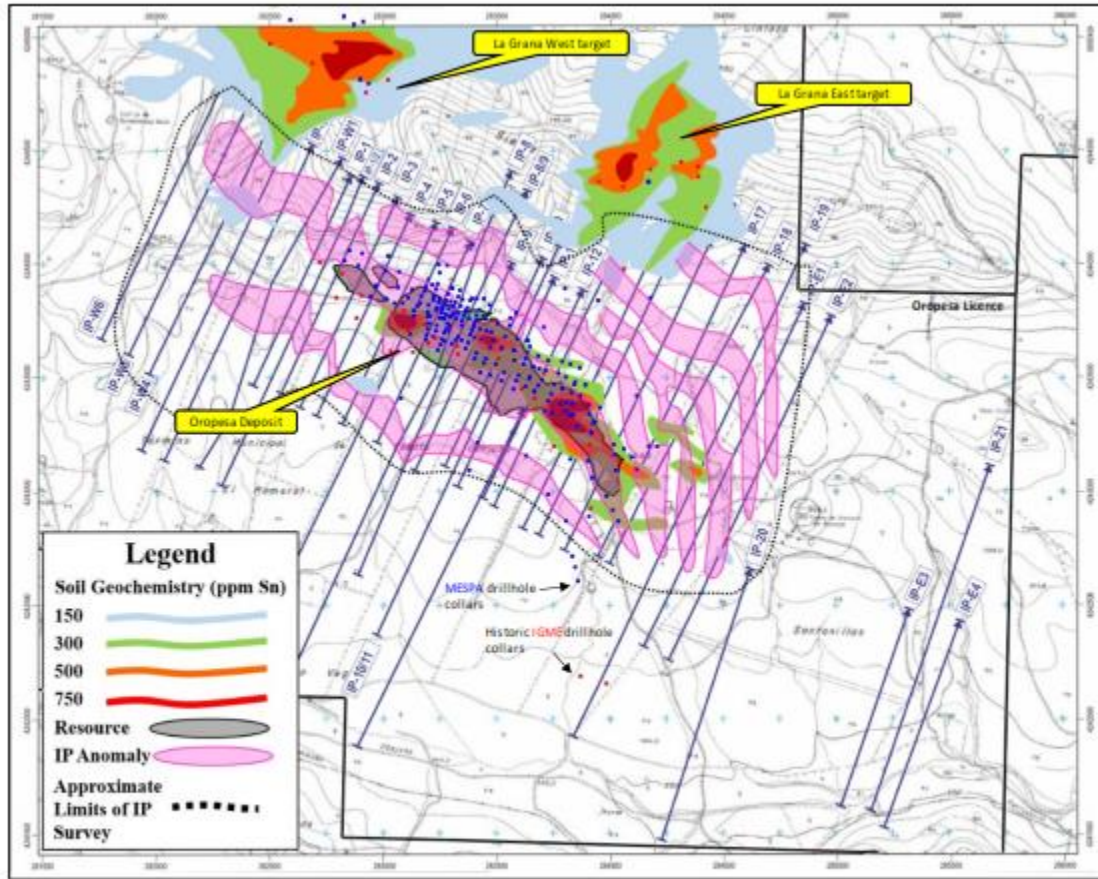
Samples were approximately cobble sized and were initially collected randomly over areas of 1.5x1.0 km area at Oropesa, 1.0x1.0 km area at La Grana West and 0.5x0.75 km area at La Grana East. Once the presence and orientation of the mineralisation had been identified, samples were collected in a manner which would confirm mineralisation orientation. All samples were described geologically and subsequently bagged and tagged.

### ***Geophysical Surveys***

From February to June 2011, IP-resistivity and ground magnetic surveys were conducted over the property. The IP-resistivity survey covered 50.02-line km on 34 lines spaced 50 to 100 m apart and oriented NE/SW. A dipole-dipole electrode array was used, spacing between electrodes was 20 m and the distance between the current dipole and receiving potential dipole was between 1 and 20 m. The Oropesa mineralisation corresponded with anomalies identified in the central part of the survey area. A number of sub-parallel NNW/SSE anomalies were identified by the survey, as illustrated in Figure 9-3 and overlain with soil geochemistry results and drillhole collars in Figure 9-4. SRK noted that the La Grana occurrences were not covered by the geophysical surveys.



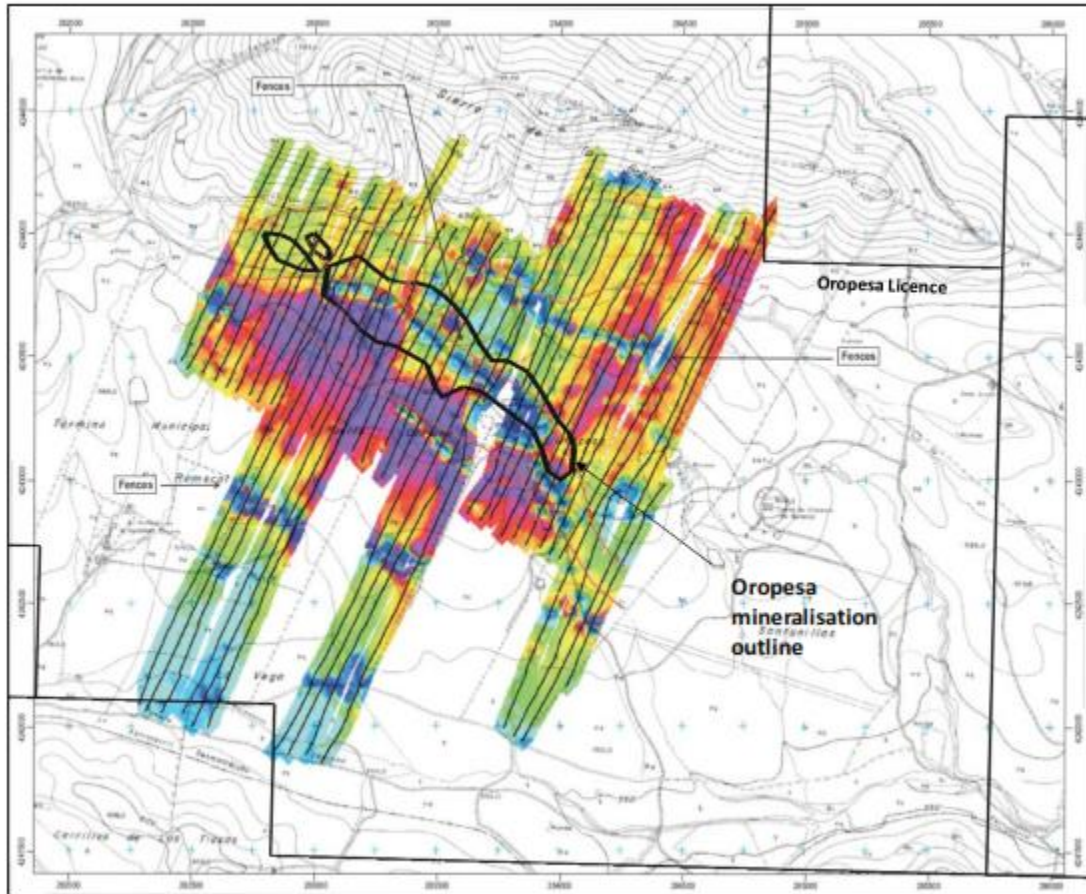
**Figure 9-3: Oropesa Chargeability and Resistivity Anomalies from the Company's 2011 Geophysical Survey (Source: MESPA)**



**Figure 9-4: Oropesa Chargeability Anomalies from the Company's 2011 Geophysical Survey overlain with Oropesa Sn Soil Geochemistry (Source: MESPA)**

The magnetic survey covered 63.5 km along the IP NE/SW oriented IP lines. An additional six lines plus three tie lines were also surveyed. Readings were taken automatically every two seconds, as the operator walked along the lines, GPS readings were also taken at each location. A general NW/SE trend is visible, with the Oropesa mineralisation lying at a change in magnetics between the shale (highly magnetic) to the SW and conglomerate (low magnetic) to the NW, as illustrated in Figure 9-5.

Additionally, detailed airborne Versatile Time Domain Electromagnetic (“VTEM”) and magnetic surveys were undertaken in 2011 and SRK Exploration Services Ltd carried out the processing and interpretation of the data. The VTEM survey was performed by Geotech in 2011 and covered most of the area with lines flown in a NNE direction with a central area covering the Oropesa project flown in more detail in the orthogonal ESE direction. It was found that the Oropesa Sn deposit gave rise to a strong electromagnetic anomaly that indicates the presence of good conductivity material at depth. The conductor appeared to be approximately 1100 m long and 800 m wide and possibly caused by more conductive minerals such as pyrrhotite.



**Figure 9-5: Oropesa Ground Magnetic Survey Results (Source: MESPA)**

### *Trenching Programmes*

Trenching programmes were undertaken at La Grana West (18 trenches, 8 to 30 m in length, totalling a cumulative length of 720 m) and La Grana East (one trench, 284 m in length). Trenches were oriented across areas of known mineralisation with the purpose of exposing bedrock and determining whether high grade intercepts indicated mineralized structures. Some areas of high Sn concentrations were found, however these were sporadic in nature. The company believes some mineralized areas are due to soil creep (Burns, 2011).

### *Test Pitting Programmes*

In early 2011, the Arroyo Majavacas flood plain located in the southeast of the property was sampled using nine test pits. The aim was to test the potential for alluvial Sn deposits. The test pits were dug (using an excavator) down to bedrock at depths of between 1.7 to 2.7 m.

Material between the overlying soil and underlying rock was sampled, assay results ranged from 6 to 219 ppm Sn, with only two out of 12 assays above 100 ppm Sn. These results indicate the presence of an alluvial Sn deposit on the flood plain being unlikely.

## **Drilling**

### *Historical Drilling*

Between 1983 and 1990, 33 core drillholes with a cumulative length of 6,913.55 m were drilled by IGME in to the Oropesa anomaly. The majority of these holes were oriented at 020° NE. Between 1987 and 1990, 16 core drillholes with a cumulative length of 3,420 m were drilled in to the neighbouring La Grana Sn occurrences. Holes one to five tested La Grana West, and Holes six to 16 La Grana East.

Holes were collared in HQ and reduced to NQ, and BQ where required. There are no descriptive drill logs available (only graphical logs) and no report has been found detailing the purpose and interpreted results of the drill programme. Collar surveys were not completed and downhole surveys are noted only on the graphical logs (survey method was not recorded). Drill collars were located by Burns during a site visit. Sample lengths vary and Burns (August, 2011) notes that sampling appears to have been primarily based on core recovery. It was also noted that sections of mineralized core had not been sampled.

All sample preparation was undertaken at IGME Litoteca de Sondeos in Penarroya- Pueblonuevo, and all analysis for Cu, Pb, Zn, and Sn by XRF was completed at the IGME laboratory in Madrid.

Whilst the IGME drillhole collars were difficult to locate, with low confidence in the survey and assay data, the IGME data at Oropesa in general supports the presence of anomalous tin grades and range of mineralised thicknesses intercepted by the more recent drilling.

### *Drilling by MESPA*

MESPA has undertaken six drilling programs to date, with the latest phase of drilling and sampling completed between during 2016. A summary of each of the drill programs is provided as follows:

#### 1) Drilling Summary 2010

The first drill programme (March to November, 2010) comprised of 30 holes with a cumulative length of 4,817.10 m, conducted by drill contractor Sondeos y Perforaciones Industriales del Bierzo, SA (SPIB), also the property vendor. Sixteen holes were drilled at Oropesa (totalling 2,798.9 m) and 14 holes at La Grana West (totalling 2,018.2 m). The core was typically HQ in size, although reduction to NQ occurred in two holes. A track mounted, Model 100 SPIRILL hydraulic diamond drill was used; this equipment could reach a maximum depth of 750 m.

The 16 holes drilled at Oropesa covered an 800 m strike length and were designed to intersect previously drilled mineralisation. This drilling encountered hydrothermal Sn and sulphide mineralisation in the eastern anomaly at Oropesa. The 14 drillholes at La Grana West were exploration holes aimed at testing the various structures which had been identified during sampling programmes and from re-interpretation of the IGME data.

Tin mineralisation at La Grana has been interpreted by MESPA to occupy brittle fractures in quartzities, where reported drilling intervals typically have grades of 0.1 to 1.0% tin over intervals of 1-6 m. The geological continuity, lateral and vertical extent of the mineralisation at La Grana remains to be fully defined.

#### 2) Drilling Summary 2011

The second SPIB Oropesa drill programme (December 2010 to July 2011) completed by MESPA, included 92 diamond drillholes ('DD') with a total cumulative length of 20,023.45 m.

All holes were planned in Datamine Mining Software, and a compass and handheld GPS were used to position the holes. Downhole surveys were taken using a Reflex single shot camera at approximately 50 m intervals. Deviations in azimuth have been attributed to the magnetic minerals (pyrrhotite) present in rocks at Oropesa. The aim of the drill programme was to:

- delineate the grade, and attitude of zones and/or expand zones laterally by using a fence across the mineralized zones;
- test IP delineated targets;
- determine source of high grade Sn boulders located in the SE of the property; and
- check the existence of interpreted structures.

On completion of drilling, holes were geotechnically (RQD, core recovery) and geologically logged, all core was photographed and samples were selected and marked. All data is entered electronically.

The November 2011 drilling programme indicated that the mineralisation dips to the north, suggesting that the IGME and previous MESPA (2010) holes were drilled in the wrong orientation. All subsequent drilling has therefore been drilled to the south.

### 3) Drilling Summary 2012

The third drilling phase was completed in May 2012 with the drilling completed by SPIB for an additional 21,233.1 m of diamond core drilling (92 holes) and 2,118.0 m reverse circulation (“RC”) drilling (16 holes), for a total of 108 holes. All drilling undertaken in this phase of work was conducted to infill to a 50x50 m grid with a partial 25x25 m grid.

### 4) Drilling Summary 2013

The fourth phase was completed during June to September 2013 for an additional 4,087.8 m. During this phase, a total of 24 holes were drilled across the deposit to target higher grade structures and infill areas of lower confidence.

### 5) Drilling Summary 2015

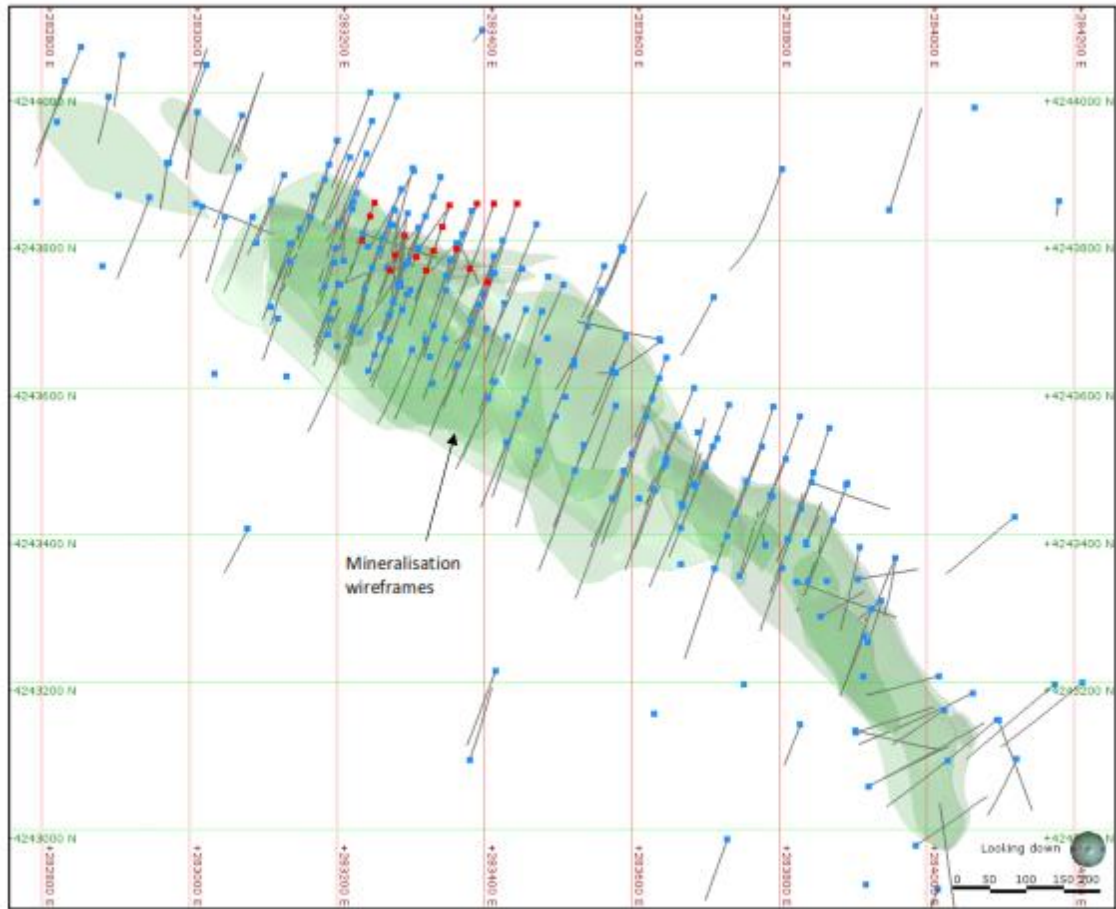
The fifth phase of exploration drilling was a relatively small program aimed at confirming the presence of mineralisation within previously non-sampled zones and testing for additional tin mineralisation at depth below previously modelled domains. Additions to the database for 2015 consisted of three drillholes for 980 m of DD drilling, with an additional four earlier holes for some 754 m which were not available in time for inclusion in the Drilling Summary for 2013.

### 6) Drilling Summary 2016

The latest phase of exploration drilling and sampling was a small program focused towards improving the geological confidence in the model within a zone of high grade, near-surface mineralisation (targeted for open pit extraction) in the west of the Oropesa deposit. DD drillholes for 2016 were collared on previously established drill section lines and angled between -45° and -60° (below horizontal) towards the southwest.

Additions to the database for 2016 consist of a further 16 exploration drillholes for 2,619 m of DD drilling, with an additional three (non-sampled) metallurgical holes for some 574 m. The positions of new drillhole collars for 2016 are illustrated in Figure 10-1.





**Figure 10-1: Location of new collars (red) completed by MESPA during the 2016 exploration program**

*Summary of Data Quantity*

A total of 259 holes totalling some 53,726.0 m have been completed by the Company at the Oropesa Project. All drilling data available as of 17 February 2017 was made available to SRK. A summary of the Oropesa holes completed by the Company is provided in Table 10-1 subdivided by drilling type.

**Table 10-1: Summary of Oropesa Drilling Completed by MESPA as at 17 February 2017\***

Target Area	Drilling Type	Count	Total length (m)
Oropesa	DD	243	51,193.8
	RC	12	1,610.0
	RC+DD	4	922.2
Subtotal		259	53,726.0

\*Drill statistics include all Oropesa metallurgical holes, re-drills and RC holes provided by the Company and exclude 2,725 m of drilling completed at the neighbouring La Grana prospects ("LGR" series holes).

*Collar and Topography Survey*

Prior to 2016 the topographic survey of all drillhole collars was completed using a Leica 530 SR GPS (illustrated in Figure 10-2) which provides survey measurements in x, y and z coordinates accurate to within 15cm. The geodetic control point for the surveying was located at la Grana Hill, approximately 1km north from the Oropesa deposit.

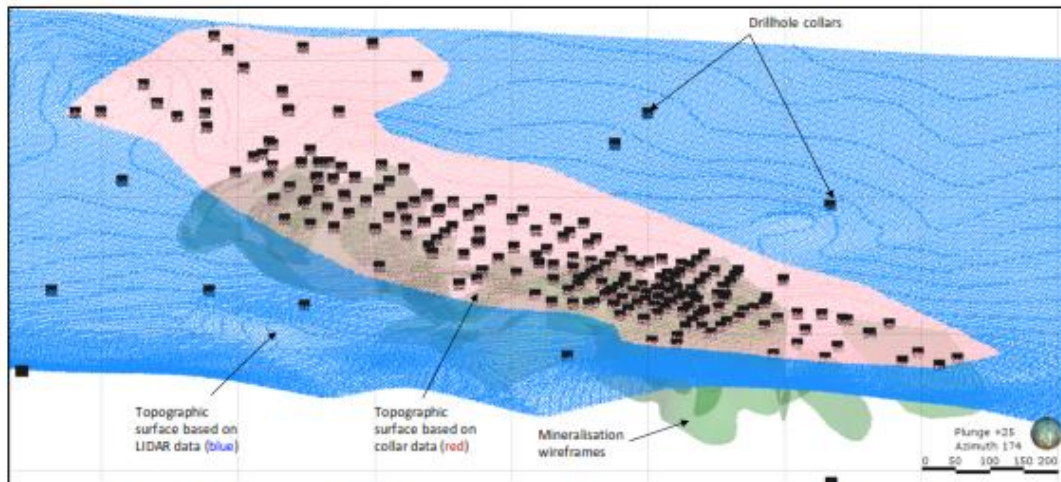
Since then, the limited number of additional drillhole collars have been surveyed using tape and compass based on triangulation from nearby, previously surveyed collars; this provides measurements accurate to within 10cm in x and y coordinates. A handheld GPS was used to determine the z coordinate (elevation) for the collars surveyed using triangulation.

Following visual validation of the collar surveys (as described in Section 12.1.1), SRK has used the collar point-data to generate a topography for use in constraining the model to surface above the footprint of the mineralisation wireframes; this appropriately reflects flat-lying relief of the Oropesa deposit area.

SRK has also been provided with LIDAR data which is accurate to within 5m. Given the limited collar coverage away from the well-drilled footprint of the mineralisation (and only small (typically <1m) difference between collar and LIDAR survey data), SRK has used the LIDAR data to inform the surface topography outside of this area, as illustrated in Figure 10-3.



**Figure 10-2: Leica 530 SR GPS at the Oropesa Deposit area**



**Figure 10-3: Collar and LIDAR data used to create surface topography for the Oropesa Project**

#### *Downhole Surveys*

SRK has been supplied with downhole survey information for the start and the end of each hole, with intermediate readings at approximately every 50 m, typically using a Reflex single shot camera survey measurement. In general, the data collected is considered to be of high precision and accuracy suitable for use in this resource estimation.

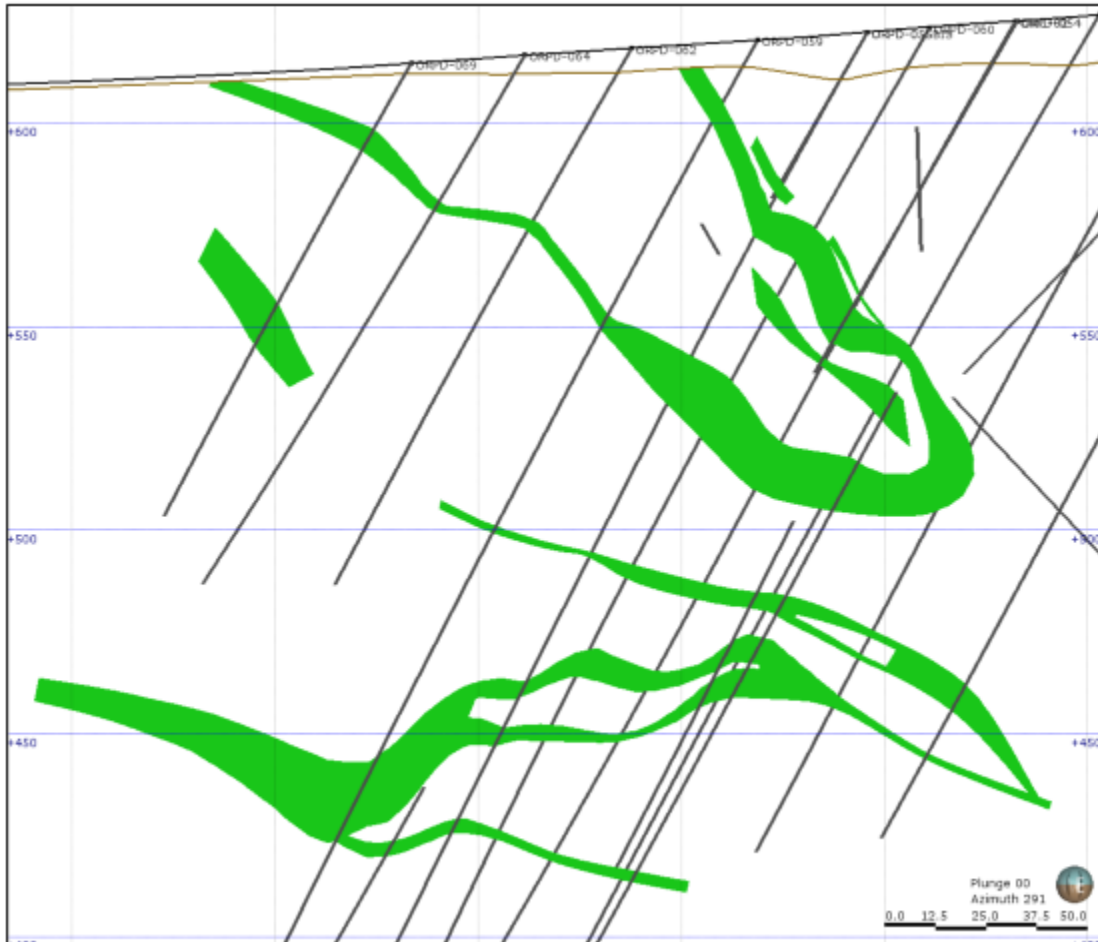
#### *Hole Orientation*

All drilling undertaken on the Project has been completed from surface.

At Oropesa, the drilling intersects the mineralised zone from the southwest and northeast orientations. The Oropesa drillholes are plotted on sections oriented NE-SW across the principal structural control of the deposit and are spaced approximately 20–100 m apart, proving intersections at a similar spacing.

Drillholes are typically angled between  $-45^{\circ}$  and  $-85^{\circ}$  (below horizontal), hole lengths ranging from 50–636 m and intersection angles with the mineralisation typically ranging from perpendicular to  $-45^{\circ}$ .

In SRK's view that the drilling orientations are reasonable to model most of the geology and mineralisation based on the current geological interpretation. Figure 10-4 provides a cross section to show the typical drilling orientation and dip of the mineralisation wireframe.



**Figure 10-4: Example cross section through the Oropesa deposit**

#### *Diamond Drilling Procedure*

The drilling was performed by the SPIB contractors and managed by MESPA's geological team. With the exception of a limited number of RC holes (16) completed during February to April 2012, which are largely situated away from the main mineralised zones at Oropesa, all drilling was completed using DD.

DD drilling was performed with the use of a double tube; core was typically HQ in size. Core was typically produced in 3 m core runs and then placed into a V-rail for core recovery measurement. The core was then placed in wooden boxes using cut wooden blocks to mark drilling intervals and then transported to the core storage facility.

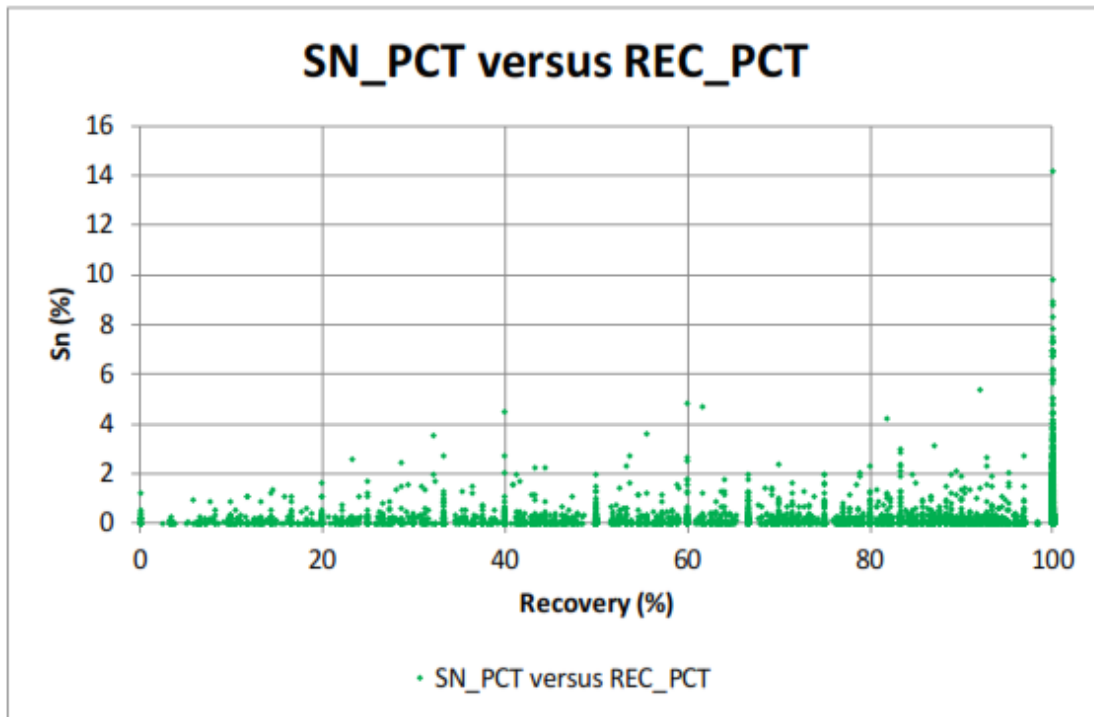
#### *Core Recovery*

Sample recovery is measured by technical staff as part of the logging process. This is recorded in the drilling logs. Visual assessment of the core shows that recovery is variable with areas of lower recoveries often noted in zones of significant oxidation, mineralisation or structure. Estimated recovery ranges from 0% to 100% core recovery and averages 92%.

The core loss in higher grade regions was investigated to test for the existence of a relationship with increased grade and decreased core recovery.

Figure 10-5 presents a correlation plot of Sn% grade versus estimated recovery. No clear relationship exists and therefore it is unlikely that a systematic bias has been introduced.

While no systematic relationship exists between Sn grade and recovery, future drilling should consider appropriate techniques to improve areas where problematic drilling conditions are anticipated. For example, triple tube diamond coring or reverse circulation drilling could be considered.



**Figure 10-5: Sn% versus core recovery**

#### *Core Storage*

All diamond drill core is stored in custom made wooden core boxes in the warehouse located in the town of Fuente Obejuna, Cordoba. The boxes are then stacked on pallets. In addition to the core storage, crushed reject samples are returned from ALS Laboratories sample preparation facility in Seville, Spain (“ALS Seville”) and stored in the facility in locked metal containers for later submission as supuplicate samples.

The facility is locked and secured. A security system alarm has been installed and is connected to the police station. Access to the sample storage facility is restricted to MESPA personnel.

#### *SRK Comments*

In the opinion of SRK, the sampling procedures used by the Company conform to industry standard practices and the resultant drilling pattern is sufficiently dense to interpret the geometry, geological boundaries and tin mineralisation with an appropriate level of confidence.

### **Sample Preparation, Analysis and Security**

#### *Introduction*

The following section relates to the methods and protocols used by MESPA during the 2016 exploration campaign, which remains unchanged from the Company's previous sampling programs.

#### *Chain of Custody, Sample Preparation, and Analyses*

All core samples were collected from the drill rig and transported to the core farm in Fuente Obejuna, Cordoba, by Company personnel for logging, sample selection and splitting using a core saw. The samples were then transported by the Company to the ALS sample preparation facility in Seville ("ALS Seville") as batches of between approximately 40 to 150 samples. The samples were typically submitted to ALS Seville on a hole by hole basis.

The samples received by the ALS Seville sample preparation facility were logged into the LIMS tracking system and processed in accordance to the requested analytical procedure. Sample preparation was via procedure PREP-31 in which the sample is weighed, dried, and crushed prior to a 250 g split being taken and pulverized to better than 85% passing 75 microns.

Samples were then shipped by bonded courier to the ALS Laboratory in Vancouver, Canada ("ALS Vancouver"), for analysis by glass fusion X-Ray fluorescence ("XRF"). ALS Seville is ISO accredited.

#### *Specific Gravity Data*

MESPA technical staff collected bulk density data using an immersion method collecting weight in air versus weight in water. Density determinations were completed as follows:

- Three pieces of core were selected for each sample interval (1 or 2 m sampling interval depending if the interval was visually mineralized or not).
- The core billets were selected taking into account the lithology and the core quality (competent intervals were selected preferentially).
- Calibration weights were used to check the calibration scale each day prior to weighing samples commenced. The scale was calibrated to  $\pm 5$  g;
- The core billet was oven dried and weighed prior to immersion to determine the dry weight of the sample in air. The core billet was then placed in the sample basket, immersed in water and reweighed to determine the weight in water. The core was observed to ensure all bubbles disappeared prior to the immersed sample weight was determined.
- Density was determined using the following formula:

$$\text{Density} = \text{weight (in air)} / [ \text{weight (in air)} - \text{weight (in water)} ]$$

- The results of the three readings were averaged for each interval.
- In cases of assumed high porosity, sample densities were derived using the above methodology and then dried again using an oven and then wax coated. The samples were then subjected to the same immersion methodology and a factor representing the density of the wax was applied to the density calculation.
- Density for wax-coated samples was determined using the following formula:

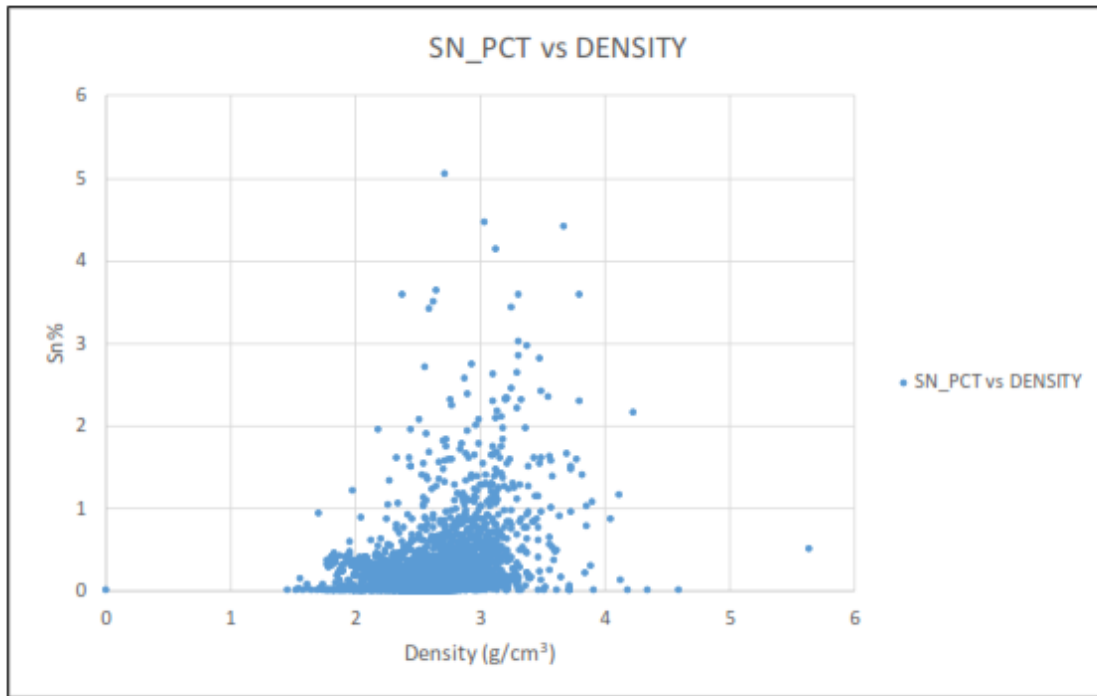
$$\text{Density} = \text{weight (in air)} / [ \text{weight with wax (in air)} - \text{weight with wax (in water)} ] - [ [ \text{weight with wax (in air)} - \text{weight (in air)} ] / \text{wax density (0.8 g/cm}^3 \text{)} ]$$

The density database for the 2017 MRE comprised 2,726 density measurements recorded by MESPAs and 755 density measurements from ALS Vancouver, with wax coated samples used in preference over the raw samples, to account for porosity. The raw density data was initially coded within the modelled wireframes and weathering surfaces and the descriptive statistics per domain are provided in Table 11-1.

An updated assessment of Sn grade relative to density for the 2017 MRE did not indicate a high correlation relationship, as illustrated in Figure 11-1. SRK has therefore interpolated the density data into the modelled wireframes using Inverse Distance Weighting Squared (IDW2), producing a variable density block model. Blocks that did not meet the search criteria for estimation were set to the average density per domain.

**Table 11-1: Summary of density inside mineralisation wireframes and weathering zones (2017)**

Group	Description	Field	Zone	Sample No.	Mean	Max	Min
100	Mineralisation	DENSITY	Oxide	11	2.3	2.7	2.1
			Transition	251	2.5	4.1	1.7
			Fresh	778	2.9	5.6	1.6



**Figure 11-1: Scatterplot showing tin grade versus density data**

In the absence of data, an assumed overburden density has been derived from the Aus IMM field geologist’s guide, which provides density estimates for various overburden types. The overburden present at the Oropesa deposit is classified and a mix of gravels and clays. From this a dry density of 1.8 g/cm<sup>3</sup> has been derived, which remains consistent with the previous MRE.

*SRK Comments*

In the opinion of SRK, the sampling preparation, security and analytical procedures used by MESPAs are consistent with generally accepted industry standard practices and are therefore adequate for the purpose of

this Mineral Resource estimate. However, SRK notes that density measurements were only taken using competent core and therefore may slightly overestimate density in zones of broken/rubbly, oxidised core.

SRK recommends that density test work during future exploration programmes should focus on characterising the density of rubbly, oxidised material and the sampling of existing drillholes which have not yet been sampled for density to maximise the confidence in density estimates within these areas.

## **Data Verification**

### *Verifications by SRK*

In accordance with National Instrument 43-101 guidelines, SRK has completed several Resource Geology visits to the Project, including:

- Howard Baker (Resource Geology, CP for the 2012 and 2014 MRE) during March 2012;
- Paul Stenhouse (Structural Geology) and Oliver Jones (Resource Geology) during July 2015.

The site visits allowed SRK to review exploration procedures, define geological modelling procedures, examine drill core, inspect the site, interview project personnel and collect relevant information.

A further Resource Geology site visit during was not deemed necessary during 2017 due to the limited number of additional holes (16) completed subsequent to the October 2015 Mineral Resource Estimate.

### *Verification of Sampling Database*

SRK completed a phase of data validation on the digital sample database supplied by MESPA which included, but was not limited to the following:

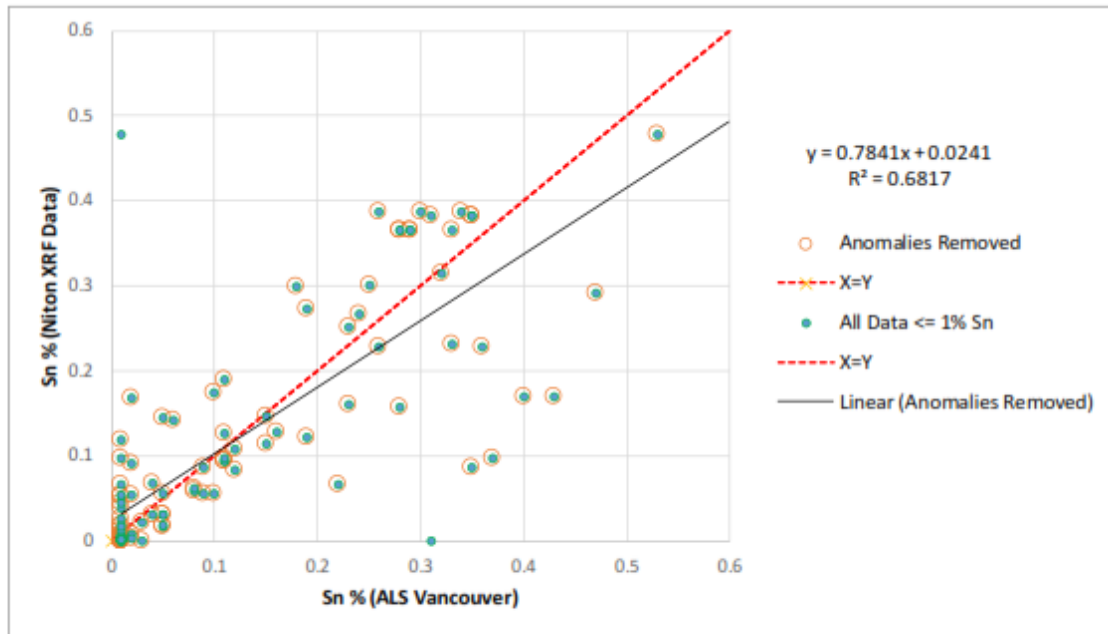
- Search for sample overlaps, duplicate or absent samples, anomalous assay and survey results. No material issues were noted in the final sample database.
- Exclusion of the following historic drillholes that did not pass all aspects of SRK's validation procedures:
  - RC drillhole ORC-10, based on anomalous assay data; and
  - 30 historic IGME drillholes, namely the "OR" series holes and ORM-3, ORM-4 and ORM-5 based on low confidence in the survey and assay data. That said, historic drillholes ORM-1 and ORM-2 were not excluded from the database given that MESPA has verified these collar locations and the associated tin grade and mineralised thickness visually correlates well adjacent more recent drilling.
- Visual validation of the z-coordinate (elevation) of (16) new infill drillhole collars against the topographic surface used for the previous MRE. In general, the new collars were very close to the topographic surface (typically within <0.3m), however SRK noted a more significant difference (i.e. 2-3m) for drillholes ORPD-192i, ORPD-194i and ORPD-195i. Given that the z-coordinate of the new drillhole collars (based on handheld GPS) is considered to be less accurate when compared with the data used to generate the topographic surface for the previous model, SRK moved these 3 holes on to the topographic surface for creating the geological model.
- Verification of the formulae used to calculate sample density, as described in Section 11.3. No issues were noted in the final formulae, however, whilst previous models assumed a paraffin density of 0.9 g/cm (as required to determine the density from samples coated in paraffin), further



investigation by the Company identified that a paraffin density of 0.8 g/cm<sup>3</sup> is more appropriate. The overall impact of this on the resource model is small, with approximately 0.4% added to the tonnage when applying a paraffin density of 0.8 g/cm<sup>3</sup> instead of 0.9.

- Identification of absent tin values within the mineralised zones. Excluding non-sampled metallurgical and superseded/ failed holes, SRK noted the presence of a limited number of non-sampled intervals, representing some 0.5% of the sample database. Of this, 0.3% relate to either core loss in less competent rock or minor volumetric wireframe discrepancy where complexity of the geometry of the mineralisation results in the capture of a few isolated non-sampled intercepts. The remaining 0.2% represent intervals within the host structure of visually weak to very poorly mineralised core (verified based on Niton XRF data), which have therefore not been sent for analysis at ALS Vancouver.

Drilling completed during 2016 has significantly increased the amount of Niton XRF data for comparison with assay results for tin from ALS Vancouver. Excluding a limited number of anomalous results (2), scatterplot analysis for the grade range of interest (<1% Sn) suggests a reasonable correlation between the two sets of data (as illustrated in Figure 12-1). Therefore, to prevent the smoothing of higher grade data in to areas of non-sampled (weak to very poorly-mineralised) core, SRK has allowed a length-weighted tin value from the Niton analysis (ranging from 0.01 to 0.1% Sn) to influence the composited grades used in to the estimation database. SRK notes that the overall impact of this on the interpolated resource model tin grade is small (i.e. approximately 1% relative reduction in tin grade above a 0% Sn cut-off).



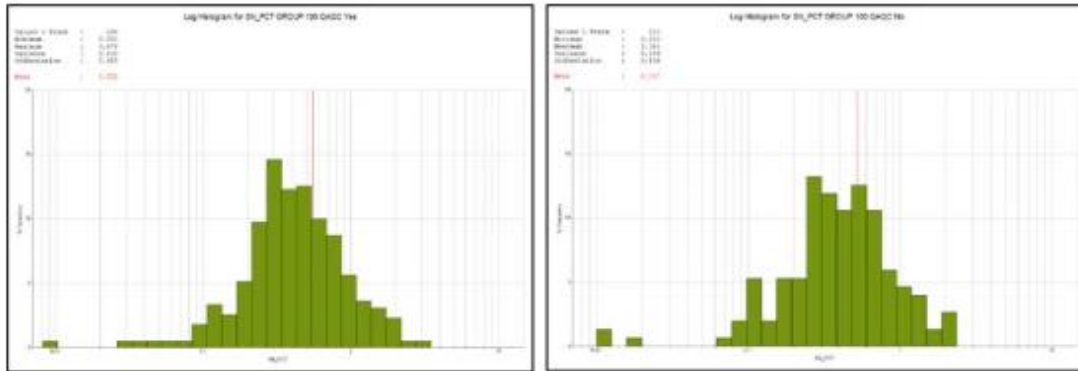
**Figure 12-1: Scatter plot of Sn% (ALS Vancouver) vs Sn% (Niton XRF); 89 Values**

#### *Verifications by MESPA*

MESPA has undertaken validation of sample assays during the exploration drilling programs completed using standards, blanks and duplicate samples (QAQC samples) which have been inserted routinely into each batch submitted to the laboratory at ALS Vancouver.

SRK notes that 2,883 m (74%) of the total 3,892 m of drillhole intersections inside the mineralisation wireframes is supported by QAQC data, which largely relates to holes drilled following ORPD059 which was drilled during 2011.

The remaining 1,008 m (26%) of sampling inside the mineralisation wireframes is not supported by QAQC data, however this forms part of the same mineralised body and underwent the same sample preparation and assay procedures at ALS Vancouver. These drillholes are interspersed with those that are supported by QAQC data, they are visually comparable with adjacent intersections with QAQC and also show comparable sample distributions and mean grades (Figure 12-2).



**Figure 12-2: Composite sample grade log histogram distributions for tin, showing data assayed with QAQC support (left) and without QAQC (right)**

#### *QAQC for Tin Analysis 2010-2016*

Routine QAQC procedures were introduced during the 2011 drilling program following drillhole ORPD059.

The following control measures were implemented by the Company to monitor both the precision and accuracy of sampling, preparation and assaying. Results shown have been limited to the QAQC samples inserted during routine sample submissions.

Certified Reference Materials (“CRM”), blanks and duplicates were submitted into the sample stream, equating to a QAQC sample insertion rate of approximately 6%, as illustrated in Table 12-1.

The QAQC system includes the submission of blank samples, CRM and duplicates in every batch of samples in a proportional sequence approximately every 10-15 samples.

**Table 12-1: Summary of Analytical Quality Control Data Produced by the Company for the Oropesa Project (subsequent to ORPD059)**

Company Analytical Quality Control Data – 2011 (ORPD059) - 2016			
Sampling Program	Count	Total (%)	Comment
	Tin	Tin	
Sample Count	9,515		
Field Blanks	218	2%	
CRM Samples	183	2%	Sourced from African Mineral Standards
Duplicates (coarse reject)	199	2%	
<b>Total QC Samples</b>	<b>600</b>	<b>6%</b>	

### Insertion of CRM

MESPA has introduced three different CRM into the analysis sample stream, inserted at regular intervals. The CRM for tin have been supplied by African Mineral Standards, South Africa (Table 12-2). Summary statistics for each CRM sample are shown in Table 12-3.

SRK has reviewed the CRM results and is satisfied that they demonstrate an acceptable level of accuracy at the assaying laboratory and hence give sufficient confidence in the assays for these to be used to derive a Mineral Resource estimate. CRM charts are presented in Appendix A of the Oropesa Property Report.

**Table 12-2: Summary of Certified Reference Material for tin submitted by the Company in sample submissions**

Standard Material	Tin; Sn (%)		
	Certified Value	SD	Company
AMIS0019	1.095	0.062	African Mineral Standards
AMIS0020	0.68	0.040	African Mineral Standards
AMIS0021	0.27	0.026	African Mineral Standards

**Table 12-3: Analysis of tin assays versus assigned CRM values for 2010-2016 Submissions**

Sample Type	Standard Code	Lab	Count	Assigned	Mean	Variance	Maximum	Minimum
DD	AMIS0019	KRF10 - ALS Vancouver	9	1.10	1.12	2.49%	1.13	1.09
DD	AMIS0020	KRF10 - ALS Vancouver	101	0.68	0.66	-3.03%	0.69	0.001
DD	AMIS0021	KRF10 - ALS Vancouver	73	0.27	0.27	-0.25%	0.3	0.22

### Blanks

A coarse blank sourced from a quartz gravel quarry located more than 25 km from the project is included in the sample stream. In total, 218 blanks were inserted at regular intervals within the sample stream for drilling, which represents some 2% of total sample submissions from the sampling programs completed with routine QAQC samples.

SRK has reviewed the results from the blank sample analysis and (with the exception of one anomalous result of 0.57% Sn, which may represent a sample switch) has determined that there is little evidence for sample contamination at ALS Vancouver. Blank sample analysis charts are presented in Appendix A to the Oropesa Property Report.

### Duplicates

Duplicate samples representing coarse reject material were returned from the laboratory and were then re-submitted in different sample batches. The practise included insertion of duplicates based on four approximate grade ranges for Sn, including: low grade (0.10% to 0.30%), medium grade (0.31% to 0.50%), high grade (0.51% to 1.00%) and very high grade (>1%).

In total, 199 duplicates for drilling were submitted for analysis which represents some 2% of total sample submissions from the sampling programs completed with routine QAQC samples.

The duplicates for drilling show a relatively good correlation to the original samples. SRK notes the presence of a small number of anomalous results between the mean grades for Sn, which lie outside of the typically expected scatter in the results from the coarse reject material; this potentially reflects the underlying geological variability at the Project which is not always resolved by sample preparation. Duplicate charts are presented in Appendix A to the Oropesa Property Report.

Excluding the small number of anomalous results, SRK is reasonably confident in the repeatability of the sample preparation process.

#### *Umpire Laboratory Duplicates*

A small number of inter-laboratory check samples (512) were submitted to SGS Wheel Jane during the 2012-2013 drilling programs; however, only 61 of these samples are associated with sample numbers that can be correlated with the original assays.

The duplicate data is presented in Appendix A to the Oropesa Property Report. The duplicate data shows a high level of correlation with the linear correlation coefficient being 0.93.

The data contains a number of anomalous outliers. In SRK's opinion, it is likely that a degree of variability between duplicate pairs is associated with the inherent variability of the sample or settling and homogenisation issues relating to sample storage and resubmission. While the data set is limited and submission of continuous inter-laboratory duplicate samples is recommended, no major issues were identified in the duplicate samples.

#### *SRK Comments*

SRK has reviewed the data collection methodologies during the site visit, and has undertaken an extensive review of the assay and geology database during the Mineral Resource estimation procedure.

For the data available for use in the MRE, some 26% of the data inside the mineralisation wireframes is not supported by QAQC, however these samples appear to be similar to, are well supported by and interspersed with more recent intersections which have good QAQC results.

Assessment of the available QAQC data indicates the assay data for the drilling and sampling to date is both appropriately accurate and precise.

SRK recommends that on-going assessment of all QAQC data is completed routinely to increase the size of the database for review and therefore further increase confidence in the quality of the analytical data.

For the holes drilled prior to ORPD059 (if available) SRK recommends sending pulp splits from a representative portion of samples to the primary laboratory along with QAQC samples according to the current protocols to compare the laboratory performance today with its performance in 2011 and 2010 prior to drillhole ORPD059. This would maximise the confidence in the assay QAQC.

With regard to sampling protocols, SRK recommends for all future exploration programs that drillhole collars are surveyed using a high-accuracy GPS (as used for holes completed prior to 2016), given the potential variability noted in the accuracy of the z-coordinate determined by handheld GPS. In addition, SRK recommends sending the remaining non-sampled intervals located within the mineralised zones to ALS Vancouver (during future sampling programs) to remove the need to insert values from Niton XRF data and therefore further improve confidence in the grade estimates within these areas of the model.

Whilst in general SRK would also continue to recommend the adoption of a commercial database system to improve the overall database management at Oropesa, SRK is confident that the data provided by the Company is of sufficiently high quality, and has been subjected to a sufficiently high level of checking for use in this Mineral Resource estimate.

## Mineral Processing and Metallurgical Testing

### *Introduction*

The following information has largely been sourced from the SRK 2014 NI 43-101 PEA.

### *Metallurgical Testwork 1988-2011*

Initial metallurgical testwork was performed in 1988/89 on a low grade sample containing 0.284% Sn. Visible cassiterite was observed in the sample. Further evaluation of the results has not been included as the quality of the work by the laboratories in Madrid was reported to be poor due to the lack of proper equipment (Burns 2011, 43-101 report).

SGS Minerals Services (“SGS”) conducted two separate metallurgical testwork programs on various samples from Oropesa in November 2009 and March 2011. In addition, in April 2011, SGS prepared a report detailing the metallurgical interpretation of mineralogical characterisation work on the 2009 samples.

In November 2009, gravity characterization testwork was performed on two grab samples designated Oropesa 11 and 27, containing 0.46% and 1.66% Sn respectively. SGS noted that the samples were not representative of the deposit as a whole. Sample 11 contained 0.08% WO<sub>3</sub>. The main findings were as follows:

- gravity pre-concentration tests indicated that the maximum liberation of cassiterite occurred between 125 and 45 microns for both ores;
- some liberation at coarser sizes was observed;
- pre-concentration recoveries of 80% were achieved at 35 to 50% mass pull to bulk concentrates grading 2 to 7% Sn in the -125 +45 micron fractions;
- slimes losses were apparent in the -45 micron fraction;
- Sn losses as fines could be reduced by considered design of the primary grinding and middlings regrind circuits; sequential grind recovery as practiced in the Cornish tin mining industry could be exploited;
- multi-gravity separation and/or Sn flotation would probably be appropriate but have yet to be tested; and
- W-Sn separation would have to be employed if W was found to be present in the mineralised body as a whole.

In March 2011, further gravity characterisation testwork was performed on three surface outcrop samples from La Grana (approximately 1 km north of Oropesa) designated ORP - J994527, J994528 and J994529, containing 5.0%, 2.89% and 0.89% Sn respectively. As with the 2009 testwork, SGS noted that the samples were not representative of the deposit as a whole. Sample J994527 contained 1.17% Pb and 1.1% As. All samples contained significant Fe, but the sulphur levels were low indicating that the pyrite in the samples was probably oxidised. Heavy liquid testwork at 3.3 GG and Mozley Laboratory Separation tests were performed on three size fractions below 1 mm. The main findings were as follows:

- coarse gravity pre-concentration had limited success;
- gravity pre-concentration tests indicated that the maximum liberation of cassiterite occurred between 250 and 75 microns for all three ores tested;

- some cassiterite was liberated at coarser sizes;
- pre-concentration recoveries of 90%, 88% and 69% were achieved at 30% mass pulls to bulk concentrates grading 5 to 15% Sn in the -250 +75 micron fractions;
- 55% Sn could be achieved without cleaning or middlings regrinding of the -250 +75 micron fractions at recoveries of 70%, 50% and 30% respectively;
- slimes losses were apparent in the -75 micron fraction; and
- the different metallurgical recoveries achieved on the three samples indicates that the deposit is highly variable.

SGS reiterated:

- Sn losses in the finer fraction could be reduced by using sequential grind recovery circuits;
- flotation would probably be appropriate but has yet to be tested; and
- production of W and Pb by products should be evaluated if the level of these elements in the mineralised body is significant.

The mineralogical study in 2011 was performed on Oropesa 11 and 27 samples.

The Oropesa 11 sample contained 0.46% Sn, of which 90% was present as cassiterite with the balance as stannite. Pyrite and quartz were also present. The cassiterite had a liberation size of 39 microns, although 56% is free at 135 microns. A total of 81 to 91% of the cassiterite reports as free or as a middlings product that should be recoverable by conventional processing. Between 9 and 19% of the cassiterite is locked down to 21 microns and is likely to be lost to tailings. SGS indicated that Sn recovery should be approximately 78% at a 50% Sn grade and a grind size of 80% passing 210 microns, and around 85% at finer grinds. The level of pyrite in the sample was significant and SGS recommended bulk flotation prior to gravity separation.

The Oropesa 27 sample contained approximately 1.7% Sn. Cassiterite was the predominant Sn mineral. Unlike the Oropesa 11 sample, stannite was not present, but 7% of the Sn was present as complex iron oxy-hydroxides. The sample contained small amounts of pyrite together with quartz, iron oxides and chlorites with mica and feldspars. Some wolframite, rutile and zircon were present in small amounts. The cassiterite had a liberation size of 25 to 30 microns although 12% was free at 165 microns. The degree of liberation increased with decreasing size and SGS suggested that a sequential grind down to at least 30 microns would be required to achieve an acceptable Sn recovery and disposable tailing. This is finer than that required for the Oropesa 11 sample. SGS indicated that the theoretical Sn recovery would be approximately 91% at a 50% Sn grade.

#### *Metallurgical Testwork 2013/2014*

In 2013/14 another 2 sulphide core samples from Oropesa were tested by SGS; samples 1 and 2, whose head grades were 1.47% and 0.33% Sn respectively. Initial flotation testwork was also undertaken during 2014, which suggested in general minor losses of tin and indicated that a clean, sulphide free, tailings product can be readily made, suitable for cassiterite flotation. No attempt has been made to determine whether there are economic quantities of copper or zinc sulphides present in the Oropesa ores.

According to the Company, testwork undertaken to date by SGS on the Oropesa mineralisation and recent work completed internally by MESPA using the multi-element assay database (Miller 2015), suggest the following approximate amounts of tin which are unrecoverable in the Oropesa mineralisation: approximately 6-8% Stannite ( $\text{Cu}_2(\text{Fe,Zn})\text{SnS}_4$ ); and 4-6% very fine grained cassiterite ( $\text{SnO}_2$ ).

MESPA also suggested that approximately 40% of the tin content could be recovered by gravity means and the remaining recoverable tin recovered by cassiterite flotation. MESPA estimated that 1% of the cassiterite would be lost in the sulphide removal process, prior to cassiterite flotation. MESPA therefore feels that there is potential upside on the tin recovery currently used by SRK, however SRK has not independently investigated this.

The recovery methods considered appropriate for treating the sulphide primary and secondary mineralisation are summarised in Section 17 of the Oropesa Property Report.

No further metallurgical testwork was undertaken for the oxide mineralisation.

#### *Metallurgical Testwork 2017*

In order to test the results of potential tin extraction from mineralisation intersected in more recent infill drilling at Oropesa and further verify previous work undertaken, MESPS completed a phase of gravity concentration and flotation tests on approximately 1.7 tonnes of PQ core from drillholes ORPM-05, ORPM-06 and ORPM-07 at Wardell Armstrong's metallurgical laboratory in Cornwall, UK during 2017.

A full metallurgical balance was generated using the mass pulls and recoveries from the pilot plant work, and the ancillary test work. From this a total tin recovery of 74.2% at a combined concentrate of 62.4% Sn was achieved, which is generally in line with previous testwork and assumptions. A proportion of 64% of the total recovery came from gravity concentration at a grade of 63.2% Sn, and the remaining 36% came from tin flotation at a grade of 61.0% Sn.

### **Mineral Resource Estimates**

#### *Introduction*

The Mineral Resource Statement presented herein represents the latest Mineral Resource evaluation prepared for the Project in accordance with the CIM Code.

The Mineral Resource model prepared by SRK utilises some 54,026 m of drilling for a total of 261 drillholes at the Oropesa Project. The Mineral Resource estimate was completed by Mr. Robert Goddard, CGeol an 'independent qualified person' as defined by the CIM Code. The effective date of the Mineral Resource statement is 17 February, 2017.

#### *Resource Estimation Procedures*

The resource estimation methodology involved the following procedures:

- database compilation and verification;
- construction of wireframe geological models and definition of Resource domains;
- data conditioning (compositing and capping review) for statistical analysis, geostatistical analysis;
- variography;
- block modelling and grade interpolation;
- resource classification and validation;
- assessment of "reasonable prospects for economic extraction" and selection of appropriate reporting cut-off grades; and

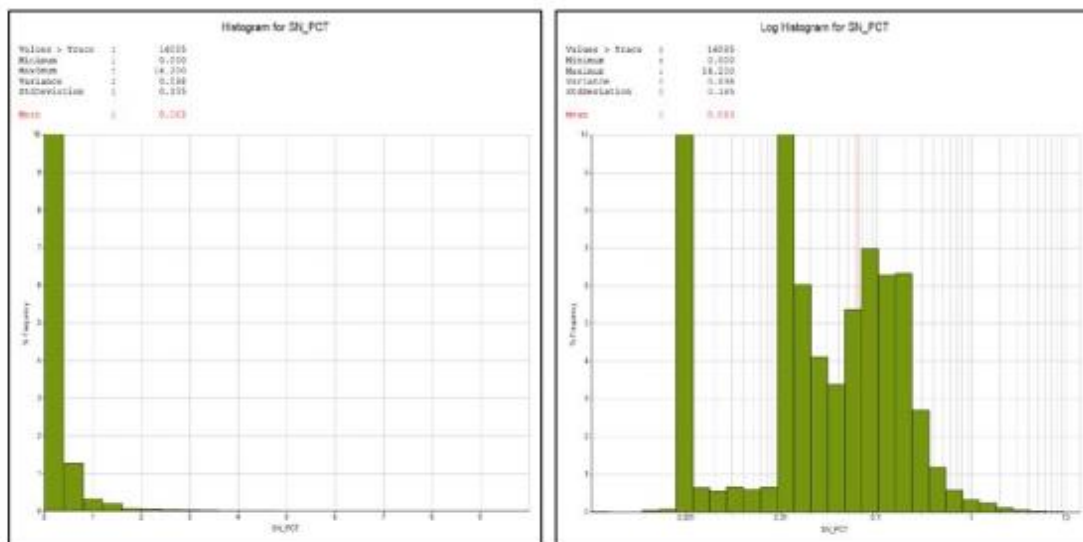
- preparation of the Mineral Resource Statement.

### Resource Database

SRK was supplied with a Microsoft Excel Database. The files supplied had an effective date of 17 February 2017. The database has been reviewed by SRK and imported into Datamine to complete the Mineral Resource Estimate. SRK is satisfied with the quality of the database for use in the construction of the geological block model and associated Mineral Resource Estimate.

### Statistical Analysis – Raw Data

An initial global statistical analysis was undertaken on the raw drill data. Summary statistics, incremental and log histograms were calculated and used to determine whether different geological domains could be identified. The positively skewed log normal distributions for tin are shown in Figure 14-1, with the separate populations noted in the tin assays relating to lower grade host rock and higher grade mineralised zones. SRK notes a low grade population caused by the analytical lower detection limits at less than 0.01%.



**Figure 14-1: Incremental and Log Histogram of Length Weighted Project Tin Assays**

### 3D Modelling

All electronic data was initially imported into the Leapfrog Geo Software (“Leapfrog”) for visual validation against the topography and preliminary review in plan and section. For the 2017 Mineral Resource estimate, the geological units modelled for the deposit were:

- fault interpretation;
- definition of weathering and overburden zones; and
- tin mineralised horizons.

### 1 Geological Wireframes

#### Fault Surfaces



Two fault surfaces for the Oropesa deposit have been interpreted by SRK using a combination of geological logging and interpreted offsets in the lithological and mineralisation domains. The structural model has been used to guide the termination of the major mineralised horizons and orientation of minor fault-hosted mineralisation.

#### Weathering and Overburden Surfaces

Surfaces representing the base of oxidation and the top of fresh weathering were created based on geological logging, with resultant model zones defined as 'oxide', 'transition' or 'fresh'. SRK noted in general higher levels of oxidation in more significantly mineralised zones associated with massive and semi-massive sulphides, which results in a 'pull down' effect within certain areas where surficial weathering has extended to greater depths.

The overburden surface has been modelled based on geological logging and represents a relatively thin zone of un-mineralised transported material and clays with an average thickness of approximately 6 m.

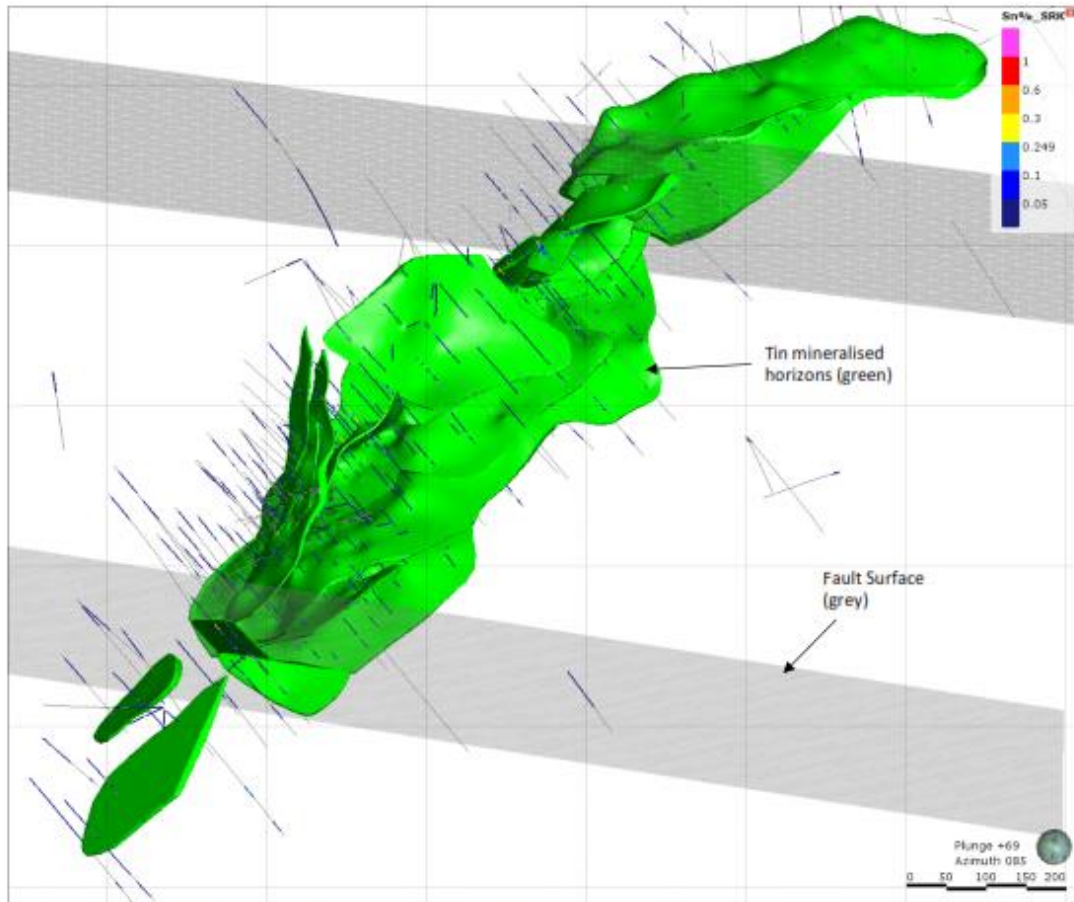
### *2 Mineralisation Wireframes*

#### Tin Mineralised Horizons

Mineralised horizons have been defined based on a combination of lithological logging and tin grade whilst honouring the structural controls and ensuring geological and grade continuity. Top and bottom contacts reflect a cut-off of 0.25% tin (Sn) to differentiate mineralised layers from lower grade host rock and internal partings.

SRK created 3D solid wireframes from selected sample intervals using the vein tool in the Leapfrog Geo Software ("**Leapfrog**").

An example 3D image showing the tin mineralised horizons in context of the modelled fault surfaces is provided in Figure 14-2. Mineralisation modelled for 2017 comprises several separate features which are geologically continuous along strike for between 100 m and 800 m, with dip extents of up to 250 m and an average thickness normally between 3 m and 10 m, reaching over 20 m in certain areas.



**Figure 14-2: 3D view (looking NE) illustrating the position and orientation of the mineralised horizons and faulting at Oropesa**

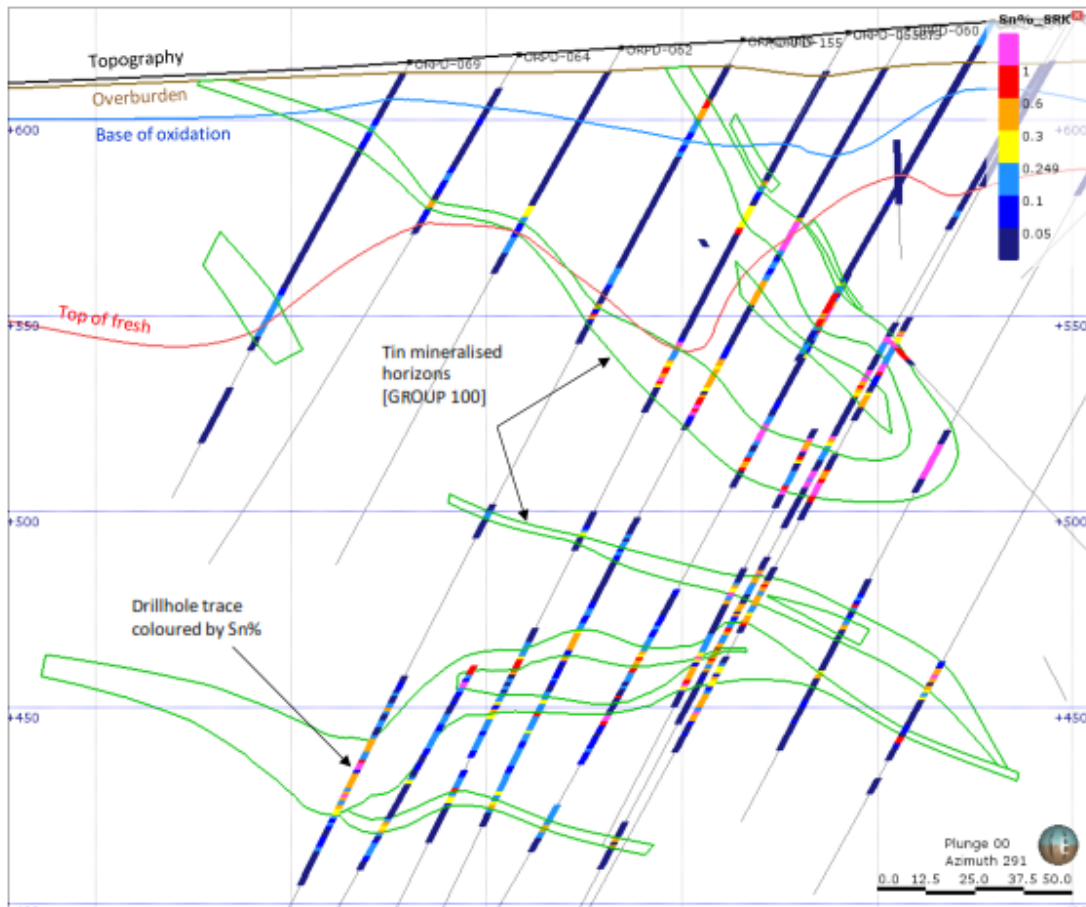
### *3 Mineralisation Model Coding*

A summary of the modelled mineralisation horizons is provided in Table 14-1. The GROUP code relates to the mineralisation domain globally, whereas the KZONE code relates to individual mineralised horizons.

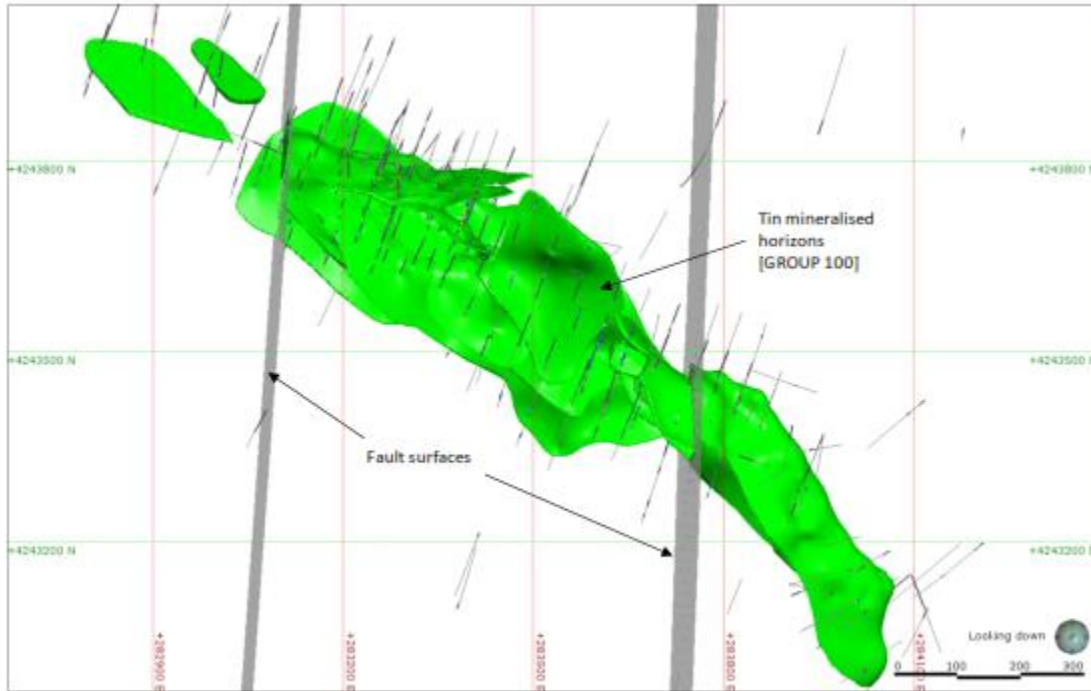
Table 14-1 and Figure 14-4 provide images of the Oropesa geological wireframes, which have been reviewed by the Company for approval and have been deemed acceptable for use in the MRE.

**Table 14-1: Summary of Mineralisation Zones at the Oropesa Project**

GROUP	KZONE	Wireframe	Deposit	Description
100	1 - 20	Tin mineralised horizons (k1_tr - k20_tr)	Oropesa	Tin mineralised zones primarily occurring in granular sandstones at the contacts between the sandstone and conglomerate units



**Figure 14-3: Oropesa Mineralisation Model Cross Section, 25 m slice width**



**Figure 14-4: Oropesa Mineralisation Model Plan View**

### *Compositing*

Prior to the undertaking of a statistical analysis, the samples were composited into equal lengths to provide a constant sample volume, honouring sample support theories.

The tin grade data at Oropesa shows that there are higher and lower grade patches within the deposit, with the preferentially mineralised zones possibly related to coarser-grained sandstones or fracturing localised in areas of rheological contrast at the sandstone-conglomerate contacts.

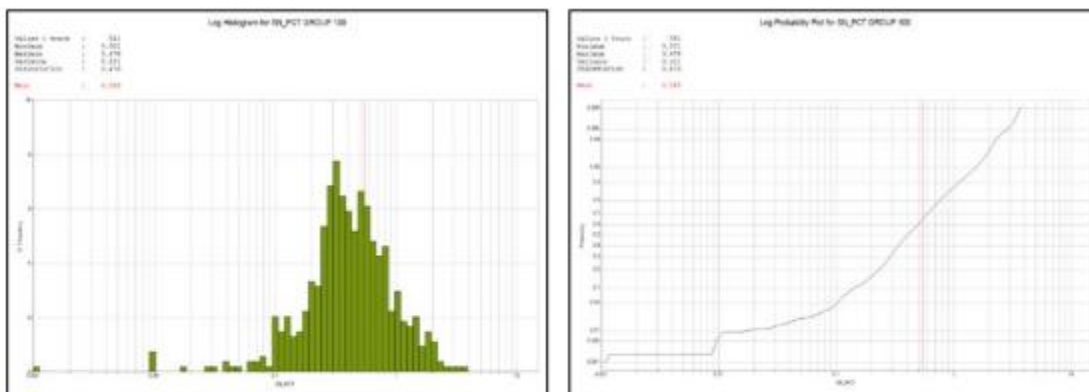
The gradation between patches of higher and lower grade is observed as a lateral patchiness rather than a predictable grade trend from top to bottom contact within the stratigraphy. Therefore, recognising the absence of such a grade trend and in order to overcome the variable number of samples per intersection due mainly to variable intersection angles, SRK elected to create a single composite for each of the drillholes per intersected horizon ('zone-composites') to ensure variography and block grade estimation focused on variability along stratigraphy. Where a drillhole intersects the horizon at a very shallow angle, two or more equal length composites were made each with a length typically no more than 40 m.

### *Evaluation of Outliers*

High grade capping is undertaken where very high grade data is considered to be unrepresentative of the main population. SRK has completed the analysis based on log probability plots, raw and log histograms which can be used to distinguish the grades at which samples have significant impacts on the local estimation and whose affect is considered extreme. Based on a review of raw and log histogram plots for the mineralisation domain (in context of a visual assessment for sample support), no high-grade capping was applied.

Log histograms and log-probability plots (as illustrated for tin zone-composites in Figure 14-5) are shown for the mineralisation domain in Appendix B, which also presents capping analysis

based on 2 m composites to illustrate in general the limited sensitivity on the outlier assessment to composite length. Table 14-2 and Table 14-3 provide a summary of the zone-composite sample statistics within the mineralisation domain and individual mineralised horizons, respectively.



**Figure 14-5: Log Histogram and Log Probability Plot for the tin mineralisation domain at Oropesa**

**Table 14-2: Composite Statistics (Global Mineralisation Domain)**

GROUP	FIELD	NSAMP	MIN	MAX	MEAN	VAR	STDDEV	COV
100	SN_PCT	541	0.001	3.48	0.54	0.22	0.47	0.86

**Table 14-3: Composite Statistics (Individual Mineralised Horizons)**

KZONE	FIELD	NSAMP	MIN	MAX	MEAN	VAR	STDDEV	COV
1	SN_PCT	57	0.0	1.95	0.39	0.08	0.28	0.72
2	SN_PCT	66	0.0	1.46	0.44	0.11	0.33	0.74
3	SN_PCT	5	0.3	0.38	0.31	0.00	0.05	0.15
4	SN_PCT	6	0.1	1.19	0.55	0.19	0.43	0.79
5	SN_PCT	20	0.1	1.85	0.56	0.25	0.50	0.88
6	SN_PCT	5	0.3	0.58	0.40	0.01	0.10	0.25
7	SN_PCT	16	0.3	0.55	0.37	0.01	0.08	0.23
8	SN_PCT	6	0.2	0.53	0.36	0.01	0.10	0.27
9	SN_PCT	3	0.3	0.64	0.43	0.02	0.16	0.37
10	SN_PCT	177	0.0	3.39	0.67	0.30	0.55	0.82
11	SN_PCT	24	0.3	1.74	0.64	0.16	0.40	0.63
12	SN_PCT	13	0.2	1.09	0.44	0.07	0.26	0.58
13	SN_PCT	61	0.0	2.35	0.37	0.11	0.33	0.91
14	SN_PCT	57	0.0	3.48	0.72	0.42	0.65	0.89
15	SN_PCT	5	0.2	0.87	0.41	0.06	0.24	0.59
16	SN_PCT	7	0.2	0.38	0.29	0.00	0.07	0.23
17	SN_PCT	3	0.2	1.70	1.00	0.36	0.60	0.60
18	SN_PCT	3	0.6	0.72	0.68	0.00	0.04	0.05
19	SN_PCT	5	0.3	1.40	0.56	0.18	0.42	0.75
20	SN_PCT	2	0.4	0.66	0.52	0.02	0.14	0.26

### *Geostatistical Analysis*

Variography is the study of the spatial variability of an attribute, in this case tin grade. The Snowdon Supervisor Software (“**Supervisor**”) was used for geostatistical analysis and the data has been analysed using a pairwise relative variogram in order to define variogram models of sufficient clarity.

In completing the analysis for the mineralised domains, the following has been considered:

- strike azimuth of the zone was determined;
- a short-lag variogram was calculated and modelled to characterise the nugget effect;
- Experimental Pairwise Relative semi-variograms were calculated to review directional variograms for the along strike direction, to limit the influence from sample pairs situated on opposite sides of folded units;
- variograms were modelled using the nugget defined in the short-lag variography and the ranges identified for the along strike direction; and
- all variances were re-scaled for each mineralised lens to match the total variance for that zone (namely the ‘VAR’ field in Table 14-3).

SRK treated the mineralisation domain as a single zone for variography due to the limited number of samples within certain horizons; however, the experimental variogram was calculated using a 35° cone in attempt to reduce the influence of sample data from spatially separate horizons from impacting the assessment of grade continuity. Omni-directional structures were selected for fitting of the final variogram models.

The pairwise relative variogram modelled for the Mineralisation domain (GROUP 100) for tin is shown in Figure 14-6. The variogram parameters for the Project are displayed in Table 14-4.

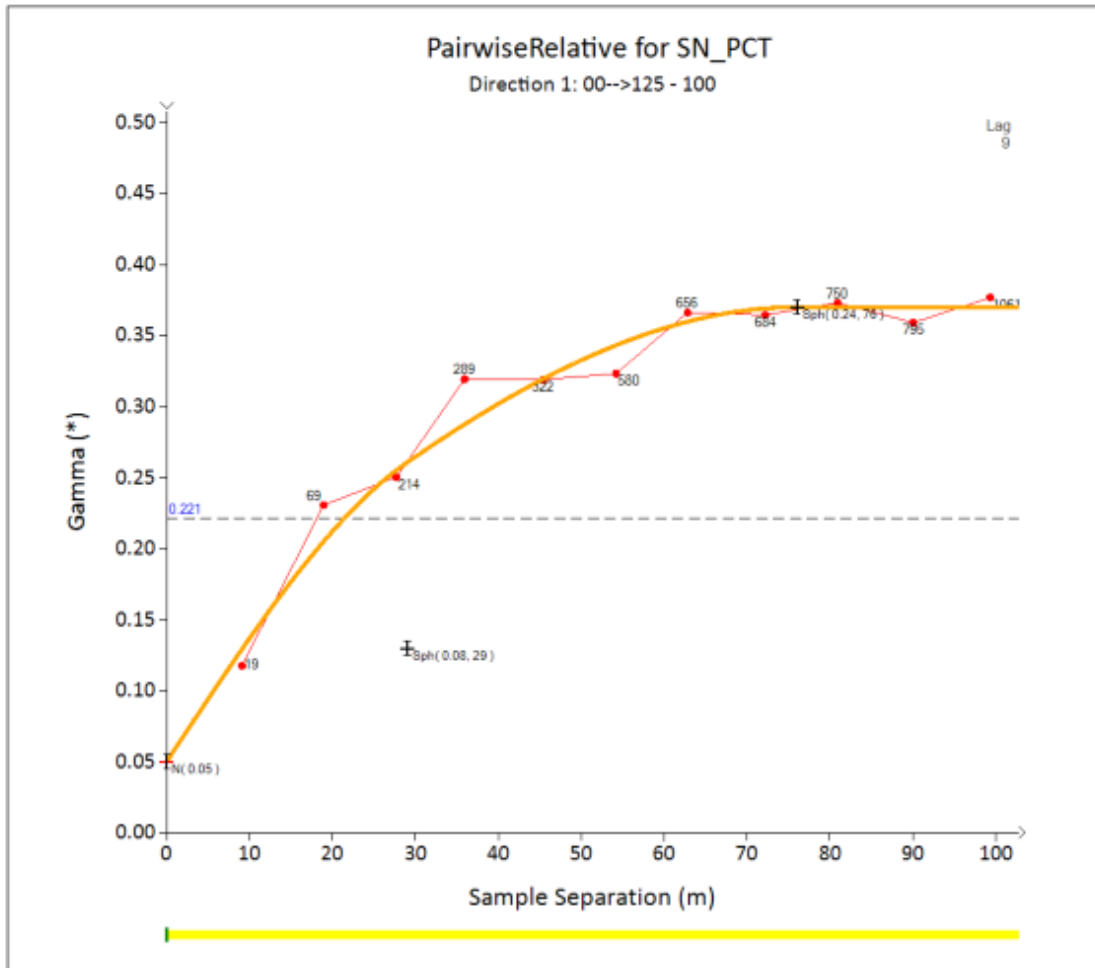


Figure 14-6: Summary of modelled semi-variogram parameters for the Oropesa Mineralisation domain (GROUP 100)

Table 14-4: Summary of semi-variogram parameters\*

Variogram Parameter	SN_PCT-GROUP100
Co	0.05
C1	0.08
A1 – Along Strike (m)	29
A1 – Down Dip (m)	29
A1 – Across Strike (m)	29
C2	0.24
A2 – Along Strike (m)	76
A2 – Down Dip (m)	76
A2 – Across Strike (m)	76
C3	0.00
A3 – Along Strike (m)	0
A3 – Down Dip (m)	0
A3 – Across Strike (m)	0
Nugget Effect (%)	14%

\*Semi-variogram structures were subsequently re-scaled to the total sample variance per estimation zone

### Block Model and Grade Estimation

A block model prototype was created for Oropesa based on UTM coordinate grid. Block model parameters were chosen to reflect the average drillhole spacing (along strike and on section) and to appropriately reflect the grade variability along strike and along dip.

To improve the geometric representation of the geological model, sub-blocking was allowed along the boundaries to a minimum of 2x2x1 m (x, y, and z). A summary of the block model parameters is given in Table 14-5. Using the wireframes created and described in Section 14.5, several codes have been written in the block model to describe each of the major geological properties of the rock types. Table 14-6 summarises geological fields created within the block model and the codes used.

**Table 14-5: Details of Block Model Dimensions for the Project Geological Model**

Model	Dimension	Origin (UTM)	Block Size	Number of Blocks	Min Sub-blocking (m)
Oropesa	X	282680	20	81	2
	Y	4242800	20	65	2
	Z	250	10	45	1

**Table 14-6: Summary of block model fields used for flagging different geological properties**

Field Name	Description
SVOL	Search Volume reference (range from 1 - 3)
KV	Kriging Variance
NSUM	Number of samples used to estimate the block
SN	Interpolated tin value
CLASS	Classification
KZONE	Zone for estimation
GROUP	Zone for statistical analysis
CLASS	Classification
DENSITY	Density of the rock
OXZONE	Zone for density estimation
OX	Weathering zone (1=oxide; 2=transition; 3=fresh)
OVB	Overburden zone code (1=overburden)

### Final Estimation Parameters

Ordinary Kriging (“OK”) was used for the grade interpolation for the Mineralisation domain for tin and individual mineralised horizons were estimated separately (per KZONE) to honour spatial differences observed in the sample grade distribution and to prevent drillhole data from one domain affecting blocks in another domain.

For grade interpolation, given the folded nature of the estimation domains, the use of a dynamic search ellipse which follows the trend of the mineralisation wireframes was initially considered. However, the tightly folded stratigraphy limits the effectiveness of this technique at the fold hinges, given the difficulty with getting the ellipse to ‘fold’ around the hinge. Instead, SRK has used a relatively local spherical search ellipse that achieves well informed local block estimates within the hinge-area of the folds without overly influencing the blocks from one side of the fold with sample data from the opposite side. All domain boundaries were treated as hard boundaries during the estimation process.

Inverse distance weighting (“IDW”) was used for the interpolation of density and for verification of the OK estimates for tin.

The selected estimation parameters have been verified based on the results of a quantitative Kriging Neighbourhood Analysis (“QKNA”), and are presented in Table 14-7.



**Table 14-7: Summary of Final Estimation Parameters for Oropesa**

Estimation Parameters			Description
GROUP	100		
FIELD	SN_PCT	DENSITY	
			Kriging zone for estimation
SREFNUM	1	2	Field for interpolation
SMETHOD	2	2	Search reference number
SDIST1	65	65	Search volume shape (2 = ellipse)
SDIST2	65	65	Search distance 1 (dip)
SDIST3	65	65	Search distance 2 (strike)
SANGLE1	0	0	Search distance 3 (across strike)
SANGLE2	0	0	Search angle 1 (dip direction)
SANGLE3	0	0	Search angle 2 (dip)
SAXIS1	3	3	Search angle 3 (plunge)
SAXIS2	1	1	Search axis 1 (z)
SAXIS3	3	3	Search axis 2 (x)
MINNUM1	4	10	Search axis 3 (z)
MAXNUM1	8	40	Minimum sample number (SVOL1)
SVOLFAC2	2	2	Maximum sample number (SVOL1)
MINNUM2	4	10	Search distance expansion (SVOL2)
MAXNUM2	8	40	Minimum sample number (SVOL2)
SVOLFAC3	3	5	Maximum sample number (SVOL2)
MINNUM3	2	2	Search distance expansion (SVOL3)
MAXNUM3	8	40	Minimum sample number (SVOL3)
MAXKEY	-	-	Maximum sample number (SVOL3)
			Maximum number of samples per drillhole

*Model Validation and Sensitivity*

***Sensitivity Analysis***

Grade estimation was performed in Datamine, based on optimum parameters verified through a QKNA exercise. The exercise was based on varying kriging parameters for tin during a number of different scenarios. The slope of regression, kriging variances, block estimates and percentage of blocks filled in each search were recorded and compared for each scenario. The following parameters were changed during the QKNA exercise:

- minimum number of samples;
- maximum number of samples; and
- search ellipse sizes.

The QKNA exercise for the MRE has focused on testing the sensitivity of block grade estimates to changes in the selected search parameters for the KZONE 10 Mineralised horizon, based on its representative geometry and relatively significant contribution to tonnage (31%) in the geological model.

In general, the estimate showed a relatively limited sensitivity in the mean block grade to changes in the estimation parameters. SRK noted, however, that block grades (visually) better reflected the sample variability by restricting the search ellipse dimension and maximum number of composites to within reasonable limits, the associated sensitivity is shown in Table 14-8 and Table 14-9. The final parameters were selected to ensure that the contiguous patches of higher and lower tin grade sometimes evident in the drilling data were appropriately reflected in block grade estimates.

**Table 14-8: QKNA Search Ellipse Size for Oropesa; Mineralised horizon KZONE 10**

DETERMINE SEARCH VOLUME					GRADE		SLOPE	NUM	KV	% Fill
RUN	Min	Max	Search	SVOL	SNOK	SNIDW				
1	4	8	50x50x50	1	0.67	0.68	0.85	7	0.09	56.1%
	4	8	50x50x50	2	0.53	0.53	0.65	7	0.15	43.8%
	2	8	50x50x50	3	0.54	0.53	0.26	8	0.21	0.2%
2	4	8	65x65x65	1	0.63	0.63	0.81	7	0.10	82.0%
	4	8	65x65x65	2	0.53	0.53	0.57	8	0.16	18.0%
	2	8	65x65x65							0.0%
3	4	8	80x80x80	1	0.61	0.62	0.79	7	0.11	95.2%
	4	8	80x80x80	2	0.54	0.54	0.38	8	0.19	4.8%
	2	8	80x80x80							0.0%
4	4	8	95x95x95	1	0.61	0.61	0.78	8	0.11	98.9%
	4	8	95x95x95	2	0.55	0.54	0.28	8	0.20	1.1%
	2	8	95x95x95							0.0%
5	4	8	110x110x110	1	0.60	0.61	0.78	8	0.11	100.0%
	4	8	110x110x110	2	0.48	0.43	0.44	8	0.19	0.0%
	2	8	110x110x110							0.0%

**Table 14-9: QKNA Number of Samples for Oropesa; Mineralised horizon KZONE 10**

DETERMINE NUMBER OF SAMPLES					GRADE		SLOPE	NUM	KV	% Fill
RUN	Min	Max	Search	SVOL	SNOK	SNIDW				
1	5	8	65x65x65	1	0.64	0.65	0.84	7	0.095	69.0%
	5	8	65x65x65	2	0.53	0.53	0.62	8	0.154	31.0%
	2	8	65x65x65							0.0%
2	6	8	65x65x65	1	0.67	0.68	0.88	8	0.084	54.2%
	6	8	65x65x65	2	0.53	0.53	0.67	8	0.146	45.8%
	2	8	65x65x65	3	0.48	0.43	0.44	8	0.192	0.0%
3	4	10	65x65x65	1	0.62	0.63	0.81	7	0.104	82.0%
	4	10	65x65x65	2	0.53	0.53	0.59	10	0.158	18.0%
	2	10	65x65x65							0.0%
4	4	12	65x65x65	1	0.62	0.63	0.82	8	0.103	82.0%
	4	12	65x65x65	2	0.53	0.53	0.60	11	0.157	18.0%
	2	12	65x65x65							0.0%
5	4	14	65x65x65	1	0.62	0.63	0.82	9	0.103	82.0%
	4	14	65x65x65	2	0.53	0.53	0.61	12	0.156	18.0%
	2	14	65x65x65							0.0%

*Block Model Validation*

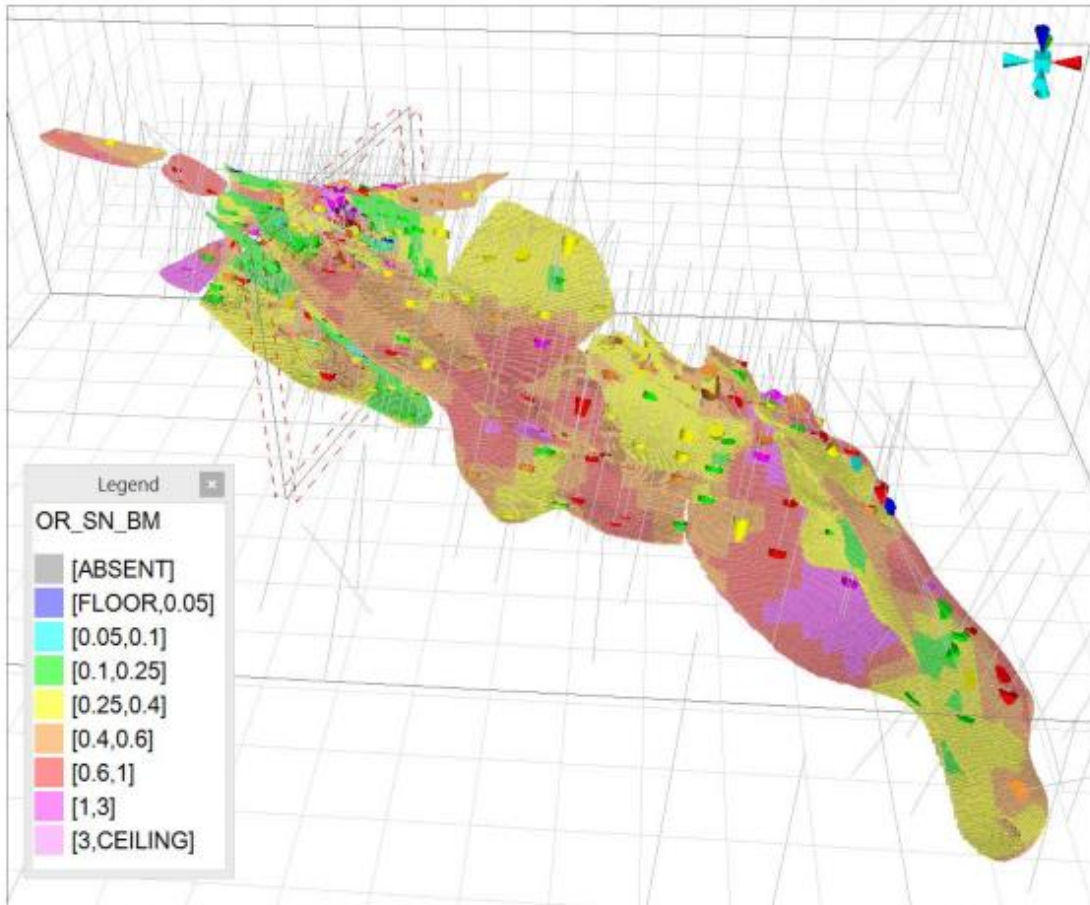
SRK has validated the block model using the following techniques:

- visual inspection of block grades in comparison with drillhole data;
- sectional validation of the mean samples grades in comparison to the mean model grades; and
- comparison of block model statistics.

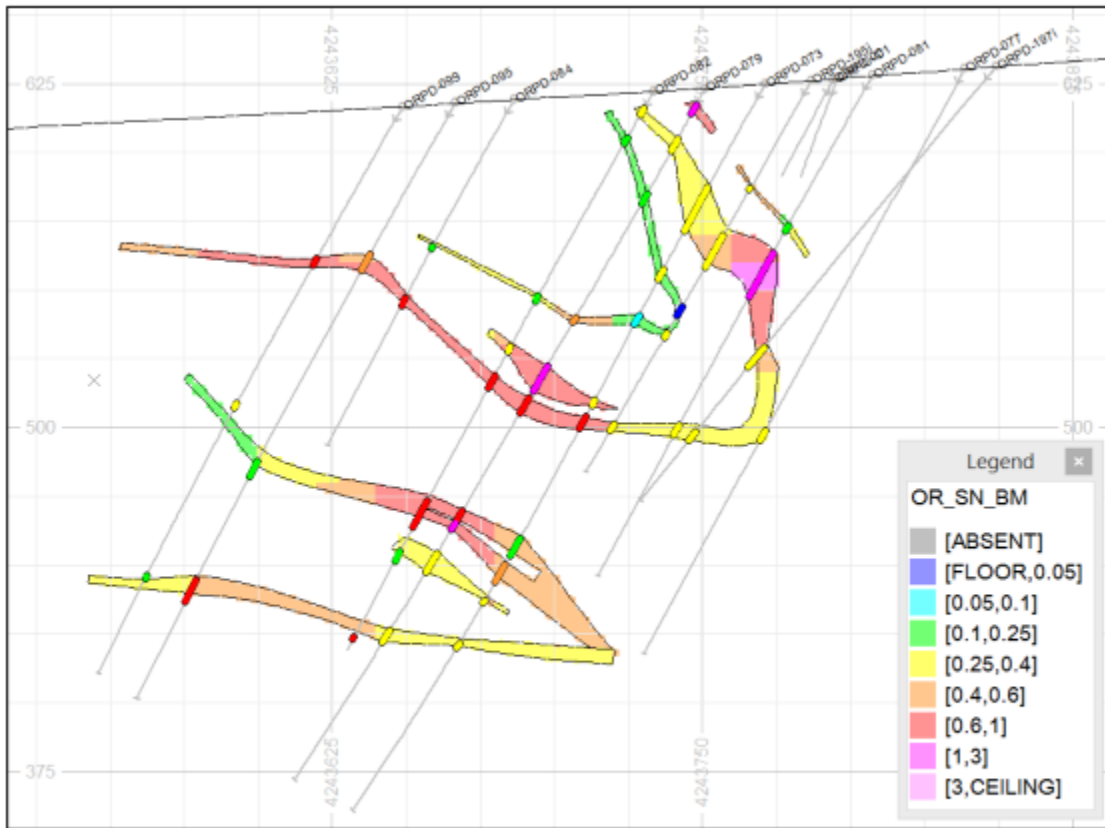
*Visual Validation*

Visual validation provides a comparison of the interpolated block model on a local scale. A thorough visual inspection has been undertaken in section and 3D, comparing the sample grades with the block grades, which demonstrates in general good comparison between local block estimates and nearby samples, without excessive smoothing in the block model. Figure 14-7 and Figure 14-8 provide examples of the visual

validation checks and highlights the overall block grades corresponding with composite sample grades. Further visual validation images are shown in Appendix C to the Oropesa Property Report.



**Figure 14-7: Oropesa Block Model 3D view showing visual validation of modelled borehole intercepts to grade estimates**



**Figure 14-8: Oropesa Block Model 2D view showing visual validation of modelled borehole intercepts to grade estimates**

### *Sectional Validation*

As part of the validation process, the drillhole composite samples are compared to the block model grades within a series of coordinates (based on the principle directions). The results of which are then displayed on charts to check for visual discrepancies between grades. Figure 14-9 shows the results for the tin grades for the Mineralised horizon KZONE 10 based on section lines cut along x-coordinates.

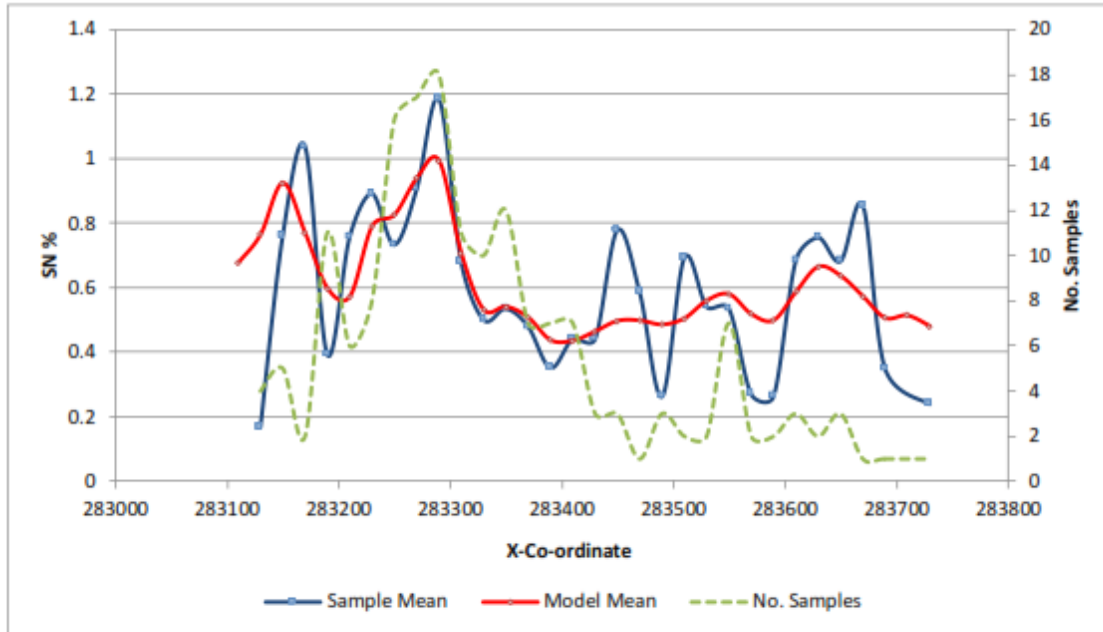
The resultant plots show a reasonable correlation between the block model grades and the composite grades, with the block model showing a typically smoothed profile of the composite grades as expected. SRK notes that in less densely sampled areas, minor grade discrepancies do exist on a local scale. Overall, however, SRK is confident that the interpolated grades reflect the available input sample data and the estimate shows no sign of material bias.

Validation plots for selected Mineralised horizons are shown in Appendix D to the Oropesa Property Report.

### *Statistical Validation*

The block estimates for the 2017 MRE have been compared to the mean of the composite samples (Table 14-10) which indicate the overall percentage difference in the mean grades typically vary between 1% – 10%, which SRK deems to be within acceptable levels.

SRK notes a slightly higher percentage difference in the means for mineralised horizons KZONE 4, 14 and 19, which is as a result of the sample mean being skewed by relatively few low/ high grade samples that influence a large proportion of the tonnage. Based on the visual, sectional and statistical validation results SRK has accepted the grades in the block model.



**Figure 14-9: Validation Plot (Easting) showing Block Model Estimates versus Sample Mean (20m Intervals) for Mineralised horizon KZONE 10**

**Table 14-10: Summary Block Statistics for Ordinary Kriging and Inverse Distance Weighting Estimation Methods for tin**

KZONE	Field	Estimation Method	Block Estimate Mean (ppm)	Composite Mean (ppm)	% Difference	Absolute Difference (ppm)
1	SN	OK	0.38	0.39	-3%	-0.01
		IDW	0.38	0.39	-3%	-0.01
2	SN	OK	0.45	0.44	3%	0.01
		IDW	0.47	0.44	6%	0.03
3	SN	OK	0.30	0.31	-3%	-0.01
		IDW	0.31	0.31	-1%	0.00
4	SN	OK	0.45	0.55	-18%	-0.10
		IDW	0.42	0.55	-23%	-0.12
5	SN	OK	0.54	0.56	-4%	-0.02
		IDW	0.51	0.56	-10%	-0.06
6	SN	OK	0.39	0.40	-3%	-0.01
		IDW	0.39	0.40	-3%	-0.01
7	SN	OK	0.37	0.37	1%	0.00
		IDW	0.37	0.37	1%	0.00
8	SN	OK	0.34	0.36	-6%	-0.02
		IDW	0.35	0.36	-4%	-0.01
9	SN	OK	0.43	0.43	2%	0.01
		IDW	0.44	0.43	4%	0.02
10	SN	OK	0.61	0.67	-9%	-0.06
		IDW	0.62	0.67	-8%	-0.05
11	SN	OK	0.69	0.64	8%	0.05
		IDW	0.70	0.64	9%	0.06
12	SN	OK	0.46	0.44	4%	0.02
		IDW	0.47	0.44	7%	0.03
13	SN	OK	0.38	0.37	2%	0.01
		IDW	0.38	0.37	2%	0.01
14	SN	OK	0.63	0.72	-13%	-0.09
		IDW	0.63	0.72	-12%	-0.09
15	SN	OK	0.44	0.41	7%	0.03
		IDW	0.43	0.41	6%	0.02
16	SN	OK	0.27	0.29	-6%	-0.02
		IDW	0.27	0.29	-5%	-0.02
17	SN	OK	1.08	1.00	8%	0.08
		IDW	1.09	1.00	8%	0.08
18	SN	OK	0.69	0.68	1%	0.01
		IDW	0.69	0.68	1%	0.01
19	SN	OK	0.62	0.56	11%	0.06
		IDW	0.65	0.56	15%	0.09
20	SN	OK	0.55	0.52	5%	0.03
		IDW	0.59	0.52	13%	0.07

*Mineral Resource Classification*

Block model quantities and grade estimates for the Oropesa deposit were classified according to the CIM Code.

Mineral Resource classification is typically a subjective concept, industry best practices suggest that resource classification should consider both the confidence in the geological continuity of the mineralised structures, the quality and quantity of exploration data supporting the estimates and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating both concepts to delineate regular areas at similar resource classification.

Data quality, geological confidence, sample spacing and the interpreted continuity of grades controlled by the deposit has allowed SRK to classify the block model in the Measured, Indicated and Inferred Mineral Resource categories.

The following guidelines apply to SRK's classification:

### *Measured*

Measured Mineral Resources are where block grades are based on multiple drillhole intercepts, where there is typically 20m spacing and where there is good continuity shown by both assay grades and geological wireframes. Additional density sampling during future infill drilling is required in the oxide zone prior to reporting the oxidised resource with 'measured' confidence.

### *Indicated*

Indicated Mineral Resources comprise the blocks in where SRK has a reasonable level of geological confidence in well drilled areas of the model and typically up to 70 m beyond these areas.

### *Inferred*

Inferred Mineral Resources are in domains that display reasonable to low geological confidence, where blocks are typically within 100 m of sample data and bound by the maximum extents of the mineralisation wireframes. These areas require infill drilling to improve the quality of the geological interpretation and local block grade estimates to a level suitable for mine planning.

An example of SRK's Mineral Resource classification for the Oropesa deposit is shown in Figure 14-10.

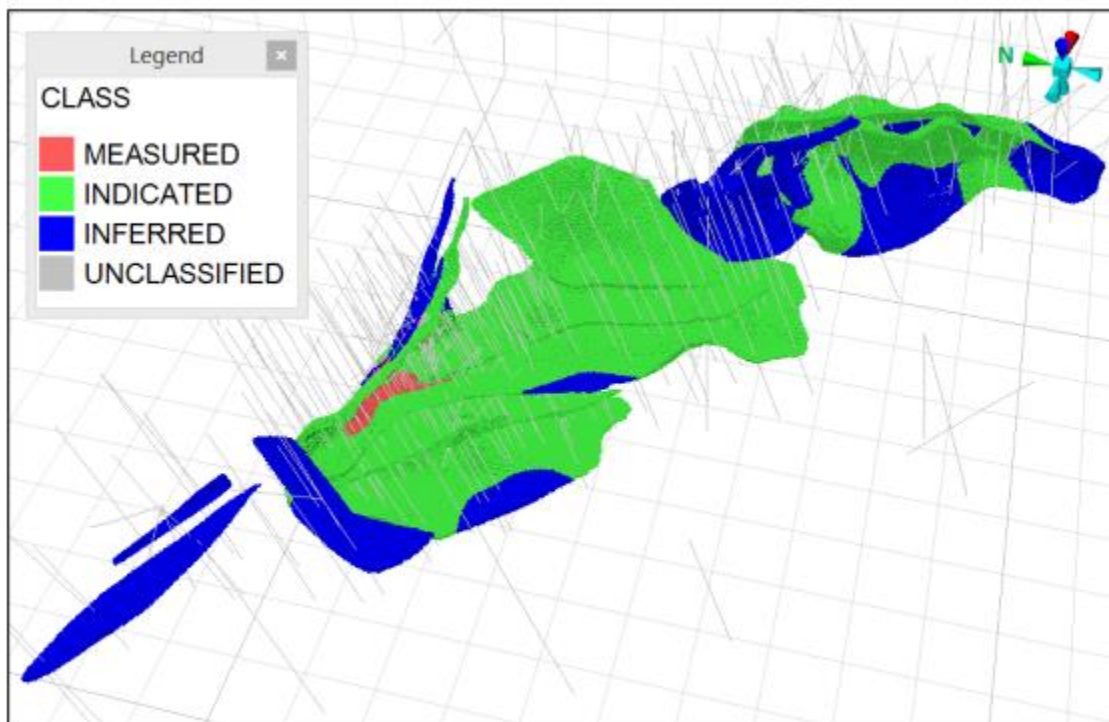


Figure 14-10: Plan view showing SRK's wireframe-defined Mineral Resource Classification for the Oropesa deposit

### *Mineral Resource Statement*

The CIM Code defines a Mineral Resource as: A “concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge”.

The “reasonable prospects for eventual economic extraction” requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries.

### ***Reporting and Cut-off Derivation***

SRK has applied basic economic considerations to determine which portion of the block model has reasonable prospects for economic extraction by open-pit mining methods. To achieve this, the Mineral Resource has been subject to a high-level pit optimisation study to assist with determining the potential depth to which an open pit operation could be considered viable and reported above a suitable cut-off grade for resource reporting. This approach remains consistent with the previous 2015 MRE.

SRK’s updated mine planning exercise for 2017 envisages a medium-sized open pit operation followed by underground mining to access the remaining medium to high grade mineralisation at depth. However, the results of the pit optimisation study for 2017 showed that an open pit operation could potentially reach a depth of 235 m (close to the bottom of the model) and that a cut-off grade of 0.15% Sn would be appropriate. The cut-off grade is higher when compared to the 2015 MRE (0.1 Sn%), which is mainly due to a higher processing cost.

Whilst an underground mining scenario would be unlikely to target some of the lower grade tin mineralisation at depth, SRK considers that this material continues to have reasonable prospects for economic extraction with a larger open pit should the Company’s mining strategy change.

Based on the above, SRK has elected to consider the full extents of the geological model for Mineral Resource reporting.

The parameters used for the 2017 pit optimisation exercise were based on SRK’s 2017 mining study:

- A tin price of USD23,400/t derived from market consensus long term price forecasts with a 30% uplift as appropriate for assessing eventual economic potential of Mineral Resources.
- A tin process recovery of 71%.
- A cost of USD18/t for processing, USD4/t G&A and USD1.8/t for mining.
- Slope angles of 35° for oxide, 40° for transition and 46° for fresh material.

The 2017 Mineral Resource Statement for the Oropesa deposit is shown per weathering zone and grade category in Table 14-11. The Company has earned a 96% interest in the Oropesa property with registered title to the property with the Andalucia mining authorities under the Spanish Mining Act.



**Table 14-11: SRK Mineral Resource Statement effective of 17 February 2017 for the Oropesa Deposit prepared in accordance with the CIM Code**

Category	Weathering Zone	Grade Category %Sn	Tonnes (kt)	Tin	
				% Sn	Metal (Sn t)
Subtotal Measured	Oxide	>0.15	-	-	-
	Transition	>0.15	40	1.62	650
	Fresh	>0.15	290	1.01	2,940
Subtotal Indicated	Oxide	>0.15	110	0.58	645
	Transition	>0.15	1,900	0.49	9,250
	Fresh	>0.15	7,000	0.53	37,430
Subtotal Measured and Indicated	Oxide	>0.15	110	0.58	645
	Transition	>0.15	1,940	0.51	9,900
	Fresh	>0.15	7,290	0.55	40,365
Subtotal Inferred	Oxide	>0.15	190	0.43	815
	Transition	>0.15	1,120	0.41	4,645
	Fresh	>0.15	1,890	0.59	11,155
Total Measured >0.15			330	1.09	3,585
Total Indicated >0.15			9,010	0.53	47,320
Total Measured and Indicated >0.15			9,340	0.55	50,910
Total Inferred >0.15			3,200	0.52	16,615

1. All figures are rounded to reflect the relative accuracy of the estimate.
2. Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.
3. The reporting standard adopted for the reporting of the MRE uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (May 2014)
4. The Mineral Resource is given on the basis of 100% ownership of the Oropesa property.

#### Grade Sensitivity Analysis

The results of grade sensitivity analysis completed for Oropesa are shown in Table 14-12 and Table 14-13 graphically in Figure 14-11 and Figure 14-12.

This is to show the continuity of the grade estimates at various cut-off increments and the sensitivity of the Mineral Resource to changes in cut-off. The tonnages and grades in these tables at cut-off grades other than 0.15% Sn, however, are not Mineral Resources.

**Table 14-12: Gradations for Measured and Indicated Material at Oropesa at various %Sn Cut-off Grades**

Grade - Tonnage Table, Oropesa, February 2017				
Cut-off Grade	Measured and Indicated			
	Quantity	Tin		
Sn (%)	(Mt)	% Sn	Metal (Sn Mt)	
0.00	9.5	0.54	51.1	
0.10	9.5	0.54	51.1	
0.15	9.3	0.55	50.9	
0.20	9.1	0.55	50.6	
0.30	8.1	0.59	47.8	
0.40	6.6	0.65	42.6	
0.50	4.7	0.73	34.0	

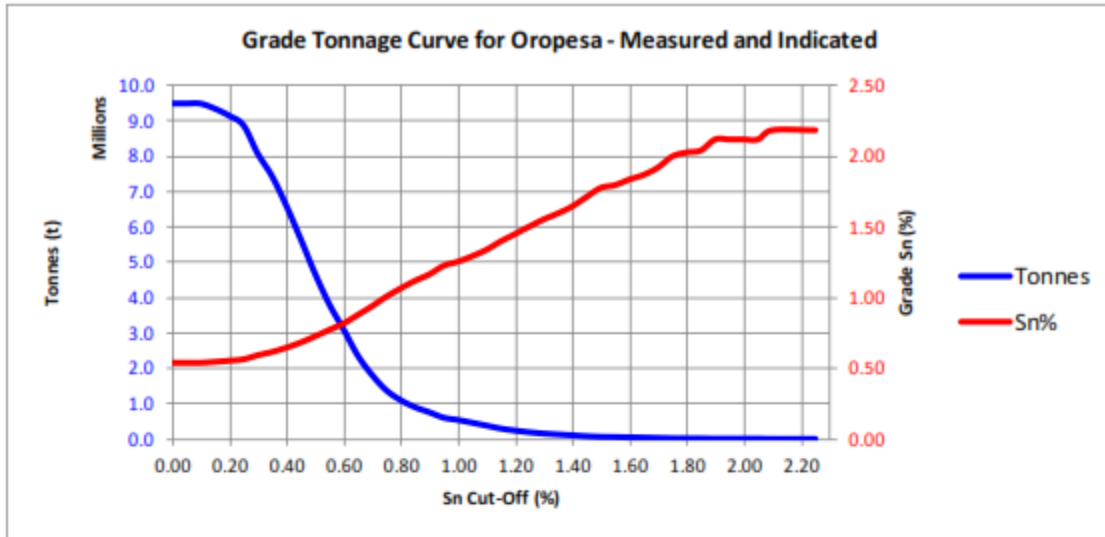


Figure 14-11: Grade Tonnage Curve for Measured and Indicated at Oropesa at various %Sn Cut-off Grades

Table 14-13: Gradations for Inferred Material at Oropesa at various %Sn Cut-off Grades

Grade - Tonnage Table, Oropesa, February 2017			
Cut-off Grade	Inferred		
	Quantity	Tin	
Sn (%)	(Mt)	% Sn	Metal (Sn Mt)
0.00	3.2	0.52	16.6
0.10	3.2	0.52	16.6
0.15	3.2	0.52	16.6
0.20	3.2	0.52	16.6
0.30	2.9	0.55	15.8
0.40	1.9	0.65	12.3
0.50	1.2	0.78	9.2

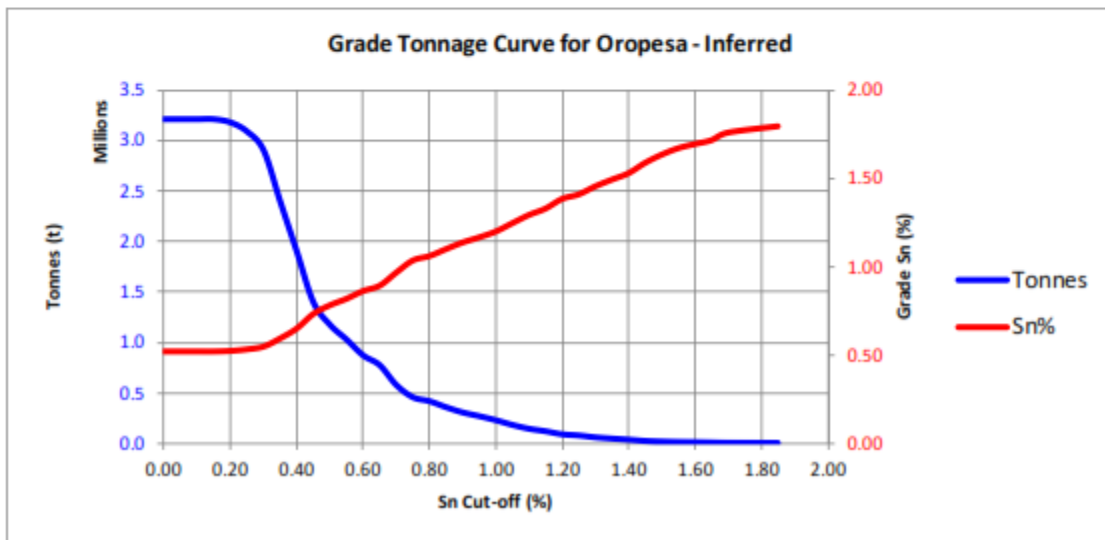


Figure 14-12: Grade Tonnage Curve for Inferred at Oropesa at various %Sn Cut-off Grades

### *Vertical Profile Analysis*

SRK has completed a vertical profile analysis of the classified Mineral Resource grouped over 10m increments to illustrate the nature of the grade and tonnages of the mineralisation with depth. To illustrate the sensitivity of the vertical profiles to cut-off gradations, separate tabulations are provided above cut-off grades of 0.15%, 0.2% and 0.25% Sn and are presented in Appendix E to the Oropesa Property Report. The reader is cautioned that the tables presented should not be misconstrued as a Mineral Resource Statement.

The vertical profile plot at a 0.15% Sn cut-off shows that the material classified as Measured and Indicated has an overall higher grade in the top half of the model (above 480m RL i.e. to depth of 140 m). The grade in the top half is 0.58% Sn, whereas the lower half of the model has a slightly lower grade at 0.52% Sn.

### *Comparison to Previous Mineral Resource Estimates*

In comparison to the previous 2015 Mineral Resource estimate for the Project which was comprised Indicated and Inferred categories, SRK has upgraded 0.3 Mt at a grade of 1.1% tin in to the Measured category, which is primarily due to additional geological confidence provided by infill drilling.

In comparison to the previous Indicated Mineral Resource which was reported at a cut-off grade of 0.1% tin, the updated Measured+Indicated Mineral Resource estimate (reported at a cut-off of 0.15% tin) represents a marginal decrease in the metal content, from 52.1 to 50.9 kt. The change in contained metal is the result of 1% reduction in tonnage and 1% (relative) decrease in tin grade.

The reduction in tonnage is mainly due to infill drilling improving the definition of the geological contacts between the (mineralised) sandstone and (non-mineralised) conglomerate. SRK note a 2% relative reduction in grade due to new drilling returning slightly lower tin grades and the (Niton) assaying of a small number of previously non-sampled intervals; this is balanced by a small 1% relative increase in grade by increasing the cut-off grade, which results in a net 1% relative reduction in tin grade.

Within the Inferred category, the updated Mineral Resource estimate (reported at a cut-off of 0.15% tin) represents a decrease in the metal content, from 17.5 kt to 16.6 kt. The change in contained metal is mainly the result of 5% reduction in tonnage due to infill drilling improving the definition between the sandstone and conglomerate at the deposit periphery.

SRK considers that the key changes in the Mineral Resource result from a combination of the following factors:

- metal converted to Measured, primarily due to new infill drilling confirming the continuity of the geology and mineralisation within targeted areas of the deposit;
- infill drilling improving the definition between the mineralised sandstone and (nonmineralised) conglomerate, mainly at the deposit periphery;
- new drilling returning slightly lower tin grades overall;
- (Niton) assaying of previously non-sampled intervals within the mineralised zone; and
- increase to the tin cut-off grade used to report the Mineral Resource.

### *Exploration Potential*

SRK notes that the mineralisation remains open along strike and around the margins of the deposit where there is potential for additional replacement-style and/or fault-controlled mineralisation.

Furthermore, the geological model used to guide the development of the mineralisation wireframes has significant implications for exploration in the surrounding area, with several NNW/SSE trending geophysical anomalies sub-parallel to the interpreted hinge of the major fold at Oropesa (Figure 9-3) highlighting the potential for additional zones of mineralisation within the Licence boundary. The geological model should be further tested and refined in conjunction with a reassessment of the licence scale exploration potential.

In addition, SRK considers that within certain areas lower grade material may exist adjacent to the current mineralisation wireframes, with the potential to add a small amount of tonnage to the resource. SRK has not attempted to model this material given its typically discontinuous and poorly understood nature.

### **Mineral Reserve Estimates**

SRK has not produced a Mineral Reserve Estimate for the Oropesa Project. Mineral Reserves cannot be reported until a Preliminary Feasibility Study is completed.

### **Mining Methods**

Excluding a number of internal technical studies completed to assist with MESPA's application for an Exploitation Concession, no detailed mining study has been completed as part of the February 2017 MRE update on the Oropesa Project. The information presented in this section is therefore summarised from the SRK 2014 NI43-101 PEA.

Due to its near surface location an open pit mining method was selected for the Oropesa PEA. The mine planning scenarios were based on optimised pit shells generated on the basis of a USD23,250/t Sn commodity price, as directed by the Company.

Open pit optimisation of the Oropesa block model was undertaken using Datamine's NPV Scheduler software ('NPVS'). NPVS uses the Lerchs-Grossmann algorithm to determine a range of pit shells based on technical and economic parameters at a varying metal price. Multiple optimisations were run to test the deposit's sensitivity to different slope angles.

A final pit shell and intermediate cutbacks were planned to form the basis for a preliminary 1 Mtpa mine schedule and economic model.

#### *Geotechnics*

Preliminary geotechnical assessments provided two possible overall slope angles (OSA): 47° and 52°. Optimisations and schedules were run for both options, however, a subsequent geotechnical investigation confirmed that a 52° overall slope angle provides an acceptable factor of safety. No detailed pit designs were completed. It is expected that a pit design will incorporate different slope angles based on the rock type (overburden, oxide and fresh).

#### *Optimisation Parameters*

The optimisation parameters were sourced from available data on the Oropesa deposit and SRK internal benchmark data. SRK used the parameters outlined in Table 16-1. The optimisation algorithm considers indicated and inferred oxide and fresh mineralisation as potential sources for revenue purposes. Optimisations for 47° and 52° OSAs were performed. This section presents the results of the 52° OSA optimisation as this was subsequently confirmed to be an appropriate overall slope angle for the Project. Detail for both options is presented in the main body of the SRK 2014 NI43-101 PEA.

**Table 16-1: Optimisation Parameters (July 2014 PEA)**

Parameter	Units	Value	Source
<b>Production</b>			
Production Rate - Ore	(tpa)	1,000,000	Eurotin supplied
<b>Geotechnical</b>			
Overall	(Deg)	variable	SRK analysis
<b>Mining Factors</b>			
Dilution	(%)	5	SRK estimate
Recovery	(%)	95	SRK estimate
<b>Processing</b>			
Process Recovery	(%)	71.0 <sup>1</sup>	SRK estimate
Metal in Concentrate	(%)	55	SRK estimate
<b>Operating Costs</b>			
Mining Cost	(US\$/t <sub>ore</sub> )	3	SRK estimate
Incremental Mining Cost	(US\$/4m bench)	0.02	SRK estimate
Reference Level	(Z Elevation)	616	
Processing	(US\$/t <sub>ore</sub> )	15	SRK estimate
G&A	(US\$/m <sup>2</sup> /Year)	4,000,000	
	(US\$/t <sub>ore</sub> )	4	SRK estimate
Transport and Other	(US\$/t <sub>conc</sub> )	540	Eurotin supplied
	(US\$/t <sub>metal</sub> )	981.82	
Selling Costs	%	2	Eurotin supplied
	(US\$/t <sub>metal</sub> )	465	
NSR Royalty	%	1.35	Eurotin supplied
	(US\$/t <sub>metal</sub> )	294.34	
<b>Metal Price</b>			
Concentrate	(US\$/t <sub>conc</sub> )	12,788	
	(US\$/t <sub>metal</sub> )	23,250	Eurotin supplied
<b>Other</b>			
Discount Rate	(%)	10	
<b>Cut-Off Grade</b>			
Marginal COG	(% Sn)	0.122	Calculated

<sup>1</sup> SRK notes that a metallurgical recovery of 71% was used for the open pit optimisation, based on initial estimates. A recovery of 74% was, however, used for the financial model based on updated information outlined in the recovery methods section.

### Optimisation Results

Pit shells were generated for a range of tin prices. Figure 16-1 shows various metrics for the optimised pit shells in for a 52° overall slope angle. In addition to mined tonnes, grade, and strip ratio, the graphs show undiscounted and discounted cash flows. The best case discounted cash flow assumes that the pit is mined in a series of optimised pit shells as cutbacks. The worst case assumes that the final shell in consecutive benches, with no intermediate cutbacks. A likely discounted cash flow curve has been included to show the expected discounted cash flow generated from mining a practical series of open pit cutbacks; it is based on 75% of the difference between the best and worst case discounted cash flows.

Table 16-2 provides detail of the open pit optimisation results at metal prices of USD20,460/t Sn (RF 0.88) and USD23,250/t Sn (RF 1). The USD23,250/t Sn (RF 1) pit shell is 1.35 km long along the strike of the pit, 400 m across at its widest point, and 200 m deep.

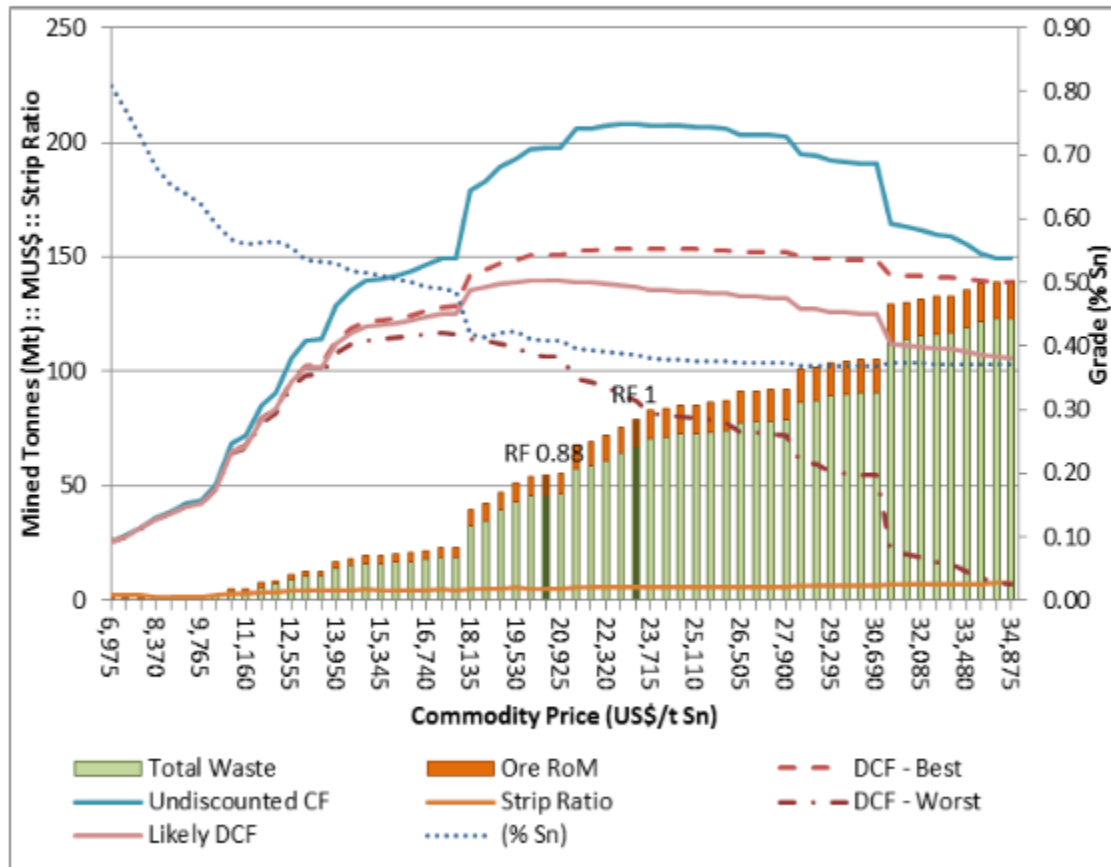


Figure 16-1: Pit Optimisation Results for 52° slope angle (PEA July 2014)

**Table 16-2: Comparison of Pit Optimisation Results (PEA July 2014)**

	Units	US\$20,460/t Sn Pitshell	US\$23,250/t Sn Pitshell
<b>Modifying Factors</b>			
Mining Dilution	(%)	5	5
Mining Recovery	(%)	95	95
<b>ROM</b>			
Total	(kt)	8,603	11,712
	(% Sn)	0.41	0.39
Fresh Indicated	(kt)	4,576	6,624
	(% Sn)	0.43	0.41
Oxide Indicated	(kt)	2,877	3,068
	(% Sn)	0.35	0.35
Fresh Inferred	(kt)	339	968
	(% Sn)	0.63	0.42
Oxide Inferred	(kt)	811	1,052
	(% Sn)	0.37	0.34
<b>Quantities</b>			
Total Rock	(Mt)	54,461	78,625
Diluted Mineral Inventory	(kt)	8,603	11,712
Waste + OM	(kt)	45,858	66,913
Waste	(kt)	45,640	66,652
Inventory (Below Cut-off)	(kt)	218	261
Stripping Ratio	(tt)	5.4	5.7
<b>Operating Expenditures</b>			
Mining	(US\$/t <sub>mined</sub> )	3.26	3.31
	(US\$/t <sub>ore</sub> )	20.58	22.15
	(US\$/t Sn)	3,894	4,449
Processing + G&A	(US\$/t <sub>ore</sub> )	19	19
	(US\$/t Sn)	6,538	6,939
Selling Cost	(US\$/t Sn)	1,741	1,741
Total Cash Cost	(US\$/t Sn)	12,173	13,130
<b>Product</b>			
Concentrate	(kt)	45.5	58.3
	(% Sn)	55	55
Sn Recovery	(%)	71	71
<b>Economic Summary</b>			
Metal Price	(US\$/t Sn)	23,251	23,250
Revenue	(US\$)	581,297	745,588
Mining Costs	(US\$)	-177,015	-259,429
Processing Costs	(US\$)	-163,455	-222,536
Selling Cost	(US\$)	-43,531	-55,836
Cashflow	(US\$m)	197.3	207.8
Discount Rate	(%)	10	10
Mill Rate	(ktpa)	1000	1000
DCF - Best Case	(US\$m)	150.7	153.5
DCF - Worst Case	(US\$m)	106.8	87.2
Project Life	(years)	8.6	11.7

### Mine Scheduling

Mine schedules were generated using NPVS software. Cutbacks were generated within the optimised pit shells, using a minimum mining width of 24 m. The maximum pit depth was 200 m. The 52° OSA option has four cutbacks.

The following parameters were used to generate the production schedules for both options:

- the vertical advance rate was constrained at 48 m per year, which is 12 benches per year assuming 4 m benches;

- the target production rate was 1 Mtpa of ore, as in the optimisation;
- the first year has a reduced milled tonnage as a ramp-up consideration;
- direct-tip run of mine (“RoM”), no stockpiling strategies considered; and
- the total material movement was constrained to 8 Mtpa.

Table 16-3 presents the mine schedule base don the 52° OSA cutbacks.

**Table 16-3: Mine Schedule for 52° OSA Pit Shells (PEA July 2014)**

	Unit	LOM	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Fresh (Indicated)	(kt)	4,580	-	340	560	440	330	600	610	630	970	100
	(kt Sn)	19.87	0	1.35	2.68	1.94	1.38	1.8	2.32	2.94	5.02	0.43
	(% Sn)	0.43	0	0.4	0.48	0.44	0.42	0.3	0.38	0.47	0.52	0.43
Oxide (Indicated)	(kt)	2,860	380	600	300	410	500	380	190	100	-	-
	(kt Sn)	10.18	1.75	2.86	1.1	0.94	1.09	1.4	0.53	0.47	0.03	-
	(% Sn)	0.36	0.46	0.48	0.37	0.23	0.22	0.37	0.28	0.47	0	0
Fresh (Inferred)	(kt)	340	-	10	40	50	60	10	20	130	20	-
	(kt Sn)	2.14	0	0.02	0.15	0.36	0.46	0.02	0.18	0.81	0.14	-
	(% Sn)	0.63	0	0.23	0.36	0.71	0.77	0.21	0.88	0.63	0.71	0
Oxide (Inferred)	(kt)	820	120	50	100	100	110	20	180	130	10	-
	(kt Sn)	3.03	0.35	0.22	0.57	0.31	0.27	0.03	0.65	0.6	0.03	-
	(% Sn)	0.37	0.29	0.44	0.57	0.31	0.25	0.16	0.36	0.46	0.26	0
<b>Total RoM</b>	(kt)	<b>8,600</b>	<b>500</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,010</b>	<b>1,000</b>	<b>990</b>	<b>1,000</b>	<b>100</b>
	(kt Sn)	<b>35.2</b>	<b>2.11</b>	<b>4.46</b>	<b>4.5</b>	<b>3.55</b>	<b>3.21</b>	<b>3.25</b>	<b>3.68</b>	<b>4.82</b>	<b>5.21</b>	<b>0.43</b>
	(% Sn)	<b>0.41</b>	<b>0.42</b>	<b>0.45</b>	<b>0.45</b>	<b>0.35</b>	<b>0.32</b>	<b>0.32</b>	<b>0.37</b>	<b>0.49</b>	<b>0.52</b>	<b>0.43</b>
Waste	(kt)	42,670	5,050	5,100	5,660	5,970	5,870	5,170	5,270	3,010	1,500	70
Overburden	(kt)	2,740	1,560	680	250	210	0	0	40	0	0	0
Ore Below COG	(kt)	210	30	70	20	30	20	40	0	0	0	0
<b>Total Waste</b>	(kt)	<b>45,620</b>	<b>6,640</b>	<b>5,850</b>	<b>5,930</b>	<b>6,210</b>	<b>5,890</b>	<b>5,210</b>	<b>5,310</b>	<b>3,010</b>	<b>1,500</b>	<b>70</b>
Strip Ratio	(tt)	5.3	13.28	5.85	5.93	6.21	5.89	5.16	5.31	3.04	1.5	0.7

### Operating Strategy

The pit will be mined on 4 m benches using conventional truck and shovel techniques.

SRK estimated that an approximate surface area of 1 km<sup>2</sup> would be required for waste rock disposal. A combined waste rock and tailings storage facility (“TSF”) is the most appropriate waste storage solution in order to minimise surface disturbance and reduce TSF construction costs.

The pit will be mined using a conventional truck and shovel arrangement. SRK proposed the use of the following primary equipment:

- One 4 m<sup>3</sup> hydraulic face shovel, such as a CAT 390D shovel;
- 28 t articulated dump trucks, such as CAT 730C trucks; and
- 102 mm production drills.

The primary fleet would be supported by an auxiliary fleet of track dozers, wheel dozers, graders and water trucks. The equipment sizes were chosen on the basis of the degree of selectivity required for the operation. Mining would be in 2 m to 4 m flitches (sub divisions of benches) in order to minimise dilution. Hydraulic



shovels were selected for their relocation flexibility, given that the scheduling exercise shows a rapidly evolving pit. The same equipment would be used for mining ore as for mining waste. The equipment required would be three shovels and 12 to 14 trucks over the life of mine ('LoM').

A summary of the projected mine labour requirement by department is presented in Table 16-4.

**Table 16-4: Summary of Projected Mine Personnel (PEA July 2014)**

Department	Personnel
Mine Operations	102
Mine Maintenance	35
Technical Services	9
<b>Total</b>	<b>146</b>

### *Conclusions*

SRK concluded the following with respect to open pit mining of the Oropesa deposit, on the basis of the 2014 MRE:

- at 1 Mtpa of mill throughput, Oropesa has a 9 to 10 year mine life;
- the average head grade is 0.41% Sn;
- the LoM strip ratio is 5.3 although SRK notes that the strip ratio is sensitive to metal price, mining cost and process recovery. Small changes in parameters will result in large changes in stripping ratio;
- selectivity and grade control will be critical to achieving mine plan targets; and
- an overall slope angle of 52° has been supported by geotechnical investigation work and is the preferred option to be input to the financial model due to the lower stripping ratio.

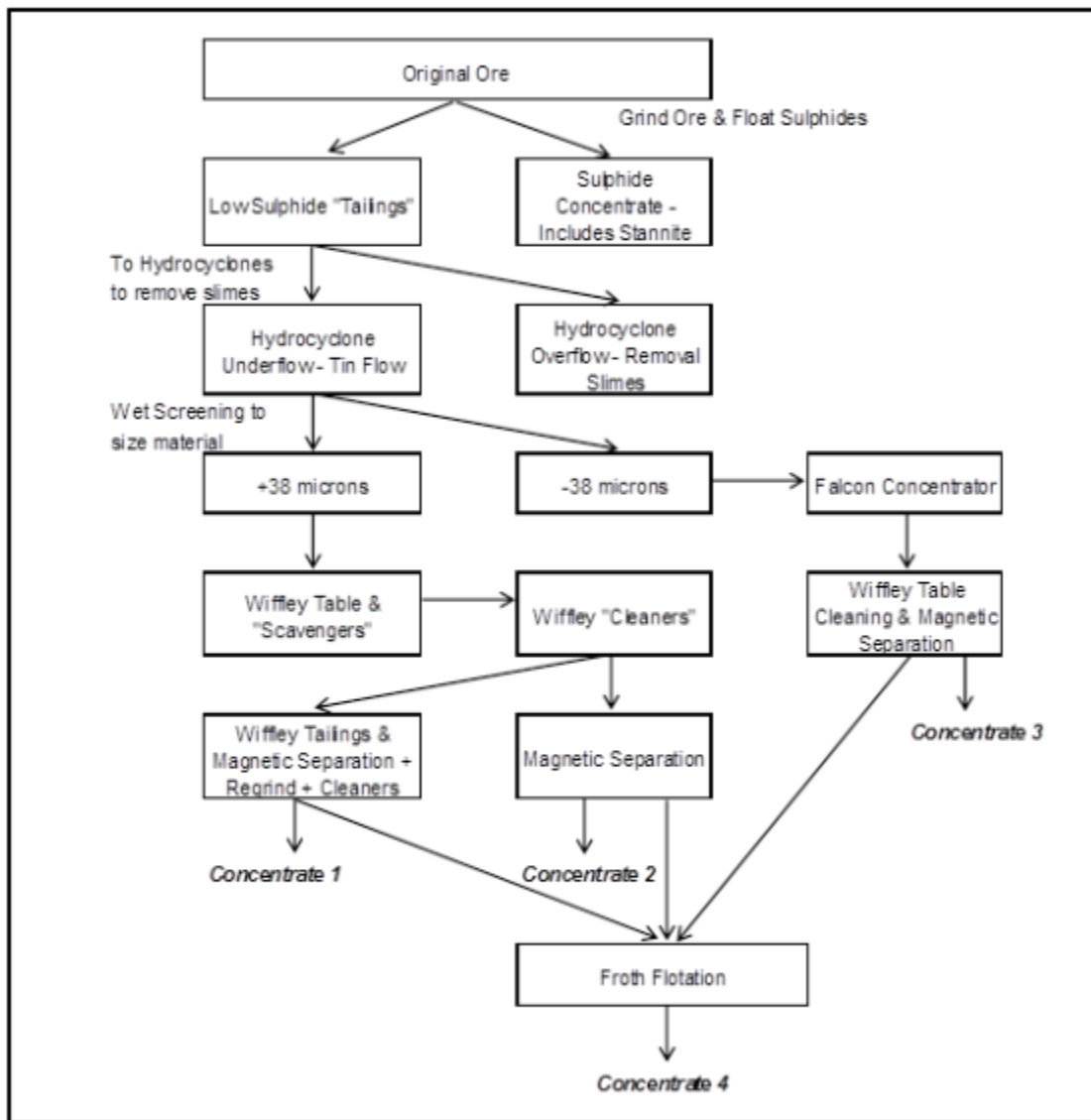
### *Recommendations*

SRK recommends the following with regard to further technical studies of the Oropesa deposit:

- the results of this study are verified with further, more detailed studies at a Feasibility Study ("FS") level and based on the latest Mineral Resource Estimate;
- an underground trade-off study to determine whether mineralisation at depth is suitable to be mined by underground methods;
- open pit optimisations that take into account a potentially more complex mineral processing flow sheet based on rock type mineralogy;
- open pit optimisations that take into account more detailed geotechnical domain information, based on further geotechnical analysis to confirm slope angles;
- open pit schedules that make provision for potential stockpiles to achieve a stable head grade; and
- detailed open pit designs in order to understand the impact of a practical design on the potentially economic mineralisation.

## Recovery Methods

The information presented in this section is sourced from the SRK 2014 NI43-101 PEA. SGS has developed a preliminary flowsheet for treating the Oropesa RoM material, based on the two samples tested in 2013/2014. Sample 1 (1.47% Sn) is high grade primary sulphide material and sample 2 (0.33% Sn) is low grade secondary sulphide material. The preliminary flowsheet has been developed based on the Oropesa 1.47% Sn primary sulphide sample 1. The flowsheet is presented in Figure 17-1.



**Figure 17-1: Preliminary Oropesa Sulphide Processing Flowsheet (PEA July 2014)**

SRK was not able to evaluate the representativeness of the samples used for the scoping testwork. The majority of the scoping metallurgical testwork has been undertaken on the high grade primary sulphide sample (1.47% Sn). SRK considers that this sample does not represent the average grade of the Oropesa deposit.

A tin flotation recovery of 85% Sn has been estimated based on the flotation testwork undertaken. SGS is confident that flotation Sn concentrates could be upgraded to marketable concentrates using the process utilized in the past in the Wheal Jane tin mine in Cornwall where, mechanically, concentrates were upgraded from 20% Sn in cassiterite flotation concentrates to a grade of >55% Sn by maintaining high circulating loads in the cleaners. SRK has noticed that only rougher flotation testwork has been undertaken so the upgrade of the flotation concentrate to values >55% Sn has not been tested yet by SGS.

A secondary sulphide sample (0.33% Sn) was also tested by SGS, obtaining lower Sn recoveries due to higher levels of the tin sulphide mineral stannite, the requirement of finer grinding and the increase of tin losses with the slimes. No tailings flotation testwork has been carried out on this sample. While 90% Sn recovery is considered reasonable for the tailings flotation, a figure of 85% has been used to calculate the overall tin recovery expected.

SRK believes that there is a shortcoming in that no metallurgical testwork has been undertaken by MESPA since 2010 for the Oropesa oxide mineralisation, which (with the transition material) contributes approximately 25% to the Oropesa Mineral Resource.

SRK recommends the following with respect to the recovery methods of the Oropesa deposit:

- carry out metallurgical testwork on samples which better represent the LoM planned grades; the samples recently used for the scoping metallurgical testwork have a grade that is too high;
- demonstrate that the process utilized in the past in the Wheal Jane tin mine in Cornwall, to upgrade Sn flotation concentrates, is applicable for the Oropesa material;
- carry out sulphide tailings flotation testwork for the secondary sulphide sample; and
- carry out more detailed metallurgical testwork for the oxide material.

### **Project Infrastructure**

The information presented in this section is sourced from the SRK 2014 NI43-101 PEA.

SRK notes that a very limited amount of infrastructure is required due to the favourable location. SRK has not completed a detailed water supply study, but notes that there are two nearby sources of water for the Project that are considered viable. SRK has not completed a detailed power supply study, but there are two power lines that pass close to the Project that are considered to be suitable. Capital cost provisions have been made to allow for the cost of the infrastructure required to access local power and water supplies.

SRK conducted a high level survey of TSF location options. Three sites were selected and the final selection was made based on advice from the Company. The selected site (TSF 3) is not in a valley or overlying a natural water course. For the next stage of the study, it is recommended that the following studies be undertaken to further define the Project components and confirm the assumptions made within the PEA:

- topographical survey to provide a topographical map with contours of 1 m accuracy for the preferred TSF location;
- geotechnical and geochemical testing to be undertaken on overburden and waste to determine if the material is suitable for construction;
- trade-off study to co-dispose tailings material and waste rock material from the open pit mining operations as there will be waste rock that will require an additional storage;
- land access and acquisition to be confirmed;

- the layout and interrelationships of infrastructure components to be defined for material flows and efficiencies; and
- geotechnical and hydrogeological field investigations of the in situ ground conditions within the TSF footprint.

### **Environmental Studies**

The information presented in this section is sourced from the SRK 2014 NI43-101 PEA.

The proposed Project is located in a rural environment in southern Spain in the Autonomous Region of Andalusia, approximately 110 km north east from the regional capital of Seville. The region has experienced a long history of mining activities, although unemployment levels in the area are currently high (approximately 25%). Further to a desktop review of existing information and some preliminary baseline data collection that has been undertaken for the site, the following four key environmental and social risks were identified for the Project:

- elevated arsenic concentrations in soils and groundwater need to be characterised to understand any potential liability;
- high expectations around job creation need to be managed through adequate stakeholder engagement and training to maximise employment of local people;
- economic and/or physical displacement of farmsteads and or subsistence lands may require some time to negotiate agreements with farmers; although current good relations with landowners suggest that this should not have scheduling implications; and
- the location of the Project site within a legally recognised area of conservation significance requires that potential impacts are clearly understood and the necessary permits obtained. Based on MESPA's discussions with government this is not considered to pose any significant delays to the Project;

All of the key environmental and social risks identified are considered to be manageable within the next stage of Project development and are not expected to pose material risks to the Project either in terms of material delays or significant cost implications.

### **Capital And Operating Costs**

The information presented in this section is sourced from the SRK 2014 NI43-101 PEA.

SRK estimated the costs appropriately for a PEA. The results are presented in Table 21-1 and Table 21-2 and were used as inputs to the economic analysis.

**Table 21-1: Capital Cost Summary (PEA July 2014)**

Item	Unit	Value
Mining Equipment	USDM	23
Processing Plant	USDM	55
Tailings Storage Facility	USDM	22.4
Miscellaneous	USDM	6

**Table 21-2: Operating Cost Summary (PEA July 2014)**

Item	Unit	Value
Mining Cost	USD/t expit	3.76
Processing	USD/t milled	12
G&A	USD/t milled	2.69
Selling Costs	USD/t Sn	1,299.00

### Economic Analysis

The information presented in this section is sourced from the SRK 2014 NI43-101 PEA.

Based on the scoping level work undertaken, SRK concluded the following with respect to the economic model:

- the Project is economically viable at the two metal price scenarios of USD23,250/t and USD27,000/t;
- the Project generates positive cash flow starting in Year 3, based on an 18-month project implementation timeline;
- the Project's payback is five years for the USD27,000/t scenario and 8 years for the USD23,250/t scenario.
- the value of the Project is most sensitive to changes in commodity price; and
- the value of the Project is least sensitive to changes in capital expenditure.

Table 22-1 provides the results of the economic analysis at a metal price of USD27,000/t Sn.

**Table 22-1: Summary of Economic Model Results at USD27,000/t Sn (PEA July 2014)**

	Discount Rate	NPV USDm	NPV USDm
		Post Tax	Pre Tax
Net Present Value	0.00%	163	211
	5.00%	99	134
	7.50%	73	105
	8.00%	69	100
	10.00%	54	81
	15.00%	23	44
Internal Rate of Return	IRR	20.20%	24.40%

SRK recommends the following:

- future drilling should focus on the high grade areas to enhance the Project economics;
- the economic impact of contractor mining should be examined, based on detailed quotes from local contractors;
- examine higher production rates to improve economics in future iterations of the Project;
- additional mine scheduling with the intent to smooth head grades and bring higher grades forward in time;
- smelter terms and transport charges should be detailed further; and
- a tin marketing study be undertaken as part of future technical studies.

#### **Other Relevant Data And Information**

The information presented in this section is sourced from the SRK 2014 NI43-101 PEA.

##### *Geotechnics*

For optimisation purposes, pit slopes should not exceed 52° for both 150 and 200 m deep pits. This study did not include any information related to structure orientation. Orientation data are necessary for kinematics analyses in order to determine the potential for planar, toppling and wedge failures on a bench scale and therefore give a detailed bench and berm configuration. A more detailed geotechnical investigation programme would be required for a PFS including:

- drilling of orientated borehole core;
- determination of groundwater conditions;
- detailed geotechnical logging of the core;
- laboratory strength testing of selected core samples;
- development of a geotechnical domain model; and
- undertaking more detailed rock mass and kinematic stability analysis.

##### *Hydrogeology*

Hydrogeological characterisation has been based on the environmental permitting study conducted by PGMA, SLP (PGMA, 2012) which is intended to complement an Environmental Impact Study. It is evident that PGMA has undertaken a programme of hydrogeological fieldwork, including:

- construction of monitoring wells;
- sampling of groundwater; and
- measurement of groundwater levels.

Only summary details of the hydrogeological study were made available to SRK. The groundwater flow direction appears to be structurally controlled where the groundwater contours are approximately parallel to mapped structures (regional groundwater flow direction has not been defined).

#### *Environmental Geochemistry*

The data and information currently available for an environmental geochemistry assessment is limited; however, preliminary evaluation of potential risks have been conducted and are summarised as follows:

- Presence of sulphide minerals. Oropesa is a hard rock sulphide deposit. The pit walls and associated waste rock are likely to include exposed sulfidic minerals, including pyrite, pyrrhotite and arsenopyrite. There is therefore a potential for acid generation as a result of sulphide oxidation. This may impact contact waters flushing the pit walls, waste rock dumps and also the tailings facility. The high sulphide tailings from the potential flotation products could be particularly problematic.
- Lack of acid-buffering carbonate minerals. The mineralogy of the deposit reports a lack of substantial carbonate presence to act as a buffer against acid release and low pH contact waters. Siderite may be present in moderate quantities; however, even though a carbonate mineral, siderite offers negligible potential for acid neutralisation.
- Solute mobilisation. Formation of low pH contact waters would likely lead to the associated release of metal and metalloid species such as iron, manganese and arsenic and elevated solute loading, primarily from sulphate release.
- Baseline groundwater monitoring. Water quality monitoring has been completed for a limited number of groundwater locations. Sample data report circum-neutral waters, often with elevated arsenic concentrations. This suggests that the baseline water quality conditions in the project area may be relatively poor due to the nature of the mineralisation. Elevated concentrations of iron and manganese may be indicative of particulate matter and/or anoxic conditions.

Overall, given the abundance of sulphide minerals and the inherent propensity for acid rock drainage and metal leaching ('ARDML') solute release, and the naturally elevated arsenic concentrations in groundwater, it is likely that if unmanaged the discharge of mine contact waters could adversely impact upon the environment and local receptors.

SRK recommends undertaking a programme of testing for ARDML assessment, and to expand the water quality monitoring programme to collect more data for a wider range of parameters. Following the data collection, the potential for impacts to water quality should be assessed and mitigation strategies developed.

#### **Interpretations And Conclusions**

The Oropesa deposit is an open pit and underground mining target, which is at a relatively advanced stage of drilling and geological understanding. Selective infill drilling from surface and updated geological modelling

in 3D has added further geological confidence to the local scale geometry of the mineralisation and grade distributions in the Resource model.

The geological interpretation used to generate the Mineral Resource presented herein is generally considered to be robust; however, there are areas of lower geological confidence in parts of the Inferred Mineral Resource which may be subject to further revision in the future. In addition, SRK notes there is potential to add additional replacement-style and/or fault-controlled mineralisation along strike and around the margins of the deposit.

SRK considers the exploration data accumulated by the Company is generally reliable and suitable for the purpose of this Mineral Resource estimate.

### **Recommendations**

SRK considers there to be good potential to improve confidence and increase tonnage in the reported Mineral Resource at Oropesa with further modelling work and additional drilling. In relation to drilling and sampling, SRK would recommend the following:

- Targeted infill drilling to add geological confidence to convert the Inferred Resources to Indicated and convert more of the Indicated to Measured Resources.
- Complete additional exploration drilling along strike and around the margins of the deposit where there is potential to add additional replacement-style and/or fault-controlled mineralisation. Any future drilling should include the systematic collection of downhole structural data to further constrain the geological model.
- The geological model should be further tested and refined in conjunction with a reassessment of the licence scale exploration potential.

In addition, SRK would also recommend the following:

- Update the July 2014 PEA with more detailed mining studies to determine the optimal mining plan for the Project on the basis of this updated Mineral Resource Estimate. The scoping level mining study and associated economic analysis that was carried out for the 2014 PEA illustrated that the Project stripping ratio was sensitive to input parameters. Changes in deposit geometry will also affect the stripping ratio;
- Density test work during future exploration programmes should focus on characterising the density of rubbly, oxidised material and the sampling of existing drillholes which have not yet been sampled for density to maximise the confidence in density estimates within these areas;
- Future exploration programs should use a high-accuracy GPS for drillhole collar survey given the potential variability noted in the accuracy of the z-coordinate determined by handheld GPS.
- Consider sending the remaining non-sampled (tin) intervals located within the mineralised zones to ALS Vancouver to remove the need for inserting values from Niton XRF data.
- Adopt a commercial database system to improve management of the raw database at Oropesa.
- For the holes drilled prior to ORPD059 (if available) SRK recommends sending pulp splits from a representative portion of samples to the primary laboratory along with QAQC samples according to the current protocols to compare the laboratory performance today with its performance in 2011 and 2010 prior to drillhole ORPD059.



## RELATED PARTY TRANSACTION

The Arrangement is not a Related Party Transaction. However, the Wellings Loan is considered to be a Related Party Transaction as it represents a material amendment to the terms of an outstanding debt owed to Mark Wellings, who is a related party to Eurotin by virtue of being a major shareholder, director and officer (the “**Wellings Related Party Transaction**”).

The Wellings Related Party Transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as the Wellings Loan represents less than 25% of the total market capitalization of Eurotin.

## RISK FACTORS

An investment in Elementos Shares or Eurotin Shares should be considered highly speculative, not only due to the nature of Elementos’ and Eurotin’s existing business and operations, but also because of the uncertainty related to completion of the Arrangement and the business of Eurotin and Elementos upon completion of the Arrangement. In addition to the other information in this Circular, an investor should carefully consider each of, and the cumulative effect of the following factors, which assume the completion of the Arrangement. These risk factors should be considered in conjunction with the other information provided in this Circular, including the documents incorporated by reference herein. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by Eurotin or Elementos may also adversely affect trading price of the Eurotin Shares and the Elementos Shares and/or the business of Elementos and Eurotin following the Arrangement. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

### **Risks Relating to the Arrangement**

*The Arrangement Agreement may be terminated in certain circumstances*

Each of Eurotin and Elementos has the right to terminate the Arrangement Agreement and the Arrangement in certain circumstances. Accordingly, there is no certainty, nor can Eurotin provide any assurance, that the Arrangement Agreement will not be terminated by either Eurotin or Elementos before the completion of the Arrangement. Termination of the Arrangement Agreement or the Arrangement could have a negative impact on the trading prices of the respective shares of Eurotin and Elementos and a negative financial impact in respect of termination fees payable and professional fees payable.

*There can be no certainty, nor can Eurotin provide any assurance, that the requisite Shareholder approval of the Arrangement Resolution will be obtained*

The Arrangement Resolution must be approved by 2/3 of the votes cast by Eurotin Shareholders in person or represented by proxy at the Meeting as well as by a Majority of the Minority. There can be no certainty, nor can Eurotin provide any assurance, that the requisite Shareholder approval of the Arrangement Resolution will be obtained. If such approval is not obtained and the Arrangement is not completed, the market price of the Eurotin Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Eurotin Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the consideration to be paid pursuant to the Arrangement or that Eurotin will be able to repay its current liabilities or progress its interests in the Oropesa Property.

*There can be no certainty that all conditions precedent to the Arrangement will be satisfied*

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Eurotin, including receipt of the Final Order, and receipt of the Regional Mining Authority Approval. There can be no certainty, nor can Eurotin provide any assurance, that these conditions

will be satisfied or, if satisfied, when they will be satisfied. If, for any reason, the conditions to the Arrangement are not satisfied or waived and the Arrangement is not completed, the market price of the Eurotin Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement or that Eurotin will be able to repay its current liabilities or progress its interests in the Oropesa Property.

*Eurotin will incur costs even if the Arrangement is not completed and may have to pay termination fees*

Certain costs related to the Arrangement, such as legal, accounting and certain advisory fees, must be paid by Eurotin and Elementos even if the Arrangement is not completed. Eurotin and Elementos are each liable for their own costs incurred in connection with the Arrangement. If the Arrangement is not completed, Eurotin, in addition to paying its own costs, may also be required to pay Elementos a termination fee, which could have a Material Adverse Effect on Eurotin. See “*The Arrangement Agreement – Termination Fee*”.

*Risks associated with a fixed Exchange Ratio*

Shareholders will receive a fixed number of Elementos Shares under the Arrangement, rather than Elementos Shares with a fixed market value. Because the number of Elementos Shares to be received in respect of each Eurotin Share under the Arrangement will not be adjusted to reflect any change in the market value of the Elementos Shares or the Eurotin Shares, the market value of Elementos Shares received under the Arrangement may vary significantly from the market value at the dates referenced in this Circular. If the market price of the Elementos Shares relative to the market price of Eurotin Shares increases or decreases, the value of the consideration that Shareholders receive pursuant to the Arrangement will correspondingly increase or decrease. There can be no assurance that the market price of the Elementos Shares relative to the market price of the Eurotin Shares on the Effective Date will not be lower than the relative market prices of such shares on the date of the Meeting. In addition, the number of Elementos Shares being issued in connection with the Arrangement will not change despite decreases or increases in the market price of Eurotin Shares. Many of the factors that affect the market price of the Elementos Shares and the Eurotin Shares are beyond the control of Elementos and Eurotin, respectively. These factors include fluctuations in commodity prices, fluctuations in currency exchange rates, changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets and interest rate fluctuations.

*The Elementos Shares will not be listed on a Canadian stock exchange*

Elementos will apply to list the Elementos Shares that are issued upon conversion of the CRP Shares issued to Eurotin Shareholders as consideration for the Arrangement on the ASX. Elementos will become a reporting issuer in Canada but will not seek to list the Elementos shares on a Canadian stock exchange following the Arrangement and has no intention to list the Elementos Shares on any recognized Canadian stock exchange.

*Foreign investment risk*

Elementos is subject to different foreign investment risks than those to which Eurotin is subject. Mining investments are subject to the risks normally associated with the conduct of business in foreign countries, including various levels of political and economic risk. The existence or occurrence of one or more of the following circumstances or events could have a material adverse impact on Elementos’ profitability or the viability of Elementos’ affected foreign operations, which could have a Material Adverse Effect on Elementos’ future cash flows, earnings, results of operations and financial condition. These risks related to doing business in foreign jurisdictions include but are not limited to: uncertain or unpredictable political, legal or economic environments; delays in obtaining or the inability to obtain necessary governmental permits; labour disputes; invalidation of governmental orders; war, acts of terrorism and civil disturbances; changes in laws or policies of particular countries; taxation; government seizure of land or mining claims; limitations on ownership of property or mining rights; restrictions on the convertibility of currencies; limitations on the repatriation of earnings; and increased financing costs.

## **Risks Relating to Eurotin**

Whether or not the Arrangement is completed, Eurotin will continue to face many risks and uncertainties with respect to its business and affairs. Certain of these risks and uncertainties are identified and described in Eurotin's MD&A for the financial year ended March 30, 2018, which is incorporated herein by reference.

## **Risks Relating to Elementos**

An investment in Elementos Shares involves a high degree of risk due to, among other things, the nature of Elementos' business and the volatility of mineral prices in the world market. The risks and uncertainties set out in Schedule "G" – "*Information Concerning Elementos*" to this Circular under the heading "Risk Factors" will remain risks for Elementos following the Effective Date. Other risks not currently known to Elementos could also materially adversely affect Elementos' future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to Elementos. Such risk factors could materially affect the future operating results of Elementos and could cause actual events to differ materially from those described in forward-looking statements relating to Elementos.

## **INFORMATION CONCERNING ELEMENTOS**

Elementos is an Australian based exploration company holding a portfolio of tin exploration stage properties in Australia. Elementos shares are listed on the ASX under the trading symbol "ELT". See Schedule "G" *Information Concerning Elementos*, Schedule "I" *Financial Reports of Elementos*, and Schedule "H" *Information Concerning Elementos following the Arrangement* for additional information concerning Elementos before and following completion of the Arrangement.

## **GENERAL INFORMATION**

### **Experts**

Cairn Merchant Partners LP was retained by the Eurotin Board to provide the Fairness Opinion with respect to the Arrangement which is attached to this Circular as Schedule "K".

Grant Thornton LLP, Chartered Accountants, prepared the independent auditor's report for the audited annual consolidated financial statements of Eurotin for the year ended March 30, 2018. Grant Thornton LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

To the knowledge of Eurotin, none of the experts noted above or their respective associates or affiliates, beneficially owns, directly or indirectly, any securities of Eurotin as of the date hereof, has received or will receive any direct or indirect interest in the property of Eurotin or is expected to be elected, appointed or employed as a director, officer or employee of Eurotin or Elementos or any associate or affiliate thereof.

### **Additional Information**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation's annual financial statements and related management discussion and analysis are available to anyone, upon request, from the Corporation at 77 King Street West, TD North Tower, Suite 700, P.O. Box 118, Toronto, Ontario M5K 1G8. All financial information in respect of the Corporation is provided in the comparative financial statements and management discussion and analysis for its recently completed financial year.

### **Certificate Of Approval Of Directors**

This Circular and the mailing of same to the Shareholders have been approved by the Board.

DATED the 5<sup>th</sup> day of November, 2018.

BY ORDER OF THE BOARD

“Carlos Pinglo”

Corporate Secretary and

Chief Financial Officer

## Schedule A

### Arrangement Resolution

#### BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (as may be modified or amended, the “**Arrangement**”) under Section 182 of the *Business Corporations Act* (Ontario) (the “**OBCA**”) involving Eurotin Inc. (“**TIN**”), all as more particularly described and set forth in the management information circular of TIN dated November 5, 2018 (the “**Circular**”), accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been modified or amended (the “**Plan of Arrangement**”), involving TIN and implementing the Arrangement, the full text of which is set out in Schedule “C” to the Circular (as such Plan of Arrangement may be, or may have been, modified or amended), is hereby approved and adopted;
3. The arrangement agreement between TIN and Elementos Limited (ACN 138 468 756) (“**ELT**”) dated October 19, 2018, (the “**Arrangement Agreement**”) and all the transactions contemplated therein, the actions of the directors of TIN in approving the Arrangement and the actions of the officers of TIN in executing and delivering the Arrangement Agreement and any amendments thereto and causing the performance by TIN of its obligations thereunder be and are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that this resolution has been passed in accordance with its stated terms (and the Arrangement adopted) by the TIN Shareholders or that the Arrangement has been approved by the Ontario Superior Court of Justice, the directors of TIN are hereby authorized and empowered, without further notice to, or approval of, the TIN Shareholders:
  - a. to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
  - b. subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;
5. Any one or more directors or officers of TIN is or are hereby authorized, for and on behalf and in the name of TIN, to execute and deliver, whether under corporate seal of TIN or not, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer, may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
  - a. all actions required to be taken by or on behalf of TIN, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
  - b. the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by TIN;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing, by that director or officer, or by those directors or officers, of TIN.

## Schedule B

### Dissent Rights

#### Section 185 of the OBCA

##### Rights of dissenting shareholders

**185** (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181; or

Note: On a day to be named by proclamation of the Lieutenant Governor, subsection 185 (1) of the Act is amended by striking out “or” at the end of clause (d) and by adding the following clauses: (See: 2017, c. 20, Sched. 6, s. 24)

(d.1) be continued under the *Co-operative Corporations Act* under section 181.1;

(d.2) be continued under the *Not-for-Profit Corporations Act, 2010* under section 181.2; or

(e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1).

##### Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

##### One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c. 34, Sched. B, s. 35.

### **Exception**

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

### **Shareholder's right to be paid fair value**

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

### **No partial dissent**

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

### **Objection**

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

### **Idem**

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

### **Notice of adoption of resolution**

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

### **Idem**

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

### **Demand for payment of fair value**

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

### **Certificates to be sent in**

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11); 2011, c. 1, Sched. 2, s. 1 (9).

### **Idem**

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

### **Endorsement on certificate**

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

### **Rights of dissenting shareholder**

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10). R.S.O. 1990, c. B.16, s. 185 (14); 2011, c. 1, Sched. 2, s. 1 (10).



**Same**

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

(a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or

(b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,

(i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

(ii) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

**Same**

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

(a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and

(b) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

**Offer to pay**

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

**Idem**

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

**Idem**

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

### **Application to court to fix fair value**

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

### **Idem**

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

### **Idem**

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

### **Costs**

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

### **Notice to shareholders**

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

### **Parties joined**

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

### **Idem**

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

### **Appraisers**

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

### **Final order**

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

### **Interest**

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

### **Where corporation unable to pay**

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

### **Idem**

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

### **Idem**

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

### **Court order**

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking

of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

**Commission may appear**

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24).

## Schedule C

### Plan of Arrangement

#### UNDER DIVISION 5 OF PART 9 OF THE BUSINESS CORPORATIONS ACT (ONTARIO)

##### 1. INTERPRETATION

- (a) **Definitions:** In this Plan of Arrangement, unless the context otherwise requires, the following words and terms shall have the meanings hereinafter set out:
- (i) **“Arrangement”** means the arrangement under the provisions of Section 182 of the OBCA, on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment or supplement hereto made in accordance with the Arrangement Agreement and the provisions hereof or made at the direction of the Court in the Final Order, with the written consent of Elementos and TIN, acting reasonably;
  - (ii) **“Arrangement Agreement”** means the Arrangement Agreement dated October 19, 2018 between Elementos and TIN, together with the schedules thereto, as amended from time to time in accordance with their terms;
  - (iii) **“Arrangement Application”** means the arrangement application to be filed with the Director by TIN that includes all records required to be filed with the Director to give effect to each provision of the Arrangement, including an entered copy of the Final Order;
  - (iv) **“Arrangement Resolution”** means the special resolution of TIN Shareholders approving the Arrangement as required by the Interim Order;
  - (v) **“Business Day”** means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Brisbane, Queensland; Sydney; or Toronto, Ontario;
  - (vi) **“Consideration”** means 1,000,000,000 ELT CRPs;
  - (vii) **“Court”** means the Ontario Superior Court of Justice;
  - (viii) **“Depositary”** means the trust company, bank or financial institution agreed to in writing by Elementos and TIN for the purpose of, among other things, distributing the Consideration in connection with the Arrangement;
  - (ix) **“Director”** means the Registrar of Companies appointed pursuant to Section 278 of the OBCA;
  - (x) **“Dissent Procedures”** has the meaning ascribed thereto in section 4 hereof;
  - (xi) **“Dissent Rights”** has the meaning ascribed thereto in section 4 hereof;
  - (xii) **“Dissenting Shareholder”** means a TIN Shareholder who has properly and validly exercised Dissent Rights in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such dissent, but only in respect of the TIN Shares in respect of which Dissent Rights are validly exercised by such TIN

Shareholder;

- (xiii) “**DRS Statement**” means a statement issued by the applicable transfer agent or share registry evidencing the shares held by a shareholder in book-based form, in lieu of a physical share certificate;
- (xiv) “**Effective Date**” means the date a certified copy of the Final Order has been filed with the Director, together with the Arrangement Application, which shall be the date upon which all conditions precedent (excluding conditions that, by their terms cannot be settled until the Effective Date) to the completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived in accordance therewith, or such other date as may be agreed to by Elementos and TIN in writing as the effective date of the Arrangement;
- (xv) “**Effective Time**” means 12:01 a.m., Toronto time, on the Effective Date or such other time agreed to by the Parties in writing;
- (xvi) “**Elementos**” means Elementos Limited, a corporation existing under the laws of the Commonwealth of Australia;
- (xvii) “**ELT CRPs**” means the convertible redeemable preference shares of Elementos as constituted on the Effective Date in accordance with the terms of the Arrangement Agreement;
- (xviii) “**Encumbrance**” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third Person interests or encumbrances of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;
- (xix) “**Final Order**” means the final order of the Court pursuant to Section 182(5) of the OBCA, approving the Arrangement, as such order may be amended by the Court, with the consent of Elementos and TIN at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (xx) “**Governmental Entity**” means: (i) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) any subdivision, agent, commission, board or authority of any of the foregoing; (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any stock exchange, including the TSX Venture Exchange and the Australian Securities Exchange;
- (xxi) “**Interim Order**” means the interim order of the Court, in a form acceptable to Elementos and TIN, each acting reasonably, providing for, among other things, the calling and holding of the TIN Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of Elementos and TIN, each acting reasonably);
- (xxii) “**Law**” or “**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements,

injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity or self-regulatory authority (including, with respect to TIN, the policies of the TSX Venture Exchange, and with respect to Elementos, the rules and policies of the Australian Securities Exchange), and the term “**applicable**” with respect to such Laws and in a context that refers to one or more parties, means such Laws as are applicable to such party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the party or parties or its or their business, undertaking, property or securities;

- (xxiii) “**MESPA**” means Minas de Estaño de España, S.L.U., a company incorporated pursuant to the laws of Spain;
- (xxiv) “**MESPA Completion Date**” means the date on which the MESPA Transfer occurs, being the date upon which all conditions precedent to the MESPA Transfer as set out in Sections 7.5, 7.6 and 7.7 of the Arrangement Agreement have been satisfied or waived in accordance with this Agreement, or such other date as may be agreed to by the Parties in writing;
- (xxv) “**MESPA Shares**” means all of the issued and outstanding shares of MESPA;
- (xxvi) “**MESPA Transfer**” means completion of the transfer of the MESPA Shares in accordance with Article 3 of the Arrangement Agreement;
- (xxvii) “**OBCA**” means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as promulgated or amended from time to time;
- (xxviii) “**Plan of Arrangement**” means this plan of arrangement and any amendments or variations hereto made in accordance with the Arrangement Agreement or this plan of arrangement or made at the direction of the Court;
- (xxix) “**Person**” includes an individual, partnership, association, syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
- (xxx) “**Stannico**” means Stannico Resources Inc., a company incorporated pursuant to the laws of Canada, a wholly-owned subsidiary of TIN and the sole shareholder of MESPA;
- (xxxi) “**Tax Act**” means the *Income Tax Act* (Canada), as amended, and the regulations thereunder, as amended from time to time;
- (xxxii) “**TIN**” means Eurotin Inc., a corporation existing under the laws of the Province of Ontario;
- (xxxiii) “**TIN Meeting**” means the annual and special meeting of TIN Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;
- (xxxiv) “**TIN Shareholder**” means a Person who is a registered holder of TIN Shares immediately prior to the Effective Time;

- (xxxv) “**TIN Shares**” means the common shares which TIN is authorized to issue as presently constituted;
- (xxxvi) “**U.S. Tax Code**” means the United States *Internal Revenue Code*;
- (b) Interpretation Not Affected by Headings. The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms “**this Plan of Arrangement**”, “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**” and similar expressions refer to this Plan of Arrangement and not to any particular article, section, subsection, paragraph, subparagraph, clause or sub-clause hereof and include any agreement or instrument supplementary or ancillary hereto.
- (c) Date for any Action. If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.
- (d) Number and Gender. In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include both genders and neuter.
- (e) References to Persons and Statutes. A reference to a Person includes any successor to that Person. A reference to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.
- (f) Currency. Unless otherwise stated, all references herein to amounts of money are expressed in lawful money of Canada.
- (g) Governing Law. This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein.

## 2. **ARRANGEMENT AGREEMENT**

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement. At the Effective Time, the Arrangement shall be binding upon Elementos, TIN, the registered and beneficial holders of TIN Shares and any Dissenting Shareholders.

## 3. **THE ARRANGEMENT**

- (a) The Arrangement. At the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:
- (i) each TIN Share in respect of which Dissent Rights have been validly exercised before the Effective Time shall be transferred and deemed to be transferred by the registered holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to TIN in consideration for the right to be paid by TIN fair value for its TIN Shares in an amount determined and payable in accordance with the Dissent Procedures (subject to applicable solvency requirements), and in either case the name of such holder will be removed from the register of holders of TIN Shares at the Effective Time (in respect of the TIN Shares for which Dissent Rights have been validly exercised before the Effective Time), and cancelled;



- (ii) TIN shall be bound by its obligations as set out in the Arrangement Agreement to, amongst other things, transfer the MESPA Shares, transfer any documents required from TIN or Stannico for the completion of the MESPA Transfer, and provide the executed SPIB Deed upon completion of the conditions precedent with respect to the MESPA Transfer as set out in the Arrangement Agreement on the MESPA Completion Date and in consideration therefore Elementos will issue the ELT CRPS;
  - (iii) each holder of TIN Shares in respect of which Dissent Rights have not been exercised, shall be entitled to a return on capital of each of its TIN Shares in the form of a number of ELT CRPS that is equal to the ratio of 1,000,000,000 ELT CRPS divided by the number of TIN Shares that are not subject to Dissent Rights outstanding immediately prior to the Effective Time, or such other amount as the directors may determine as is necessary to reduce the stated capital of the TIN Shares to an amount that will result in the distribution of all of ELT CRPS received by TIN to the shareholders of TIN.
- (b) No Fractional Shares. Following the Effective Time, if the aggregate number of Elementos Shares to which a TIN Shareholder would otherwise be entitled pursuant to paragraph 3(a)(iii) hereof is not a whole number, then the number of Elementos Shares shall be rounded down to the next whole number and no compensation will be paid to the TIN Shareholder in respect of such fractional Elementos Share.

#### 4. **RIGHTS OF DISSENT**

TIN Shareholders shall be entitled to exercise dissent rights (“**Dissent Rights**”) with respect to the TIN Shares pursuant to and in the manner set forth in Sections 185 of the OBCA as modified by the Interim Order and this section 4, but provided that, notwithstanding Section 185 of the OBCA, TIN Shareholders wishing to exercise Dissent Rights shall have delivered to TIN written objection to the Arrangement by 4:00 p.m. (Toronto time) at least two Business Days prior to the date of the TIN Meeting and shall otherwise comply with Sections 185 of the OBCA (the “**Dissent Procedures**”).

If the Arrangement is concluded, a Dissenting Shareholder shall be entitled to be paid by TIN, the fair value of the TIN Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents in accordance with the Dissent Procedures, provided that any such Dissenting Shareholder who exercises such Dissent Rights and who:

- (a) is ultimately entitled to be paid fair value for its TIN Shares, shall be deemed pursuant to section 3(a)(i) hereof to have transferred its TIN Shares to TIN for cancellation, and shall not be entitled to any other payment or consideration, including any payment or consideration under the Arrangement to which such Dissenting Shareholder would have been entitled had it not exercised its Dissent Rights; or
- (b) is for any reason ultimately not entitled to be paid the fair value for its TIN Shares, shall be deemed to have participated in the Arrangement as of the Effective Time on the same terms and as a non-dissenting TIN Shareholder and shall be issued only the same consideration which a TIN Shareholder is entitled to receive under the Arrangement as if such Dissenting Shareholder would not have exercised Dissent Rights.

In no case shall Elementos, TIN or any other Person be required to recognize Dissenting Shareholders as a TIN Shareholder at and after the Effective Time, and the names of such Dissenting Shareholders shall be removed from the shareholder register of TIN at the Effective Time and cancelled.

## 5. DELIVERY OF CONSIDERATION

- (a) No Action Required. TIN Shareholders who are not also Dissenting Shareholders need not take any action in order to receive their ELT CRPs. At the Effective Time, Elementos shall issue the Consideration to Eurotin which will be directed to Eurotin Shareholders who are not Dissenting Shareholders.
- (b) Entitlement to TIN Consideration. A certificate or DRS Statement for the Consideration to which a TIN Shareholder is entitled to receive following the Effective Time in accordance with section 3 hereof will be delivered to such TIN Shareholder.
- (c) Withholding Rights. Elementos, TIN and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder and from all dividends or other distributions otherwise payable to any TIN Shareholder such amounts as Elementos, TIN or the Depositary is required to deduct and withhold with respect to such payment under the Tax Act, U.S. Tax Code or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the TIN Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

## 6. GENERAL

- (a) Amendment.
  - (i) Elementos and TIN reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and: (i) approved by the Court, and (ii) if the Court directs, approved by the TIN Shareholders, and, in any event, communicated to them, and, in either case, in the manner required by the Court.
  - (ii) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court will be effective only if it is consented to by TIN and Elementos and, if required by the Court, by the TIN Shareholders.
  - (iii) Notwithstanding the foregoing provisions of this section 6, no amendment, modification or supplement of this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.
- (b) Further Assurances. Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and be deemed to have occurred in the order set out herein, without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to implement this Plan of Arrangement and to further document or evidence any of the transactions or events set out herein.

## Schedule D

### Convertible Redeemable Preference Share Terms

#### 1. Glossary

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##### 1.1 Constitution

Unless the context otherwise requires words and expressions used in the Terms have the meanings ascribed to them respectively in the Constitution;

##### 1.2 Corresponding meaning

If a word or phrase is defined, its other grammatical forms have a corresponding meaning; and

##### 1.3 Definitions

The following expressions have the following meanings:

<b>ASTC</b>	ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532) or any successor.
<b>Automatic Conversion</b>	has the meaning given to that term in clause 3.1.
<b>Automatic Conversion Date</b>	10 business days after the later of: (a) the Regional Mining Authority Approval is received; and (b) the MESPA Share Transfer Completion occurs.
<b>Board</b>	The board of directors of the Company.
<b>CHESS</b>	the Clearing House Electronic Subregister System operated by ASTC.
<b>Company</b>	Elementos Limited.
<b>Condition Failure Event</b>	(c) If the CRPS are not registered in the name of the Distribution Recipient as a result of the Distribution by the date being 10 business days after the issue of the CRPS; or (d) If the Regional Mining Authority Approval is not received within 12 months following the Distribution of CRPS; or (e) If the MESPA Share Transfer Completion does not occur within 12 months following the Distribution of CRPS; or (f) the Arrangement Agreement between the Company and Eurotin Inc dated on or about 19 October 2018 is terminated in accordance with its terms.
<b>Constitution</b>	The constitution of the Company as amended from time to time.
<b>Conversion</b>	in relation to a CRPS, the taking effect of the rights specified in clauses 3.1, 5 and 6.4 in relation to that CRPS and <b>Convert</b> and <b>Converted</b> have corresponding meanings.
<b>Conversion Date</b>	the Automatic Conversion Date or the New Conversion Date, as applicable.
<b>Corporations Act</b>	the Corporations Act 2001 (Cth).

<b>CRPS</b>	The convertible redeemable preference shares known as “ <i>CRPS</i> ” issued on the terms set out in these Terms or, where the context requires, each convertible redeemable preference share.
<b>CRPS Holder</b>	Each person registered in the Register from time to time as a holder of CRPS.
<b>Directors</b>	The board of directors of the Company.
<b>Distribution</b>	The distribution in specie whether by way of dividend or return of capital of the CRPS to holders of common shares in the Original CRPS Holder, pursuant to the Distribution Resolution.
<b>Distribution Recipient</b>	A recipient of CRPS distributed as part of the Distribution.
<b>Distribution Resolution</b>	A resolution passed at a meeting of common shareholders of the Original CRPS Holder authorising the Distribution pursuant to the <i>Business Corporations Act</i> (Ontario) and any other applicable laws.
<b>Face Value</b>	AUS\$0.0000001 per CRPS.
<b>MESPA Share Transfer Completion</b>	Completion of the transfer of all of the issued and outstanding shares of Minas de Estañó de España, S.L.U, a company incorporated pursuant to the laws of Spain ( <b>MESPA Shares</b> ) from Eurotin Inc. (or a subsidiary of Eurotin Inc.) to the Company (or a wholly owned subsidiary of the Company) in accordance with the terms of the arrangement agreement entered by the Company and Eurotin Inc., a corporation incorporated under the laws of the Province Ontario, Canada on or before 19 October 2018
<b>New Conversion Date</b>	has the meaning given to that term in clause 6.4.
<b>Original CRPS Holder</b>	Eurotin Inc. - a corporation incorporated under the laws of the Province of Ontario, Canada, of 77 King St. West, Suite700, P.O. Box 118, Toronto, Ontario, M5K 1G8
<b>Oropesa Tin Project</b>	Oropesa Investigation Permit number 13.050 and all the resulting rights from that Investigation Permit, including, without limitation, the exploitation concession already applied for by MESPA, being the Oropesa tin project located in Spain
<b>Redeem</b>	in relation to a CRPS, redeem, buy-back (other than an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that CRPS in accordance with clause 7, and <b>Redeemed</b> , <b>Redeemable</b> and <b>Redemption</b> have the corresponding meanings.
<b>Redemption Date</b>	10 business days after the Company issues a Redemption Notice.
<b>Redemption Notice</b>	A notice given by the Company to a CRPS Holder in a form determined by the Company, of its intention to Redeem the CRPS in accordance with clause 7.
<b>Regional Mining Authority</b>	Delegación Territorial de Córdoba de la Dirección General de Industria, Energía y Minas de la Consejería de Empleo, Empresa y Comercio de la Junta de Andalucía ( <i>Representation in the province of Córdoba of the General Directorate of Industry, Energy and Mining of the Employment, Business and Commerce Department of the Government of the Region of Andalucía</i> ).

<b>Regional Mining Authority Approval</b>	written confirmation provided by the Regional Mining Authority to MESPA and the Company (or a wholly owned subsidiary of the Company) approving the transfer of the beneficial ownership of the Oropesa Tin Project from Eurotin Inc. to the Company (or a wholly owned subsidiary of the Company).
<b>Redemption Period</b>	The period commencing on the Condition Failure Event happening and ending 20 Business Days thereafter.
<b>Register</b>	The register of CRPS maintained by the Company and includes any sub-register of that register.
<b>Share</b>	a fully paid ordinary share in the capital of the Company.
<b>Terms</b>	The terms and conditions for the issue of CRPS in the Company as these terms and conditions are amended, supplemented or replaced from time to time and as set out herein.

## **2. CRPS**

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### **2.1 CRPS**

The CRPS are fully paid redeemable convertible preference shares in the capital of the Company (**CRPS**). They are issued, and may be Redeemed or Converted according to these Terms.

### **2.2 Face Value**

Each CRPS will be issued fully paid at the Face Value.

## **3. Automatic Conversion**

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### **3.1 Automatic Conversion**

Subject to clause 6.4, each CRPS will be Converted on the Automatic Conversion Date in accordance with clause 5 (**Automatic Conversion**) unless the CRPS has been previously Redeemed.

### **3.2 No other Conversion**

The Company does not have the right to Convert the CRPS other than in the circumstances listed in clause 3.1.

## **4. No Holder conversion right**

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### **4.1 No conversion right**

Save as provided for in these Conditions, no CRPS Holder has a right to Convert CRPS.

## **5. Conversion**

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### **5.1 Conversion number**

In the event of a Conversion all CRPS will convert into Shares on the basis of one Share for each CRPS.

## 5.2 **Rights on Conversion**

A CRPS, upon Conversion, confers all of the rights attaching to one Share but these rights do not take effect until 5.00pm (Brisbane time) on the Conversion Date. At that time:

- (a) all other rights conferred or restrictions imposed on that CRPS under these Terms will no longer have effect; and
- (b) the Share resulting from the Conversion will rank equally with all other Shares.

## 5.3 **Effect of Conversion**

Conversion does not constitute a redemption, buy-back, cancellation or termination of CRPS or an issue, allotment or creation of a new Share.

## 5.4 **Statement**

Upon Conversion the Company shall provide the CRPS Holder with a certificate or statement of holding for the Shares the subject of a Conversion.

## 6. **Quotation of Shares**

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### 6.1 **Rank equally**

- (a) Each Share arising from Conversion will rank pari passu with all other fully paid Shares, except that such Shares arising from Conversion will not be entitled to any dividend or any other distribution or entitlement that has been declared or determined but not paid as at the Conversion Date.
- (b) Within two (2) business days of the Automatic Conversion, the Company must apply for official quotation on ASX of the Shares arising from Conversion.

### 6.2 **Cleansing Notice**

On the Automatic Conversion Date, subject to clause 6.3, the Company must provide to ASX a notice complying with sections 708A(5)(e) and 708A(6) of the Corporations Act (**Cleansing Notice**)

### 6.3 **Cleansing Prospectus**

If on the Automatic Conversion Date the Company would be unable to provide to ASX a Cleansing Notice in respect of a Conversion because it is unable to comply with the requirements of sections 708A(5)(e) and 708A(6) of the Corporations Act (including where trading in the Shares on ASX was suspended for more than a total of five days in the preceding 12 month period) or for any other reason is unable to provide to ASX a Cleansing Notice for the purposes of clause 6.2, the Company must within 10 Business Days after the Automatic Conversion Date lodge with ASIC a prospectus complying with section 708A(11) of the Corporations Act (**Cleansing Prospectus**).

### 6.4 **Adjustment of Conversion Date**

If the Company is under an obligation to lodge a Cleansing Prospectus, and the Automatic Conversion Date would occur prior to actual lodgement of the Cleansing Prospectus then the Conversion of the CRPS will not occur until the date on which the Company has complied with its

obligations under clause 6.3 (for the purposes of this clause 6.4, the **New Conversion Date**) and each CRPS will be Converted on the New Conversion Date in accordance with clause 5 unless the CRPS has been previously Redeemed.

**6.5 Uncertificated**

Shares arising from Conversion will be issued in uncertificated form through CHESS.

**6.6 Statements**

Statements of holdings for Shares arising from Conversion will be dispatched by the Company by mail free of charge as soon as practicable but in any event within 10 Business Days after the relevant Conversion Date.

**7. Redemption**

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**7.1 Redemption mechanics to apply to Redemption**

The Company may Redeem CRPS during the Redemption Period by:

- (a) giving a Redemption Notice to CRPS Holders; and
- (b) paying to the CRPS Holders on the Redemption Date the Face Value of each CRPS the subject of the Redemption Notice,

**(Redemption Amount).**

**7.2 Redemption restrictions**

The Company may not Redeem any CRPS unless, at the same time, it redeems all CRPS.

**7.3 Obligation on Company to Redeem**

Upon giving a Redemption Notice, the Company will be obliged to redeem the relevant number of CRPS by making the payment referred to in clause 7.1(b) on the Redemption Date.

**7.4 Effect of Redemption on CRPS Holders**

On the Redemption Date, subject to Redemption occurring, the only right CRPS Holders will have in respect of CRPS the subject of the Redemption will be to obtain the Redemption Amount payable in accordance with these Terms and upon payment of the Redemption Amount, all other rights conferred, or restrictions imposed by the relevant CRPS will no longer have effect.

**7.5 Redemption by buy-back of CRPS**

If the Redemption involves a buy-back of CRPS:

- (a) the Redemption Notice constitutes a buy-back offer for the Redemption Amount payable on the relevant Redemption Date; and
- (b) the CRPS Holders must accept the buy-back offer for their CRPS and will be deemed to have accepted that buy-back offer for CRPS held by that CRPS Holder to which the Redemption Notice relates on the date the Redemption Notice is given and will be deemed

to have sold those CRPS to the Company free of all encumbrances on the Redemption Date.

#### 7.6 **Cancellation of CRPS**

CRPS the subject of Redemption will be cancelled and may not be re-issued.

### **8. General CRPS Terms**

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#### 8.1 **Register**

The Company shall maintain the Register.

#### 8.2 **General Rights**

- (a) CRPS rank equally amongst themselves in all respects.
- (b) The CRPS shall have no entitlement to payment of dividends.
- (c) Until Conversion, if there is a return of capital on a winding up of the Company, CRPS Holders will be entitled to receive out of the assets of the Company available for distribution to holders of CRPS, in respect of each CRPS held, a cash payment equal to the Face Value before any return of capital is made to holders of Shares or any other class of shares ranking behind the CRPS.
- (d) CRPS do not confer on their holders any right to participate in profits or property except as set out in these Terms or in the Constitution.
- (e) If, upon a return of capital, there are insufficient funds to pay in full the amounts referred to above and the amounts payable in respect of any other shares in the Company ranking as to such distribution equally with the CRPS on a winding up of the Company, the CRPS Holders and the holders of any such other shares will share in any distribution of assets of the Company in proportion to the amounts to which they respectively are entitled.
- (f) Until Conversion, the CRPS do not confer on the CRPS Holders any further right to participate in the surplus assets of the Company on a winding up than those set out in these Terms.
- (g) Until all CRPS have been converted, the Company must not, without approval of the CRPS Holders, issue shares ranking in priority to the CRPS or permit the variation of any rights of any existing shares to shares ranking equally or in priority to the CRPS, but the Directors are at all times authorised to issue further CRPS ranking equally with any existing CRPS.
- (h) If a takeover bid is made for ordinary shares, acceptance of which is recommended by the Directors, or the Directors recommend a member's scheme of arrangement, the Directors will use reasonable endeavours to procure that equivalent takeover offers are made to the CRPS Holder or that they participate in an equivalent scheme of arrangement.
- (i) Until conversion, the CRPS confer no rights to subscribe for new securities in the Company or to participate in any bonus issues.



- (j) A CRPS does not entitle a CRPS Holder to vote at any general meeting of the Company except in the following circumstances:
- (1) on a proposal:
    - (A) to reduce the share capital of the Company;
    - (B) that affects rights attached to the CRPS;
    - (C) to wind up the Company; or
    - (D) for the disposal of the whole of the property, business and undertaking of the Company;
  - (2) on a resolution to approve the terms of a buy back agreement; or
  - (3) on a resolution during the winding up of the Company.
- (k) A Holder will have the same rights as the holders of Shares with respect to receiving notices at general meetings and financial reports and attending the Company's general meetings.
- (l) Subject to complying with all applicable laws, the Company may, without the authority, assent or approval of the CRPS Holders, amend or add to these terms of issue if such amendment or addition is, in the opinion of the Company:
- (1) of a formal, minor or technical nature;
  - (2) made to correct a manifest error; or
  - (3) not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the CRPS Holders.
- (m) Each CRPS shall be non-transferable unless the prior written consent of the Company has been provided to such transfer in which case the CRPS Holder may transfer such CRPS to the recipient as consented to by the Company, except that the CRPS Holder may transfer the CRPS to the Distribution Recipients.
- (n) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
- (1) the number of CRPS will be reorganised:
    - (A) *in a consolidation of capital*: the number of CRPS will be consolidated in the same ratio as the ordinary capital; or
    - (B) *in a sub-division of capital*: the number of CRPS will be sub-divided in the same ration as the ordinary capital; or
    - (C) *in a return of capital*: the number of CRPS will remain the same; or
    - (D) *in a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled*:

the number of CRPS will remain unaltered; or

(E) *in a pro-rata cancellation of capital*: the number of CRPS must be reduced in the same ratio as the ordinary capital; or

(F) *in any other case*: the number of CRPS must be reorganised so that the holder of the CRPS will not receive a benefit that holders of ordinary securities do not receive; and

(2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders of the Company approving a reorganisation of the Company's capital, in all other respects, the terms for the CRPS and their conversion to Shares will remain unchanged.

**Schedule E**

Interim Order

[See appended.]

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE )  
JUSTICE **CHIAPPETTA** )  
 )  
 ) TUESDAY, THE 6<sup>TH</sup>  
 DAY OF NOVEMBER, 2018

**IN THE MATTER OF** an application under section 182 of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended;

**AND IN THE MATTER OF** Rule 14.05(2) of the *Rules of Civil Procedure*

**AND IN THE MATTER OF** a proposed arrangement of Eurotin Inc. involving its securityholders and Elementos Limited

**EUROTIN INC.**

Applicant



**INTERIM ORDER**

**THIS MOTION** made by the Applicant, Eurotin Inc. (“Eurotin”), for an interim order for advice and directions pursuant to 182 of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended, (the “OBCA”) was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the Notice of Application issued on October 30, 2018 and the affidavit of John W. Hick sworn November 5, 2018, (the “Hick Affidavit”), including the Plan of Arrangement, which is attached as Schedule C to the draft management proxy circular of Eurotin (the “Information Circular”), which is attached as Exhibit “A” to the Hick Affidavit, and on hearing the submissions of counsel for Eurotin.

## **Definitions**

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

## **The Meeting**

2. **THIS COURT ORDERS** that Eurotin is permitted to call, hold and conduct a special meeting (the “Meeting”) of the holders of voting common shares (the “Shareholders”) in the capital of Eurotin to be held at the offices of Chitiz Pathak LLP, Suite 700-77 King Street West, TD North Tower, Toronto, Ontario at 10:00 a.m. (Toronto time), on Wednesday, December 12, 2018 in order for the Shareholders to consider and, if determined advisable, pass special and ordinary resolutions authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the “Arrangement Resolution”).

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the “Notice of Meeting”) and the articles and by-laws of Eurotin, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the “Record Date”) for determination of the shareholders entitled to notice of, and to vote at, the Meeting shall be November 5, 2018.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;

- b) the officers, directors, auditors and advisors of Eurotin;
- c) representatives and advisors of Elementos; and
- d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Eurotin may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

#### **Quorum**

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Eurotin and that the quorum at the Meeting shall be not less than two persons present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders.

#### **Amendments to the Arrangement and Plan of Arrangement**

8. **THIS COURT ORDERS** that Eurotin is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be

subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Eurotin may determine.

#### **Amendments to the Information Circular**

10. **THIS COURT ORDERS** that Eurotin is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

#### **Adjournments and Postponements**

11. **THIS COURT ORDERS** that Eurotin, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Eurotin may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

**Notice of Meeting**

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, Eurotin shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Eurotin may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “Meeting Materials”), to the following:

- a) the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
  - i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Eurotin, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Eurotin;
  - ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
  - iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Eurotin, who requests such transmission in writing and, if required by Eurotin, who is prepared to pay the charges for such transmission;



- b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- c) the respective directors and auditors of Eurotin, and to the Director appointed under the OBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **[INTENTIONALLY DELETED]**

14. **THIS COURT ORDERS** that accidental failure or omission by Eurotin to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Eurotin, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Eurotin, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that Eurotin is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as Eurotin may

determine in accordance with the terms of the Arrangement Agreement (“Additional Information”), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Eurotin may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraph 12 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraph 12 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

#### **Solicitation and Revocation of Proxies**

17. **THIS COURT ORDERS** that Eurotin is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as Eurotin may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. Eurotin is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Eurotin may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Eurotin deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s.118(4)(a) of the OBCA: (a) be delivered to Eurotin's transfer agent not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof; (b) be delivered to Eurotin not later than the last business day preceding the day of the Meeting, or any adjournment thereof.

### **Voting**

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold voting common shares of Eurotin as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per common share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

- (i) an affirmative vote of at least two-thirds ( $66\frac{2}{3}\%$ ) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders; and

- (ii) a simple majority of the votes cast in respect of the Arrangement Resolution at the Meeting in person or proxy by the Shareholders, other than John W. Hick, David Danziger, Colin Jones, Peter Miller, Mark Wellings, Carlos Pinglo, and Lions Bay Capital Inc.

Such votes shall be sufficient to authorize Eurotin to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Eurotin (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each common share held.

**Dissent Rights**

22. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 185(6) of the OBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Eurotin in the form required by section 185 of the OBCA and the Arrangement Agreement, which written objection must be received by Eurotin not later than 4:00 p.m. (Eastern time) on the last business day immediately preceding the Meeting (or any adjournment or postponement thereof), and must otherwise strictly comply

with the requirements of the OBCA. For purposes of these proceedings, the “court” referred to in section 185 of the OBCA means this Honourable Court.

23. **[INTENTIONALLY DELETED]**

24. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

- i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its common shares, shall be deemed to have transferred those common shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Eurotin for cancellation in consideration for a payment of cash from Eurotin equal to such fair value; or
- ii) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its voting common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder.

#### **Hearing of Application for Approval of the Arrangement**

25. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Eurotin may apply to this Honourable Court for final approval of the Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the lawyers for Eurotin, with a copy to counsel for Elementos, as soon as reasonably practicable, and, in any event, no less than four (4) days before the hearing of this Application at the following addresses:

**CHITIZ PATHAK LLP**

Barristers and Solicitors  
77 King Street West  
TD North Tower  
Suite 700, P.O. Box 118  
Toronto ON M5K1G8  
Attn: Tamara Ramsey

Lawyers for Eurotin

**ARMSTRONG SIMPSON**

Barristers & Solicitors  
2080-777 Hornby Street  
Vancouver, BC V6Z 1S4  
Attn: Shauna Hartman

Lawyers for Elementos.

28. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) Eurotin;
- ii) Elementos; and

- iii) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

29. **THIS COURT ORDERS** that any materials to be filed by Eurotin in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 27 shall be entitled to be given notice of the adjourned date.

#### **Precedence**

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the voting common shares, Eurotin options, warrants, convertible debentures, performance units, deferred share units, deferred share equivalents or other rights to acquire voting common shares of Eurotin, or the articles or by-laws of Eurotin, this Interim Order shall govern.

#### **Extra-Territorial Assistance**

32. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

**Variance**

33. **THIS COURT ORDERS** that Eurotin shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

A handwritten signature in blue ink, appearing to read "Luigipetta".

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

NOV 06 2018

PER / PAR: *RW*



**IN THE MATTER OF** an application under section 182 of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended;  
**AND IN THE MATTER OF** Rule 14.05(2) of the *Rules of Civil Procedure*  
**AND IN THE MATTER OF** a proposed arrangement of Eurotin Inc. involving its securityholders and Elementos Limited

Court File No. 18-607884-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF** the Ontario *Business Corporations Act*,  
R.S.O. 1990, c. B.16, as amended

**PROCEEDING COMMENCED AT  
TORONTO**

**INTERIM ORDER**

**CHITIZ PATHAK LLP**  
Barristers and Solicitors  
77 King Street West  
TD North Tower  
Suite 700, P.O. Box 118  
Toronto ON M5K1G8

**Tamara Ramsey** (LSUC# 47503U)  
*TRamsey@chitzpathak.com*  
Tel: 416-644-9975  
Fax: (416) 368-0300

Lawyers for the Applicant,  
Eurotin Inc.

**Schedule F**

Notice of Petition for Final Order

[See appended]

# COUNSEL SLIP

Court File No. CV-18-00607884-00CL

Date: NOVEMBER 06, 2018

No. On List 1

Title of Proceeding

EUROTIN INC.

Counsel for:

Plaintiff(s)   
Applicant(s)   
Petitioner(s)

Tamara Ramsey

Phone No. 416.644.9975

Fax No. 416.368.0300

tramsey@chitzpatrick.com

Counsel for:

Defendant(s)   
Respondent(s)

Phone No. \_\_\_\_\_

Fax No. \_\_\_\_\_

MJ. Chiappetta. NOV 6, 2018.

Interim order to go in accordance with draft signed by me today, pursuant to 182 of the Ontario Business Corporations Act, R.S.O. 1990, c. B.16. Matter to return for approval of a Plan of Arrangement on

Dec 14, 2018 for 15 minutes at 10:00am.

*J. Chiappetta*

**Schedule G**

Information Concerning Elementos

[See appended.]

## SCHEDULE G

### INFORMATION CONCERNING ELEMENTOS LIMITED

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## INTRODUCTION

This Schedule “G” is a summary of Elementos Limited, its business, assets and operations, which should be read together with the audited financial statements for Elementos contained at Schedule “I” to the Circular. The information contained in this Schedule “G” – *“Information Concerning Elementos”*, unless otherwise indicated is given as at the Record Date.

## GLOSSARIES

Certain terms used in this Schedule “G” shall have the meaning ascribed in the following Glossary of Terms and Glossary of Technical Terms. All other capitalized terms used herein and not defined below shall have the meanings ascribed thereto in the section *“Glossary of Terms”* in the Circular to which this Schedule “G” is attached.

### Glossary of Terms

“**AASB**” means the Australian Accounting Standards Board;

“**Auditor**” means the current external auditor of Elementos, BDO Audit Pty Ltd.;

“**Australian Corporations Act**” means the Australian Corporations Act (2001) Cth, as amended.

“**Cleveland Project**” means the Cleveland tin project located in Tasmania consisting of exploration license EL 7/2005 and held by Rockwell Tasmania.

“**Cleveland Report**” means the geology and resource estimate report dated September 20, 2018 prepared by Chris Grove of Measured Group Pty Ltd. regarding the Cleveland Project, prepared in accordance with the ASX Listing Rules and, where applicable, JORC.

“**Elementos**” means Elementos Limited ACN 138 468 756;

“**Elementos Board**” means the board of directors of Elementos;

“**ELT Shareholders**” means the holders of Elementos Shares.

“**Elementos’s Long-Term Incentive Plan**” means Elementos’s long-term incentive plan, pursuant to which it may issue Elementos Performance Rights to eligible management and employees, entitling each individual to acquire one fully paid Elementos Share, subject to satisfaction of the applicable long-term performance hurdles and vesting conditions;

“**Elementos Options**” means options to buy Elementos Shares, with each such option exercisable for the purchase of one Elementos Share;

“**Elementos Performance Rights**” means Elementos Shares, the vesting of which is subject to performance conditions;

“**Elementos Shares**” means the ordinary shares in the capital of Elementos, as currently constituted;

“**Elementos’s Short-Term Incentive Plan**” means Elementos’s short-term incentive plan, pursuant to which it may issue Elementos Performance Rights to eligible management and employees, entitling each individual to acquire one fully paid Elementos Share, subject to satisfaction of the applicable short-term performance hurdles and vesting conditions;

“**Escrow Agreement**” means the escrow agreement to be entered into by each of the Eurotin Related Parties and Elementos in relation to the issuance of Elementos Shares issuable to them pursuant to the Arrangement, providing for the escrow of 421,116,482 CRPS for a period of 12 months following the Effective Date;



“**Eurotin Related Parties**” means Mark Wellings, ZCR Corp. (controlled by Mark Wellings), Colin Jones, John W. Hick, David Danziger, 2180679 Ontario Ltd. (controlled by David Danziger), and Peter Miller;

“**JORC**” or “**JORC Code**” means the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves;

“**JORC 2004**” means the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves;

“**LTI**” means long-term incentive;

“**NEO**” means the named executive officers of Elementos and “named executive officer” has the meaning ascribed thereto in Form 51-102F6 – *Statement of Executive Compensation* of the Canadian Securities Administrators;

“**Rockwell**” means Rockwell Minerals Pty Ltd ACN 149 804 062;

“**Rockwell Tasmania**” means Rockwell Minerals (Tasmania) Pty Ltd ACN 127 819 710; and

“**STI**” means short term incentive.

#### **Glossary of Technical Terms**

“**µm**” means micrometre

“**Au**” means gold;

“**cm**” means centimetre;

“**DGPR**” means deep ground penetrating radar;

“**EM**” means electromagnetic methods;

“**FPI/OM**” means sodium peroxide fusion zircon crucible, inductively coupled plasma finish;

“**ICP**” means inductively coupled plasma;

“**ICP-AES**” means inductively coupled plasma – atomic emission spectrometry;

“**ICP-MS**” means inductively coupled plasma – mass spectrometry;

“**ICP-OES**” means inductively coupled plasma – optical emission spectrometry;

“**g/t**” means grams per tonne;

“**m**” means metre;

“**kg**” means kilogram;

“**km**” means kilometre;

“**km<sup>2</sup>**” means square kilometre;

“**LCT**” means lithium, cesium and tantalum;

“**Li<sub>2</sub>O**” means lithium oxide;

“**mm**” means millimetre;

“**MMP**” means mine management plan;

“**Mt**” means million tonnes;

“**oz**” means ounce;

“**ppb**” means parts per billion;

“**ppm**” means parts per million;

“**RAB**” means rotary air blast;

“**Rb**” means rubidium;

“**RC**” means reverse circulation;

“**Ta<sub>2</sub>O<sub>5</sub>**” means tantalum pentoxide;

“**TMI**” means total magnetic intensity;

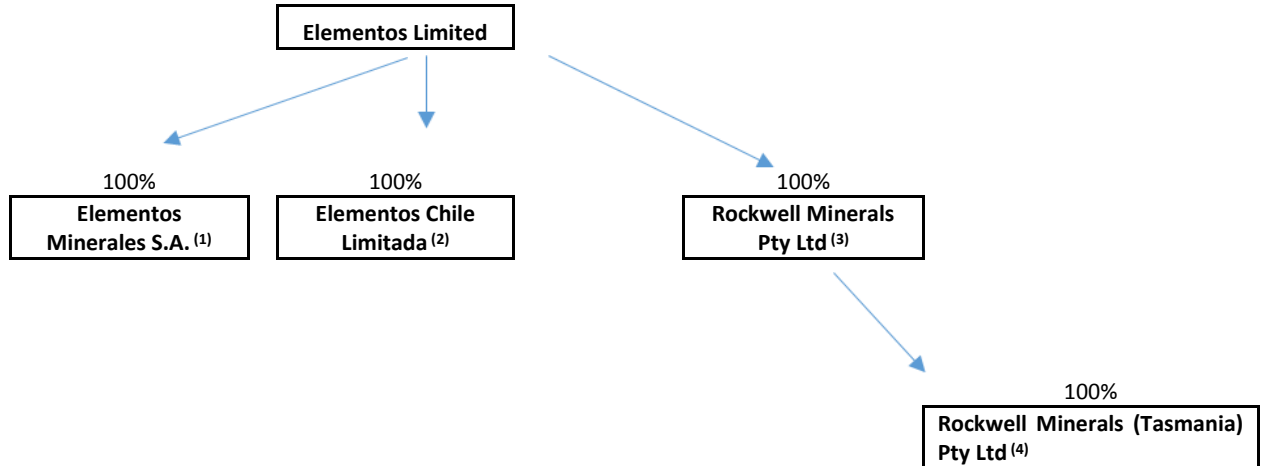
“**tonnes**” means metric tonnes; and

“**XRF**” means X-ray fluorescence.

## CORPORATE STRUCTURE

Elementos was incorporated under the Australian Corporations Act as “Element Minerals Limited” on July 23, 2009. On September 8, 2009, Elementos changed its name to “Elementos Limited”. The head and registered office for Elementos is located at Lot 606, Level 6, 10 Market Street, Brisbane QLD 4000, Australia.

The following organisational chart below sets out the intercorporate relationship between Elementos and its subsidiaries.



Notes:

- (1) Elementos Minerale S.A. was incorporated in Argentina, is a dormant subsidiary that will be de-registered or sold.
- (2) Elementos Chile Limitada was incorporated in Chile and is a dormant subsidiary, that will be de-registered or sold.
- (3) Rockwell Minerals Pty Ltd. was incorporated under the Australian Corporations Act.
- (4) Rockwell Minerals (Tasmania) Pty Ltd. was incorporated under the Australian Corporations Act.

## GENERAL DEVELOPMENT OF ELEMENTOS'S BUSINESS

### General

Elementos is an ASX listed tin exploration and development company with a current Australian tin exploration project, plus two further potential tin projects in Spain and Malaysia.

Progress has been recently made at the Cleveland Project in Tasmania (Australia) with the completion of the first drilling program since the project acquisition more than seven years ago. A new resource estimate was also recently completed for the Cleveland Project. Further metallurgical testing is planned to examine opportunities for enhancing the Cleveland Project's anticipated economics.

A memorandum of understanding was signed with a private Malaysian Company, Empire Tin Mining Sdn Bhd, to negotiate a joint venture on the Temengor tin project in northern peninsular Malaysia. The Temengor tin project is centred on the historical Temengor tin mine which only operated for a small period of time from 1926 to 1932.

### Prior Corporate History

On 14 October 2013, Elementos completed a merger transaction with Rockwell (the owner of the Cleveland tin project in Tasmania, Australia), resulting in the Rockwell shareholders becoming the controlling shareholders of Elementos. In accordance with the Australian Accounting Standards, the financial statements of Elementos at the time reflected a continuation of the Rockwell financial statements.

## **MINING PROJECTS**

### **Competent Persons Statement**

The information in this Schedule “G” that relates to exploration results, mineral resources or mineral reserves is based on information compiled by Mr. Chris Grove, who is a full-time employee of Measured Group Consulting. Mr Grove has been engaged by Elementos as an independent consultant to prepare a mineral resource estimate prepared pursuant to JORC and supporting documentation for the Cleveland Project, as outlined in the Cleveland Report.

Mr. Grove has sufficient experience which 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 JORC Code and as a qualified person as defined in NI 43-101. Mr Grove is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Grove consents to the inclusion in this Circular of the technical disclosure contained in this Schedule “G” based on the information in the form and context in which it appears.

Information contained in this Schedule “G” that relates to exploration results has been previously disclosed by Elementos via the ASX web platform under Elementos’ securities code ELT. Where relevant, references to specific ASX announcement dates are listed as footnotes throughout this section.

### **Mineral Exploration Projects**

Exploration Licence 7/2005 was granted to Lynch Mining Pty Ltd on the 30<sup>th</sup> June 2005. Rockwell acquired 100% ownership of EL7/2005 on the 6<sup>th</sup> of June 2014. Exploration Licence EL9/2006, was granted to Rockwell on 21<sup>st</sup> September 2007. An application was approved for the consolidation of EL7/2005 and EL9/2006 on the 30<sup>th</sup> of January 2015. Elementos holds 100% of EL7/2005, being the Cleveland Project, in Tasmania. The tenement covers 5,933 hectares. The tenement is registered in the name of Rockwell Tasmania, a wholly owned subsidiary of Elementos.

On June 21, 2018, Elementos entered into a non-binding memorandum of understanding with Empire Tin Mining Sdn Bhd to negotiate a joint venture agreement in relation to the Temengor tin project located in Malaysia. As at the Record Date, Elementos has not yet concluded any definitive agreements with Empire Tin Mining Sdn Bhd.

The sole material mineral project of Elementos as of the Record Date is the Cleveland Project.

### **Cleveland Project**

#### ***Property Description and Location***

The Cleveland Project consists of Exploration Licence EL7/2005. The licence covers approximately 55km<sup>2</sup>. The Cleveland Project is located at Luina, approximately 80 km southwest of Burnie in northwestern Tasmania, Australia. Access to the project area is by way of a sealed all-weather road, which runs from Burnie through Waratah and Luina to Savage River. The Cleveland Project location is shown below:



Exploration Licence 7/2005 was granted to Lynch Mining Pty Ltd on 30 June 2005 for a period of 5 years. Rockwell acquired 100% ownership of Exploration Licence 7/2005 on 6 June 2014. Exploration Licence 9/2006 was granted to Rockwell on 21 September 2007. An application to consolidate Exploration Licence 9/2006 into Exploration Licence 7/2005 was approved on 30 January 2015.

Exploration Licence 7/2005 is currently held by Rockwell Tasmania, which is a wholly owned subsidiary of Elementos. Exploration Licence 7/2005 (the Cleveland Property) lies in Forestry Tasmania Managed Land.

***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

Access to the Cleveland Property and to the Cleveland mine is by way of the sealed all-weather road, which runs from Burnie through Waratah and Luina to Savage River. The former mine infrastructure and the tailings dams lie in the valleys of the Whyte River and Deep Creek.

Accessible power runs through the Cleveland Project area, and there is abundant water available for use. The region has a large, available, and experienced workforce.

The topography within the tenement is relatively steep and rugged with elevations ranging from about 300m to over 500m above sea level. The tenement contains the remnants of the rehabilitated Cleveland underground tin mine, that was developed beneath Crescent Hill which rises to an elevation of 520m while the former township of Luina, the former mine infrastructure and the tailings dams lie in the valleys of the Whyte River and Deep Creek.

The Datum used in this report is GDA94, Zone 55.

### ***History***

The Cleveland Project was formerly operated by Cleveland TIN NL, Aberfoyle Ltd. and other Aberfoyle group companies (referred to in this Circular as “**Aberfoyle**”).

Outcrops of gossan were first discovered by prospectors at the Cleveland Project in about 1898. It is likely that the gossan was originally hoped to be the outcrop of a silver-lead deposit. Tin was first identified at the Cleveland Project in 1900 by Harcourt Smith, Government Geologist. Mining by the Cleveland Tin Mining Company NL commenced in 1908, but the mine closed in 1917 after production of about 275 tonnes of tin in the form of cassiterite concentrate (Reid, 1923).

From 1935 to 1939, the Mount Bischoff Tin Mining Company undertook exploration by small-scale underground mining, but no tin production occurred during this period.

Exploration by the Tasmania Mines Department and the Australian Bureau of Mineral Resources in the 1950s identified the potential for relatively large cassiterite bearing sulphide ore bodies (Hughes, 1952, 1953a, 1953b, 1954 and Keunecke, O. and Tate, K.H., 1954). Consequently, in 1961, the Aberfoyle Tin Development Partnership acquired the Cleveland Project leases and commenced systematic exploration based on geological mapping and using diamond drilling (Mason et al., 1963). Since then, over 2000 diamond drill holes have been drilled into the deposit, and its known depth has been demonstrated to about 700 metres below the surface (Barth, 1986).

In the 1960s and early 1970s, the mines of the Aberfoyle group of companies were Australia’s chief producers of tin and tungsten. The group operated the Cleveland Tin and Copper Mine, the Storeys Creek Mine, the Aberfoyle Tin and Tungsten Mines in North-East Tasmania, and the Ardlethan Tin Mine in southern New South Wales.

Mining commenced at the Cleveland Project in 1968 using trackless methods for mining and ore haulage to the surface. The Cleveland Project was among the first in the world to use trackless mining, and the mine now extends to a depth of over 500 metres below surface. Production from the mine during the Aberfoyle operation from 1968 to 1986 was 5,645,000 tonnes at a grade of 0.68% tin as cassiterite and 0.28% copper. Allowing for the minor occurrence of tin as stannite, estimated to be 8.4% of the total tin during the period of mining, the total production from 1968 to 1986 was approximately: 5,645,000 tonnes at 0.74% tin, 0.28% copper, 0.06% soluble tin

The Cleveland Project produced about 24,000 tonnes of tin in concentrate and about 10,000 tonnes of copper in concentrate.

The global price of tin fell significantly in 1985 following the collapse of price support from the International Tin Council. Also, Aberfoyle had turned its attention to lead, zinc and copper following the discovery of the Que River deposit in 1974 and the Hellyer deposit in 1983. The Cleveland Project was closed soon after in June 1986, the same month that the Hellyer orebody was exposed in the Hellyer Decline.

Historical mining and exploration activities included:

- (1898) S.C. Coundon, Prospector: Pegged leases over gossan for possibility of silver and lead;
- (1900) Harcourt Smith: Government Geologist, Department of Mines, Tasmania. Identified cassiterite in gossan;
- (1908 –1917) Cleveland Tin Mining Company N.L.: Mined oxidised ore for tin;
- (1923) A.M. Reid: Government Geologist, Department of Mines, Tasmania. Recognised fissure lodes and replacement lodes;
- (1935 -1937) Mount Bischoff Tin Mining Company: Small-scale underground exploration: Battery, Smithy, Lucks, Khaki, Hall’s, Henry’s recognised;
- (1937) Q.J. Henderson: Government Geologist, Department of Mines, Tasmania. Described the work

undertaken by the Mount Bischoff Tin mining Company;

- (1945) S.W. Carey: Government Geologist, Department of Mines, Tasmania. Reported all deposits were of replacement style;
- (1952 -1954) T.D. Hughes: Government Geologist, Department of Mines, Tasmania. Postulated that the ore would continue in depth. Recommended cutting of a grid and geophysical surveys;
- (1953-1954) O. Keunecke and K.H. Tate: BMR Commonwealth of Australia. Concluded self-potential and magnetic surveys anomalies suggested that sulphide mineralisation might extend beyond the old workings.
- (1961-1965) Aberfoyle Tin Development Partnership: Explored the area with diamond drilling and proved up sufficient resources for mining;
- (1968 -1986) Cleveland Tin N.L. and Aberfoyle Limited: Mined tin and copper ore;
- (2005-2014) Lynch Mining Pty Ltd: 30 air core holes, for a total length of 561m, drilled to test tailings dams.
- (2014 – present day) Rockwell Minerals (Elementos): Pre-feasibility study into a tailings retreatment project. Diamond drilling programme to define shallow open pit potential.

### ***Geological Setting and Mineralisation***

In Tasmania, the principal metal mines are associated with Devonian-Carboniferous granite, the Cambrian Mt Read Volcanic rocks, or the Precambrian metamorphic rocks of the Arthur Mobile Belt. The tin and tungsten deposits and some silver-lead-zinc deposits are associated with Devonian-Carboniferous granite. The lead-zinc, copper and gold deposits are associated with the Mt Read Volcanics. Large iron deposits are associated with the Arthur Mobile Belt.

There are three other mines near the Cleveland Project, all of which occur to the north of the Devonian-Carboniferous granite outcrop. The Mount Bischoff Mine was a large tin mine, and saw production from 1872 to 1947, and again briefly from 2009 to 2010. The Magnet Mine operated from 1895 to 1940 and produced a significant 630,000 tonnes of ore containing 38,000 tonnes of lead and 8,000,000 ounces of silver (Cottle, 1953).

At the Cleveland Project, tin-copper mineralisation occurs as stratiform lenses within a series of sedimentary rocks belonging to Hall's Formation. Sandstone underlies the Hall's Formation and is overlain by rocks of volcanic origin. All these rocks are of Cambrian age and, while they were originally deposited horizontally, they have been tilted and are now more or less vertical.

The Cambrian rocks were then intruded by the Devonian-Carboniferous granite, and a quartz porphyry dyke occurs in the bottom of the mine some 350 m below the surface.

Modelling of the Devonian-Carboniferous granite, based on geophysical gravity survey, indicates that the top of the granite is nearly 4 kms deep at the Cleveland Project (Leaman and Richardson, 1989 and 2003). This is important because the granite is deeper than thought by the explorer's from the 1960s to the 1980s. Also, at the Renison Bell Mine, the tin mineralisation continues to the Devonian-Carboniferous granite.

There are two significant mineralisation styles at the Cleveland Project:

- Tin and copper bearing semi-massive sulphide mineralisation in lenses. The mineralisation consists of pyrrhotite and pyrite with cassiterite and lesser chalcopyrite and stannite, and quartz, fluorite and carbonates. Sulphide minerals make up 20% to 30% of the mineralisation.
- Tungsten bearing quartz stock-work and minor greisen with wolframite.

The principal controls on the lenticular formation of the tin-copper lenses are the presence of limestone beds that are favourable for replacement by tin and copper bearing sulphide mineralisation. The known tin-copper lenses have a general plunge to the north and south.

The tin-copper mineralisation consists of intercalated layers of replaced limestone and chert. The chert content of the mineralisation is variable, and this variation was addressed by Mason (1965). Mason reported that the chert content of Hall's lens, as known at the time, varied from 15% to 55%.

The known tin-copper lenses occur with strike lengths of up to 550 m, across strike thicknesses of up to 30 m and down-dip extents of up to 800 m. Traditionally, the deposits have been referred to as lodes, and at the outcrop, these were from west to east:

- Khaki,
- Henry's,
- Hall's,
- Battery, Smithy and Lucks.

The tin-copper mineralisation at the Cleveland Project is analogous to the tinbearing semi-massive and massive sulphide stratiform mineralisation at the Renison Bell Mine.

The tungsten-bearing quartz stock-work was formed by intense quartz veining, creating a halo around the quartz porphyry dyke. The dyke dips vertically and has a known strike length of 100 m, an across strike thickness of up to 60 m and a down-dip extent of 800 m (Jackson et al., 2000). The tungstenbearing quartz stock-work is currently considered to dip vertically and has a known strike length of about 300 m, an across strike width of up to 300 m and a downdip extent of about 900 m (Dronseika, 1983).

The tungsten-bearing quartz stock-work and the semi-massive sulphide mineralisation overlap in part however the quartz stock-work generally contains very low tin grades, generally less than 0.2% tin.

The Qualified Competent Person has not completed sufficient work to classify the historical estimates as a current Mineral Resource or Mineral Reserve, and the Qualified Competent Person and Elementos are not treating the historical estimates as current Mineral Resources or Mineral Reserves.

### ***Exploration***

Modern exploration commenced in 1961 with detailed diamond drilling which lead to the development of an underground mining operation from 1968 – 1986. The mine produced 5.65mt of ore grading 0.68% tin and 0.28% copper. A total of 2020 diamond drill holes have been drilled to intersect the Cleveland mineralisation since 1961. Recent exploration activity carried out by Elementos includes the acquisition of LIDAR survey data over the project area, detailed ground magnetics using man-portable magnetometers traversing a grid that had been constructed over the area of interest. The survey covered a total of 32-line kilometres at a 30 m line spacing. The narrow line spacing was used to maximise the potential to collect high-resolution data from near surface features. The ground magnetic survey was completed by Modern Mag, an Australian company with extensive local and international experience

### ***Drilling***

Elementos completed a diamond core drilling programme of 19 holes (drilled from surface) totalling 1,675 m during 2017/2018. The drilling programme targeted new mineralisation and the extension of existing known mineralisation.

Drill holes were planned in the 3D modelling software package Vulcan (produced by Maptek). The planned drill hole collar locations were then pegged on the ground. The geologist used a Suunto compass to site the azimuth and draw a line on the ground as a guide for the drill rig. The compass provides a Magnetic North azimuth measurement, which requires the True North azimuth to be corrected by 12°. For example: The C2100 drill hole collar's planned azimuth was 300° Magnetic North or 312° True North.

The geologist instructed the driller to line-up the drill rig onto the planned azimuth and drill hole collar. Once established, the geologist supplied the driller with the Hole ID and set-up angle (dip).



Regular downhole surveys were conducted by the drilling contractor using an Ausmine downhole camera that measures the drill hole dip and azimuth. Downhole surveys were typically conducted at 20 m, and then every 30 m after that, or as required. A full-length end of drill hole survey was also taken.

Drill hole collar coordinates were surveyed using Differential GPS in the coordinate system GDA94 (which is situated 12° to the east of True North) to a decimetre level of accuracy. Collar surveys were completed by a qualified and competent local contract surveying company. Survey equipment is well maintained and regularly calibrated and checked for accuracy. Re-survey and checks of historical drill hole collars have been completed where possible, and no material issues were identified.

The diamond core drilling programme was carried out by Low Impact Diamond Drilling Specialists (LIDDS), a company based in Burnie, Tasmania. LIDDS supplied a very manoeuvrable Onram 1000 track mounted drilling rig with a very small footprint. This allowed the company to minimise site preparation works, and drill at angles between +90° and -90°.

### ***Sampling, Analysis and Data Verification***

The only sampling method that has been employed on or near the Cleveland Project is diamond drill hole sampling. Recent diamond drill core collected by Elementos has undergone the following sampling procedure;

1. Core laid out on core racks and metre marking undertaken.
2. Geology logging - Lithology, Alteration, Mineralisation.
3. Geotech logging - Rock Quality Designation (“RQD”)
4. Core photography. Core is photographed in both a dry and wet state.
5. Selection of sampling intervals. Marking up of sampling intervals on core and enter sample intervals into database. QA/QC samples are inserted in the sample list.
6. Cutting core to sample half core.
7. Bagging of split core for assay (calico sample bags).
8. Transported to the ALS sample preparation laboratory in Burnie, Tasmania

The sample preparation procedure that has been utilised for the 2017/18 drilling campaign at Cleveland involves the following procedures conducted at ALS in Burnie:

- WEI-21: Received sample weight determined
- CRU-21: Crush entire sample >70% -6 mm.
- PUL-31b: Pulverise split to >80% -75um
- PUL-QC: Pulverising QC test
- LOG-21: Sample login – Rcd w/o Barcode.

Samples have been analysed using the ME-XRF15 analytical technique for tin, copper and tungsten for the entire suite of Elementos drill cores. For samples with Sn greater than 0.1%, Pb, Zn, As, and soluble Sn. were also analysed by ME-ICP41.

Aberfoyle Ltd completed over 2000 diamond drill holes into the Cleveland deposit between 1961 and 1986. Corollary validation of the data has confirmed the reliability of much of the data. An assessment of the validity of the Aberfoyle assay data was made by quartering some of the core held in the Mineral Resources Tasmania Core Store in Hobart, and submitting the samples for assay at ALS laboratory in Burnie. 111 samples were prepared by quartering drill core from parts of drill holes which had previously been split, sampled and assayed by Aberfoyle. The samples covered a range of Sn assays from about 0% to about 4% Sn. Sn content was determined by fused bead XRF, soluble Sn content by acid digest and AAS, and Cu content by AAS. The results provided a solid confirmation of the reliability of the historical Aberfoyle diamond drill hole data.

### ***Mineral Processing and Metallurgical Testing***

Aberfoyle's principal aim of processing at the Cleveland Project was the recovery of tin rather than copper. This was because the tin price was then, as now, significantly greater than the copper price and the tin grade of the ore was greater than the copper grade.

The cassiterite in the semi-massive sulphide mineralisation is fine-grained, with grains generally being in the range 0.02 mm to 0.07 mm across. The fine grain size dictates the extent to which the ore must be ground to release the cassiterite from the other minerals present so that it can then be recovered. As the grind size becomes finer, the cassiterite becomes more difficult to recover in a traditional processing plant which uses gravity and flotation methods to recover the cassiterite. During the Aberfoyle operations at the Cleveland Project, tin and copper recovery both averaged about 60%

### ***Mineral Resource Estimates***

The 2018 mineral resource estimate (the “**2018 Estimate**”) prepared in respect of the Cleveland Project within the Cleveland Report is based on a detailed review completed by Elementos and Measured Group Pty Ltd of current local conditions. It has incorporated Elementos' current view of long-term metal prices, cost assumptions, plus mining and metallurgy performance to select cut-off grades and physical mining parameters.

The 2018 Estimate has been prepared under the direction of the Qualified Person. The geological and mining models for the 2018 Estimate meet the requirements of JORC.

The mineral resources quoted in the 2018 Estimate are extractable via open-pit mining and underground mining methods. A cut-off criterion of 0.35% tin (Sn) has been applied to the mineral resources for reporting purposes in the 2018 Estimate.

In previous resource estimates, the grids used were a local grid called Halls grid. The 2018 Estimate transformed all the data from the Halls grid to the GDA94 grid. All new drilling is surveyed in the GDA94 grid. The transformation used datum points which were surveyed by site surveyors.

A corollary consequence of the tin-copper mineralisation consisting of intercalated layers of replaced limestone and chert was the procedure, at times, of not assaying the chert bands within intersections of tin-copper mineralisation.

This procedure was of little consequence during a time when all geological compilations were made by hand. However, these un-assayed intervals are unacceptable in a digital database that is to be used for three-dimensional modelling of grades. Consequently, records for these un-assayed intervals were added to the database and were allocated zero tin (Sn) and copper (Cu) grades. 3,143 nil assay records were added with the sample number 999999.

For 2018 Estimate, the interpretation of the tin-copper lenses of mineralisation on each cross-section was based on:

- Aberfoyle's geology cross-sections: these exist as paper cross-sections showing drill holes and development geology coloured for lithology. These were drawn during the period of operation ending in 1986.
- Interpretations by Aberfoyle geologists: interpreted lode boundaries were shown in pencil on the Aberfoyle cross-sections.
- Dronseika's list of lode intercepts: Dronseika (1986) included a list of lode intercepts in drill holes which included depths from and to and lode name.
- Tin (Sn) assays in drill holes: the Aberfoyle cross-sections did not show any assays, so the Aberfoyle lode interpretations were based entirely on lithology. This may seem to be a geologically sound approach but, unfortunately, many holes drilled towards the end of the mine life do not have lithology plotted on the Aberfoyle cross-sections. In any event, tin (Sn) assays must be good indicators of the locations of tin lenses not only because they are prima facie indications of the presence of tin mineralisation but also because they are indications of the presence of a rock type in drill core which geologists thought worthy of sampling.
- The use of tin (Sn) assays must be tempered by the fact that in hydrothermal deposits tin mineralisation will leak outside the main zones of mineralisation.

- The extent of tin (Sn) assaying in drill holes: Aberfoyle geologist's selected likely looking intersections for assaying for tin (Sn). The extent of tin (Sn) assaying is an indication of the logging geologist's opinion of the extent of the tin (Sn) bearing rock.
- Geology mapped in mine openings: Aberfoyle's 1:500 cross-sections show geology mapped in mine openings.
- Locations of mine openings: Aberfoyle's 1:500 cross-sections showing the locations of mine openings. Development openings were determined by Aberfoyle's surveyors and are shown. Stope boundaries are depicted by straight lines and are, most likely, based on planned stope outlines. Nearly all stopes were long hole open stopes and left unfilled. Before the invention of cavity monitoring systems there was no way for actual stope shapes to be surveyed. The extent of cross-cuts through lenses is some guide as to the operator's view of the extent of the lenses.
- The interpretation of the lenses on adjacent cross-sections.

Aberfoyle geologists described two significant flatly dipping faults as off-setting the lenses, the Nadir and Tulip faults. Although the current interpretation only recognises the existence of the Tulip fault, the current lens nomenclature applies a suffix to the names of Hall's lenses to indicate where the lenses occur relative to the two flat faults postulated by Aberfoyle:

1. Above the Nadir fault,
2. Between the Nadir and Tulip faults,
3. Below the Tulip fault.

It is worth noting here that the fault referred to by Aberfoyle geologists as En fault, a fault structurally parallel to subparallel to the lodes, is almost certainly not a fault but a disconformity. Also, it is now thought that the variation in thickness, dip and position of the tin-copper lenses can be explained by variations in the thickness, dip and position of the host lithology. That is, the tin-copper mineralisation is primarily controlled by host lithology.

The tungsten-bearing quartz stock-work was modelled within a 0.2% WO<sub>3</sub> threshold. Using this threshold value resulted in a bounding shape for the stock-work.

A zone known as Foley North, located to the north of Aberfoyle's interpretation of the tungsten-bearing quartz stock-work was identified by Aberfoyle (Dronseika, 1983). Foley North was based on an intersection in drill hole C0969. The interpretation of the tungsten-bearing quartz stock-work for this report has incorporated all the relevant intersections, including the intersection in C0969, into a single body.

A total of 19 geological domains were wireframed reflecting the geology and the tin-copper mineralisation. These domains are discussed in 14.4 and were developed by the Qualified Person.

These wireframes were validated to ensure that no boundaries crossed over each other and priorities were enforced when block modelling to code the block model with sub-blocks on these hard boundaries.

Each wireframe was validated to ensure that they reflected the drill hole information (geology and grade) and snapped to the relevant intercepts. Also, each individual solid wireframe was validated as closed, consistent and did not have any crossing facets.

Each separate solid was cut to the topography surface, which was previously validated, and the basement surface, which was half the distance below the deepest drill hole. The solids were then used in the generation of the block model and sample compositing.

All assays for the 2018 Estimate came from the sampling of diamond drill core.

A histogram of the sample lengths of the raw assays of all data shows that most assays were taken over lengths of less than 1 m with the mode of the histogram occurring at 0.8 m to 1 m.

Samples were restricted to the domain boundaries from top to bottom of the hole with the last sample within the boundary varying in length.

Samples were composited to 1 m lengths within the domain boundaries using Vulcan from top to bottom of the hole. This generated 88% of samples at 1 m lengths.

The composited sample lengths of optimally 1 m, and a lower limit of 0.5 m, were then used in grade estimation. The percentage of samples between 0.5 m and 1 m is 93.3% with the samples below 0.5 m being 6.7%. The composites less than 0.5 m in length were not used in grade estimation.

The Aberfoyle data contained 960 samples from within mineralised lenses for which specific gravity had been determined. The mean of the specific gravities is 3.1 g/cm<sup>3</sup>.

The principal gangue sulphide mineral present at the Cleveland Property is pyrrhotite. A bulk density of 3.1 g/cm<sup>3</sup> for pyrrhotite-bearing limestone implies that the rock contains about 20% pyrrhotite, which is in line with the descriptions of the deposit. A bulk density of 3.1 g/cm<sup>3</sup> was used for the 2018 Estimate.

The last estimate by Aberfoyle (Dronseika, 1986) used bulk densities of 3.05 g/cm<sup>3</sup> and 3.08 g/cm<sup>3</sup>.

Variography was completed in Vulcan using the map files created from compositing limited to geological domains. These results were used to determine kriging parameters and grade estimation search radii and assist in resource classification determination.

Variograms were attempted for all domains, however, due to insufficient data in some domains, not every individual domain could create a meaningful variogram. The variograms were restricted by length to discard the smaller sample lengths for meaningful results.

Directional experimental variogram models based on multiple geostatistical domains were prepared. The geostatistical domains were allocated based on:

- the number of composited tin (Sn) samples in each lens,
- the mean tin (Sn) grade of composited samples in each lens,
- the variance of tin (Sn) grades of composited samples in each lens,
- the proximity of lenses, and
- the general strike and dip of each lens.

The block model parameters were determined by the orientation of the mineralised zones, the size of the geological zones and the sample intervals. The parent block sizes are 10 m x 10 m x 10 m. Sub-blocks were used to ensure the block model honours the geometry of the domains. The sub-blocks are a minimum 1 m in all directions.

Tin, copper and tungsten were interpolated into the block model via grade estimation editor in Vulcan. The grades were restricted to the search ellipsoid ranges based on the variography results. Ordinary Kriging (OK) was used to estimate the grades in all domains.

Each block was estimated using search ellipsoids with a minimum of 4 samples and a maximum of 32 samples with an octant-based search with a maximum of 4 samples per octant. If a block was not estimated on the first search, then the search ellipsoid was doubled to allow sufficient sample data to be captured. If the second search pass failed to select enough samples to populate the block, then the search ellipsoid was trebled.

The composited drill hole data used in grade estimation was restricted to lengths between 0.5 m and 1 m.

Model validation was completed visually, graphically and statistically to certify that the block model grades accurately represented the drill hole data.

Cross-sections were generated with the block model grades and drill hole data. These were scrutinised to certify that the block model grades honoured the composited drill hole data.

Swath plots were produced to compare average tin grades between composited drill hole data and the block model along easting, northing and elevation trends. These plots are used to determine if there are problems geographically and if the grade estimation is too smooth.

The swath plots show good correlation between the composited drill hole grades and the OK estimated block model grades. The greatest differences are in the domains which are poorly sampled, and where there are local variances. There is no systematic bias evident from the plots, and the smoothing introduced by OK is evident.

The mineral resources in the 2018 Estimate have been classified by considering several aspects including the search criteria, the variability, the drill hole and sample density, geological logging, and sampling and assay issues.

The 2018 drill programme has increased confidence in the mineral resource. This drilling occurred around the extents of known mineralisation and within areas previously classified as inferred resources.

The additional drilling, along with the improved grade interpolation from geostatistical domaining, the 2018 Estimate has 83% in the Indicated classification with the remaining 17% in the Inferred classification.

Two-dimensional outlines of the mined-out parts of lenses were included in Aberfoyle's closure resource report as longitudinal projections (Dronseika, 1986). These outlines were digitised and used to flag the blocks in the block model which had been mined out. No differentiation was made on the basis that some mine workings may not have taken out the full width of the mineralisation and, consequently and conservatively, the full width of the mineralisation was depleted in the block model.

In December 2013, Pitt and Sherry provided wireframes of mine development and some stopes based on their digitising of mine workings shown on historical mine plans. These wireframes were also used to further deplete the block model.

The cut-off tin (Sn) grades were determined through the analysis of mining optimisation, long-term prices, and processing recoveries for both open pit and underground mining. The results of these studies provided a robust determination of a potential economic extraction for both mining methods. A cut-off grade of 0.35% has been used to define the resources. At a Tin price of A\$26,500 per tonne, this implies that material can be treated at a profit above that cut-off grade from an open-pit operation with relatively modest recoveries from a conventional gravity, sulphide and cassiterite floatation processing circuit.

This was also the cut-off grade used by Aberfoyle for its final resource estimate (Dronseika, 1986) and the updated Resource Estimate by Mining One in 2014.

The resultant cut-off grades are the basis for the 2018 Estimate.

The mining parameters used to generate optimised pits and underground stopes and provide cut-off grades for potential economic extraction are thought to be reasonable. However, the cut-off grades for potential economic extraction are susceptible to many factors, including changes in mining and processing costs, tin and copper prices, further studies influencing mine design, and fuel and power costs.

No heritage properties, sites and/or values as listed on the National Heritage List, Register of the National Estate, Tasmanian Heritage Register or the Tasmanian Historic Places Inventory exist in the area of the site.

No vegetation communities of national (Environment Protection and Biodiversity Conservation Act 1999) or state (Nature Conservation Act 2002) significance were found during surveys of the site and no species listed as threatened on the Tasmanian Threatened Species Protection Act 1995 (TSPA) or the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 (EPBCA) were recorded.

The geological knowledge of the Cleveland Property mineralisation is robust, and the refinement of the high grade zones has assisted in grade continuity. Further drilling will determine the future refinement of these zones and accompanying grade continuity for resource classification.

The current domaining and subsequent geological model is clipped to the extents of drilling data and geological knowledge. The mineral resources in the 2018 Estimate is currently open along strike and at depth. It is therefore possible that further drilling and other exploration methods will refine the geological model and knowledge of the Cleveland Project mineralisation and subsequent Mineral Resource estimate.

#### 14.17 Mineral Resource Statement

The 2018 Estimate for the Cleveland Project includes an Indicated Resource of 6.23 million tonnes at 0.75% tin and 0.30% copper and an Inferred Resource of 1.24 million tonnes at 0.76% tin and 0.28% copper. The 2018 Estimate includes an Indicated Resource of 46,700 tonnes of contained tin metal and 18,700 tonnes of contained copper metal and an Inferred Resource of 9,400 tonnes of contained tin metal and 3,500 tonnes of contained copper metal.

All exploration results, estimates of mineral resources and exploration targets have been prepared and reported in accordance with the JORC Code. Any exploration targets are conceptual in nature and there has been insufficient exploration carried out to define any relevant resource and it is uncertain if further exploration will result in additional resources being delineated.

<b>Open Pit Tin-Copper Mineral Resource - September 2018 (at 0.35% Sn cut-off)</b>					
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
Table subject to rounding errors; Sn = tin, Cu = copper					
<b>Underground Tin-Copper Mineral Resource - September 2018 (at 0.35% Sn cut-off)</b>					
NOTE: this Underground Tin-Copper Mineral Resource is a sub-set of the Total Tin-Copper Mineral Resource noted below					
Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	4.50 Mt	0.68%	30,600t	0.29%	13,000t
Inferred	1.08 Mt	0.70%	7,500t	0.25%	2,700t
Table subject to rounding errors; Sn = tin, Cu = copper					
<b>Total Tin-Copper Mineral Resource - September 2018 (at 0.35% Sn cut-off)</b>					
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
Table subject to rounding errors; Sn = tin, Cu = copper					
<b>Tailings Ore Reserve - September 2018 (at 0% Sn cut-off)</b>					
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					
*1 - 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.					
<b>Underground Tungsten Mineral Resource - September 2018 (at 0.20% WO<sub>3</sub> cut-off)</b>					
Category	Tonnage	WO <sub>3</sub> Grade			
Inferred	4 Mt	0.30%			
*2-This information was prepared and first disclosed in 2014 under the JORC Code 2012. It has not been updated since on the basis that the information has not materially changed since it was last reported.					
Table subject to rounding errors; WO <sub>3</sub> = tungsten oxide					

**Table 1. Cleveland Mineral Resources and Ore Reserves**

### ***Ongoing Exploration***

The tin-copper and tungsten resources defined at Cleveland are open along strike and at depth. Ongoing exploration is being carried out to target and determine the potential extensions to the known resources.

## **DIVIDENDS**

Elementos has not paid a dividend on the Elementos Shares during any of its three most recently completed financial years, or during the current financial year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – YEAR ENDED JUNE 30, 2018**

### **Introduction**

The following is management's discussion and analysis of the financial condition and the results of operations of Elementos for the year ended June 30, 2018, and its financial position as at June 30, 2018 and should be read in conjunction with Elementos' audited financial statements as at June 30, 2018 including the accompanying notes thereto. Elementos' audited financial statements and notes to the financial statements have been prepared in accordance with Australian Accounting Standards, as issued by the AASB. Additional information relating to Elementos, including press releases, has been filed electronically with the ASX and is available online at [www.asx.com.au](http://www.asx.com.au). The date of this management's discussion is November 5 2018. In this management's discussion and analysis, references to Elementos are references to Elementos and its subsidiaries, on a consolidated basis, unless otherwise required by the context.

### **Principal Activities**

Elementos is an Australian-based company listed on the ASX. The principal activity of Elementos during the period was mineral exploration.

### **Operating Results and Review of Operations for the Year**

#### ***Operating Results***

Elementos reported a statutory after-tax loss for the financial year ended June 30, 2018 of AUS\$819,933 (2017 loss: AUS\$769,493).

#### ***Review of Operations***

During the year ended June 30, 2018, Elementos raised \$1,751,837 of cash through equity raisings and option exercises (before costs and after debt reduction), eliminated a loan to a related party (of \$544,452) through a debt conversion facility and received \$144,641 from a Research and Development (taxation) refund.

Project related activity for the financial year ended June 30, 2018, is summarised below.

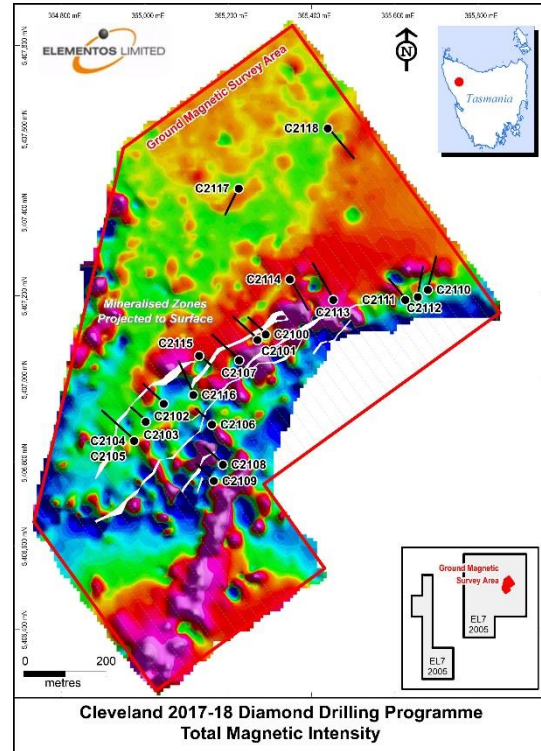
#### ***Cleveland Project Review***

During 2017/18, Elementos's focus was to target potential extensions to the existing open cut Mineral Resource (800,000t @ 0.81% Sn and 0.27% Cu) through a new drilling programme. Elementos believes a larger resource base would substantially improve the economic returns and lower the risk profile of the project. Elementos' objective is to move towards production and cash flow, through a low-capital, staged development strategy. The initial focus is to develop the open-cut and tailings mineral resources, and then transition to underground mining once cash flows have been established.

Elementos completed a diamond drilling programme in the first quarter of 2018. The diamond drilling programme forms part of the first exploration programme carried out at Cleveland since the underground mine closed in 1986. Nineteen diamond drill holes were completed during the programme, for a total of 1676 metres. Eighteen of the drill holes were targeted at extensions to the existing open cut resource, including testing new ground magnetic anomalies for mineralisation. One drill hole (C2116) was planned as a metallurgical test work sample hole. The results of the drilling program are outlined in Table 3.



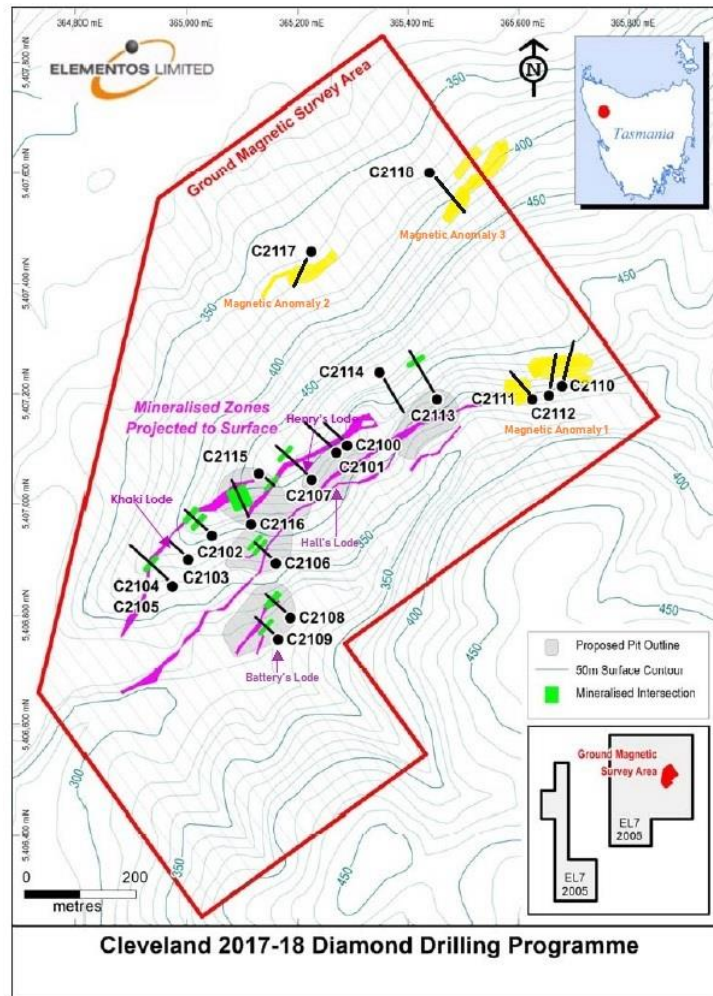
**Figure 1.** Cleveland project strategically located close to infrastructure in a world class tin mineralisation district



**Figure 2.** 2017-18 Diamond Drilling Programme Drill Hole Location Plan-overlying Total Intensity Ground Magnetic Survey Data

ID	Easting GDA94	Northing GDA94	RL	Azimuth True	Dip	Total Depth	Target	Results
C2102	365045	5406939	406	312	-15	67.9	Khaki's Lode	3.9m @ 0.49% Sn & 0.15% Cu from 32.1m, and 4.5m @ 0.05% Sn & 0.05% Cu from 51m
C2104	364976	5406858	369	312	-40	107.7	Khaki's Lode	3.9m @ 0.78% Sn & 0.25% Cu from 67.1m
C2106	365157	5406885	372	312	-30	60	Hall's Lode	1m @ 0.59% Sn & 0.72% Cu from 44.5m, and 0.5m @ 0.49% Sn & 0.05% Cu from 74.2m
C2107	365225	5407047	454	312	-30	101.2	Henry's Lode	2m @ 0.61% Sn & 0.34% Cu from 74.2m
C2108	365186	5406794	313	312	-45	84.5	Battery's Lode	8m @ 0.05 Sn from 57m & 2m @ 0.49% Cu from 61.5m
C2109	365162	5406762	314	312	-55	97.4	Battery's Lode	0.9m @ 0.48% Sn & 0.08% Cu from 50.7m
C2113	365453	5407198	426	330	-5	98.3	Extension of Henry's and Khaki Lode	3m @ 2.21% Sn & 0.27% Cu from 75m
C2115	365125	5407053	461	132	-60	74.4	Khaki's Lode	12.7m @ 0.15% Sn, 2.04% Zn & 0.14% Cu from 61.3m, inc. 1.5m @ 0.83% Sn, 10.36% Zn & 0.76% Cu from 61.3m
C2116	365111	5406974	415	336	-3	86.3	Khaki's Lode	Metallurgical sample. Series of ore lenses from 32.5 - 68m



**Table 2. Cleveland Diamond Drilling Programme – Significant Mineralised Intercepts****Figure 3. 2018 Diamond Drilling programme showing Mineralised Intercepts**

Upon completion of the drilling programme Elementos carried out a review of the Cleveland mineral resource estimate (initially reported in 2014 - \*2) for copper and tin hard rock resources in accordance with the JORC Code. The 2018 updated resource estimates, as prepared in accordance with JORC Code, is presented in Table 4. The tungsten resource and tailings reserve were not reviewed and are presented as reported in 2014 (\*2) and 2015 (\*1) respectively. The total 2018 hard rock mineral resource estimate of contained tin increased by 15.8% and contained copper increased by 20.0% from that reported in 2014.

The open pit resource potential for the Cleveland Project has been assessed to a depth of 150m from surface with pit boundaries positioned with no impact on existing natural water courses and minimal interference with any future underground re-development. The open pit resource contained tin content has increased by 168% from the previous estimate announced in 2015 (\*3).

The Cleveland Project will continue to be steadily progressed towards development with the next phases of work including completion of a metallurgical test work programme on hard rock samples (last carried out in 1986), detailed design and scheduling for a larger initial open pit operation, the design and location of a new tailings storage facility and detailed financial modelling of a 'life of mine' combined open pit – tailings – underground operation as a prelude to commencing a detailed feasibility study.

- \*1 - “Cleveland Tailings Ore Reserve” released to the ASX on the 3 August 2015;
- \*2 - “Cleveland JORC Resource Significantly Expanded” announced to the ASX on 5 March 2014; and
- \*3 - “Cleveland Open Pit - High-Grade Mineral Resource Defined” announced to the ASX on 3 March 2015.

### 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

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

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

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

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

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

### 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

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

### 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

\*1 - 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.

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

### Underground Tungsten Mineral Resource - September 2018 (at 0.20% WO<sub>3</sub> cut-off)

Category	Tonnage	WO <sub>3</sub> Grade			
Inferred	4 Mt	0.30%			

\*2 - 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

Table subject to rounding errors; WO<sub>3</sub> = tungsten oxide

**Table 3. Cleveland Mineral Resources and Ore Reserves**

#### Temengor Tin Project Review

On the 21<sup>st</sup> June 2018 the Company signed a non-binding Memorandum of Understanding (MOU) with Empire Tin Mining Sdn Bhd (Empire). The MOU provides exclusivity to negotiate a Farm-in and Joint Venture Agreement on the Temengor Tin Project in the state of Perak, Malaysia. The Temengor Tin Project is an exploration and development project centred on the historical Temengor Tin Mine, which is located approximately 250 kilometres to the north of Kuala Lumpur.

## Financial Position

At 30 June 2018, Elemento's net assets totalled \$6,212,845 (2017: \$4,795,541) which included cash assets of \$936,562 (2017: \$655,868). The movement in net assets largely resulted from the following factors:

- Operating losses of \$819,933; and
- Equity raisings totalling \$2,296,291 (before costs) and receipt of ATO R&D refunds of \$144,641 during the period were partially offset by cash outflows from operating activities (\$740,421) and cash outflows on exploration and evaluation assets (\$719,461).

Elemento's working capital, being current assets less current liabilities has increased from \$42,319 in 2017 to \$874,884 in 2018, principally due to the additional equity raisings (reduced by ongoing exploration expenditure and repayment of borrowings).

## Selected Annual Information

		FY17	FY18
Total Revenue	AUS\$	2,841	22,658
Profit or Loss	AUS\$	(769,493)	(819,933)
EPS	AUS\$	(0.09)	(0.07)
EPS Fully diluted	AUS\$	(0.09)	(0.07)
Total Assets	AUS\$	5,409,374	6,307,758
Total Liabilities	AUS\$	613,833	94,913
Dividends	AUS\$	0	0

## Summary of Half-Year Results

		H1 FY17	H2 FY17	H1 FY18	H2 FY18
Revenue	AUS\$	2,242	599	5,820	16,838
Profit or Loss	AUS\$	(454,634)	(314,859)	(441,323)	(378,610)
EPS	AUS\$	(0.0006)	(0.0003)	(0.0004)	(0.0003)
EPS Fully Diluted	AUS\$	(0.0006)	(0.0003)	(0.0004)	(0.0003)

## Capital Stock

As at June 30, 2018, Elementos had 1,332,012,910 Elementos Shares issued and outstanding (June 30, 2017: 949,297,823 Elementos Shares). For a review of Elementos Share issuances for the year ended June 30, 2018, please refer to the audited financial statements for the year ended June 30, 2018 included in Schedule "I".

Subsequent to June 30, 2018 up until the date of this report the following Elementos Shares were issued:

- 5,318,052 Elementos shares on July 4, 2018 at an issue price of \$0.006 on the exercise of share options.
- 200,000,000 Elementos shares on October 26, 2018 at an issue of \$0.006 through a placement to sophisticated investors.

As at June 30, 2018, Elementos had 11,000,000 Elementos Options issued and outstanding (June 30, 2017: 20,300,000 Elementos Options). For a review of Elementos Option issuances for the year ended June 30, 2018, please refer to the audited financial statements for the year ended June 30, 2018 included in Schedule "I".

Subsequent to June 30, 2018 up until the date of this report the following Elementos Options were issued or lapsed:

- 1,000,000 Elementos Options with an exercise price of 1.165 cents per share expired on July 31, 2018.
- 100,000,000 Elementos Options were issued on October 26, 2018 with an exercise price of \$0.007 and an expiry date of June 30, 2020.

As at June 30, 2018, Elementos had 30,000,000 Elementos Performance Rights issued and outstanding (June 30, 2017: Nil). For a review of Elementos Performance Rights issuances for the year ended June 30, 2018, please refer to the audited financial statements for the year ended June 30, 2018 included in Schedule "I".

### **Off Balance Sheet Arrangements**

Elementos has no off-balance sheet financing arrangements or material contingent liabilities or contractual obligations other than that disclosed in the audited financial statements for the year ended June 30, 2018.

### **Related Party Transactions**

Other than as disclosed in the audited financial statements for the year ended June 30, 2018, there were no related party transactions for the year ended June 30, 2018.

### **Capital Resources and Liquidity**

Elementos' mineral properties are at the exploration stage. At this time, Elementos has sufficient cash balances to finance its exploration activities. In the future, Elementos may be required to raise funds through equity financing or by other means in order to continue its exploration and, if warranted, development activities. Any additional financing or capital raised by Elementos could result in substantial dilution to the holders of Elementos Shares.

The liquidity of Elementos is managed to ensure sufficient funds are available to meet financial commitments in a timely and cost-effective manner.

Management continuously reviews Elementos' liquidity position through cash flow projections based upon the current exploration plans to determine the forecast liquidity position and maintain appropriate liquidity levels.

### **Proposed Transactions**

Other than that already announced on the ASX and the Plan of Arrangement, Elementos has no proposed transactions as at the date hereof.

### **Commitments**

Elementos has (motor vehicle) lease commitments as detailed in the audited financial statements for the year ended June 30, 2018.

### **Critical Accounting Estimates**

For a complete description of the significant accounting policies used by Elementos in the preparation of its financial statements, please review the notes to the June 30, 2018 audited financial statements attached to the Circular as "Schedule "I". This management's discussion and analysis should be read in conjunction with Elementos' audited financial statements and the notes thereto.

### **Changes in Accounting Policies**

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ended June 30, 2018:

- AASB 9 Financial Instruments

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases

Elementos' assessment is that there would be no material impact to the financial statements on first time adoption.

### MANAGEMENT DISCUSSION AND ANALYSIS – YEAR ENDED JUNE 30, 2017

Refer to the management's discussion and analysis disclosure for the financial year ended June 30, 2017 contained in to Elementos' 2017 Annual Financial Report for the year ended June 30, 2017, attached as Schedule "I".

### DESCRIPTION OF ELEMENTOS'S SECURITIES

Elementos has one class of shares being the Elementos Shares.

#### Elementos Shares

As at the Record Date, there were 1,537,330,962 Elementos Shares issued and outstanding, which number does not include the unvested issued and outstanding Elementos Share Options or Performance Rights, as described below. Subject to the constitution of Elementos and to the terms of issue of Elementos Shares, all Elementos Shares (excluding the Elementos Share Options and Performance Rights) attract: i) the right to receive notice of and to attend and vote at all general meetings of Elementos, ii) the right to receive dividends, if and as declared by Elementos, iii) in a winding up or a reduction in capital, the right to participate equally in the distribution of the assets of Elementos (both capital and surplus), subject to any amounts unpaid on the Elementos Shares and, in the case of a reduction, to the terms of the reduction.

#### *Listing of Elementos Shares*

The Elementos Shares are currently listed on the ASX. Elementos will seek ASX and shareholder approval to issue the Elementos CRPS comprising the Consideration due to the Eurotin Shareholders (refer to the ASX announcement dated October 30, 2018).

#### *Elementos Performance Rights*

As at October 3, 2017, there were 30,000,000 Elementos Performance Rights issued and outstanding, all of which are issued to an employee of Elementos and are subject to performance and vesting conditions. Each Elementos Performance Right is one unvested Elementos Share, which will vest upon satisfaction of the applicable conditions. Elementos Performance Rights do not entitle the holder to receive dividends on Elementos Shares nor do they carry any voting rights. Holders of Elementos Performance Rights are also not entitled to receive notice of and to attend and vote at general meetings of Elementos.

#### Elementos Options

As at November 5, 2018, there were 110,000,000 Elementos Options outstanding as set out below:

Number of Options	Exercise Price	Expiry Date	Number of Holders
10,000,000	AUS\$0.01215	July 31, 2019	1
100,000,000	AUS\$0.007	June 30, 2020	2

The Elementos Options are not listed on the ASX or on any stock exchange or quotation system.

### CONSOLIDATED CAPITALIZATION

The following table sets out the capitalisation of Elementos as at June 30, 2018, and after giving effect of the Plan of Arrangement:

Shareholders' equity comprised of:	Actual	After giving effect to the Plan of Arrangement
	AUS\$	AUS\$
Share capital	15,578,119	21,578,119
Accumulated losses	(9,485,123)	(9,485,123)
Reserves	119,849	119,849
<b>Total Capitalization</b>	<b>6,212,845</b>	<b>12,212,845</b>

### PRIOR SALES

#### Elementos Shares

The table below summarises the movement in issued capital for the financial years ended June 30, 2018 and June 30, 2017:

June 30, 2018		June 30, 2017	
Number of Elementos Shares	AUS\$	Number of Elementos Shares	AUS\$

#### ISSUED CAPITAL

##### Movements in contributed equity for the year

Balance at the beginning of the year	949,297,823	13,391,701	767,479,642	12,407,382
- Elementos Shares at AUS\$0.006 on August 9, 2017	153,985,709	923,914		
- Elementos Shares at AUS\$0.006 on August 21, 2017	83,338,933	500,034		
- Elementos Shares at AUS\$0.006 on August 21, 2017	45,371,137	272,227		
- Elementos Shares at AUS\$0.006 on various dates	100,019,308	600,116		
Shares issued during the previous financial year:				
- Elementos Shares at AUS\$0.0055 on October 26, 2016			64,333,636	353,835
- Elementos Shares at AUS\$0.0055 on December 14, 2016			17,484,545	96,165
- Elementos Shares at AUS\$0.006 on June 30, 2017			100,000,000	600,000
Less capital raising costs		(109,873)	-	(65,681)
Total contributed equity	<u>1,332,012,910</u>	<u>15,578,119</u>	<u>949,297,823</u>	<u>13,391,701</u>

At June 30, 2018, Elementos has authorised share capital amounting to 1,332,012,910 (2017: 949,297,823) fully paid Elementos Shares of no par value. At shareholders' meetings, each fully paid Elementos Share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### Elementos Options

On October 26, 2018, Elementos issued 750,000,000 Elementos Options to Lions Bay Capital (or its nominees) and will issue a further 25,000,000 at a second closing for arranging the placement and general corporate advisory services related to the acquisition of the Oropesa Tin Project. The Elementos Options are exercisable at AUS\$0.007 per option and expire June 30, 2020.

During the financial year ended June 30, 2018, 97,774,338 fully paid Elementos Shares were issued as a result of the exercise of Elementos Options.

### TRADING PRICE AND VOLUME

The Elementos Shares trade on the ASX under the symbol “ELT”. The following table sets out the price ranges and volume traded for the Elementos Shares, in Australian dollars, on a monthly basis for the past 12 months.

Month	High	Low	Volume
Oct-17	0.011	0.007	23,804,533
Nov-17	0.014	0.008	47,104,755
Dec-17	0.012	0.008	22,883,585
Jan-18	0.012	0.009	21,050,095
Feb-18	0.009	0.007	11,781,791
Mar-18	0.009	0.006	11,760,555
Apr-18	0.007	0.006	6,882,293
May-18	0.007	0.005	12,237,519
Jun-18	0.006	0.005	9,731,155
Jul-18	0.006	0.005	14,109,977
Aug-18	0.007	0.004	30,074,569
Sep-18	0.007	0.004	12,874,987
Oct-18	0.005	0.007	50,595,442

### ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

At the Record Date, there are no securities of Elementos held in escrow.

Elementos Shares issued to related parties of Eurotin will be subject to escrow pursuant to the Escrow Agreement, providing for the escrow of 100% of the Elementos Shares they receive pursuant to the Arrangement for a period of 12 months following the Effective Date.

During the escrow term, the Eurotin Related Parties may exercise voting rights attaching to the escrowed shares.

As at the Record Date, it is anticipated that 421,116,482 Elementos Shares issuable pursuant to the Arrangement will be held in escrow pursuant to the Escrow Agreement, representing 16.6% of the issued and outstanding Elemento Shares on the Effective Date.

### PRINCIPAL SECURITYHOLDERS

As at the date hereof, and to the knowledge of Elementos’ directors and officers, no person holds 10% or more of the voting rights attached to any class of voting securities of Elementos except as set out below:

Name	Type of Ownership	Number of Elementos Shares	Percentage of Elementos Shares owned before Plan of Arrangement <sup>(1)</sup>	Percentage of Elementos Shares owned after Plan of Arrangement <sup>(2)</sup>
Andy Grieg	Indirect (Bond Street Custodians)	272,226,820	17.71%	10.73%

Notes:

1. Based on there being 1,537,330,962 Elementos Shares issued as at the date hereof.
2. Based on there being 2,537,330,962 Elementos Shares issued after giving effect to the Plan of Arrangement. These calculations take into account (i) the 1,537,330,962 issued and outstanding Elementos Shares as at the date hereof, (ii) the 1,000,000,000 Elementos Shares issuable as Consideration pursuant to the Plan of Arrangement.

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Address, Occupation and Security Holdings

The following table sets out the Elementos directors and officers, together with the city and country of residence, positions and offices held, principal occupations during the last 5 years, the years in which they were first appointed as directors and/or officers of Elementos and the number of Elementos Shares owned, directly or indirectly, legally or beneficially, or over which control or discretion is exercised by them, as of the Record Date.

Name and place of residence	Position held at Elementos	Principal occupations during past 5 years	Director/Officer since	Term expiring	Elementos Shares owned
<b>Andy Greig</b> Brisbane, Australia	Chairman of the Elementos Board	Mr Greig was a director of Bechtel Group, Inc., and for 13 years through 2014; the President of its Mining and Metals Global Business Unit.	October 2015	N/A	272,226,820 (17.71%)
<b>Chris Dunks</b> Brisbane, Australia	Executive Director	Mr Dunks is also currently the Managing Director of Synergen Met Pty Ltd, a Brisbane-based company that is commercialising novel minerals processing technology	November 2015	N/A	19,687,505 (1.28%)
<b>Corey Nolan</b> Brisbane, Australia	Non-Executive Director	During the past five years, Mr Nolan has also served as a director of ASX listed companies Leyshon Resources Limited (February 2014 to August 2018) and Platina Resources Limited (August 2018 to current)	July 2009	N/A	4,737,486 (0.31%)
<b>Calvin Treacy</b> Brisbane, Australia	Non-Executive Director	Mr Treacy was Managing Director of Elementos until June 2015. Since then Mr Treacy has held other management roles in private companies.	October 2013	N/A	28,000,004 (1.82%)

No director of Elementos, except for the Managing Director, may hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is longer, without submitting himself for re-election. The directors to retire at an annual general meeting are those who have held their office as director the longest period of time since their last election to that office, however if 2 or more directors have held office for the same period of time since their last election, those directors determine retirement by the drawing of lots, unless those directors agree otherwise. A retiring director is eligible for re-election. An election of directors takes place each year.

As at the date hereof, all of the directors and officers, as a group, beneficially own, directly or indirectly, or exercise control or discretion over 324,651,815 Elementos Shares, representing approximately 21.12% of the issued and outstanding Elementos Shares.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

#### *Corporate Cease Trade Orders*

To the knowledge of Elementos, as at the Record Date, no director or executive officer of Elementos is, as at the date hereof, or was within the ten years prior to the Record Date, a director, chief executive officer or chief financial officer of any company (including Elementos) that:

- a) was subject to
  - (i) a cease trade order,
  - (ii) an order similar to a cease trade order, or
  - (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or



- b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

### ***Bankruptcy***

To the knowledge of Elementos, as at the Record Date, no director or executive officer of Elementos, and no shareholder holding a sufficient number of securities of Elementos to affect materially the control of Elementos:

- a) is, as at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including Elementos) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### ***Penalties and Sanctions***

To the knowledge of Elementos, no director or executive officer of Elementos, and no shareholder holding a sufficient number of securities of Elementos to affect materially the control of Elementos, has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### ***Conflicts of Interest***

Certain of the directors and officers of Elementos will not be devoting all of their time to the affairs of Elementos. Certain of the directors and officers of Elementos are directors and officers of other companies, some of which are in the same business as Elementos.

The directors and officers of Elementos are required by law to act in the best interests of Elementos. They have the same obligations to the other companies in respect of which they act as directors and officers. Any decision made by any of such officers or directors involving Elementos will be made in accordance with their duties and obligations under the applicable laws of Australia.

### ***Management of Junior Issuers***

The following table sets out details of the Elementos members of management, together with their age, position and responsibilities within Elementos, employment status, principal occupations during the last five years, experience in the industry and whether a non-disclosure or non-competition agreement has been entered into with Elementos, as of the date hereof.

<b>Name, age and position</b>	<b>Relevant educational background</b>	<b>Full time/Part time employee or contractor</b>	<b>Principal occupations during past 5 years</b>	<b>Experience in the industry</b>	<b>Non-competition or non-disclosure agreement</b>
<b>Chris Dunks</b> Age 45 Executive Director	B Engineering (Mech), GAICD	Part time executive director	Mr Dunks is also currently the Managing Director of Synergen Met Pty Ltd, a Brisbane-based company that is commercialising novel minerals processing technology	Mr Dunks has over 23 years of experience in the design, construction, and project management of major and minor resources and power project developments. He also has significant expertise in the development and commercialization of technical innovation for the resources industry.	No
<b>Chris Creagh</b> Age 60 CEO	BSc (Geol) Hons1	Full time employee	CEO for private exploration and development company Blackwatch Ltd. COO for ASX listed Orion Metals Ltd. Business development consultant for ASX listed Orocobre Ltd.	Mr Creagh has over 30 years of experience as a geologist for numerous resource exploration, development and mining companies around the world in a variety of commodities	Contained in employment contract
<b>Duncan Cornish</b> Age 51 CFO and Company Secretary	Bach Business (Accounting), CA	Part time consultant	Director of Corporate Administration Services Pty Ltd (“CAS”). CAS provides CFO, Company Secretary and accounting services on a consulting basis to various small companies listed on the ASX or TSX.	CFO and Company secretary for various junior resource exploration companies.	No

## **EXECUTIVE COMPENSATION**

### **Compensation Objectives**

The following information is presented in accordance with Form 51-102F6, and sets forth the compensation for each of Chris Creagh the Chief Executive Officer (being the “CEO” for the purpose of Form 51-102F6) and Duncan Cornish the Chief Financial Officer (being the “CFO” for the purpose of Form 51-102F6), as at June 30, 2018. These individuals are collectively referred to herein as NEOs.

### **Elements of Compensation**

#### ***Fixed Salary***

To ensure that Elementos is capable of attracting, motivating and retaining individuals with exceptional executive skills, cash compensation is reviewed and adjusted annually based primarily on individual and corporate performance, as well as comparable compensation practices from industry sectors and other listed companies in similar industries.

#### ***Incentive Plan Awards***

Long-term incentives (LTI) and short-term incentives (STI) may be provided to executive officers and employees in the form of Elementos Performance Rights and Elementos Options and are considered to promote continuity of employment and provide additional incentives to recipients to increase shareholder wealth. Elementos Performance

Rights and Elementos Options may only be issued to directors, subject to approval by shareholders in general meeting

### Employment Agreements

Elementos has an employment agreement with Mr. Chris Creagh which provides for both a fixed component and a variable component of compensation. The fixed component is reviewed annually and the long and short-term variable components for a specified financial year are agreed by the non-executive directors at the commencement of that financial year.

For the financial year ended June 30, 2018, Elementos Performance Rights were issued as an LTI to Mr Chris Creagh. These Elementos Performance Rights were issued for nil consideration and will automatically vest if the following performance conditions are met:

<b>Number of Performance Options</b>	<b>Vesting Milestones</b>
(1) 4,000,000	On continuous employment with the Company until 31 March 2018
(2) 2,000,000	On successful completion of the Definitive Feasibility Study
(3) 3,000,000	On continuous employment with the Company until 1 January 2019
(4) 3,000,000	On final approval of Environmental Permitting by any relevant authority
(5) 4,000,000	On completion of a capital raising (debt or equity, or a combination) sufficient to fund construction of a project and Elementos' corporate costs
(6) 4,000,000	On continuous employment with the Company until 1 January 2020
(7) 10,000,000	On the commissioning of a process plant that uses the low concentrate, roasting, leaching and electrowinning technology introduced to Elementos and reaching 80% of planned monthly production rate for a period of 3 months at any site operated by Elementos

Each LTI Elementos Performance Right entitles the holder to receive, upon vesting, one Elementos Share. The LTI Elementos Performance Rights are not listed or quoted on any stock exchange and may not be sold, transferred, mortgaged, pledged, charged, encumbered with a security interest in or over them, or otherwise disposed of without the prior consent of the Elementos Board or where such assignment or transfer occurs by force of law. The LTI Elementos Performance Rights do not entitle the holder to receive dividends on Elementos Shares before vesting nor do they carry any voting rights.

### Compensation Governance

Elementos does not have a formal remuneration policy and has not established a separate remuneration committee. The whole Elementos Board takes on the function of the remuneration committee with independent advice sought as required. Due to the early stage of development and small size of Elementos a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Elementos Board considers that it is more appropriate to set aside time at a Elementos Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures and evaluating senior executives' remuneration packages and incentives.

In addition, all matters of remuneration will continue to be in accordance with the Australian Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the financial year ended June 30, 2018.

There have been no new actions, decisions or policies that were made after the end of the most recently completed financial year that could affect a reasonable person's understanding of an NEO's compensation for the most recently completed Financial Year.

The level of remuneration for non-executive directors is considered with regard to the practices of other public companies and the aggregate amount of fees paid to non-executive directors approved by shareholders. At this stage, the level of remuneration is based on market rates and is not directly linked to shareholders' wealth.

### NEO Compensation

The following table sets out information concerning the compensation paid by Elementos to its NEOs for the financial year ended June 30, 2018 and 2017.

Name and principal position	Year ended June 30	Salary (AUS\$)	Share-based awards (AUS\$)	Rights/Option-based awards (AUS\$)	Non-equity incentive plan compensation (AUS\$)		Pension value (AUS\$)	All other compensation (AUS\$)	Total compensation (AUS\$)
					Annual incentive plans	Long-term incentive plans			
Chris Creagh CEO <sup>1</sup>	2018	182,648	Nil	50,819	Nil	Nil	17,352	Nil	250,819
	2017	122,994	Nil	Nil	Nil	Nil	8,676	Nil	131,670
Duncan Cornish CFO and Company Secretary	2018	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2017	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000

Notes:

- Mr Creagh was appointed operations manager from 24-Aug-16, then appointed CEO from 1-Jan-17.

### NEO Incentive Plan Awards

The following tables set out information concerning the incentive plan awards outstanding as at June 30, 2018.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (AUS\$)	Option expiration date	Value of unexercised in-the-money options (AUS\$)
Chris Creagh CEO	Nil	N/A	N/A	N/A
Duncan Cornish CFO and Company Secretary	10,000,000	\$0.01215	July 31, 2019	N/A

Performance Rights-based Awards				
Name	Number of securities underlying unexercised Rights (#)	Rights exercise price (AUS\$)	Rights expiration date	Number of unvested Rights (#)
Chris Creagh CEO	30,000,000	N/A	June 30, 2020	26,000,000
Duncan Cornish	Nil	N/A	N/A	N/A

Performance Rights-based Awards				
Name	Number of securities underlying unexercised Rights (#)	Rights exercise price (AUS\$)	Rights expiration date	Number of unvested Rights (#)
CFO and Company Secretary				

### NEO Incentive Plan Awards - Value Vested or Earned during the Year

Of the Performance Rights issued to Mr. Chris Creagh 4,000,000 vested during the year which had a value of AUS\$24,000.

### Defined Benefits Plan and Defined Contribution Plan

Elementos does not have any defined benefits pension plans or defined contributions pension plans.

### Termination and Change of Control Benefits

The employment agreement of Mr. Creagh has no fixed termination date. The termination period is 90 days' notice by either party. Mr Creagh is entitled to an annual cash bonus at the discretion of the Board.

Elementos has a services agreement with Corporate Administration Services Pty Ltd ("CAS") and Duncan Cornish, the Company's CFO and Company Secretary. Under the agreement, CAS also provides accounting, bookkeeping and administrative services. Both Elementos and CAS are entitled to terminate the agreement upon giving not less than three months' written notice.

There are no change of control benefits in any employment agreements.

### Director Compensation

The following table discloses all compensation other than compensation securities received by the directors and officers of Elementos for the most recently completed financial year.

Name	Year ended June 30	Fees earned (AUS\$)	Share-based awards (AUS\$)	Option-based awards (AUS\$)	Non-equity incentive plan compensation (AUS\$)	Pension value (AUS\$)	All other compensation (AUS\$)	Total compensation (AUS\$)
<b>Andy Greig</b> Chairman	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Chris Dunks</b> Executive Director	2018	72,996	Nil	Nil	Nil	Nil	Nil	72,996
<b>Corey Nolan</b> Non-Executive Director	2018	22,831	Nil	Nil	Nil	2,169	Nil	25,000
<b>Calvin Treacy</b> Non-Executive Director	2018	22,831	Nil	Nil	Nil	2,169	Nil	25,000

### **Director Incentive Plan Awards**

No value was vested or earned in relation to directors' incentive plan awards during the most recently completed financial year and no incentive plan awards were outstanding as at June 30, 2018.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of the Record Date, except as disclosed under the heading "*Interests of Management and Others in Material Transactions*", below, and elsewhere in this Schedule "G", there exists no indebtedness outstanding with any current or former director, executive officer or employee of Elementos or its subsidiaries, which is owing to Elementos or its subsidiaries, or which is owing to another entity, which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Elementos or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

### **AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

#### **Audit Committee Function**

The Elementos Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board. The Audit and Risk Management Committee is responsible for assessing any significant estimates or judgements in Elementos' financial reports, reviewing all half yearly and annual reports with management, advisers and the external auditors (as appropriate) and adopting same, overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency of those systems, approving the terms of engagement with the external auditor at the beginning of each financial year, approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation.

The members of the Audit and Risk Management Committee of Elementos are Chris Dunks, Corey Nolan and Calvin Treacy. Each of Mr. Nolan and Mr. Treacy as considered the independent members of the Audit and Risk Management Committee and Mr. Dunk is considered not to be independent as an "executive director" of Elementos.

Prior to approving Elementos' financial statements for the 2018 reporting period, the Elementos Board received from the CEO and the CFO a written declaration under section 295A of the Australian Corporations Act that, in their opinion, the financial records of Elementos have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Elementos. The CEO and the CFO have each given a written assurance to the Elementos Board that the opinion forming the basis for the declaration was made by each of them and was formed on the basis of a sound system of risk management and internal control, which is operating effectively.

Elementos' external auditor will be represented at the AGM by a suitably qualified member of the audit team who is in a position to answer questions about the audit. Shareholders are entitled and encouraged to submit questions to the auditor that are relevant to the content of the auditor's report or the conduct of the audit.

The Chairman is required, and will, allow a reasonable opportunity for the shareholders as a whole at the annual general meeting of shareholders to ask the auditor's representative questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by Elementos in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit. Shareholders are encouraged to take advantage of this opportunity.

#### **Education and Experience of Audit and Risk Management Committee Members**

Details of each are member of the Audit and Risk Management Committee are disclosed below.

**Chris Dunks**, Executive Director (BEng (Mech), GAICD)

Mr Dunks is currently the Managing Director of Synergen Met Pty Ltd, a Brisbane-based company that is commercialising novel minerals processing technology. Mr Dunks was a Founder and Managing Director of Rockwell Minerals Pty Ltd, the company that merged with Elementos in 2013, and negotiated the original deal to purchase the Cleveland Project. Mr Dunks's experience over the last 20 years has been dominated by working on major minerals processing, refining and power projects both in Australia and the USA.

Mr Dunks' experience has been in mechanical design, construction management and supervision, project controls, project management, contract negotiation, business development and new technology commercialisation. He has worked extensively with Bechtel, Worley Parsons, SNC Lavalin and Jacobs (Aker Kvaerner). Mr Dunks was originally appointed as a Non-Executive Director of Elementos in November 2015. Following the resignation of the Company's CEO in July 2016, Mr Dunks continued the Company's permitting and partnering process in an Executive Director capacity. Mr Dunks is "financially literate" as such term is defined in section 1.6 of NI 52-110.

**Corey Nolan**, Non-Executive Director (BCom, MMEE, Graduate of AICD)

Mr Nolan has 20 years of diverse experience in the resources sector. This has included experience in mining operations, global resource evaluation, and the financing and development of new opportunities in Australia, South Africa, Asia and South America. Mr Nolan is a qualified mineral economist. He has held specialist roles as an equities analyst in the mining and natural resources sector of stock broking firms Morgan Stanley and Wilson HTM. During this period, he undertook detailed coverage of the Australian and global resources sector including the commodities market.

Mr Nolan has been a Director at PWC in the corporate finance and valuations practice, specialising in resources industry valuations for Australian and global resources firms. Mr Nolan is "financially literate" as such term is defined in section 1.6 of NI 52-110.

**Calvin Treacy**, Non-Executive Director (BEng, MBA, MAICD)

Mr Treacy has over 20 years senior management experience in mining, mining technology and manufacturing. He has a strong track record of founding and growing companies, and brings a wealth of experience in the areas of strategic planning and capital raising. Mr Treacy is a qualified Mechanical Engineer and holds a Masters of Business Administration, with extensive experience across a range of industries and positions.

Mr Treacy has worked in a range of roles including Non-executive Director, Chief Executive Officer, Chief Operating Officer and Production Manager, providing a blend of experience from hands-on management through to executive oversight and strategic management. Mr Treacy is "financially literate" as such term is defined in section 1.6 of NI 52-110.

The education and experience of each Elementos Board member provides each member with:

- a) an understanding of the accounting principles used by Elementos to prepare its financial statements;
- b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Elementos' financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- d) an understanding of internal controls and procedures for financial reporting.

**External Auditor Service Fees**

The aggregate fees billed to Elementos by the Auditor in each of the last two fiscal years, are as follows:

<b>Financial Year ended June 30,</b>	<b>Audit Fees<sup>1</sup></b>	<b>Tax Fees</b>	<b>All other Fees</b>
2018	AUS\$43,443	Nil	Nil
2017	AUS\$34,343	Nil	Nil

Notes:

1. The aggregate fees billed by the Auditor for audit fees.

## **Corporate governance**

### ***Elementos Board Charter***

The charter of the Elementos Board is included as Exhibit 1 – “*Corporate Governance Charter*” to this Schedule “G”.

### ***Elementos Board of Directors***

The Elementos Board is responsible for determining whether or not each director is independent within the meaning of such term set forth in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. In applying this definition, the Elementos Board will consider all relationships of the directors with Elementos, including business, family and other relationships.

The Elementos Board is composed of four directors, two of whom are independent directors. The non-independent directors are Mr. Andy Greig, Elementos’ Chairman who holds greater than 5% of the ordinary shares of Elementos and Executive Director Mr. Chris Dunks who is a member of Elementos’ management and as such, is considered non-independent.

The independent directors do not hold regular scheduled meetings; however, they do meet informally to discuss matters such as executive remuneration.

The Elementos Board believes that it has an appropriate composition given the nature, size and operations of Elementos. The composition of the Elementos Board has remained unchanged over the past 3 years and as at the date hereof.

As Elementos grows, more independent directors may be appointed to ensure that Elementos has a greater proportion of independent directors on the Elementos Board.

In addition, the Elementos Board believes that the directors’ beneficial interests in Elementos Shares help to align their interests with those of other shareholders.

Elementos has adopted the corporate governance framework and practices set out in its 2018 Corporate Governance Charter. The Corporate Governance Charter is available on Elementos’ website at [www.elementos.com.au](http://www.elementos.com.au).

The Elementos Board has procedures in place to assess the performance of the management. They also ensure these key management roles are staffed by personnel appropriately qualified and experienced to discharge their responsibilities.

While there is a clear division between the responsibilities of the Elementos Board and management, the Elementos Board is responsible for ensuring that management’s objectives and activities are aligned with the expectations and risks identified by the Elementos Board. The Elementos Board has a number of mechanisms in place to ensure this is achieved including Elementos Board approval and monitoring of annual budgets against actual performance while coordinating regular meetings and briefings with senior management and key personnel, which ensures that the Elementos Board is kept well-informed of relevant company activities.



### Other Directorships

One director of Elementos, as of the date hereof, is also a director of other issuers that are “reporting issuers” in a stock exchange, as that term is defined in and for the purposes of securities legislation. These positions are summarized as follows:

Name of Director	Other Reporting Issuer	Market
Corey Nolan	Platina Resources Limited	ASX

### Attendance at Elementos Board Meetings

The following table sets out the attendance of each of the directors of Elementos at meetings of the Elementos Board for the financial year ended June 30, 2018.

Director	Number Eligible to Attend	Number Attended
Andy Greig	3	3
Chris Dunks	3	3
Corey Nolan	3	3
Calvin Treacy	3	3

### Position Descriptions

Written position descriptions for the Chairman, CEO, Company Secretary and any Elementos Board committees are set out in the Elementos Corporate Governance Charter.

The Elementos Board has further outlined the roles and responsibilities of the CEO (Mr Chris Creagh) in his employment contract, through formal and informal discussions with the Chairman and the Elementos Board and through Elementos policies and procedures regarding work, health, safety, strategy and risk management.

### Orientation and Continuing Education

All new directors are provided with an induction including comprehensive meetings with the Chairman of the Elementos Board, the CEO, senior executives and management, and provision of information on Elementos including Elementos constitution and policies.

All directors are expected to maintain the skills required to effectively discharge their obligations to Elementos. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by Elementos. The Chairman, or his nominee, implements the induction program for new directors.

### Ethical Business Conduct

Elementos has adopted a Corporate Governance Charter, which is available on Elementos’ website at [www.elementos.com.au](http://www.elementos.com.au). The Elementos Corporate Governance Charter is an ethical framework. It provides that directors, officers, employees and contractors of Elementos are expected to act with integrity and to strive to enhance the reputation of Elementos. In doing so, they must:

- act honestly, in good faith and in the best interests of Elementos;
- use due care and diligence in fulfilling the functions of their position;
- not take advantage of their position for their personal gain or the gain of their associates;
- preserve the confidentiality of information received in the course of their duties, which remains the property of Elementos and can only be released or used with specific permission from Elementos;
- comply with the spirit as well as the letter of the law, and with the principles of the Elementos Corporate Governance Charter; and

- report any breaches of the Elementos Corporate Governance Charter to Elementos' directly to the CEO, Managing Director or Chairperson, as appropriate.

The Elementos Board takes significant steps to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive office has a material interest.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter.

A director must at all times act in the interests of Elementos. Where the interests of associates, the personal interest of a director or a director's family may conflict with those of Elementos, then the director must immediately disclose such conflict and either:

- eliminate the conflict; or
- abstain from participation in any discussion or decision-making process in relation to the subject matter of the conflict.

### *Nomination of Directors*

The Elementos Board has not established a nomination committee since, in the view of the Elementos Board, a company of this size and stage of development can best operate with the full Elementos Board undertaking the functions of a nomination committee undertaken by the full Elementos Board. The functions include Elementos Board renewal, succession planning, induction and evaluation.

When a vacancy on the Elementos Board arises, the Elementos Board assesses the range of skills, experience, expertise and diversity and other attributes from which the Elementos Board would benefit and the extent to which current directors possess such attributes, before putting forward potential candidates for the position. Candidates that are proposed are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by directors) as appropriate.

While recognizing that each director will not necessarily have experience in each of the following areas, the Elementos Board believes that a highly credentialed Elementos Board, with a diversity of background, skills and perspectives, will be effective in supporting and enabling delivery of good governance for Elementos and value for Elementos shareholders.

The mix of skills comprised in the current Elementos Board, and that the Elementos Board would look to maintain and to build on includes:

- mining and exploration industry expertise;
- metallurgy and metals knowledge;
- strategic management;
- leadership;
- high level of business acumen;
- corporate finance including experience with mergers and acquisitions;
- corporate governance;
- risk assessment and investment decisions;
- corporate governance, investor relations and communications.

### *Compensation*

Elementos does not have a formal remuneration policy and has not established a separate remuneration committee. The whole Elementos Board takes on the function of the remuneration committee with independent advice sought as required. Due to the early stage of development and small size of Elementos a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Elementos Board considers that it is more appropriate to set aside time at a Elementos Board

meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures and evaluating senior executives' remuneration packages and incentives.

In addition, all matters of remuneration will continue to be in accordance with the Australian Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice was sought during the financial year ended June 30, 2018.

The level of remuneration for Non-Executive Directors is considered with regard to the practices of other public companies and the aggregate amount of fees paid to Non-Executive Directors approved by shareholders. At this stage, the level of remuneration is based on market rates and is not directly linked to shareholders' wealth.

Remuneration of CEO Chris Creagh is made up of a fixed component and long-term/short-term variable component equal to a percentage of the fixed component. Performance against pre-determined targets are used to determine the portion of the variable component paid. The targets are based on financial and non-financial indicators and include share price, market capitalisation and new business opportunities.

#### ***Other Elementos Board Committees***

The Elementos Board has no other formal committees other than the Audit and Risk Management Committee. As outlined elsewhere in this Schedule "G", the whole Elementos Board takes on the function of the nomination and remuneration committees with independent advice sought as required.

#### ***Assessment***

##### *Executives*

The Elementos Board (in carrying out the functions of a remuneration and nomination committee) considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Elemento Board.

No formal performance evaluation of the CEO has been undertaken to date.

##### *Elementos Board of Directors*

The Elementos Board (in carrying out the functions of a remuneration and nomination committee) considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Elementos Board. No formal performance evaluation of the non-executive directors was undertaken during the year ended 30 June 2018.

#### **Director Term Limits and Other Mechanisms of Elementos Board Approval**

Pursuant to Elementos' constitution, no director may hold office without re-election past the third annual general meeting of shareholders following the director's appointment or three years, whichever is longer. The constitution further provides that there must, in any event, be an election of directors at each annual general meeting. A director is required to retire from office and is then eligible for re-election. The director to retire is the one who has held office the longest since the last election to that office, and if two or more directors have held office for the same period of time, those directors determine retirement by the drawing of lots, unless those directors agree otherwise.

#### **Representation of Women in the Director Identification and Selection Process**

The Elementos Board has not adopted a written policy regarding the representation, identification and nomination of women to the Elementos Board. Given the size and stage of development of Elementos, the Elementos Board has

not set any targets with regards to the representation of women on the Elementos Board. At this time, there are no female Elementos Board members. The Elementos Board undertakes a thorough process for the identification and nomination of new directors to the Elementos Board. Director candidates are assessed on their individual qualifications, experience and expertise and the Elementos Board also considers matters related to skills, integrity, professionalism, values and independent judgement, prior to recommending a new Elementos Board member. The emphasis on filling Elementos Board vacancies is on finding the best qualified candidates that reflect Elementos' specific needs and that will add value to Elementos.

#### Representation of Women in Executive Officer Appointments

Based on the Corporation's size and stage of development, the emphasis of filling executive officer positions is on finding the best qualified and experienced candidates that reflect Elementos' current needs.

#### Targets for Representation of Women on the Elementos Board and in Executive Officer Positions

The Elementos Board has not set any targets with regards to the representation of women on the Elementos Board and in executive officer positions. The Elementos Board considers numerous factors in identifying Elementos Board candidates and executive officers, including gender, education, industry experience, and independence. As of the date hereof, Elementos is in the exploration phase and has only three executive officers, none which are women. As Elementos grows and increases its personnel, the Elementos Board expects to assess its corporate governance policies to include diversity targets when considering Elementos Board and executive officer appointments.

### **RISK FACTORS**

#### **Risks Associated with Elementos**

Elementos is currently in the business of exploring for tin in Australia, which involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The risks described below are not the only ones facing Elementos. Additional risks not currently known to Elementos, or that Elementos currently deems immaterial, may also impair Elementos' operations. If any of the following risks actually occur, Elementos' business, financial condition and operating results could be adversely affected.

In evaluating Elementos and its business and whether to vote in favour of the Plan of Arrangement, Eurotin Shareholders should carefully consider, in addition to the other information contained in this Circular, the risk factors, below. The risk factors below may not be a definitive list of all risk factors associated with the Plan of Arrangement.

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by Elementos in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks, which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance Elementos has, or will have, commercially viable ore bodies. There is no assurance that Elementos will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to Elementos, recognizing that it may be exposed to other additional risks from time to time:

- Limited business history of Elementos, including lack of revenues and no assurance of profitability
- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk

Elementos is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

### **Risk Factors Affecting Financial Instruments**

Elementos' principal financial instruments comprise receivables, payables, cash and short-term deposits.

The main risks arising from Elementos' financial instruments are interest rate risk, credit risk and liquidity risk. Elementos uses different methods to measure and manage different types of risks to which it is exposed. These included monitoring levels of exposure to interest rate and market forecasts for interest rate. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Elementos Board reviews and agrees on policies for managing each of these risks are summarised below.

#### ***Credit Risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Elementos.

Credit risk arises from cash and cash equivalents, trade and other receivables. Elementos' exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount net of any provisions for these assets as disclosed in the statement of financial position and notes to the financial statements.

Elementos has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. It is Elementos' policy that all parties who wish to trade on credit terms are subject to credit evaluations including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual party in accordance with parameters set by the Elementos Board. These risk limits are regulatory monitored. Elementos does not require collateral in respect of financial assets.

In addition, receivable balances are monitored on an ongoing basis with the result that Elementos' exposure to bad debts is not significant. At the reporting date there were no significant concentrations of credit risk.

#### ***Liquidity Risk***

Ultimate responsibility for liquidity risk management rests with the Elementos Board, which has built an appropriate liquidity risk management framework for the management of Elementos' short, medium and long-term funding and liquidity management. Elementos manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities. There are no material financial assets or financial liabilities that were subjected to liquidity risk as at June 30, 2018.

#### ***Interest Rate Risk***

Elementos' current exposure to the risk of changes in market interest rates relate primarily to cash assets rates. Elementos does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

The following table illustrates sensitivities to Elementos' exposures to changes in interest rates. The table indicates the impact on how profit / (loss) and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. Elementos' main interest rate risk arises from cash and cash equivalents with variable interest rates.

	2018 AUS\$	2017 AUS\$
<b>Financial assets</b>		
Cash and cash equivalents	936,562	655,868
	936,562	655,868
<b>Impact on post tax profit / (loss) and equity</b>		
+ 2% in interest rate	18,731	13,117
- 2% in interest rate	(18,731)	(13,117)

### ***Foreign Currency Risk***

Elementos is not currently exposed to significant financial risks from movements in foreign exchange rates. There are no financial assets and no liabilities denominated in foreign currencies. Elementos does not participate in any type of hedging transactions or derivatives. Therefore, no sensitivity analysis is required.

As Elementos is an Australian company listed on the ASX, and the Oropesa project is in Spain, should Eurotin Shareholders vote in favour of the Plan of Arrangement, Elementos is likely to be exposed to financial risks from movements in foreign exchange rates.

### **Risk Factors Affecting the Mining Industry**

#### ***Metal Price Volatility***

As an exploration company, Elementos' ability to raise capital maybe significantly affected by changes in the market price of tin. Tin prices fluctuate on a daily basis and are affected by numerous factors beyond the control of Elementos.

#### ***Environmental and Other Regulations; Local Communities***

Elementos' exploration activities are subject to extensive laws and regulations, which include laws and regulations governing, among other things: exploration; development; production; exports; taxes; labour standards; mining royalties; price controls; waste disposal; protection and remediation of the environment; reclamation; historic and cultural resource preservation; mine safety and occupational health; handling; storage and transportation of hazardous substances; and other matters. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that Elementos would not proceed with the exploration and discovery of an economic resource.

As part of its normal course of exploration activities, Elementos has expended resources, both financial and managerial, to comply with governmental and environmental regulations and permitting requirements, and will continue to do so in the future. Moreover, it is possible that future regulatory developments, such as mineral exploration lease renewal, increasingly strict environmental protection laws, regulations and enforcement policies there under, and claims for damages to property and persons resulting from Elementos' exploration, could result in additional substantial costs and liabilities, restrictions on or suspension of Elementos' activities and delays in the exploration of and development of its properties.

Elementos is required to obtain governmental permits to advance exploration activities on its exploration properties. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous agencies and other interested parties. There can be no certainty that these approvals will be granted to us in a timely manner, or at all. The duration and success of each permitting effort are contingent upon many variables not within Elementos' control. Governmental approvals, licenses and permits are subject to the discretion of the applicable governments or governmental officials and potentially consideration of other parties' interests or rights. In the context of environmental protection permitting, including the approval of reclamation plans, Elementos must

comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. No assurance can be given that Elementos will be successful in obtaining or maintaining any or all of the various approvals, licenses and permits required to operate its businesses in full force and effect or without modification or revocation. The failure to obtain or renew certain permits, or the imposition of extensive conditions upon certain permits, could have a material adverse effect on Elementos' business, operations and financial condition.

Failure to comply with applicable environmental, health and safety laws can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that Elementos has been or will be at all times in complete compliance with such laws or permits, that compliance will not be challenged or that the costs of complying with current and future environmental, health and safety laws and permits will not materially or adversely affect Elementos' future cash flow, results of operations and financial condition.

As a consequence of public concern about the perceived ill effects of mining and land development, exploration companies such as Elementos face increasing public scrutiny of their activities. Criticism of Elementos' activities or negative publicity, whether accurate or not, could result in damage to Elementos' reputation, which could have an adverse effect on Elementos' share price. The international standards on social responsibility, community relations and sustainability against which Elementos benchmarks its operations are becoming increasingly stringent and extensive over time, and adherence to them is increasingly scrutinized by regulatory authorities, citizens groups and environmental groups, as well as by investors and financial institutions.

Elementos' exploration can also have an impact on local communities, including the need, from time to time, to relocate or resettle communities or infrastructure networks such as railways and utility services. Failure to manage relationships with local communities, governments and non-government organizations may harm Elementos' reputation as well as its ability to bring development projects into production. In addition, the costs and management time required to comply with standards of social responsibility, community relations and sustainability, including costs related to resettlement of communities or infrastructure, have increased substantially recently and are expected to further increase over time.

Elementos' exploration sometimes results in the release of hazardous materials into the environment and these releases, whether or not planned, could cause contamination. Elementos may be required to investigate and remediate contamination, including at properties it formerly operated, regardless of whether it caused the contamination or whether the activity causing the contamination was legal at the time it occurred. Elementos also could be subject to claims by government authorities, individuals, employees or third parties seeking damages for alleged illness, personal injury or property damage resulting from hazardous material contamination or exposure caused by its operations or sites. Elementos could be required to establish or substantially increase financial provisions for such obligations or liabilities and, if it fails to accurately predict the amount or timing of such costs, the related impact on its business, financial condition or results of operations could be material.

### ***Shortages and Price Volatility***

Elementos is dependent on various input commodities (such as diesel fuel, electricity, natural gas, steel and concrete) and equipment (including parts) to conduct its exploration activities. A shortage of such input commodities or equipment or a significant increase in their cost could have a material adverse effect on Elementos' ability to carry out its exploration and therefore limit, or increase the cost of, discovery. Elementos is also dependent on access to and supply of water and electricity to carry out its exploration, and such access and supply may not be readily available. Market prices of input commodities can be subject to volatile price movements, which can be material, occur over short periods of time and are affected by factors that are beyond Elementos' control. An increase in the cost, or decrease in the availability, of input commodities or equipment may affect the timely conduct and cost of Elementos' exploration objectives. If the costs of certain input commodities consumed or otherwise used in connection with Elementos' exploration were to increase significantly, and remain at such levels for a substantial period, Elementos may determine that it is not economically feasible to continue exploration on some or all of its current projects, which could have an adverse impact on Elementos' financial performance and share price.

### ***Government Regulations***

Elementos' mineral exploration and planned development activities are subject to various federal, provincial and local government laws and regulations governing, among other things, acquisition of mining interests, maintenance of claims, tenure, expropriation, prospecting, development, mining, production, price controls, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, treatment of indigenous peoples, environmental protection and remediation, endangered and protected species, mine safety and other matters. Although Elementos' exploration and planned development activities are currently believed by Elementos to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition and results of operations of Elementos, including changes to or invalidation of government mining laws and regulations, expropriation or revocation of land or property rights, changes in foreign ownership rights, changes in taxation rates or increased corruption. Elementos is subject to changes to the royalty regimes in the jurisdictions in which it operates. The costs and delays associated with obtaining and complying with necessary licences and permits as well as applicable laws and regulations could stop or materially delay or restrict Elementos from proceeding with the development of an exploration project. Any failure to comply with applicable laws, regulations or licensing and permitting requirements, even if inadvertent, may result in enforcement actions thereunder.

### ***Exploration Hazards and Risks; Insurance***

The operations of Elementos are subject to the hazards and risks normally incidental to exploration activities of any of which could result in damage to life or property, environmental damage and possible legal liability for such damage. The activities of Elementos may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which Elementos has interests. Hazards and risks, such as unusual or unexpected formations, faults and other geologic structures, rock bursts, pressures, cave-ins, flooding, pit wall failures, ground and slope failures and inventory theft, could have an adverse impact on Elementos' operations. Severe weather conditions, including those resulting from global climate change, may adversely impact Elementos' operations. As a result, exploration objectives maybe impacted and Elementos may incur significant costs or experience significant delays that could have a material effect on Elementos' financial performance, liquidity and results of operations.

Further, delays due to equipment malfunction or inadequacy may adversely affect Elementos' results of operations. It is impossible to ensure that the current or proposed exploration programs on properties in which Elementos has an interest will result in profitable commercial mining operations.

Mining, processing, development, and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources, and water supply are important determinants, which affect capital and operating costs. Lack of such infrastructure or unusual or infrequent weather phenomena, sabotage, terrorism, government, or other interference in the maintenance or provision of such infrastructure could adversely affect Elementos' operations, financial condition, and results of operations.

Available insurance does not cover all the potential risks associated with exploration companies. Elementos may also be unable to maintain insurance to cover insurable risks at economically feasible premiums, and insurance coverage may not be available in the future or may not be adequate to cover any resulting loss.

Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Elementos or to other companies in the mining industry on acceptable terms. As a result, Elementos might become subject to liability for environmental damage or other hazards for which it is completely or partially uninsured or for which it elects not to insure because of premium costs or other reasons.



### ***Competition in the Exploration Industry***

The exploration industry is competitive in all of its phases. Elementos faces competition from other exploration companies in connection with the acquisition of exploration properties. It may also encounter increasing competition from other exploration companies in its efforts to hire experienced professionals. Increased competition could adversely affect Elementos' ability to attract necessary capital funding, to acquire it on acceptable terms, or to acquire suitable prospects for mineral exploration in the future. Increases in copper, nickel and gold prices have in the past, and could in the future, encourage increases in mining exploration, development and construction activities, which results in increased demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment. Any of these outcomes could materially increase project exploration, development or construction costs, result in project delays, or both. As a result of this competition, Elementos may be unable to maintain or acquire attractive mining properties or attract better or more qualified employees.

Certain directors also serve as directors and/or officers of other companies involved in natural resource exploration and development. There is a possibility that such other companies may compete with us for the acquisition of assets. Consequently, there exists the possibility for such directors to be in a position of conflict. If any such conflict of interest arises, then a director who has such a conflict must disclose the conflict to a meeting of the directors and must abstain from and will be unable to participate in discussion or decisions pertaining to the matter. In appropriate cases, Elementos will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

### **General Risks**

#### ***Labour and Employment Relations***

Exploration at Elementos' projects is dependent upon the efforts of, and maintaining good relationships with, employees of Elementos. Relations between Elementos and its employees may be impacted by changes in labour relations, which may be introduced by, among others, employee groups, unions, and the relevant governmental authorities in whose jurisdictions Elementos carries on business. Adverse changes in such legislation or in the relationship between Elementos and its employees may have a material adverse effect on Elementos' business, results of operations, and financial condition.

#### ***Global Financial Conditions***

Global financial conditions have been characterized by increased volatility and some financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Although there has been some recovery, there is no certainty that the disruptions and their effects have ended and will not continue to affect the markets. These factors may impact the ability of Elementos to obtain equity or debt financing in the future on terms favourable to Elementos or at all.

Securities of mining companies have experienced substantial volatility, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in the countries where Elementos carries on business and globally, and market perceptions of the attractiveness of particular industries.

#### ***Financing Risk***

Exploration companies need significant amounts of on-going capital to maintain and improve existing operations, invest in large scale capital projects with long lead times, and manage uncertain development and permitting timelines and the volatility associated with fluctuating metals and input prices. Elementos has been successful at financing its projects and operations over the years. However, its ability to continue its exploration activities will depend on the resource industry generally, which is cyclical in nature, and which may, in turn, affect its ability to attract financing, including joint venture financing, debt or bank financing, equity financing or production financing

arrangements. Failure to obtain, or difficulty or delay in obtaining, requisite financing could result in delay of certain projects or postponement of further exploration, assessment or development of certain properties or projects. Financing through the issuance of equity will result in dilution of existing shareholders.

Failure to obtain affordable financing could have a material adverse effect on Elementos' business, result of operations and financial condition.

### ***Elementos Share Price***

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the company that has issued them. The market price of the Elementos Shares may fluctuate significantly in response to a number of factors, many of which are beyond Elementos' control, including but not limited to variations in operating results in Elementos' reporting period, changes in market conditions, changes in financial estimates by securities analysts, speculation about Elementos in the press or investment community, changes in market valuation of similar companies, announcements by Elementos of corporate events such as significant acquisitions or capital commitments, loss of any customers, additions or departures of key personnel, any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts, future issues or sales of Elementos Shares, strategic acquisitions by competitors and regulatory changes. Any or all of these events could result in a material decline in the price of the Elementos Shares.

### ***Dividends***

The ability of Elementos to pay any dividends in respect of Elementos Shares will depend on the level of the earnings, reserves and any ongoing capital requirements of Elementos as well as its cash position and the judgment of the directors. Accordingly, the amount of any dividends paid to holders of the Elementos Shares may fluctuate. Any change in tax or accounting treatment of any dividends may also affect the level of dividends received by holders of the Elementos Shares.

### ***Exchange Rate Fluctuations***

Elementos Shares are quoted in Australian dollars and are listed on the ASX. An investment in Elementos Shares by an investor in a jurisdiction, in which the principal currency is not Australian dollars, exposes the investor to foreign currency rate risk. Any depreciation of the Australian dollar, may reduce the value of the investment of the investor in terms of their local currency.

### ***Anti-corruption Laws***

Elementos and certain of its subsidiaries and affiliated entities may conduct business in countries where there is government corruption. Elementos is committed to doing business in accordance with all applicable laws and its codes of ethics, but there is a risk that it, its subsidiaries or affiliated entities or their respective officers, directors, employees or agents may act in violation of its codes and applicable laws, including the *Corruption of Foreign Public Officials Act* (Canada), the *Bribery Act 2010* (United Kingdom), the *Foreign Corrupt Practices Act* (United States) and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Any such violations could result in substantial civil and criminal penalties and might materially adversely affect Elementos' business and results of operations or financial condition.

### ***Litigation Risk***

Legal proceedings may be brought against Elementos, for example, litigation based on its business activities, environmental laws, tax matters, volatility in its stock price or failure to comply with its disclosure obligations, which could have a material adverse effect on Elementos' financial condition or prospects. Regulatory and government agencies may bring legal proceedings in connection with the enforcement of applicable laws and regulations, and as a result Elementos may be subject to expenses of investigations and defense, and fines or penalties for violations if proven, Elementos may potentially incur cost and expense to remediate, increased operating costs or changes to operations, and cessation of operations if ordered to do so or required in order to resolve such proceedings.

In the event of a dispute arising at Elementos' foreign operations, Elementos may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of its preferred choice. Elementos' inability to enforce its rights could have an adverse effect on its future cash flows, earnings, results of operations and financial condition.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **Legal Proceedings**

Since July 1, 2017, the beginning of Elementos' most recently completed financial year, there have been and are no legal proceedings outstanding, threatened or pending, by or against Elementos or to which Elementos is a party or to which any of Elementos' property is subject, nor to Elementos' knowledge are any such legal proceedings contemplated, which could become material to Elementos.

### **Regulatory Actions**

Since July 1, 2017, the beginning of Elementos' most recently completed financial year, there have been and are no regulatory actions, proceedings outstanding, threatened or pending, by or against Elementos or to which Elementos is a party or to which any of Elementos' property is subject, nor to Elementos' knowledge are any such legal proceedings contemplated, which could become material to Elementos.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

### **Interests of Management and Others in Material Transactions**

Within the three most recently completed financial years or during the current financial year, no director or executive officer of Elementos, or shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Elementos Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect Elementos.

### **Underwriting Discounts**

There are no material underwriting discounts or commissions upon the sale of securities by Elementos if (a) a director or executive officer of Elementos, (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of the Elementos Shares, or (c) an associate or affiliate of any of the persons or companies referred to in (a) or (b), above, were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

## **AUDITORS, TRANSFER AGENTS AND REGISTRARS**

### **Auditor**

The Auditor is BDO Audit Pty Ltd., located at Level 10, 12 Creek St, Brisbane, QLD 4000, Australia.

The Auditor audited the financial statements of Elementos for the year ended June 30, 2018, and issued an auditor's report dated September 25, 2018. As at September 25, 2018, the Auditor was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board.

### **Transfer Agent**

The transfer agent and registrar for Elementos Shares is Boardroom Pty Limited, which is located at Level 12, 225 George Street, Sydney, NSW 2000, Australia.

### **MATERIAL CONTRACTS**

Other than the Arrangement Agreement or contracts entered into in the ordinary course of business and as disclosed below, there are no material contracts entered into by Elementos since the beginning of the most recently completed Fiscal Year, or that are still in effect prior to the date of this Schedule “G”.

### **EXPERTS**

#### **Name of Experts**

The Auditor prepared the independent auditor’s report for the audited annual consolidated financial statements of Elementos for the years ended June 30, 2018, June 30, 2017 and June 30, 2016. The Auditor is independent in accordance with the Australian Corporations Act and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Profession Accountants that are relevant to the audit of Elementos’ financial statement in Australia.

Mr. Chris Creagh, CEO of Elementos, is named in this Schedule “G” as having reviewed and approved certain scientific and technical information as set out under the headings “*Mining Projects*” and “*Management Discussion and Analysis – Year Ended June 30, 2018*”. Mr. Chris Creagh is a member of the Australasian Institute of Mining and Metallurgy. Mr. Creagh is a full-time employee of the Elementos and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a competent person as defined in the JORC Code

#### **Interest of Experts**

To the knowledge of Elementos, neither the Auditor nor any of its associates or affiliates, beneficially owns, directly or indirectly, any securities of Elementos as of the date hereof, has received or will receive any direct or indirect interests in the property of Elementos or is expected to be elected, appointed or employed as a director, officer or employee of TIN or Elementos or any associate or affiliate thereof.

Mr. Creagh holds certain securities of Elementos, as described in this Schedule “G”. It is expected that Mr. Creagh may receive additional securities of Elementos, in the form of Elementos Performance Rights and Elementos Options, in accordance with Elementos’s compensation practices. See “*Directors and Executive Officers – Name, Address, Occupation and Security Holdings*” and “*Executive Compensation*” in this Schedule “G”.

### **OTHER MATERIAL FACTS**

Other than as disclosed herein, there are no material facts relating to Elementos that are necessary to be disclosed in order for this Schedule “G”, together with Schedules “H” and “I”, to contain full, true and plain disclosure of all material facts relating to the Elementos Shares.

### **FINANCIAL STATEMENTS**

Included in Schedule “I” to this Circular are the following:

- the Elementos 2018 Annual Financial Report for the year ended 30 June, 2018, containing the audited financial statements for the financial year ended June 30, 2018;
- the Elementos 2017 Annual Financial Report for the year ended 30 June, 2017, containing the audited financial statements for the financial year ended June 30, 2017; and

- the Elementos 2016 Annual Financial Report for the year ended 30 June, 2016, containing the audited financial statements for the financial year ended June 30, 2016.

# Corporate Governance Charter

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Elementos Limited ACN 138 468 756 (**Company**)

**The Directors of Elementos Limited resolved to approve this Corporate Governance Charter on 30 June 2015.**

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# Corporate Governance Charter

## Definitions

<b>Annual Report</b>	the annual report of the Company.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	the ASX Limited ABN 98 008 624 691.
<b>ASX Listing Rules or Listing Rules</b>	the Official Listing Rules of the ASX as amended or replaced from time to time.
<b>Audit and Risk Management Committee</b>	that Committee charged with determining, implementing and assessing controls for financial management, financial reporting and risk management generally for the Company.
<b>Board</b>	board of Directors of the Company.
<b>Chairperson</b>	the chairperson of the Board.
<b>Charter</b>	the charter adopted from time to time with respect to each Committee, as applicable to that Committee.
<b>Chief Executive Officer</b>	the person (if any) engaged by the Company in the role of the chief executive officer of the Company.
<b>Committee</b>	a committee created by the Board under this Corporate Governance Charter including without limitation, the Audit and Risk Management Committee, the Remuneration Committee, the Corporate Governance Committee and the Nominations Committee (as applicable to the relevant section of this Corporate Governance Charter and as established from time to time).
<b>Company</b>	Elementos Limited ACN 138 468 756
<b>Company Secretary</b>	a person appointed by the Company to be the company secretary.
<b>Constitution</b>	the constitution of the Company.
<b>Corporate Ethics Policy</b>	the policy set out in Section G setting out directors' duties given their position with the Company, obligations with respect to trading in securities and general disclosure obligations.
<b>Corporate Governance Charter</b>	the policies, procedures and Charters set out in this document.
<b>Corporate Governance Committee</b>	the Committee charged with reviewing compliance by the Board with, amongst other matters, the provisions of this document.
<b>Corporate Governance Principles and Recommendations</b>	<i>the Corporate Governance Principles and Recommendations Third Edition</i> issued by the ASX Corporate Governance Council in 2014 as amended or replaced from time to time.
<b>Corporate Governance Statement</b>	The statement referred to in Listing Rule 4.10.3 which discloses the extent to which the Company has followed the <i>Corporate Governance Principles and Recommendations</i>
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth) as amended or replaced from time to time.
<b>Director</b>	a director of the Company.
<b>Diversity</b>	includes, but is not limited to matters of gender, age, disability, ethnicity, marital or family status, sexual orientation, gender identity and religious or cultural background.

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<b>Independent Director</b>	a Director who has a sufficient level of independence to the Company, determined in accordance with Section A.1(c) of this document.
<b>Listing Rules</b>	means the listing rules published from time to time by the ASX.
<b>Management</b>	the executive Directors and senior management of the Company.
<b>Managing Director</b>	the Director (if any) engaged by the Company in the role of the managing director of the Company.
<b>Nominations Committee</b>	the Committee for assisting the Board in relation to, amongst other things, the appointment of members to the Board and of senior management and in assessing the performance of such individuals.
<b>Non-Independent Director</b>	a Director who is not an Independent Director.
<b>Remuneration Committee</b>	the Committee charged with, amongst other things, reviewing remuneration levels for Directors and senior management.
<b>Securities</b>	has the meaning given under section 92 of the Corporations Act.
<b>Standing Rules</b>	the general and procedural rules of each Committee set out in Section F of this Corporate Governance Policy.
<b>Trading Policy</b>	the policy set out in Section H developed from time to time by the Board setting out the procedure for trading in Securities of the Company by Directors, managerial staff, employees and any other persons who may be associated with the Company.

# Corporate Governance Charter

## Section A – Principles of Corporate Governance

### A.1 Board of Directors

#### (a) General

This document sets out the main principles adopted by the Board of Directors of the Company in order to implement and maintain a culture of good corporate governance both internally and in its dealings with outsiders.

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The matters set out in this document are subject to the *Corporations Act*, the Constitution and the ASX Listing Rules.

The purpose of preparing and disclosing the matters set out in this document is to:

- (1) formalise procedures to ensure the Company and the Board act in a transparent and appropriate manner in their respective internal and external dealings;
- (2) ensure that appropriate checks, balances and procedures are in place to monitor the operations of the Company and those charged with its management; and
- (3) provide shareholders with a transparent method to evaluate the performance of the Company from a corporate governance perspective.

In preparing and implementing these strategies, the Company and the Board are mindful of the *Corporate Governance Principles and Recommendations*.

#### (b) Functions, powers and responsibilities of the Board

Generally, the powers and obligations of the Board are governed by the *Corporations Act* and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- (1) ensuring compliance with the *Corporations Act*, ASX Listing Rules (where appropriate) and all other relevant laws;
- (2) providing leadership and developing, implementing and monitoring strategic operational and financial objectives for the Company and the overall performance of the Company;
- (3) appointing appropriate staff, consultants and experts to assist in the Company's operations;
- (4) ensuring appropriate financial and risk management controls are implemented;
- (5) setting, monitoring and ensuring appropriate accountability and a framework for remuneration of Directors and executive officers;
- (6) establishing and overseeing the Company's process for making timely and balanced disclosure of all material information in accordance with the ASX Listing Rules;

# Corporate Governance Charter

- (7) implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
- (8) implementing and overseeing the Company's risk management framework to enable risk to be identified, assessed and managed and to set the risk appetite the Board expects Management to operate within;
- (9) appointing the Chairperson;
- (10) appointing and removing the Chief Executive Officer and Company Secretary;
- (11) approving the appointment and, where appropriate, removal of members of Management;
- (12) contributing to and approving Management's development of corporate strategy and performance objectives;
- (13) monitoring Management's implementation of strategy and performance generally, and ensuring appropriate resources are available to Management;
- (14) monitoring the effectiveness of the Company's governance practices;
- (15) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (16) approving the annual budget;
- (17) liaising with the Company's external auditors;
- (18) approving and monitoring financial and other reporting systems of the Company (including external audit) and the integrity of these systems; and
- (19) appointing and overseeing Committees where appropriate to assist in the above functions and powers.

## (c) **Structure of the Board**

The structure of the Board is determined in accordance with the following principles:

- (1) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a majority of the Board being Independent Directors;
- (2) to aim for, so far as is practicable given the size and the nature of the operations of the Company, the appointment of a Chairperson who is an Independent Director;
- (3) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a Chairperson who is not the chief executive officer;
- (4) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a Board comprising members with diverse backgrounds; and
- (5) to have a minimum of three Directors.

# Corporate Governance Charter

In assessing the independence of Directors, the Company has regard to Principle 2 of the *Corporate Governance Principles and Recommendations* and regards an Independent Director as a non-executive Director (that is, not a member of management) who:

- (1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (2) within the last three years has not been employed in an executive capacity by the Company or another group member;
- (3) within the last three years has not been a partner, director or senior employee of a provider of material professional services to the Company or another group member;
- (4) within the last three years has not been in a material business relationship (by example, as a supplier or customer) with the Company or other group member, or an officer of, or otherwise associated with, someone in such a relationship;
- (5) has no material contractual relationship with the Company or another group member other than as a Director;
- (6) does not have close family ties with any person who falls within any of categories (1) – (5) described above; and
- (7) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company or otherwise compromise their independence.

When considering whether a Director is an Independent Director, the materiality of such interest, position, association or relationship must be assessed to determine whether it might influence, or might reasonably be perceived to influence, in a material respect, the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

A Director must advise the Chairperson (or in the case of the Chairperson, another member of the Nominations Committee) if there is a change in his or her interests, positions, associations or relationships that could bear upon his or her independence at the earliest opportunity.

In an effort to ensure that the Board comprises members with a broad range of experience, expertise and skills relevant to the Company, the Board may establish a Nominations Committee or will otherwise consider the guidelines set out under the Nominations Committee Charter in Section E.

## A.2 The Chairperson

The Chairperson is responsible for leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all Directors in relation to issues arising at Board meetings. The Chairperson is also responsible for shareholder communication and arranging Board performance evaluation.

## A.3 Chief Executive Officer/Managing Director

The Chief Executive Officer or Managing Director (if any) is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board, within the risk appetite determined by the Board. In carrying out his or her responsibilities, the Chief Executive Officer or Managing Director must report to the Board in a timely manner and ensure that all reports to the Board are clear and

# Corporate Governance Charter

accurate and present a true and fair view of the Company's financial position and operating results.

The Chief Executive Officer or Managing Director (if any) (together with the Chief Financial Officer, if there is one) will be required to state in writing to the Board that the financial records of the Company have been properly maintained and that the financial reports of the Company comply with relevant accounting standards and represent a true and fair view, in all material respects, of the Company's financial position and performance.

## A.4 **Company Secretary**

The role of the Company Secretary is to support the effectiveness of the Board and the Committees. In carrying out his or her responsibilities, the Company Secretary is accountable directly to the Board in the performance of this role which includes without limitation:

- (1) advising the Board and the Committees of governance matters;
- (2) monitoring compliance with Board and Committee policy and procedures;
- (3) coordinating the timely completion and despatch of Board and Committee papers;
- (4) ensuring that the business at Board and Committee meetings is accurately recorded in the minutes; and
- (5) helping to organise and facilitate the induction and professional development of Directors.

## A.5 **Induction of New Directors and Ongoing Director Education**

On their first appointment, Directors will have the benefit of an induction program aimed at deepening their understanding of the Company, its activities and the business, environment and markets in which the Company operates.

As part of the induction process, where appropriate, new Directors may complete a self assessment of their capabilities and competencies to determine areas where further development will be beneficial in contributing to the Board's performance. Development in these areas will then be considered and discussed with the new Director by the Nomination Committee (if established) or the Chairperson.

Directors are also expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally. Directors are expected to have an appropriate base level of understanding on accounting matters. Additional development and training in this area can be discussed with the Nomination Committee (if established) or the Chairperson by a Director. The Company will also provide briefings on developments in accounting standards.

## A.6 **Independent Advice**

A Director may seek independent advice, including legal advice, where they believe it is necessary in order to properly discharge his or her duties as a Director. The Company will pay for the reasonable cost of this advice provided that the Director has obtained the prior written approval of the Chairperson (including for the cost of the advice).

In the event that the Chairperson wishes to seek independent advice and wishes for the Company to pay for the reasonable costs of that advice, the Chairperson must obtain the prior

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written approval (including for the cost of the advice) of the chairperson of the Corporate Governance Committee or other applicable committee.

Where a Director's request in respect of independent advice is approved as set out above, the Director and the Chairperson should agree who will provide instructions to the independent adviser. If the Chairperson has requested the advice, the Director who provided the approval to obtain the advice should undertake this role.

Where a Director's request in respect of independent advice is approved as set out above, a copy of the advice obtained will be provided to all Directors together with an explanation as to why the advice was obtained, unless the Chairperson determines that this is not appropriate or that a different approach should be taken.

The other Directors will be advised if the Chairperson approves or declines a request to obtain independent advice, unless, the Chairperson determines such notification is not appropriate or that a different approach should be taken.

## A.7 Corporate Ethics

The Company has adopted under Section G a Corporate Ethics Policy which has been agreed to by each member of the Board, setting out, in addition to these principles, the obligations of integrity and honesty on each member of the Board and their obligations with respect to trading in Securities in the Company (which is more comprehensively dealt with in the Trading Policy) and disclosure to the ASX.

In addition to the Corporate Ethics Policy, the Company also adheres to the following statement of principles and responsibilities with respect to both its internal dealings with employees and consultants, and external dealings with shareholders and the community at large.

## A.8 Corporate Code of Conduct

### (a) Introduction

This code of conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

### (b) Commitment of the Board and Management to the corporate code of conduct

The Board and Management approve and endorse this code of conduct. The Board and Management are committed to not only complying with the Company's legal obligations but also to acting ethically and responsibly.

The Board and Management encourage all employees to consider the principles of the code of conduct and use them as a guide to determine how to respond when acting on behalf of the Company.

### (c) Responsibilities to shareholders and the financial community generally

The Company aims:

- (1) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;
- (2) to comply with systems of control and accountability which the Company has in place as part of its corporate governance; and

# Corporate Governance Charter

(3) to act with honesty, integrity and fairness.

(d) **Responsibilities to clients, customers and consumers**

The Company will comply with all legislative and common law requirements which affect its business. Any transgression from the applicable legal rules is to be reported to Management as soon as a person becomes aware of such a transgression.

(e) **Employment practices**

The Company will seek to employ the best available staff, both male and female, and from diverse backgrounds, with the skills required to carry out their roles.

The Company respects and values the competitive advantage of Diversity (which includes but is not limited to gender, age, ethnicity and cultural background), and the benefit of its integration throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's goals. However given the size and nature of the Company's operations, the Company has not implemented a formal policy with respect to Diversity.

The Company is committed to the ideal of equal employment opportunity, to providing a workplace that is free of harassment and discrimination and to respecting the human rights of its employees. The Company will ensure a safe workplace and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities. To this end the Company will observe the rule and spirit of the legal and regulatory environment in which the Company operates.

(f) **Responsibility to the community and the environment**

The Company will recognise, consider and respect legal requirements affecting its operations and comply with all applicable legal requirements.

The Company will act with honesty, integrity and fairness in all dealings with the community and will act responsibly towards the environment.

(g) **Responsibility to the individual**

The Company recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

The Company and the Board will maintain the Company's and our shareholders', customers' and suppliers' information confidentiality unless required to be disclosed by law.

(h) **Obligations relative to fair trading and dealing**

The Company will deal with others in a way that is honest, fair and will not engage in deceptive practices. The Company is committed to complying with the laws and regulations of the countries in which its businesses operate and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.

The Company believes that a fraudulent or corrupt act could significantly impact on the confidence of the Company's stakeholders and significantly diminish the Company's reputation. Accordingly, the Company has a zero tolerance policy to fraud and corruption and will thoroughly investigate and apply the full force of the law where sufficient evidence is obtained.



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The Board may implement a fraud prevention and corruption control framework that addresses fraud and corruption prevention planning, resourcing, prevention, detection, response and reporting procedures.

All Directors, Management and employees of the Company and group members must exercise reasonable care and diligence in the prevention of fraud or corruption by or against the Company.

All Directors and employees of the Company or group members must:

- (1) understand and comply with this Policy;
- (2) not give, offer, accept or request bribes, facilitation payments, secret commissions or other prohibited payments or engage in money laundering or cause any of them to be given, offered, accepted or requested;
- (3) not approve any offers, or make, accept or request an irregular payment or other thing of value, to win business or influence a business decision in favour of the Company or the group members;
- (4) comply with any reporting and approval processes for gifts, entertainment or hospitality implemented by the Board from time to time;
- (5) not offer or receive any gifts, entertainment or hospitality to or from public or government officials or politicians, without approval from the Chairperson or the Board;
- (6) obtain required approvals for donations and sponsorship;
- (7) immediately report to the Chairperson or the Managing Director (or Chief Executive Officer) if they uncover or suspects an incidence of fraud or corruption.

The Company will comprehensively investigate all suspected incidences of fraud or corruption using the principles of independence, objectivity and the rules of natural justice. The Company is committed to ensuring no one suffers detrimental treatment as a result of refusing to take part in conduct that may constitute fraud or corruption or raises a genuine concern in respect of any such conduct.

## (i) **Conflicts of interest**

The Board, Management and employees of the Company must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company (excluding those matters which may be subject to legal professional privilege). Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairperson in the case of a Director or the Managing Director (if any), the Managing Director or Chief Executive Officer in the case of a member of Management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

## (j) **Compliance with the code of conduct**

Any breach of compliance with this code of conduct is to be reported directly to the Chief Executive Officer, Managing Director or Chairperson, as appropriate. Non-compliance with this code of conduct may result in disciplinary action.

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## (k) **Periodic review of code of conduct**

The Company will monitor compliance with this code of conduct periodically by liaising with the Board, Management and staff especially in relation to any areas of difficulty which arise from the code of conduct and any other ideas or suggestions for improvement of the code of conduct. Suggestions for improvements or amendments to the code of conduct can be made at any time.

## (l) **Code of conduct for Directors, employees (and contractors)**

The Company will endeavour to ensure that the above principles in this code of conduct are implemented and adopted by Directors, employees and contractors of the Company by importing the following principles into the terms of such engagements. Specifically, Directors, employees and contractors will be encouraged and expected to:

- (1) act in the best interests of the Company;
- (2) actively promote the highest standards of ethics and integrity in carrying out their duties for the Company and act honestly;
- (3) comply with the laws and regulations that apply to the Company and its operations;
- (4) not knowingly participate in any illegal or unethical activity;
- (5) disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and not enter any arrangement or participate in any activity that would conflict with the Company's best interest or which they believe could compromise in any way the reputation or performance of the Company;
- (6) respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;
- (7) deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;
- (8) protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these is used for personal gain or to compete with the Company; and
- (9) report any breach of this code of conduct to Management, who will treat reports made in good faith of such violations with respect and in confidence.

## A.9 **Communications with investors**

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company communicates information regularly to shareholders through a range of forums and publications.

The Company's website is one of its key communication tools and the Company endeavours to keep its website up-to-date, complete and accurate. The Company's website also contains a facility for shareholders to direct inquiries to the Company and to elect to receive communications from the Company via email.

# Corporate Governance Charter

The Company uses its annual general meeting (**AGM**) as an opportunity to further engage with its shareholders and seek their input on the management of the Company. The Company undertakes a number of steps to seek to maximise shareholders' ability to participate in the AGM process by:

- (1) making Directors, members of Management and the external auditor available at the AGM;
- (2) allowing shareholders in attendance at the AGM a reasonable opportunity to ask questions regarding the items of business, including questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report; and
- (3) providing shareholders who are unable to attend the meeting with an opportunity to submit questions in advance of the meeting.

## A.10 **Selection of external auditor and rotation of audit engagement partner**

### (a) **Responsibility**

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

### (b) **Selection criteria**

#### *Mandatory criteria*

Candidates for the position of external auditor of the Company must be able to demonstrate independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

#### *Other criteria*

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

### (c) **Review**

The Audit and Risk Management Committee will review the performance of the external auditor on an annual basis.

## A.11 **Committees**

As set out in Section A.1(b), one of the functions of the Board is to form and monitor any special purpose Committees established to review certain aspects of the operations of the Company, having regard to the principles under this Section A.

The Company has established the following Committees for this purpose:

- (1) Remuneration Committee; and
- (2) Audit & Risk Management Committee.

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In addition, the Company may in the future (if the Directors consider that the Company is of a size or its affairs of such complexity as to justify their formation) establish the following Committees:

- (1) Corporate Governance Committee;
- (2) Nominations Committee.

The Charters of each of these Committees are set out in this document.

# Corporate Governance Charter

## Section B – Corporate Governance Committee Charter

### B.1 Committee members

The Company has not formally established a Corporate Governance Committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole is able to address these issues and will initially comprise the Corporate Governance Committee. The Company will review this position annually and determine whether a Corporate Governance Committee needs to be established.

### B.2 Purpose

- (a) The Corporate Governance Committee Charter (in this Section B, the **Charter**) sets out the role, responsibilities, powers, authority and membership requirements of the Corporate Governance Committee (in this Section B, the **Committee**).
- (b) Key features of the Charter will be outlined in the Corporate Governance Statement or the Annual Report. The Charter is available to shareholders of the Company on the Company's website.

### B.3 Definition and objectives of the Committee

- (a) The Committee is a committee of the Board.
- (b) The Committee is responsible for:
  - (1) reviewing, so far as is practicable having regard to the size of the Company and the nature of its operations, the performance of the Board and each individual Director;
  - (2) reviewing compliance by the Company with the Charter;
  - (3) ensuring, an appropriate Board and Committee structure is in place to enable the Board to properly perform its review function, having regard to the size of the Company and the nature of its operations;
  - (4) preparing and reviewing the Company's annual public disclosures as required by the ASX Listing Rules regarding the Company's corporate governance system, including preparing the Corporate Governance Statement;
  - (5) periodically reviewing the Company's policies and procedures regarding meeting its continuous disclosure requirements;
  - (6) periodically considering areas of potential liabilities of Directors and seeking to ensure the Company adopts reasonable protective measures;
  - (7) assessing the adequacy and quality of information provided to the Board prior to and during its meetings;
  - (8) reviewing periodically this Charter, the Company's Corporate Governance Charter, Trading Policy, Corporate Ethics Policy and Diversity Policy and any other issues related to corporate governance, and recommending any proposed changes to the Board for approval;
  - (9) ensuring that the necessary controls are in place for risk management to be maintained;

# Corporate Governance Charter

- (10) considering any changes to governance guidelines or recommendations of the ASX, and proposing any changes to the Board for approval;
  - (11) conducting, so far as is practicable having regard to the size of the Company and the nature of its operations, an annual performance self-evaluation of the Committee;
  - (12) appraising the Board regularly of significant developments in the course of performing the above duties, including reviewing with the full Board any issues that arise; and
  - (13) ensuring, so far as is practicable having regard to the size of the Company and the nature of its operations, compliance by the Company and the Board with the *Corporate Governance Principles and Recommendations*.
- (c) The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities. Nothing in this Charter will, or is intended to, expand applicable standards of liability under the *Corporations Act* for directors of a corporation.

## B.4 Powers and authority of the Committee

- (a) The Committee has the ability to direct any special investigations deemed necessary, to obtain access to the Company's professional advisors as needed and to consult independent experts where considered necessary to carry out its duties and has the authority to retain persons having special competencies (including, without limitation, legal or other consultants and experts) to assist the Committee in fulfilling its responsibilities.
- (b) The costs of consultations commissioned by the Committee will be borne by the Company.
- (c) The Committee has been, and will be, granted by the Board unrestricted access to all information and all employees have been, and will be, directed to cooperate as requested by members of the Committee.

## B.5 Reporting

- (a) Proceedings of all meetings are to be minuted and signed by the chairperson of the Committee (in this Section, the **Committee Chairperson**).
- (b) The Committee, through the Committee Chairperson, is to report to the Board at the earliest possible Board meeting after the Committee meeting regarding the determinations and conclusions at its meetings. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board. The minutes should include, where appropriate:
  - (1) information about any examination or assessment carried out by the Committee including the results of such assessments;
  - (2) an assessment of:
    - (A) the Board and Committee structure;
    - (B) the adequacy and quality of information provided to the Board prior to and during its meetings;
    - (C) the various Charters;
    - (D) the adequacy of controls in place for risk management; and

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- (E) the effectiveness of the Committee;
- (3) any recommendations for changes to procedures implemented by the Company, the Board or any Committee;
- (4) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
- (5) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter, and where appropriate, summarising the Committee's activities during the year, including:
  - (A) a summary of the Committee's main authority, responsibilities and duties;
  - (B) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;
  - (C) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
  - (D) explanation of any departures from the best practice recommendations under the Corporate Governance Principles and Recommendations;
  - (E) details of any change to the independent status of each member during the relevant period, if applicable; and
  - (F) details of any determinations made by the Committee in satisfying its objectives.

## B.6 Application of the Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms of this Charter.

# Corporate Governance Charter

## Section C – Audit and Risk Management Committee Charter

### C.1 Committee members

- (a) The Board has established an Audit and Risk Management Committee.
- (b) The Audit and Risk Management Committee (in this Section, the **Committee**) will ideally consist of the following:
  - (1) a minimum of three members;
  - (2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);
  - (3) a majority of Independent Directors; and
  - (4) an Independent Director as the chairperson who is not the Chairperson of the Board.
- (c) Each member of the Audit and Risk Management Committee is to be financially literate and at least one member of the Committee is to have accounting or related financial management experience. The Members of the Audit and Risk Committee should, between them, have the accounting and financial expertise, technical knowledge and a sufficient understanding of the industry in which the Company operates, in order to discharge the Charter.
- (d) The Company Secretary, chief financial officer, any accounting personnel for the Company and any representatives of the auditors may be invited to form part of the Committee or to attend meetings of the Committee from time to time.

### C.2 Purpose

- (a) The Audit and Risk Management Committee Charter (in this Section, the **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Committee.
- (b) Key features of the Charter will be outlined in the Corporate Governance Statement, Annual Report or on the Company's website. The Charter is available to shareholders of the Company on the Company's website.

### C.3 Definition and objectives of the Committee

- (a) The Committee is a committee of the Board.
- (b) The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:

#### Audit related

- (1) reviewing and making recommendations to the Board in relation to whether the Company's financial statements reflect the understanding of the members of the Committee, and otherwise provide a true and fair view of the financial position and performance of the Company;
- (2) reviewing and making recommendations to the Board in relation to the appropriateness of the accounting judgments or choices exercised by Management in preparing the Company's financial statements;
- (3) ensuring that the quality of financial controls is appropriate for the business of the Company;



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- (4) reviewing the scope, results and adequacy of external and internal audits;
- (5) requiring the external auditors to report to the Committee;
- (6) monitoring corporate conduct and business ethics and ongoing compliance with laws and regulations;
- (7) maintaining open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged;
- (8) reviewing matters of significance affecting the financial welfare of the Company;
- (9) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate and making recommendations in this regard;
- (10) reviewing the Company's internal financial control system;
- (11) considering and making recommendations regarding the appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- (12) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the performance of the external auditor;
- (13) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm and making recommendations on any proposal by the external auditor to provide non-audit services;
- (14) where the Company has an internal audit function, reviewing and making recommendations regarding:
  - (A) the appointment or removal of the head of internal audit;
  - (B) the scope and adequacy of the internal audit work plan; and
  - (C) the objectivity and performance of the internal audit function; and

## **Risk related**

- (15) reviewing and making recommendations to the Board in relation to the adequacy of the Company's processes for managing risks, including:
  - (A) in relation to any incident involving fraud or other break down of the Company's internal controls;
  - (B) in relation to the Company's insurance program, having regard to the Company's business and the insurable risks associated with the business;
- (16) ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems and overseeing this framework;

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- (17) defining and periodically reviewing risk management as it applies to the Company and clearly identifying all stakeholders;
  - (18) ensuring the Committee clearly communicates the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders;
  - (19) ensuring that the Board and Management establish a risk aware culture which reflects the Company's risk policies and philosophies;
  - (20) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
  - (21) making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures; and
  - (22) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities.
- (c) Membership of the Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website, together with details of the relevant experience and qualifications of members of the Committee.

## C.4 Reporting

- (a) Proceedings of all meetings are minuted and signed by the chairperson of the Committee (in this Section, the **Committee Chairperson**).
- (b) The Committee, through the Committee Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board. The minutes should include, where appropriate:
  - (1) information about the audit process including the results of internal and external audits;
  - (2) an assessment of:
    - (A) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
    - (B) the management processes supporting external reporting;
  - (3) procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;
  - (4) recommendations for the appointment or removal of an auditor;
  - (5) any determination by the Committee relating to the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
  - (6) assessment of the performance and objectivity of the internal audit function;
  - (7) results of its review of risk management and internal compliance and control systems;

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- (8) information about its assessment of any material exposure of the Company to economic, environmental and social sustainability risks (if any) and how it proposes that these risks may be managed;
- (9) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
- (10) at least annually, a review of the Company's risk management policy framework and of the formal written Charter and their continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter and where appropriate, summarising the Committee's activities during the year including:
  - (A) a summary of the Committee's main authority, responsibilities and duties;
  - (B) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;
  - (C) member and related party dealings with the Company;
  - (D) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
  - (E) explanation of any departures from Recommendations 4.1, 7.1, 7.2, 7.3 and 7.4 of the *Corporate Governance Principles and Recommendations*;
  - (F) details of any change to the independent status of each member during the relevant period, if applicable; and
  - (G) details of any determination by the Committee regarding the external auditor's independence.

## C.5 Risk management policies

The Committee will ensure that the necessary controls are in place for an appropriate risk management framework to be maintained by:

- (a) devising a means of analysing the effectiveness of risk management and internal compliance and control systems and of the effectiveness of their implementation; and
- (b) reviewing the Company's risk management framework at least annually in order to satisfy the Committee that it continues to be sound.

## C.6 Attendance at meetings

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (b) Notwithstanding clause C.6(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

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## C.7 Access

- (a) The Committee will have unlimited access to the external and internal auditors, and to senior management of the Company and any group member. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will also have the ability to interview Management and internal and external auditors (with or without Management present).
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## C.8 Application of the Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

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## Section D - Remuneration Committee Charter

### D.1 Committee members

The Board has not formally established a Remuneration Committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board considers that it is able to deal efficiently and effectively with remuneration issues and will initially comprise the Remuneration Committee. In doing so, the Board will be guided by the Charter set out below. The Company will review this position annually and determine whether a Remuneration Committee needs to be established. The Company will also provide details in its Corporate Governance Statement, the Annual Report or the Company's website of the processes it employs in relation to setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

### D.2 Purpose

- (a) The Remuneration Committee Charter (in this Section, the **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Remuneration Committee (in this Section, the **Committee**).
- (b) Key features of the Charter will be outlined in the Corporate Governance Statement, the Annual Report or the Company's website. The Charter is available to shareholders of the Company on the Company's website.

### D.3 Definition and objectives of the Committee

- (a) The Committee is a committee of the Board which will ideally be comprised of:
  - (1) a minimum of three members;
  - (2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);
  - (3) a majority of Independent Directors; and
  - (4) an Independent Director as the chairperson.
- (b) In developing the structure for executive remuneration, consider matters including that:
  - (1) Management should be remunerated by an appropriate balance of fixed remuneration and performance based remuneration;
  - (2) levels of fixed remuneration should be reasonable and fair, relative to the scale of the Company's business, and should reflect core performance requirements and expectations;
  - (3) any performance based remuneration should be clearly linked to specific performance targets which are aligned to the Company's short and long term performance objectives. Such targets should be appropriate to the Company's circumstances, goals and risk appetite;
  - (4) equity based remuneration may include, amongst other things, options or performance rights. Such remuneration should include appropriate hurdles that are aligned to the Company's longer term performance objectives and should be structured in a manner so as to ensure they do not lead to a short term focus or the taking of undue risks; and

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- (5) any termination payments for Management should be agreed in advance and should not be applied in the case of removal for misconduct. Consideration will be given as to whether shareholder approval will be required for any termination payments.
- (c) The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:
  - (1) Management remuneration and incentive plans:
    - (A) including, but not limited to, pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by Management;
    - (B) review of the on-going appropriateness and relevance of the Management remuneration policy and other Management benefit programs;
    - (C) consideration of whether to seek shareholder approval of the Management remuneration policy;
    - (D) overseeing the implementation of the remuneration policy; and
    - (E) review and approval of the total proposed payments from each member of Management.

If the Committee includes an executive Director, the executive Director should not be involved in deciding their own remuneration and should be cognisant of any potential conflict of interest if they are involved in setting remuneration for other executives that may indirectly affect their own remuneration.

In respect of such Management remuneration, review the competitiveness of the Company's Management compensation programmes to ensure:

- (A) the programmes are attractive, with a view to ensuring the retention of the Company's Management;
  - (B) the motivation of the Company's Management to achieve the Company's business objectives; and
  - (C) the alignment of the interests of key leadership with the long term interests of the Company's shareholders.
- (2) the remuneration packages for Management:
    - (A) consider and make recommendations to the Board on the entire specific remuneration for each individual of Management (including fixed remuneration, performance based remuneration, equity based remuneration, termination benefits, , retirement rights, service contracts and superannuation), having regard to the Management remuneration policy; and
    - (B) consider whether shareholder approval will be required.
  - (3) non-executive Director remuneration:
    - (A) the Company's remuneration framework for non-executive Directors, including the process by which any pool of non-executive Directors' fees approved by shareholders are allocated to non-executive Directors;

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- (B) in developing the structure, consider matters including that:
  - (i) non-executive Directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits or superannuation contributions);
  - (ii) levels of fixed remuneration for non-executive directors should reflect the time commitment and responsibilities of the role;
  - (iii) non-executive Directors should not receive performance based remuneration;
  - (iv) non-executive Directors may receive Securities as part of their remuneration, however, they should not receive options with performance hurdles attached or performance rights as part of their remuneration; and
  - (v) non-executive directors should not be provided with retirement benefits (other than statutory superannuation),
- (C) ensure that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders; and
- (D) provide, in the Corporate Governance Statement, any departures from Recommendation 8.2 if necessary;
- (4) the Company's recruitment, retention and termination policies and procedures for senior management;
- (5) incentive plans (equity and cash based):
  - (A) review and approve the design of all equity based plans;
  - (B) keep all plans under review in light of legislative, regulatory and market developments;
  - (C) for each equity-based plan, determine each year whether awards will be made under that plan;
  - (D) ensure that the equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;
  - (E) review and approve total proposed awards under each plan;
  - (F) in addition to considering awards to executive Directors and direct reports to the Managing Director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
  - (G) review, approve and keep under review performance hurdles for each equity-based plan;
- (6) superannuation arrangements;
- (7) remuneration of members of other Committees of the Board; and
- (8) whether there is any gender or other inappropriate bias in remuneration for Directors, Management or other employees of the Company.

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## D.4 Remuneration policies

- (a) The Committee should design the remuneration policy in such a way that it:
  - (1) motivates Directors and Management to pursue the long-term growth and success of the Company within an appropriate control framework; and
  - (2) demonstrates a clear relationship between key executive performance and remuneration.
- (b) In performing its role, the Committee is required to ensure that:
  - (1) the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration;
  - (2) contract provisions reflect market practice; and
  - (3) targets and incentives are based on realistic performance criteria.
- (c) The Committee will also:
  - (1) overview the application of sound remuneration and employment practices across the Company; and
  - (2) ensure the Company complies with legislative requirements related to employment practices.

## D.5 Approval

- (a) The Committee must approve the following prior to implementation:
  - (1) changes to the remuneration or contract terms of Executive Directors and Management;
  - (2) the design of new, or amendments to current, equity plans or Management cash-based incentive plans;
  - (3) the total level of compensation proposed from equity plans or executive cash-based incentive plans; and
  - (4) termination payments to executive Directors or Management, including consideration of early termination, except for removal for misconduct.

## D.6 Reporting

- (a) Proceedings of all meetings of the Committee are to be minuted and signed by the Chairperson.
- (b) The Committee, through the chairperson of the Committee (in this Section, the **Committee Chairperson**), is to report to the Board at the earliest possible Board meeting after the Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board. The minutes should include, where appropriate:
  - (1) information about the review process undertaken by the Committee;



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- (2) an assessment of:
  - (A) Management remuneration and incentive plans;
  - (B) remuneration packages for Management;
  - (C) non-executive Director remuneration;
  - (D) the Company's recruitment and retention and termination policies and procedures for Management;
  - (E) incentive plans (equity and cash based);
  - (F) superannuation arrangements; and
  - (G) remuneration of members of other Committees of the Board;
- (3) recommendations for setting remuneration levels for Directors, Management and Committees;
- (4) any matter that in the opinion of the Committee should be brought to the attention of the Board and any recommendation requiring Board approval and/or action;
- (5) providing details of the Company's policies and practices for the deferral of performance based remuneration and the reduction, cancellation or claw back of performance based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.
- (6) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter and where appropriate, summarising the Committee's activities during the year including:
  - (A) a summary of the Committee's main authority, responsibilities and duties;
  - (B) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;
  - (C) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
  - (D) explanation of any departure from Recommendations 8.1, 8.2 and 8.3 of the Corporate Governance Principles and Recommendations; and
  - (E) details of any change to the independent status of each member during the relevant period, if applicable.

## D.7 Meetings

- (a) Despite the Standing Rules, there is no requirement that the Remuneration Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.
- (b) In addition, the Committee Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal or external auditors, the Chairperson of the Board or any other Board member.

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- (c) The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his or her own remuneration.

## D.8 Attendance at meetings

Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which the remuneration of that Director or a related party of that Director is being discussed.

## D.9 Access

- (a) The Committee will have access to employees of the Company and appropriate external advisers. The Committee may meet with these external advisers without Management being present. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will have the ability to interview Management where considered necessary or appropriate.
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## D.10 Application of the Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

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## Section E – Nominations Committee Charter

### E.1 Committee members

The Company has not formally established a Nominations Committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board considers that it is able to deal efficiently and effectively with Board composition and succession issues without establishing a separate Nomination Committee and in doing so, the Board will be guided by the Charter set out below. The Company will review this position annually and determine whether a Nominations Committee needs to be established. The Company will also provide details in its Corporate Governance Statement, the Annual Report or the Company's website of the processes it employs in relation to addressing board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

### E.2 Purpose

- (a) The Nominations Committee Charter (in this Section, the **Charter**) sets out the role, responsibilities, powers, authority and membership requirements of the Nominations Committee (in this Section, the **Committee**).
- (b) Key features of the Charter will be outlined in the Corporate Governance Statement, the Annual Report or the Company's website. The Charter is available to shareholders of the Company on the Company's website.

### E.3 Definition and objectives of the Committee

- (a) The Committee is a Committee of the Board which will ideally be comprised of:
  - (1) a minimum of three members;
  - (2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);
  - (3) a majority of Independent Directors; and
  - (4) an Independent Director as chairperson.
- (b) Consideration will be given to seeking appropriate diversity of membership of the Committee in order to avoid entrenching unconscious bias.
- (c) In the event that the chairperson of the Committee is also the chairperson of the Board, a separate chairperson should be appointed if and when the Committee is dealing with the appointment of a successor to the chair of the Board.
- (d) The Committee is responsible for assisting the Board in relation to the appointment of members to the Board and of Management (including, without limitation, a Chief Executive Officer, a chief financial officer or a chief operating officer (to the extent that the Company has or requires such positions)), and for the review of the performance of such persons.
- (e) The Committee is also responsible for implementing the Diversity Policy and ensuring that the Company seeks to achieve its objectives set out in the Diversity Policy across all levels in the Company.

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- (f) The Committee will discharge its responsibility by:
- (1) developing criteria for seeking and reviewing candidates for a position on the Board, including implementation of processes to assess the necessary and desirable attributes of Board members including relevant industry expertise, prior public company experience (especially at the board and committee levels), and other specialized knowledge and technical, professional and social skills most likely to result in superior performance in exercising the duties and discharging the obligations and responsibilities as a member of the Board or a Committee established by the Board;
  - (2) identifying suitable candidates from diverse backgrounds for appointment to the Board or Management positions;
  - (3) undertaking appropriate checks on candidates for Board positions, including as to the person's character, experience, education, criminal history and bankruptcy. A review should also be undertaken of the candidate's other commitments and whether the candidate will have sufficient time to fulfil his or her responsibilities as a Director or member of the Board;
  - (4) reviewing appropriate applications for positions on the Board and recommending individuals for consideration by the Board;
  - (5) ensuring the Company enters a written agreement with each Director and member of Management, setting out the terms of their appointment to ensure both parties have a clear understanding of their roles and responsibilities;
  - (6) in the case of a non-executive Director, the agreement should set out, amongst other things:
    - (A) the term of appointment and circumstances in which the office will become vacant;
    - (B) time commitments envisaged, as well as expected involvement with Committees or special duties;
    - (C) remuneration (including superannuation) and indemnity and insurance arrangements;
    - (D) requirements regarding disclosure of Director's interests and any matters which may affect the independence of the Director;
    - (E) the requirement to comply with key policies of the Company, including the Corporate Governance Charter, Disclosure Policy, Diversity Policy and Trading Policy;
    - (F) the Company's policy as to when Directors may seek independent advice at the expense of the entity; and
    - (G) ongoing rights of access to corporate information and ongoing confidentiality obligations;
  - (7) in the case of a member of Management, the agreement should generally address the above-mentioned information, as well as a clear description of the individual's position, duties and responsibilities, the person to whom they should report, circumstances which may result in termination and any entitlements on termination;

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- (8) establishing a Board “skills matrix” to identify any gaps in the collective skills of the Board that should be addressed as part of professional development initiatives and succession planning;
  - (9) implementing a program for inducting new Directors and providing appropriate professional development opportunities for Directors in order to develop and maintain the skill and knowledge required to perform their role effectively;
  - (10) reviewing the time requirements of the non-executive Directors and whether those Directors are meeting those requirements;
  - (11) reviewing and making recommendations in respect of Board succession planning generally and ensuring there are plans in place to manage the succession of Management;
  - (12) recommending strategies to address board Diversity and increasing the proportion of women in the Company;
  - (13) recommending procedures for adoption by the Board for the proper oversight of the Board and Management;
  - (14) ensuring that such procedures, once adopted, are implemented such that the performance of the Board, its Committees, each member of the Board and of Management is reviewed and assessed each year in accordance with the procedures. In relation to the review of the chair of the Board, a suitable non-executive Director should be allocated responsibility after having obtained the views of the other Directors;
  - (15) reporting to the Board on, and providing recommendations to address, any issues that may emerge from the periodic review of the Board, its Committees, each member of the Board and senior Management;
  - (16) annually reviewing the composition of each Committee established by the Board and presenting to the Board recommendations for membership of those Committees; and
  - (17) reviewing and making recommendations to the Board in relation to the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors.
- (g) Membership of the Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company’s website.

## E.4 Reporting

- (a) Proceedings of all meetings are minuted and signed by the chairperson of the Committee (in this Section, the **Committee Chairperson**).
- (b) The Committee, through the Committee Chairperson, reports to the Board at the earliest possible Board Meeting after each Committee Meeting. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board. The minutes should include, where appropriate:
  - (1) procedures for the selection and appointment of proposed Board and senior management representatives and for the monitoring of the performance of Board and senior managers;
  - (2) the steps taken to ensure that a diverse range of candidates is considered;

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- (3) recommendation for the appointment or removal of a Board member or senior manager;
- (4) any determination by the Committee relating to the independence of a proposed Board member;
- (5) an assessment of the performance of the Board, its Committees, any Board member or member of Management;
- (6) an assessment of the Board “skills matrix” and diversity that the Board currently has or is looking to achieve in its membership;
- (7) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
- (8) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter, and where appropriate, summarising the Committee’s activities during the year, including:
  - (A) a summary of the Committee’s main authority, responsibilities and duties;
  - (B) details of the mix of skills and diversity for which the board of directors is looking to achieve in membership of the Board
  - (C) biographical details of the Committee’s members, including expertise, appointment, dates and terms of appointment;
  - (D) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
  - (E) explanation of any departures from best practice having regard to Principles 1 and 2 of the Corporate Governance Principles and Recommendations;
  - (F) details of the policies introduced to address Board and employee Diversity, including but not limited to strategies to increase the proportion of women at all levels of the Company;
  - (G) the measurable objectives that are, or will be, set by the board to achieve gender diversity in accordance with the Diversity Policy and progress towards achieving them;
  - (H) details of any change to the independent status of each member during the relevant period, if applicable; and
  - (I) details of any determination or recommendations made by the Committee in performing its functions under Section E.3.

## E.5 Attendance at meetings

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (b) Notwithstanding Section E.5(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that

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address. The Director will not, however, be invited to take part in the deliberations following that address.

## E.6 **Access**

- (a) The Committee will have access to the Directors and Management. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information.
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## E.7 **Application of the Standing Rules**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

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## Section F – Standing Rules of Committees

### F.1 Application

These Standing Rules apply to, and are deemed to be incorporated into the Charter of each Committee, except where the terms of these Standing Rules conflict with those of the relevant Charter.

### F.2 Composition

- (a) The composition of each Committee will be determined in accordance with the following principles:
  - (1) each Committee will aim to have membership which comprises only non-executive Directors, save where there is not a sufficient number of executive Directors or the Board considers that to do so for a particular Committee would be unnecessary or desirable, in which case, the Board may appoint one or more executive Directors to the Committee;
  - (2) each Committee will aim to have a majority of its members being Independent Directors (where appropriate, given the size of the Company and the Board);
  - (3) provided the Committee includes at least one Independent Director, the chairperson of the Committee will be an Independent Director; and
  - (4) the Committee will comprise at least three members.
- (b) Membership of each Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website.
- (c) Committee members are appointed by the Board.
- (d) The term of appointment as a member is for a period of no more than one year, with Committee members generally being eligible for re-appointment for so long as they remain Directors. The effect of ceasing to be a Director is the automatic termination of that individual's appointment as a member of each Committee.
- (e) Membership of each Committee should be confirmed annually by the Board at the Board's first meeting following its annual shareholder meeting.
- (f) Each Director may attend meetings but will have no voting rights unless he or she is a member of the relevant Committee.

### F.3 Chairperson

- (a) The chairperson of each Committee is selected by the Board.
- (b) Should the chairperson be absent from a meeting and no acting chairperson has been appointed, the members of the relevant Committee present at the meeting have authority to choose one of their number to be chairperson for that particular meeting.

### F.4 Meetings

- (a) Each Committee will meet at such intervals as required to fulfil its obligations but must meet at least annually, unless otherwise specified in the Charter applicable to that Committee.



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- (b) In addition, the chairperson of a Committee is required to call a meeting of that Committee if requested to do so by any member of that Committee, the external auditors, the internal auditors, the Chairperson of the Board or another Board member.
- (c) The chairperson of each Committee will appoint an executive or the Company Secretary to act as secretary to that Committee who will be responsible:
  - (1) in conjunction with the chairperson, for drawing up the agenda, supported by explanatory documentation, and circulating it to the relevant Committee members prior to each meeting; and
  - (2) for keeping the minutes of each meeting of that Committee and circulating them to Committee members and to the other members of the Board.
- (d) A quorum will consist of two members.
- (e) The chairperson of each Committee will report to the Board following each meeting of that Committee on the decisions made by the Committee.
- (f) Meetings may be held in any location and may be held by means of teleconference or videoconference.

## F.5 Fees

A member of each Committee is entitled to receive remuneration as determined from time to time by the Remuneration Committee.

## F.6 Review of Charter

- (a) Each Charter is to be reviewed annually by the relevant Committee to ensure it remains consistent with that Committee's authority, objectives and responsibilities.
- (b) Significant changes to the Charter must be recommended by the relevant Committee and approved by the Board.

## F.7 Duties and responsibilities

- (a) The duties and responsibilities of a member of each Committee are in addition to those duties set out for a Director of the Board.
- (b) The duties and responsibilities of a member of each Committee are set out in each Charter.

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## Section G - Corporate Ethics Policy

### G.1 Introduction

Directors are subject to certain stringent legal requirements regulating their conduct, both in terms of their internal conduct as Directors and in their external dealings with third parties both on their own behalf and on behalf of the Company.

To assist Directors in discharging their duty to the Company in compliance with the relevant laws to which they are subject, the Company has adopted a Corporate Ethics Policy (**Policy**).

This Policy sets out rules binding Directors in respect of:

- (1) a Director's legal duties as an officer of the Company;
- (2) a Director's obligations to make disclosure to the ASX and the market generally; and
- (3) dealings by Directors in shares in the Company.

### G.2 Directors' powers and duties

Each Director is required to comply strictly with the legal, statutory and equitable duties as an officer of the Company. Broadly, these duties are:

- (1) to act in good faith and in the best interests of the Company;
- (2) to act with due care and diligence;
- (3) to act for proper purposes;
- (4) to avoid conflicts of interest or duty; and
- (5) to refrain from making improper use of information gained through the office of Director, or taking improper advantage of the office of Director.

### G.3 General

Directors owe a variety of duties to the Company which may affect the appropriateness of their attendance at, and participation in, meetings of the Board. These duties arise as a result of the general law and also under the *Corporations Act*.

The Directors should be aware that if they breach their fiduciary duties to the Company, they may be liable to account to the entity for any profit they derive or to indemnify the entity against any loss their breach has caused.

Breaches of the *Corporations Act* duties may also give rise to an action for damages, fines and penalties or disqualification.

#### ***Common law fiduciary duties***

A director is said to be in a fiduciary, as opposed to an arm's length, relationship with the Company. As such a Director will owe various fiduciary duties to the Company which underlie matters relating to the conduct of a Director, including attendance at, and participation in, meetings. The positive duties of a Director include the duty to act in good faith in the best interests of the Company, to act for proper corporate purposes and to give adequate consideration to matters for decision and to keep discretions unfettered.

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## ***Corporations Act***

A Director will also be subject to duties imposed by the *Corporations Act*. They include the duty to exercise care and diligence, to exercise their powers in good faith and for a proper purpose and not to misuse their position or information obtained from their position to gain an advantage for themselves or others or cause detriment to the Company.

### **G.4 General duties of Directors**

#### **(a) Proper corporate purpose**

*General law duty - to act for proper corporate purposes*

The duty to act for proper corporate purposes requires Directors to exercise the powers granted to them for the purpose for which they were given, not for collateral purposes.

#### **(b) Adequate consideration**

*General law duty – to give adequate consideration and duty not to fetter a director’s discretion*

The duty to give adequate consideration to matters for decision and to keep discretions unfettered requires Directors to give adequate consideration to matters when exercising their discretion. They must take positive steps to inform themselves about matters and not simply acquiesce in the decision making process.

#### **(c) Care and diligence**

*General law and Corporations Act duty – to act with a reasonable degree of care and diligence in exercising a director’s powers and discharging a director’s duties*

Under the *Corporations Act*, a Director must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- (1) were a director of a company in the same circumstances as the Company; and
- (2) occupied the same office and had the same responsibilities as the Director.

Case law on these provisions illustrates that the scope of the obligation of care and diligence will depend upon the nature of the director’s role and his or her position with the Company. For instance, generally executive directors will be subject to a higher standard of care and it has been held that a chairperson of a company who is also chairperson of the company’s audit and risk management committee may have a higher duty of care than a mere non-executive director.

Apart from the *Corporations Act* obligation, a failure of a Director to act with a reasonable degree of care and diligence is also likely to be considered negligent.

#### *Business Judgment Rule*

The *Corporations Act* provides for a mechanism for directors to avoid a breach of their duty of care and diligence where certain parameters are met. This is known as the “business judgment rule”. All Directors are expected to be familiar with this rule.

In summary, a Director who makes a business judgment is taken to meet the duty of care and diligence (whether under statute or the general law) if they:

- (1) make the judgment in good faith and for a proper purpose;

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- (2) do not have a material personal interest in the subject matter of the judgment;
- (3) inform themselves about the subject matter of the judgment to the extent they reasonably believe to be appropriate; and
- (4) rationally believe that the judgment is in the best interests of the corporation.

The Director's or officer's belief that the judgment is in the best interests of the corporation is a rational one unless that belief is one that no reasonable person in their position would hold.

A 'business judgment' is any decision to take or not take action in respect of a matter relevant to the business operations of the corporation.

Whilst the business judgment rule assists directors to avoid a breach of their duty of care and diligence under both the *Corporations Act* or under the general law, it does not relieve breaches of the other duties of directors, whether under the *Corporations Act* or otherwise, described above.

## (d) **Act in good faith**

*General law and Corporations Act duties:*

- (1) *to act in good faith in the best interests of the company;*
- (2) *to act for a proper purpose;*
- (3) *not to improperly use the director's position; and*
- (4) *not to improperly use information obtained by virtue of the director's position.*

The duty to act in good faith in the best interests of the Company requires Directors to use their discretion honestly and with reasonable care and diligence for the purposes for which it was conferred. A Director must not promote his or her personal interest by making or pursuing a gain in circumstances in which there is a conflict, or a real possibility of a conflict, between his or her personal interests and those of the Company. Additionally, a Director must not act to promote the interest of a third person where there is a conflict, or a real possibility of conflict, between their fiduciary duties to the Company and any duties owed to the third person.

## G.5 **Avoiding conflicts**

### ***Attending and participating in Board meetings***

The duties in relation to conflict are of particular importance when a Director is considering whether or not they should attend and participate in Board meetings.

This rule requires a Director to avoid situations in which there is a "real and sensible possibility" of conflict between the Director's personal interests and the Company's interests. This duty is also of particular significance where Directors hold multiple directorships. Whilst merely holding multiple directorships, even in competing companies, is not a breach of the rule against conflict, the rule will be breached if the Director discloses confidential information which the Director has gained as a result of their directorship of the other company.

Consequently, if a Director has a conflicting personal interest, whether direct or indirect, in a matter to be discussed a meeting of the Board, they should first disclose this matter to the Board and then consider whether participating in the matter would result in a breach of their fiduciary duties.

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## ***Material personal interest***

A Director who has a material personal interest in a matter that relates to the affairs of the Company is required to disclose this to the Company.

Directors who have a material personal interest in a matter generally must not attend a meeting of the Board whilst that matter is being considered or vote on the matter. However, a Director may do these things if a resolution of the Board is passed to this effect or if ASIC has given its consent.

Despite this, the same caution must be exercised as discussed above if the other Directors consent to the conflicted Director participating in the meeting. The conflicted Director should ensure that participation won't be in breach of their fiduciary duties or the duties imposed by the *Corporations Act*.

## ***Common directorships***

These duties become particularly relevant where companies have directors in common and a decision involving a potential conflict of interest is required to be taken by one of the companies. In this case, it will generally be prudent for a director who is on the board of both companies not to participate in the decision making process of either company on that matter.

## ***Directors providing services to the Company***

In order to capitalise on the professional/technical expertise or experience of the Directors of from time to time (other than in their capacity as Directors), the Company may engage the services of a Director (or a firm associated with the Director) **only** on the following terms and conditions:

- (a) the scope of the consultancy (or other services) is identified, together with a schedule of estimated costs and charge-out rates to be incurred with the Director or their firm;
- (b) (where considered necessary or appropriate) the Board seeks additional quotations for the same services; and
- (c) the consultancy services are approved by the Board.

## **G.6 Confidentiality**

The Directors will have access to any information which the Directors may consider necessary to perform their responsibilities and exercise their independent judgment when making decisions. All information received by a Director in these circumstances must be considered confidential and at all times remains the property of the Company.

Any confidential information of the Company acquired by a Director during the Director's appointment must not be disclosed by the Director, or the Director must not allow it to be disclosed, to any other person unless the disclosure is authorised by the Chairperson or is required by law or regulatory body (including a relevant stock exchange).

## **G.7 Independence**

The Board is required to regularly (and in any event, at least annually) assess the independence of Directors to ensure that Directors do not have any relationship or interest that interferes with their unfettered and independent judgment, or could reasonably give the impression that the Director's independence has been compromised.

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Set out in Section B is the Corporate Governance Committee Charter under which the Corporate Governance Committee is charged with assessing the independence of each Director on behalf of the Board.

Directors are required to co-operate fully with any assessment process and give all reasonable information requested.

Directors are also required to fully and frankly tell the Board about anything that:

- (1) may lead to an actual or potential conflict of interest or duty;
- (2) may lead to a reasonable perception of an actual or potential conflict of interest or duty;
- (3) interferes with a Director's unfettered and independent judgment; or
- (4) could reasonably give the impression that a Director's independence has been compromised.

Directors are also required to tell the Company about any interest which they may have in securities of the Company (or of a related body corporate) or interest in any contract relating to those securities. This is discussed in greater detail below.

## G.8 Dealings by Directors in Securities of the Company

The Company has adopted the Trading Policy set out in Section H which is designed to ensure that Directors and others associated with the Company do not deal in Securities of the Company at inappropriate times or in inappropriate circumstances.

## G.9 Notification to ASX of Directors' interests

Directors must also be aware that pursuant to the provisions of the *Corporations Act* they are obliged to provide the ASX with appropriate notifications of their interests in the Company.

Pursuant to section 205G of the *Corporations Act*, Directors must notify the ASX of their:

- (a) relevant interests in securities of the Company or of a related body corporate;
- (b) contracts:
  - (1) to which the Director is a party or under which the Director is entitled to a benefit; and
  - (2) that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate.

Directors must also ensure that the ASX is notified of the above interests in accordance with Listing Rule 3.19A. This Rule requires the Company, not the particular Director, to notify the ASX of the above interests.

Accordingly, the Company will enter into an agreement with each Director under which each Director will be obliged to provide the necessary information to the Company. An agreement of this nature recognises that much of the information required by the ASX, under section 205G, is held by each Director, by virtue of their position and role within the Company. By entering into a formal agreement, the Company ensures that each Director has been notified of their disclosure obligations under the *Corporations Act* and each Director authorises

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the Company to give the information provided by them to the ASX on their behalf and as their agent.

In particular, Listing Rule 3.19A provides that:

- (a) when a Director is appointed – the Company must notify the ASX of the above interests within 5 business days after the appointment (the appropriate form is ASX Appendix 3X). Accordingly, each Director must provide the following information as at the date of their appointment as a Director:
  - (1) details of all securities registered in their name, including the number and class of the securities;
  - (2) details of all securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of Section 9 of the *Corporations Act*, including the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and
  - (3) details of all contracts to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the Director's interest under the contract.
- (b) where a change in the above interests of a Director occurs – the Company must advise the ASX of the change in the Director's interests to the ASX no more than 5 business days after the change occurs (the appropriate form is ASX Appendix 3Y). Directors will need to provide to the Company on an on-going basis, as soon as reasonably possible after the date of the change and, in any event, no later than 3 business days after the date of the change:
  - (1) details of changes in securities registered in the Director's name, including the following:
    - (A) the date of the change;
    - (B) the number and class of securities held before and after the change;
    - (C) the nature of the change (eg, on-market, off-market);
    - (D) the consideration paid or received in connection with the change; and
    - (E) if an off-market transaction, the value of the securities that are the subject of the change;
  - (2) details of changes in securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of Section 9 of the *Corporations Act*, including the following:
    - (A) the date of the change;
    - (B) the number and class of securities held before and after the change;
    - (C) the name of the registered holder before and after the change;

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- (D) the circumstances giving rise to the relevant interest;
  - (E) the nature of the change (eg, on-market, off-market);
  - (F) the consideration paid or received in connection with the change; and
  - (G) if an off-market transaction, the value of the securities that are the subject of the change; and
- (3) details of all changes to contracts to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the following:
- (A) the date of the change;
  - (B) the number and class of the shares, debentures or interests to which the interest relates before and after the change;
  - (C) the name of the registered holder if the shares, debentures or interests have been issued; and
  - (D) the nature of the Director's interest under the contract; and
- (c) where a Director ceases to be a Director – the Company must notify the ASX of the interests of the Director at the time the Director ceases to be a Director, no more than 5 business days after the director ceases to be a Director (the appropriate form is ASX Appendix 3Z). Directors must supply to the Company as soon as reasonably possible after the date of ceasing to be a Director and, in any event no later than 3 business days after the date of ceasing to be a Director, the following information:
- (1) details of all securities registered in the Director's name, including the number and class of the securities;
  - (2) details of all securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of Section 9 of the *Corporations Act*, including the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and
  - (3) details of all contracts to which the Director is a party or under which he or she is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the Director's interest under the contract.

Directors should also be aware of the substantial shareholder provisions contained in section 671B of the *Corporations Act* which require certain notices to be served on the Company and the ASX when a shareholder has a relevant interest in at least 5% of the issued shares in the Company and any changes of more than 1% to that relevant interest.



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## G.10 The Company's obligation of disclosure

### (a) The Listing Rules

As a listed entity, the Company must comply with certain continuous disclosure obligations imposed by the *Corporations Act* and the ASX Listing Rules. Chapter 3 of the ASX Listing Rules requires the Company to provide the ASX with immediate notice of certain material information.

The general disclosure rule imposed on the Company is contained in clause 3.1 of the ASX Listing Rules:

*"3.1 Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information."*

ASX Listing Rule 3.1A provides that Listing Rule 3.1 does not apply to particular information while each of the requirements of Listing Rule 3.1 are satisfied (see section (d) below).

There is also the "false market"/"rumours" disclosure rule in clause 3.1B as follows:

*"3.1B If ASX considers that there is or is likely to be a false market in an entity's securities and asks the entity to give it information to correct or prevent a false market, the entity must immediately give ASX that information."*

The provisions of Chapter 3 are reinforced by Chapter 6CA of the *Corporations Act*. In particular, section 674(2) provides that if:

- (a) provisions of the listing rules of a listing market in relation to an entity require an entity to notify the market operator of information about specified events or matters as they arise for the purpose of the operator making that information available to participants in the market;
- (b) the entity has information that those provisions require the entity to notify to the market operator; and
- (c) that information:
  - (1) is not generally available; and
  - (2) is information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities of the entity,

the entity must notify the market operator of that information in accordance with those provisions.

It is therefore essential that Directors acquaint themselves not only with their personal obligations of disclosure, but also the disclosure obligations imposed on the Company.

### (d) The disclosure obligation

Under the provisions of Listing Rule 3.1, the Company is required to immediately notify the ASX of any information concerning the Company of which it is, or becomes, aware, and which

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a reasonable person would expect to have a material effect on the price or value of the Company's shares.

## (1) **When is the Company aware of information**

The Listing Rules provide that the Company is aware of information if a Director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a Director or executive officer of the Company.

An "executive officer" of the Company means a person who is concerned in, or takes part in, management of the Company. A person can be an executive officer regardless of his or her designation, and irrespective of whether or not the person is a Director.

## (2) **The meaning of Immediately**

The ASX has issued a guidance note that provides guidance on how ASX interprets the word "immediately" in the context of disclosure. The guidance note provides that the word "immediately" should not be read as meaning instantaneously, but rather as meaning promptly and without delay. Doing something promptly and without delay means doing it as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay).

ASX recognises that the following circumstances may dictate how quickly an entity can give an announcement of particular information to ASX and will take them into consideration when assessing whether an entity has complied with its disclosure obligations:

- where and when the information originated;
- the forewarning (if any) the entity had on the information;
- the amount and complexity of the information concerned;
- the need in some cases to verify the accuracy or bone fides of the information;
- the need for an announcement to be carefully drawn so it is accurate, complete and not misleading;
- the need for an announcement to comply with specific legal or listing rule requirements, such as the requirement for an announcement that relates to mining or oil and gas activities to comply with Chapter 5 of the Listing Rules; and
- the need in some cases for an announcement to be approved by the entity's board or disclosure committee.

## (3) **What information has a material effect on price?**

The effect of information on the price or value of the Company shares is to be judged by the expectations of a "reasonable person". A reasonable person would expect information to have a material effect on the price or value of the Company shares if the information would, or would be likely to, influence investors who commonly invest in shares in deciding whether or not to deal in the Company shares.

ASX Guidance Note 8 states that an officer faced with a decision on whether information needs to be disclosed under Listing Rule 3.1 may find it helpful to ask two

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questions in deciding whether information is information that a reasonable person would expect to be disclosed:

- Would this information influence my decision to buy or sell securities at their current market value?
- Would I feel exposed to an action for insider trading if I were to buy or sell securities in the entity at their current market price, knowing this information had not been disclosed to the market?

If the answer to either question is “yes”, then that should be taken to be a cautionary indication that the information may be market sensitive and, if the carve-out from immediate disclosure in Listing Rule 3.1A does not apply, may need to be disclosed under Listing Rule 3.1.

The Company and each Director should be aware of ASX policy with respect to the disclosure of material information relating to the:

- financing arrangements of the Company; and
- existence and terms of any finance arrangements that may be in place in relation to a Director’s shareholdings (for example margin loans).

## (4) Trading Halts

Where the Company is or will be trading at any time after it first becomes obliged to give market sensitive information to ASX under Listing Rule 3.1 and before it can give an announcement with that information to ASX for release on the market, the Company should consider requesting a trading halt to ensure its securities are not being traded on an uninformed basis.

The Chairperson and the Managing Director (or Chief Executive Officer) are authorised to make a decision to request a trading halt. In the absence of the Chairperson or the Managing Director (or Chief Executive Officer), the chief financial officer, the Company Secretary or a Director are each authorised to make a decision to request a trading halt. An authorised person will endeavour to consult with the Chairperson and as many Board members as practicable regarding the decision to request a trading halt. No other employees are authorised to request a trading halt or suspension on behalf of the Company.

The Company will have a template letter requesting ASX to grant a trading halt ready for use at all times. The Company will ensure that ASX can always contact someone who can speak on behalf of the Company.

## (5) Finance arrangements

Where the Company has in place or enters into new material financing arrangements or alters existing material financing arrangements which include terms that may be activated upon the occurrence of certain events (particularly those beyond the control of the Company, such as market events) disclosure may be required under Listing Rule 3.1 at the time of entry or alteration on the time any such term is activated or becomes likely to be activated.

The disclosure required may include the nature and terms of the arrangements, the trigger event, any other material information such as any impact that triggering of the term may have on the Company’s relationship with its bankers, or financial position or financial performance. It may also be appropriate in some circumstances for the

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Company to request a trading halt if the Company is unable to immediately release the information.

## (6) **Employment Contracts**

Listing Rule 3.16.1 requires the Company to immediately tell ASX of a change of Chairperson, Director, chief executive officer (or equivalent), or Company Secretary. In addition, Listing Rule 3.16.4 requires the Company to immediately disclose the material terms of any employment, service or consultancy agreement (or any variation to such agreement) it or a related entity enters into with its chief executive officer, Directors or a related party of its Chief Executive Officer or any Director.

## (7) **Margin loans**

Listing Rule 3.19A and 3.19B require the Company to disclose the notifiable interests of a Director within five business days of the appointment or resignation of the Director or a change occurring to the notifiable interests. Information about shareholders and their shareholdings can be material under Listing Rule 3.1 and require immediate disclosure.

A Director must disclose to the Company any financial arrangements or margin loan the Director has entered into in respect of any securities which the Director holds in the Company. Such disclosure by the Director should be on entering into the arrangements and should include key terms of the arrangements, including the number of securities involved, the trigger points, any right of the lender to sell unilaterally and any other material details.

Where a Director has entered into a margin loan or similar funding arrangements, the Company may be under an obligation under Listing Rule 3.19A to disclose the key terms of the arrangements, including the detail of the contract, the nature of the interest, the interest acquired and disposed, and the value/consideration.

In certain circumstances a margin loan may be required to be immediately disclosed under Listing Rule 3.1. Whether a margin loan arrangement is material and requires immediate disclosure is a matter which the Company must decide having regard to the nature of its operations and the particular circumstances of the Company.

## (e) **Ramifications of failing to comply**

The ramifications of failing to comply with the continuous disclosure obligations under Listing Rule 3.1 are extremely serious, and may result in the following actions being taken:

### (1) **Removal from the ASX**

The ASX may at any time remove the Company from the Official List of the ASX if the Company breaks a Listing Rule.

### (2) **Criminal liability**

Under the *Corporations Act*, a failure to make a disclosure under Listing Rule 3.1, intentionally or recklessly, amounts to a criminal offence, and may result in a fine of \$170,000 for a corporation (as at the date of adoption of this Policy).

In addition, individuals who are “involved” in the contravention (who would include officers or advisers who aid, abet, counsel, procure or are knowingly concerned in the contravention) are also liable. The maximum penalty for individuals is \$34,000, or imprisonment for five years, or both (as at the date of adoption of this Policy).

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A negligent failure to make a disclosure under Listing Rule 3.1 is a contravention of the Corporations Act, but will not amount to a criminal offence.

## (3) **Civil liability**

Civil liability arises if the failure to disclose is intentional, reckless or negligent and may result in a fine of up to \$1,000,000 (as at the date of adoption of this Policy). Alternatively, ASIC may, by administrative action, issue and infringement notice of up to \$100,000 (as at the date of adoption of this Policy).

Officers who are involved in the breach may also face fines of up to \$200,000 (as at the date of adoption of this Policy).

A person who suffers loss or damage as a result of such failure may recover that loss or damage from the Company, or against “any person involved in the contravention”. This could include the directors or executives officers of the Company.

## (f) **Exemption from disclosure**

The Listing Rules provide that the Company does not need to disclose information under Listing Rule 3.1A if **each** of the following is satisfied:

- (1) one or more of the following applies (Listing Rule 3.1A.1):
  - (A) it would be a breach of a law to disclose the information;
  - (B) the information concerns an incomplete proposal or negotiation;
  - (C) the information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
  - (D) the information is generated for internal management purposes of the Company;  
or
  - (E) the information is a trade secret; and
- (2) the information is confidential (Listing Rule 3.1A.2); and
- (3) a reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.3).

It must be noted that the above exemption from the requirement to make disclosure only operates while all three elements are satisfied. If any of the requirements cease to be satisfied, the entity must disclose the information immediately.

By way of example, if information that has not been disclosed by relying on the exemption becomes known in some way to participants in the market, then it **must** be given to the ASX for release to the market, as it would no longer satisfy the confidentiality requirement. It does not matter how the matter became known in the market.

Looking at each of the three elements that must be established for information to be exempt from disclosure:

### (1) **One of the elements in Listing Rule 3.1A.1**

One of the five elements in Listing Rule 3.1A.1 must also be established. These elements are:

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- (A) it would be a breach of the law to disclose the information;
- (B) the information concerns an incomplete proposal or negotiation;
- (C) the information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
- (D) the information is generated for internal management purposes of the Company;  
or
- (E) the information is a trade secret.

## (2) **Confidentiality** (Listing Rule 3.1A.2)

Listing Rule 3.1A.2 has two components: (1) the information must be confidential; and (2) ASX has not formed the view that the information has ceased to be confidential.

The word confidential in the context of Listing Rule 3.1A.2 means “secret”. Information will be confidential for the purposes of that Listing Rule if:

- (A) it is known to only a limited number of people;
- (B) the people who know the information understand it is to be treated in confidence and only used for permitted purposes; and
- (C) those people abide by that understanding.

The mere fact that a confidentiality agreement has been entered into will not automatically satisfy this element. When negotiating a potentially market sensitive transaction the Company should be monitoring market prices of the Company and other parties involved in the transaction, newspapers, investor blogs and other social media for signs that the transaction may no longer be confidential and have a draft letter to ASX requesting a trading halt and a draft announcement about the negotiations ready to send ASX to cater for that eventuality. Any unusual activity in the Company’s shares may also suggest that the information is no longer confidential, in which case, an announcement should be released or the Company should request an immediate trading halt.

## (1) **A reasonable person would not expect the information to be disclosed** (Listing Rule 3.1A.3)

A reasonable person would not expect information to be disclosed if the result would be to cause unreasonable prejudice to the entity. Similarly, a reasonable person would not expect disclosures of an inordinate amount of detail.

As a general rule information that falls within the prescribed categories in Listing Rule 3.1A.1 and that meets the confidentiality requirements in Listing Rule 3.1A.2 will also satisfy the reasonable person test in Listing Rule 3.1A.3.

## (g) **Applying the exemption in practice**

The exemption from disclosure would apply, for example, to information which is confidential, which a reasonable person would not expect to be disclosed, and which falls within any one of the categories of Listing Rule 3.1A.3 which may include matters such as:

- (1) proposed acquisitions or disposals or other commercial arrangements in the process of negotiation;

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- (2) internal budgets and forecasts;
- (3) management accounts;
- (4) business plans;
- (5) internal market intelligence;
- (6) information prepared for lenders; or
- (7) dispute settlement negotiations.

It is possible to foresee, however, matters which are commercially sensitive, the disclosure of which would be detrimental to the Company, which may be required to be disclosed because they do not fall within the exemptions. For example:

- (1) a serious claim against the company prior to the commencement of proceedings;
- (2) an investigation or allegation by a regulatory body (that is not being disputed by the company);
- (3) information about a “complete” proposal;
- (4) terms of settlement of a dispute which the parties wish to keep confidential, and which is not supported by a Court order of confidentiality; or
- (5) material terms of a trading agreement with a major supplier.

Whether these sorts of matters will fall within any of the exceptions will depend on, and require, an assessment of particular facts.

The Listing Rules and accompanying Guidance Notes issued by the ASX provide a number of examples of matters that may require disclosure.

## (h) **ASX policy**

The ASX has issued Guidance Note 8 in relation to continuous disclosure under Listing Rules 3.1 – 3.1B. Although not necessarily binding on ASX, the Guidance Note gives some insight into the factors ASX will take into consideration when determining if a Company has complied with its continuous disclosure obligations and provides worked examples of the operation of Listing Rule 3.1.

### (1) **Prime importance**

The ASX states that timely disclosure of relevant information is of prime importance to the operation of an efficient market. The fundamental principle under which the Listing Rules operate is that *“timely disclosure of market sensitive information is essential to maintaining and increasing the confidence of investors in Australian markets, and to improving the accountability of company management.”*

### (2) **Continuous disclosure practice**

The Listing Rules make it clear that all Listing Rules (including Listing Rule 3.1A) must be complied with in the “spirit” of continuous disclosure. The ASX states that the Listing Rules are not intended to be interpreted in a legalistic or restrictive manner.

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## (3) **Market speculation**

The ASX notes that from time to time it may be necessary to respond to speculation (whether this be a report or rumour) in order for the market to remain properly informed.

The ASX states that it does not expect companies to respond to all comments made in the media, or to respond to all market speculation. However, when the comment or speculation appears to be based on credible market sensitive information (whether that information is accurate or not), and the market moves in a way that appears to reference the comment or speculation, the Company should make a statement in response to ensure the market remains properly informed.

It is ASX policy that whatever the information, and however much it might otherwise have been reasonable not to disclose it, the information should be released to the whole market once it becomes known to any part of the market.

## (4) **ASX review**

In considering whether information is sufficiently material to require disclosure, it is important to bear in mind the test the ASX will apply when analysing the Company's actions after the disclosure might have otherwise been made.

In particular, if information is announced later than when the ASX thinks it should have been and the trading in the lead up to, and shortly after, the announcement suggests that it has moved the market price of the Company's Securities (relative to other securities in the same sector) by:

- (A) 10% or more, ASX will generally regard that as confirmation that the information was market sensitive;
- (B) 5% or less, ASX will generally regard that as confirmation that the information was not market sensitive.

The ASX has also set out in the notes to Listing Rule 3.1 a number of specific circumstances that may require disclosure under Listing Rule 3.1.

## (5) **Disclosure of information to brokers and the media**

Listing Rule 15.7 has the effect that the Company must not release information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to the ASX, and has received an acknowledgement that the ASX has released it to the market.

With respect to analysts, the ASX states that a company must only disclose public information in answering analysts' questions, or reviewing analysts' draft reports. The ASX states that it is inappropriate for a question to be answered, or a report corrected, if doing so involves providing material information that is not public. The ASX states that when analysts visit a company, care should be taken to ensure that they do not obtain material information that is not public.

### (i) **Information disclosure program procedures**

As will be apparent from the above, it is essential for the Company to design a disclosure system to ensure:

- (1) a breach of Listing Rule 3.1A does not occur; and



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(2) that information is made available to all investors equally.

(j) **Directors and executive officers**

Each of the following personnel (the "Reporting Group") will need to participate in the "continuous disclosure" system, because information in their possession will need to be considered in order to comply with the continuous disclosure obligation:

- (1) the Directors;
- (2) Managing Director or Chief Executive Officer; and
- (3) chief financial officer and Company Secretary.

(k) **Overseeing and co-ordinating disclosure**

The Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary will individually and collectively be responsible for:

- (1) ensuring the Company complies with its continuous disclosure obligations (ie. market sensitive material);
- (2) overseeing and co-ordinating disclosure of information to the ASX;
- (3) reviewing information to be provided to analysts, brokers, the media and the public, in order to be able to ensure any market sensitive material has been released to the ASX;
- (4) overseeing and co-ordinating any request for a trading halt for the purpose of dealing with a potential disclosure issue; and
- (5) educating Directors, Management and employees on the Company's disclosure policy and raising awareness of the principles underlying continuous disclosure.

(l) **Information collecting procedures to ensure Listing Rule 3.1A (market sensitive information) is identified**

The responsibilities of each member of the Reporting Group are:

- (1) to ensure all notifiable (market sensitive) information is kept confidential within the Reporting Group;
- (2) to collect and forward to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be, all information which is, or may be required to be disclosed and consult with them if in doubt; and
- (3) to make senior personnel within his or her area of responsibility aware of the Company's disclosure obligations to ensure that all relevant information is provided to them.

(m) **Releasing information to the ASX**

The system for releasing information to the ASX for the Company is as follows:

- (1) As soon as an employee becomes aware of information which they believe may need to be disclosed on the basis of the principles described in this Policy, he or she must immediately notify a member of the Reporting Group.

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- (2) When any member of the Reporting Group becomes aware of information which they believe may need to be disclosed on the basis of the principles described in this Policy, they should immediately contact and give full details to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be.
- (3) Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be, will take the following steps in relation to information forwarded to them:
  - (A) assess whether disclosure is required and as part of this, when circumstances require, consider whether it is necessary to call a trading halt;
  - (B) consult the Chairperson and, as necessary other Directors and advisers (including the ASX);
  - (C) inform the Managing Director (or Chief Executive Officer);
  - (D) prepare a market release for submission to the ASX and have this reviewed and approved by the Chairperson and the Managing Director (or Chief Executive Officer), or if one of them is not available, another Director in their place;
  - (E) forward the release to the ASX once appropriate approval for the release has been obtained; and
  - (F) post the market release on the Company's website once confirmation is received from the ASX that it has been released to the market.
- (4) Prior to each meeting of the Board, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should contact the executive members of the Reporting Group to confirm that there is no material requiring disclosure.
- (5) The Board papers for each meeting should include an agenda item entitled "Continuous Disclosure". In this item, the Chairperson, Managing Director or Chief Executive Officer and Company Secretary should either:
  - (A) confirm that there was no material brought to his or her attention requiring disclosure for the preceding month; or
  - (B) outline material which has been disclosed.

(n) **Company spokespersons**

In order to maintain control over disclosures, only the following persons will be authorised to speak on the Company's behalf to analysts, brokers and institutional investors, and to respond generally to shareholder queries:

- (1) Chairperson;
- (2) Managing Director (or Chief Executive Officer);
- (3) chief financial officer;
- (4) Company Secretary; and
- (5) where appropriate, non-executive Directors nominated by the Chairperson.

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In order to safeguard against inadvertent disclosure of non-public information to brokers, investors, analysts and institutions prior to it being disclosed to the ASX, the spokesperson must make contact with the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary prior to making contact with these persons in order that they can be briefed on what has been disclosed by the Company to the ASX.

Any person speaking on behalf of the Company should only discuss information that has been released to the ASX or is not of a material nature. They should decline to respond, or take on notice, any question the answer to which would require disclosure of material information until the information has been disclosed to the ASX.

## (o) **Discussions with analysts or investors**

The following guidelines apply in relation to briefings or other conferences with analysts or investors:

- (1) information which is, or may be market sensitive, that has not been announced to ASX and the market must not be disclosed at these briefings, either verbally or in writing;
- (2) the Company will not selectively release information to any investor, analyst or journalist and all employees involved in conducting briefings or attending conferences shall take appropriate steps to ensure that no selective information release occurs;
- (3) if a question raised during the briefing or conference can only be answered by disclosing market sensitive information which has not previously been disclosed to ASX, the employee must decline to answer the question and take the question on notice;
- (4) a review of the content of briefings and discussions with analysts shall be undertaken promptly after the briefing or discussion by a Director or employee of the Company who was present, in order to check if any market sensitive information that was not previously disclosed may have been inadvertently disclosed;
- (5) if an employee of the Company or Director present at a briefing or a conference considers that market sensitive information that was not previously disclosed may have been inadvertently disclosed during the briefing, he or she must immediately notify a member of the Reporting Group; and
- (6) a copy of all presentation material will be disclosed through ASX prior to the briefing and placed on the Company's website after the briefing.

## (p) **Authorising disclosures in advance**

Again, in order to avoid an inadvertent breach of the continuous disclosure obligations, materials to be presented and issues to be discussed at any external presentation must be discussed with the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary prior to the presentation in order that the presenter can confirm that no non-public material information is being disclosed.

## (q) **Maintenance of released material**

The Company Secretary will maintain a register of information disclosed to the ASX.

## (r) **The Company website**

Information released to the ASX should also be disclosed on the Company's website. In addition, it is good practice to include on the Company's website other materials presented to analysts and institutions.

# Corporate Governance Charter

## (s) **Handling rumours, leaks and inadvertent disclosures**

It should be noted that any unauthorised leak of information may place the Company in breach of the Listing Rules and could expose persons to allegations of insider trading.

If external contact is made seeking clarification of a rumour in the market place, the inquiry should be referred to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary. The recommended response to such inquiries is that “the Company does not respond to market rumours”. Consideration will then be given by the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary as to whether a public announcement is required.

The Reporting Group should notify the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary of any unauthorised disclosure of information (even if not regarded as publicly sensitive). Consideration will then be given to the need to make disclosure to the ASX.

## (t) **Reviewing discussions**

In order to ensure no price sensitive material has been inadvertently disclosed, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should be kept apprised of the contents of any substantive contact with analysts, brokers and institutional investors.

## (u) **Draft reports**

Typically, analysts will seek to obtain a review of draft analyst reports from the chief financial officer (or Chief Executive Officer). It is permissible to comment on errors in factual information and underlying assumptions, but comment on price sensitive information should be avoided. In addition any response should be given in a way that avoids suggesting that the Company’s or the market’s projections are incorrect.

# Corporate Governance Charter

## Section H - Trading Policy

### H.1 Purpose of this policy

- (a) This trading policy (**Policy**) is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.
- (b) The Policy sets out the procedure for trading in Securities of the Company and aims to provide Directors and Employees and any other persons who may be associated with the Company, with guidance on how and when trades in the Company's Securities may take place and when trading of the Company's Securities is strictly prohibited.
- (c) For the avoidance of doubt, nothing in this Policy sanctions a breach of the market misconduct or insider trading provisions of the *Corporations Act*. A person who possesses Inside Information about an entity's securities is generally prohibited from trading in those securities under the insider trading provisions of the *Corporations Act* and this applies even where the trade occurs as permitted within the operation of this policy.
- (d) References to the Company in this Policy are references to the Company and its subsidiaries.
- (e) Defined terms are set out in section H.21 of this Policy.

### H.2 Who this policy applies to

- (a) This policy applies to Restricted Persons.

### H.3 Dealing by Restricted Persons

- (a) A Restricted Person must not Deal in any Securities of the Company unless:
  - (1) a clearance to Deal is obtained in accordance with section H.4 of this Policy; or
  - (2) the Dealing is an Excluded Dealing.
- (b) Notwithstanding that a clearance to Deal may be granted by the Company (even in exceptional circumstances) or that a Dealing may be an Excluded Dealing, a Restricted Person must not Deal in Company Securities where sections H.7 (Inside Information), H.14 (short-term selling), H.15 (short selling) and H.16 (hedging transactions) of this Policy are applicable.

### H.4 Clearance to Deal

- (a) All Restricted Persons (except those who are Directors, the Chief Executive Officer or the Company Secretary) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Company Secretary and a Director designated by the Board for this purpose and receiving clearance to Deal from the designated Director or the Company Secretary.
- (b) A Director (other than the Chairperson or a Managing Director) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson (or a Director designated by the Board for this purpose) and the Company Secretary and receiving clearance to Deal from the Chairperson (or the designated Director) (or the Company Secretary on their behalf).
- (c) The Chairperson must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Managing Director (or Chief Executive Officer) and

# Corporate Governance Charter

the Company Secretary and receiving clearance to Deal from the Managing Director (or Chief Executive Officer) (or the Company Secretary on their behalf) or, if the Managing Director (or Chief Executive Officer) is not readily available, without first notifying a senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Managing Director (or Chief Executive Officer), and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).

- (d) The Managing Director (or Chief Executive Officer) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson and the Company Secretary and receiving clearance to Deal from the chairperson (or the Company Secretary on their behalf) or, if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).
- (e) If the role of Chairperson and Managing Director (or Chief Executive Officer) are combined, that person must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Board and the Company Secretary and receiving clearance to Deal from the Board (or the Company Secretary on its behalf).
- (f) The Company Secretary must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson and receiving clearance to Deal from the Chairperson (or another officer of the Company nominated for that purpose by the Chairperson) or if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer.
- (g) The Company reserves the right of a Clearance Officer to:
  - (1) give or refuse a request for a clearance to Deal at its sole discretion and without giving any reasons; or
  - (2) withdraw a clearance to Deal if there is a change in circumstances or new information becomes available.
- (h) A response to a request for a clearance to Deal must be given to the relevant Restricted Person within two Business Days of the request being made.
- (i) The Company must maintain a record of the response to a request for a clearance to Deal made by a Restricted Person and of any clearance given. A copy of the response and clearance (if any) must be given to the Restricted Person concerned.
- (j) A Restricted Person who is given a clearance to Deal in accordance with this section H.4 must deal as soon as possible in any event within five Business Days of clearance being received by the Restricted Person.
- (k) The grant of a clearance to Deal by the Company is not an endorsement of the Dealing by the Company. The person seeking the clearance to Deal is solely responsible for the investment decision to Deal in Securities in the Company and compliance with insider trading laws.
- (l) The grant of a clearance to Deal by the Company does not relieve a Restricted Person from their legal obligations under the insider trading provisions of the *Corporations Act*. The person granted the clearance to Deal should carefully consider whether or not they are in possession of Inside Information that might preclude them from trading in those Securities and if they are

# Corporate Governance Charter

in possession of Inside Information (including if they come into possession of Inside Information after obtaining a clearance to Deal), then they must not trade despite having received the clearance.

- (m) Before a Restricted Person Deals in the Company's Securities (even if it is an Excluded Dealing), they should consider carefully whether they are in possession of any inside information that might preclude them from trading at that time and, if in any doubt, they should not trade.
- (n) A refusal by a Clearance Officer to give a clearance to Deal is final and binding on the person seeking the clearance.
- (o) Where the Company refuses to give a clearance to Deal, this information is confidential between the Company and the person seeking the clearance and must not be disclosed to any other person.

## H.5 Circumstances for refusal

- (a) A Restricted Person must not be given clearance to Deal in any securities of the Company during a Prohibited Period unless an exceptional circumstance arises in accordance with section H.6 of this Policy.

## H.6 Dealing in exceptional circumstances

- (a) A Restricted Person, who is not in possession of Inside Information in relation to the Company, may be given clearance to Deal during a Prohibited Period if that person is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) Securities of the Company when that person would otherwise be prohibited by this Policy from doing so. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the Clearance Officer designated by the Board for this purpose under section H.4.
- (b) A person may be in severe financial difficulty if that person has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Securities of the Company. A liability of a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Securities of the Company or there is some other overriding legal requirement to do so.
- (c) If required by the Listing Rules, the Company should consult the ASX at an early stage regarding any application by a Restricted Person to deal in exceptional circumstances.

## H.7 Prohibition on Insider Trading

- (a) No Restricted Person may Deal in Company Securities at any time (including a Prohibited Period), if that person is or could reasonably be expected to be in possession of Inside Information.

## H.8 Communicating Inside Information

- (a) A Restricted Person in possession of Inside Information must not, directly or indirectly, communicate the information, or cause the Inside Information to be communicated, to another person if the Restricted Person knows, or ought reasonably to know, that the other person would be likely to Deal in the Company's Securities.

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## H.9 Dealing by persons and entities associated with Restricted Persons

- (a) A Restricted Person must take all reasonable steps to prevent an Associate, Related Person or Related Entity of the Restricted Person from Dealing in the Company's Securities during a Prohibited Period.
- (b) A Restricted Person must take reasonable steps to advise any Associate, Related Person or Related Entity of the Restricted Person that:
  - (1) they are a Restricted Person of the Company; and
  - (2) of the Prohibited Periods during which the Associate, Related Person or Related Entity cannot Deal in the Company's Securities.
- (c) A Restricted Person must immediately notify a Clearance Officer if he or she becomes aware of or suspects an Associate, Related Person or Related Entity of Dealing in the Company's Securities during a Prohibited Period.

## H.10 Disclosure of Dealings by Directors and substantial shareholders

- (a) In accordance with section 250G of the *Corporations Act* and ASX Listing Rule 3.19A, Directors must notify ASX of any Dealings (whether in a Prohibited Period or otherwise) in the Company's Securities within five Business Days of such Dealing.
- (b) To the extent required to do so under the Listing Rules, the Company will disclose to the market when a Restricted Person has been given a Clearance to Deal during a Prohibited Period.
- (c) In accordance with Section 671B of the *Corporations Act*, a Restricted Person must notify the Company and ASX that:
  - (1) they have obtained a Substantial Holding in the Company;
  - (2) if they already hold a Substantial Holding - if they increase or decrease that Substantial Holding by at least 1%; or
  - (3) if they cease to hold a Substantial Holding,such notice to be provided within two Business Days of becoming aware of that information,

## H.11 Dealings in Securities of other companies

- (a) A Restricted Person who has Inside Information about another Third Party Listed Entity as a result of his or her position in the Company is prohibited from:
  - (1) Dealing in any Securities of that Third Party Listed Entity unless a clearance to Deal is obtained in accordance with Section H.4 of this Policy; or
  - (2) communicating the Inside Information.

Examples (without being exhaustive) of how Inside Information about a Third Party Listed Entity may be obtained are as follows:

- (1) during the course of a proposed transaction;
- (2) during the course of due diligence investigations;



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- (3) Board deliberations;
- (4) negotiations; or
- (5) information provided by others during the ordinary course of business.

## H.12 Penalties

- (a) There are penalties under the *Corporations Act* for a breach of Insider Trading provisions under the *Corporations Act*. Currently the maximum penalties under the *Corporations Act* are:
  - (1) in the case of a natural person imprisonment of 10 years and/or a fine the higher of:
    - (A) 4,500 penalty units (\$765,000 as at the date of adoption of this Policy); and
    - (B) if the Court can determine the total value of the benefits the person obtained, which are reasonably attributable to the commission of the offence - three times that total value;
  - (2) in the case of a body corporate, a fine the greatest of the following:
    - (A) 45,000 penalty units (\$7.65 million as at the date of adoption of this Policy);
    - (B) if the Court can determine the total value of the benefits that have been obtained and are reasonably attributable to the commission of the offence - three times that total value; and
    - (C) if the Court cannot determine the total value of those benefits - 10% of the body corporate's annual turnover during the 12 month period ending at the end of the month in which the body corporate committed, or began committing, the offence; and
  - (3) unlimited civil penalties.
- (b) A breach of this Policy will also be regarded as serious misconduct which may lead to disciplinary action, up to and including dismissal.

## H.13 Policy on Margin Loan Arrangements

- (a) A Restricted Person may enter into a margin loan or similar funding arrangement in respect of any Company Securities (**Funding Arrangements**) but must disclose the existence, nature and terms of the Funding Arrangements to a Clearance Officer who will notify the Board.
- (b) The Company and its Board will disclose any Funding Arrangements which would require disclosure under Listing Rule 3.1.
- (c) Without limiting sub-clause (b), where a Restricted Person's Funding Arrangement involves 5% or more of the Company's shares, the Board and Company Secretary will make appropriate disclosure to the market of any key terms of the Funding Arrangements.

## H.14 Policy on Short-term trading

- (a) A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short-term trading of Securities in the Company, being instances where trading in and out of Securities occurs within a period of less than three months.

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## H.15 Policy on Short Selling

- (a) A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short selling of Securities in the Company.

## H.16 Hedging Transactions

- (a) The *Corporations Act* prohibits Key Management Personnel and a closely related party of Key Management Personnel from entering into an arrangement if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the members remuneration that has not vested or has vested but remains subject to a holding lock. Key Management Personnel of the Company and their closely related parties should not Deal in Securities in the Company which may infringe this prohibition under the *Corporations Act* nor should any other Restricted Person enter into hedging transactions to limit their exposure in respect of any unvested entitlement to Securities they receive under any equity based remuneration scheme of the Company.

## H.17 What is Inside Information?

- (a) Inside Information is information that is not Generally Available and, if it were Generally Available, a reasonable person would expect it to have a Material Effect on either the price or the value of the Company's Securities.

## H.18 When is information Generally Available?

- (a) Information is Generally Available if:
  - (1) it consists of readily observable matter; or
  - (2) where the information has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Securities, a reasonable period for it to be disseminated among such persons has elapsed (for example, it has been released to the ASX or published in an annual report or prospectus); or
  - (3) it may be deduced, inferred or concluded from the information referred to above.

## H.19 What is a Material Effect?

- (a) Material Effect, in relation to Inside Information, is where that information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of Securities of that nature.
- (b) Examples of information, that may have a Material Effect on the price or value of Securities when it becomes Generally Available, include:
  - (1) revenue;
  - (2) profit forecasts;
  - (3) inventory levels;
  - (4) forecasts;
  - (5) items of major capital expenditure;
  - (6) borrowings;

# Corporate Governance Charter

- (7) liquidity and cashflow information;
- (8) management restructuring;
- (9) changes in distribution arrangements;
- (10) litigation;
- (11) impending mergers and acquisitions, reconstructions or takeovers;
- (12) major asset purchases or sales;
- (13) exploration results; or
- (14) new product and technology.

## H.20 What is Dealing in Securities?

- (a) Dealing in Securities means:
  - (1) applying for, acquiring or disposing of Securities; or
  - (2) entering into an agreement to apply for, acquire or dispose of Securities; or
  - (3) Procuring another person to:
    - (A) apply for, acquire or dispose of Securities; or
    - (B) enter into an agreement to apply for, acquire or dispose of Securities.

## H.21 Definitions

- (a) In this Section H:
  - (1) **Associate** has the same meaning as set out in the *Corporations Act*.
  - (2) **ASX** means the Australian Securities Exchange owned and operated by ASX Limited.
  - (3) **Blackout Period** means:
    - (A) for the calendar quarters ending 31 March, 30 June, 30 September and 31 December, the period starting 10 business days before the planned date for release of the relevant quarterly report and ending on the later of 24 hours or the business day after the release of that report to the ASX;
    - (B) the period commencing from the release of information to the ASX which a reasonable person would expect to have a Material Effect on either the price or the value of the Company's Securities and ending 24 hours after the release of such information to the ASX; and
    - (C) any other period determined by the Directors in their absolute discretion.
  - (4) **Board** means board of Directors.
  - (5) **Business Day** means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane.

# Corporate Governance Charter

- (6) **Clearance Officer** means:
- (A) the Company Secretary;
  - (B) the Chairperson;
  - (C) the Managing Director or Chief Executive Officer; or
  - (D) a Director designated by the Board for the purposes of clause H.4.
- (7) **Constitution** means the constitution of the Company as amended from time to time.
- (8) **Dealing** has the meaning set out in section H.20 of this Policy.
- (9) **Director** means a director of the Company.
- (10) **Employee** means an individual who works for the Company (or its subsidiary) under a contract of employment.
- (11) **Excluded Dealings** means:
- (A) dealing where the beneficial interest in the relevant Security does not change;
  - (B) transfers of Securities in the Company between a Restricted Person and someone closely related to the Restricted Person (such as a spouse, minor child, family company, family trust or superannuation fund) or by a Restricted Person to their superannuation fund, in respect of which prior clearance has been provided in accordance with this Policy;
  - (C) in the event the Restricted Person is a trustee of a trust but is not a beneficiary of the trust, trading in the Company's Securities by that trust provided any decision to trade during a Blackout Period is taken by the other trustees or investment manager independently of the Restricted Person;
  - (D) the exercise of an option or right under an incentive scheme or the conversion of a convertible security, where the final date for the exercise or conversion falls during a Blackout Period and the Restricted Person could not reasonably have been expected to exercise or convert the Security at a time when it was entitled to, due to the Company having an exceptionally long Blackout Period or a number of consecutive Blackout Periods;
  - (E) bona fide gifts to a Restricted Person by a third party.
  - (F) a disposal of Securities arising from the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
  - (G) a disposal of rights acquired or an acquisition of Securities in the Company under a pro rata issue;
  - (H) an acquisition of Securities in the Company under a security purchase plan or a dividend or distribution reinvestment plan where:
    - (i) the Restricted Person did not commence or amend their participation in the plan during a Blackout Period; and
    - (ii) the Policy does not permit the Restricted Person to withdraw from the plan during a Blackout Period other than in exceptional circumstances;

# Corporate Governance Charter

- (I) the obtaining by a Director of a share qualification;
  - (J) acquiring Securities in the Company under an employee incentive scheme or the cancellation or surrender of an option or other right under an employee incentive scheme;
  - (K) where a Restricted Person is the trustee of an employee incentive scheme, an acquisition of Securities in the Company by the Restricted Person in his or her capacity as a trustee of the scheme;
  - (L) an acquisition or disposal of Securities in the Company under a pre-determined investment or divestment plan for which prior clearance has been provided in accordance with the Policy and where:
    - (i) the Restricted Person did not enter into or amend the plan during a prohibited period;
    - (ii) the plan does not permit the Restricted Person to exercise any discretion over how, when, or whether to acquire or dispose of securities; and
    - (iii) the Policy does not allow for the cancellation of the plan during a Blackout Period other than in exceptional circumstances; and
  - (M) indirect and incidental trading that occurs as a consequence of a Restricted Person dealing in securities issued by a managed investment scheme, listed investment company, exchange-traded fund or similar investment vehicle that is managed by a third party and that happens to hold as part of its portfolio Securities in the Company.
- (12) **Generally Available** has the meaning set out in section H.18 of this Policy.
- (13) **Information** includes:
- (A) matters of supposition and other matters that are insufficiently definite to warrant being made to the public; and
  - (B) matters relating to the intentions, or likely intentions, of a person.
- (14) **Inside Information** has the meaning set out in section H.14 of this Policy.
- (15) **Key Management Personnel** has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity'.
- (16) **Listing Rules** means the Listing Rules of the ASX.
- (17) **Material Effect** has the meaning set out in section H.19 of this Policy.
- (18) **Procuring** means to incite, induce or encourage an act or omission by another person.
- (19) **Prohibited Period** means:
- (A) any Blackout Period; or
  - (B) any period where any matter exists which could constitute Inside Information in relation to the Company.

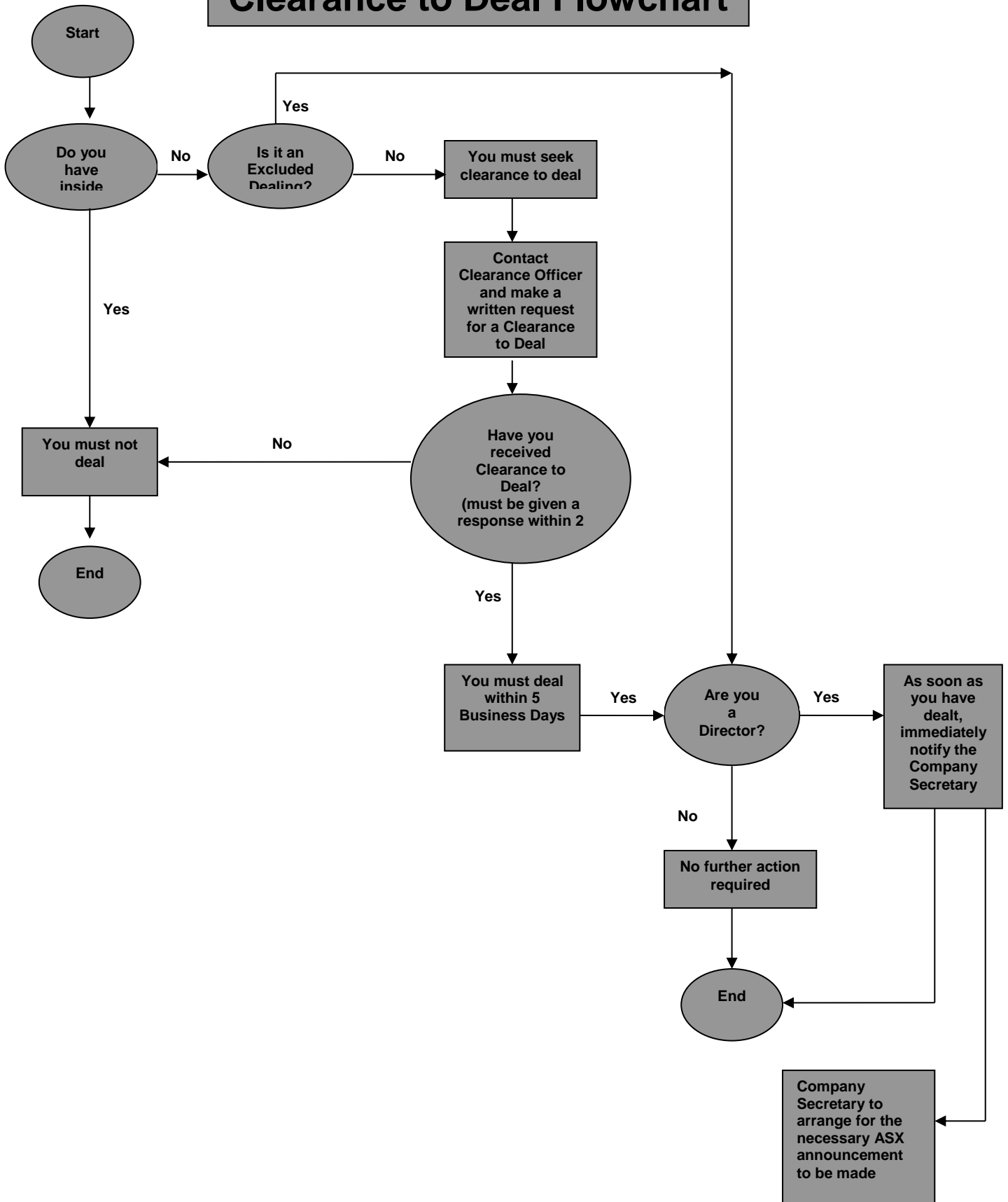
# Corporate Governance Charter

- (20) **Restricted Person** means:
- (A) any persons or entities discharging managerial responsibilities for the Company including, but not limited to:
    - (i) the Directors;
    - (ii) the Company Secretary;
    - (iii) Key Management Personnel;
    - (iv) any Employee, contractor or consultant who provides managerial or administrative services to the Company; or
    - (v) any Employee who, depending upon their individual circumstances, Managing Director (or Chief Executive Officer) specifies from time to time to be a Restricted Person;
  - (B) other persons specified from time to time by the Managing Director (or Chief Executive Officer); or
  - (C) any Related Person or Related Entity (or an Associate of a Related Person or Related Entity) of a person referred in paragraphs (A)(i) to (B) above.
- (21) **Related Entity** of a Restricted Party means an entity which:
- (A) the Restricted Person is a director or secretary of; or
  - (B) the Restricted Person otherwise controls or has a position of influence.
- (22) **Related Person** of a Restricted Party means a parent, spouse or child of the Restricted Party.
- (23) **Securities** means:
- (A) shares;
  - (B) debentures;
  - (C) legal or equitable interests in a security covered by paragraph (A) or paragraph (B) above;
  - (D) options to acquire, by way of issue, a security covered by paragraph (A) or paragraph (B) above; and
  - (E) rights (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
    - (i) a security covered by paragraph (A) or paragraph (B) above; or
    - (ii) an interest or right covered by paragraph 764A(1)(b) or paragraph 764A(1)(ba) of the *Corporations Act*.
- (24) **Substantial Holding** has the meaning given by section 9 of the *Corporations Act* (which, at the date of adoption of this Policy, includes where a person or entity (and their associates) has total votes attached to voting shares in the Company representing 5% or more of the total number of votes attaching to voting shares in the Company).

# Corporate Governance Charter

- (25) **Third Party Listed Entity** means any company, other than the Company, that is listed on the ASX, or other recognised exchange or otherwise has Securities which are traded in an open market.

# Clearance to Deal Flowchart





# Corporate Governance Charter

Note: Additional disclosure may be required under the Listing Rules (for example if the Listing Rules require disclosure of all clearances) and the *Corporations Act* (for example if the person is a substantial shareholder).

**Schedule H**

Information Concerning Elementos Following the Arrangement

[See appended.]

**SCHEDULE H**  
**INFORMATION CONCERNING ELEMENTOS FOLLOWING THE ARRANGEMENT**

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## INTRODUCTION

This Schedule “H” is a summary of the Combined Company, its business, assets and operations, which should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular to which this Schedule “H” is attached. The information contained in this Schedule “H” – *“Information Concerning Elementos Following the Arrangement”*, unless otherwise indicated is given as at the Record Date.

## GLOSSARY OF TERMS

Certain terms used in this Schedule “H” shall have the meaning ascribed in the following Glossary of Terms. All other capitalized terms used herein and not defined below shall have the meanings ascribed thereto in the section *“Glossary of Terms”* in the Circular to which this Schedule “H” is attached.

**“Combined Company”** means Elementos, following completion of the Plan of Arrangement;

**“Combined Company Share”** means a Elementos Share, following completion of the Plan of Arrangement;

**“Corporations Act”** means the *Corporations Act, 2001* (Cth) (Australia);

**“Cleveland Project”** has the meaning ascribed to such term in Schedule “G”;

**“Elementos”** means Elementos Limited ACN 138 468 756;

**“Elementos Board”** means the board of directors of Elementos;

**“ELT Shareholders”** means the holders of Elementos Shares.

**“Elementos’s Long-Term Incentive Plan”** has the meaning ascribed to such term in Schedule “G”;

**“Elementos Options”** has the meaning ascribed to such term in Schedule “G”;

**“Elementos Performance Rights”** has the meaning ascribed to such term in Schedule “G”;

**“Elementos Shares”** means the ordinary shares in the capital of Elementos, as currently constituted; and

**“Elementos’s Short-Term Incentive Plan”** has the meaning ascribed to such term in Schedule “G”.

## CORPORATE STRUCTURE

### Name and Incorporation

On completion of the Arrangement, the Combined Company will continue the current operations of Elementos, and will continue as a corporation existing under the Corporations Act.

The Combined Company’s head office is expected to remain located at Lot 606, Level 6, 10 Market Street, Brisbane QLD 4000, Australia.

The corporate structure of the Combined Company following the Arrangement will be unchanged from the corporate structure of Elementos as described in Schedule “G”. Following the MESPA Completion Date, MESPA will become a direct wholly owned subsidiary of the Combined Company.

## DESCRIPTION OF THE BUSINESS OF THE COMBINED COMPANY

On completion of the Arrangement, the business of the Combined Company will be unchanged from that of Elementos. See Schedule “G” for a discussion of Elementos business. See TIN’s corporate profile on SEDAR at [www.sedar.com](http://www.sedar.com) for information concerning the Orepesa Project.

### Mineral Properties

Information regarding the mineral properties of Elementos, and particularly the Cleveland Project, can be found in Schedule “G” to this Circular under the heading “*Mining Projects*”.

Information regarding the Orepesa Project can be found in under TIN’s corporate profile on SEDAR at [www.sedar.com](http://www.sedar.com) and the Technical Report, which is incorporated by reference into the Circular.

Following completion of the Arrangement, the material mineral project of the Combined Company will be the Cleveland Project pending the MESPA Completion Date, following which the material mineral projects of the Combined Company will be the Cleveland Project and the Orepesa Project.

## DESCRIPTION OF THE COMBINED COMPANY’S SECURITIES

The authorized share capital of the Combined Company will be the same as the currently authorized share capital of Elementos and the rights associated with each Combined Company Share after completion of the Arrangement will be the same as the rights associated with each Elementos Share as at the date hereof. The Combined Company will have an unlimited number of Combined Company Shares authorized for issuance. See “*Description of Elementos’ Securities*” in Schedule “G” to this Circular.

Based on *pro forma* figures as of the date hereof, after giving effect to the Arrangement, it is anticipated that there will be

- (i) 1,537,330,962 Combined Company Shares issued and outstanding,
- (ii) 1,000,000,000 CRP Shares issued and outstanding; and
- (iii) 110,000,000 Elementos Options to acquire Combined Company Shares issued and outstanding.

See “*Pro Forma Consolidated Capitalization*”, below.

## PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Combined Company and the *pro forma* capitalization of the Combined Company after giving effect to the Arrangement as at June 30, 2018.

Shareholders’ equity comprised of:	Actual	<i>Pro Forma</i> After giving effect to the Arrangement
	AUS\$	AUS\$
Share capital	15,578,119	21,578,119
Accumulated losses	(9,485,123)	(9,485,123)
Reserves	119,849	119,849
<b>Total Capitalization</b>	<b>6,212,845</b>	<b>12,212,845</b>

The following table provides further details regarding the *pro forma* capitalization of the Combined Company after giving effect to the Arrangement as at June 30, 2018.

Designation of Security	Amount Authorized or to be Authorized	<i>Pro Forma</i> After Giving Effect to the Arrangement
Combined Company Shares	Unlimited	1,537,330,962
CRP Shares	Unlimited	1,000,000,000

Combined Company Options	Not applicable	110,000,000 <sup>(2)</sup>
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## DIVIDENDS

There will be no restrictions in the Combined Company’s constitution or elsewhere, other than customary general solvency requirements, which would prevent the Combined Company from paying dividends following the completion of the Arrangement. For information on Elemento’s dividend policy, see “*Dividends*” in Schedule “G” to this Circular.

### ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Elementos Shares issued to related parties of Eurotin will be subject to escrow pursuant to the Escrow Agreement, providing for the escrow of 100% of the Elementos Shares they receive pursuant to the Arrangement for a period of 12 months following the Effective Date.

During the escrow term, the Eurotin Related Parties may exercise voting rights attaching to the escrowed shares. While the escrowed shares are held in escrow the Eurotin Related Parties must not exercise any voting rights attaching to any securities (whether in escrow or not) in support of one or more arrangements that would result in a repayment of capital being made on the escrowed shares prior to a winding up of Elementos.

As at the Record Date, it is anticipated that 421,116,482 Elementos Shares issuable pursuant to the Arrangement will be held in escrow pursuant to the Escrow Agreement, representing 16.6% of the issued and outstanding Elemento Shares on the Effective Date. See “*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*” in Schedule “G” to this Circular.

## PRINCIPAL SECURITYHOLDERS

To the best of the knowledge of the directors and officers of each of Elementos and TIN, upon completion of the Arrangement, there will be no persons or companies who will beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to the Combined Company Shares, after giving effect to the Arrangement except as follows:

Name and Municipality of Residence	Type of Ownership	Number of Elementos Shares	Percentage of Elementos Shares owned after Giving Effect to the Arrangement <sup>(1)</sup>
Andy Grieg	Indirect (Bond Street Custodians)	272,226,820	10.73%
Mark Wellings	Direct and Indirect <sup>(2)</sup>	400,971,712 <sup>(3)</sup>	15.8%

Notes:

- Based on there being 2,537,330,962 Elementos Shares issued after giving effect to the Plan of Arrangement. These calculations take into account (i) the 1,537,330,962 issued and outstanding Elementos Shares as at the date hereof, (ii) the 1,000,000,000 Elementos Shares issuable as Consideration pursuant to the Plan of Arrangement.
- Mr. Wellings will hold 400,034,712 CRP Shares indirectly through ZCR Corp., a holding company controlled by him, and 937,000 CRP Shares will be held by Mr. Wellings personally.
- Issued to Mr. Wellings as CRP Shares on the Effective Date. They will convert to Elementos Shares on the MESPA Completion Date.

## DIRECTORS AND EXECUTIVE OFFICERS OF THE COMBINED COMPANY

### Executive Officers

Following the completion of the Arrangement, Mr Chris Creagh will remain the Chief Executive Officer, Chris Dunks will remain Executive Director and Duncan Cornish will remain Chief Financial Officer and Corporate Secretary. See “*Directors and Executive Officers*” in Schedule “G” to this Circular.

### Directors

Following the completion of the Arrangement, it is expected that the board of directors of the Combined Company will be the current Elementos Board as described in Schedule “G” to this Circular.

## **EXECUTIVE COMPENSATION**

Following the completion of the Arrangement, it is expected that the Combined Company will maintain the policies of Elementos with respect to executive compensation. See Schedule “G” to this Circular under the heading “*Executive Compensation*”.

## **COMPENSATION OF DIRECTORS**

Following the completion of the Arrangement, it is expected that the Combined Company will maintain the policies of Elementos with respect to director compensation. See Schedule “G” to this Circular under the heading “*Executive Compensation*”.

## **STOCK EXCHANGE LISTING**

Following the completion of the Arrangement, it is expected that the Elementos Shares will continue to trade on the ASX under the symbol “ELT”. Following the completion of the Arrangement, or as soon as practicable thereafter, it is also expected that the TIN Shares will remain listed on the TSXV.

## **AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

Following completion of the Arrangement, it is expected that Elemento’s Board will continue to fulfil the role of an audit committee and that its corporate governance will remain unchanged. See “*Audit Committee and Corporate Governance*” in Schedule “G” to this Circular.

## **RISK FACTORS**

Following completion of the Arrangement, it is expected that the risk factors applicable to the Combined Company will be the same as the risk factors currently applicable to Elementos. See “*Risk Factors*” in Schedule “G” and “*Risk Factors*” in the body of this Circular, respectively.

## **AUDITOR**

The current auditors of Elementos are BDO Audit Pty Ltd., located at Level 10, 12 Creek St, Brisbane, QLD 4000, Australia. Following the completion of the Arrangement.

## **REGISTRAR AND TRANSFER AGENT**

Following the completion of the Arrangement, it is expected that the transfer agent and registrar of the Combined Company will continue to be Boardroom Pty Ltd., which is located at Level 12, 225 George Street, Sydney, NSW 2000, Australia.

**Schedule I**

Financial Reports of Elementos

[See appended.]





## **ELEMENTOS LIMITED**

**ABN 49 138 468 756**

### **CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018**

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## Cautionary Statements

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### Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled.

Elementos undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements). The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

### Mineral Resources and Ore Reserves

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

Elementos confirms that it is not aware of any new information or data that materially affects the Mineral Resource or Ore Reserve information included in the following announcements:

- "Cleveland Open Pit - High-Grade Mineral Resource Defined" announced on 3 March 2015;
- "Cleveland Tailings Ore Reserve" released on the 3 August 2015;
- "Cleveland Open Pit study adds \$21m to cash flow" released on 20 August 2015; and
- "Underground study doubles life of Tasmanian mine and adds \$90 in pre-tax cash" released on 1 September 2015

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

A separate Competent Person sign-off for the Annual Mineral Resources and Ore Reserves Statement is set out in the Interests in Tenements section of this report.

### Scoping study results and mining inventories

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

Elementos advises that the scoping study results are partly drawn from Inferred Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised.

The term "mining inventory" is used to describe Indicated and Inferred Mineral Resource within the mine design. Whereas an Ore Reserve, as defined by the JORC code (2012 Edition), must be based on a study at pre-feasibility study level or better and must not include Inferred Mineral Resources. As such, no Ore Reserve can be publicly declared on the basis of these scoping studies.

## Corporate Information

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### Directors and Company Secretary

Mr Andy Greig (Non-executive Chairman)

Mr Christopher Dunks (Executive Director)

Mr Calvin Treacy (Non-executive Director)

Mr Corey Nolan (Non-executive Director, Chairman of the Audit and Risk Committee)

Mr Duncan Cornish (Company Secretary)

### Head Office and Registered Office

Elementos Limited

Level 10, 110 Market Street

Brisbane QLD 4000

Tel: +61 7 3212 6299

Fax: +61 7 3212 6250

[www.elementos.com.au](http://www.elementos.com.au)

### Auditor

BDO Audit Pty Ltd

Level 10, 12 Creek Street

Brisbane QLD 4000

Tel: +61 7 3237 5999

Fax: +61 7 3221 9227

[www.bdo.com.au](http://www.bdo.com.au)

### Share Registry

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Tel: 1300 737 760

Fax: 1300 653 459

[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### Stock Exchange Listing

Australian Securities Exchange Ltd

ASX Code: ELT

### Australian Business Number

49 138 468 756

### Solicitor

HopgoodGanim Lawyers

Level 8, Waterfront Place

1 Eagle Street

Brisbane QLD 4000

Tel: +61 7 3024 0000

Fax: +61 7 3024 0300

[www.hopgoodganim.com.au](http://www.hopgoodganim.com.au)

### Banker

National Australian Bank Limited

Level 19, 259 Queen Street

Brisbane QLD 4000

## Review of Operations

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The Company's strategy is to create sustainable shareholders value through the development of a portfolio of tin assets. Excellent progress was made at Cleveland with the completion of the first drilling program since the project acquisition more than seven years ago. A new resource estimate is being compiled and will be released to the market shortly, potentially paving the way to move towards the development of a small-scale open cut and tailings retreatment processing facility. Further metallurgical testing is planned to examine opportunities for enhancing the project economics.

The Company recently announced the implementation of a new corporate strategy to create a robust portfolio of tin assets, at various stages of development, through the acquisition of the Oropesa tin project in Spain and Temengor tin project in Malaysia.

The Company believes Oropesa is one of the best undeveloped tin resources in the Western World. Attractions include, a large JORC Mineral Resource based on more than 54,000 metres of drilling, open-cut mining potential, simple metallurgy and processing, access to development infrastructure, support from local stakeholders and in a top-rated mining jurisdiction. A Feasibility Study is in progress, Environmental Studies complete and a Mining Licence Application lodged.

A Memorandum of Understanding was signed with a private Malaysian Company, Empire Tin Mining Sdn Bhd, to negotiate a joint venture on the Temengor Tin Project in northern peninsular Malaysia. The Temengor tin project is centred on the historical Temengor tin mine which only operated for a small period of time from 1926 to 1932. The Company believes through the application of modern exploration techniques it can define new resources.

The fundamentals for the global tin industry remain robust, and this has translated into steady LME tin pricing between of between US\$18,800 and US\$22,000 per tonne during the reporting period. The price outlook remains robust with tin playing an important role in the strongly growing energy storage industries and supply constrained by the lack of new high-quality development projects.

It's an exciting time to be a Shareholder of Elementos. The Oropesa Tin Project in Spain provides a solid platform from which the Company can move from explorer to producer quickly. The addition of the Temengor project in Malaysia adds strength to the Company's project portfolio, with the potential for the project to meet the future increasing global demand for tin.

### CLEVELAND PROJECT – TASMANIA

The Cleveland Project is located at Luina about 80 kilometres from Burnie in north-western Tasmania. The tin province in northwest Tasmania hosts some of the world's highest grade and most productive tin mines, including Renison Bell, Mt. Bischoff and Cleveland. The region has well-developed infrastructure and a strong mining culture. The site is linked to Burnie Port by sealed roads. Accessible power runs through the Cleveland exploration licence area.

Cleveland hosts tin and copper mineralisation in tailings, open cut and underground Mineral Resources, and a separate tungsten Mineral Resource. The Company has completed a number of studies assessing the potential of developing these resources.

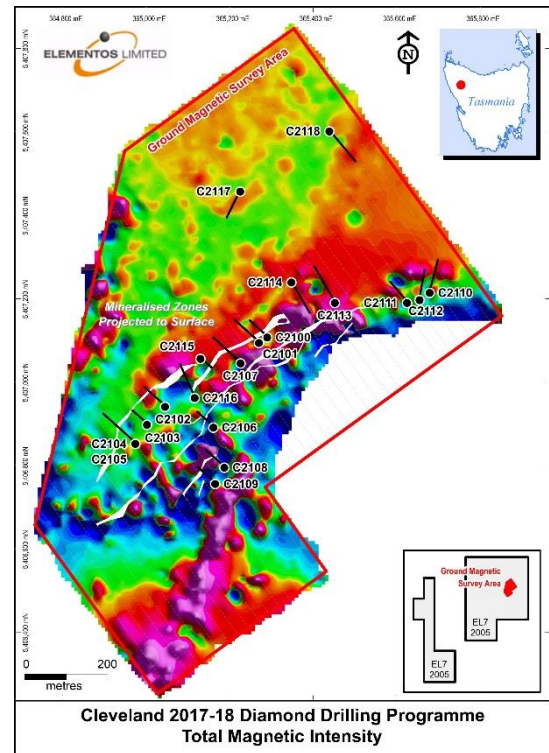
During 2017/18, the Company's focus was to target potential extensions to the existing open cut Mineral Resource (800,000t @ 0.81% Sn and 0.27% Cu) through a new drilling programme. The Company believes a larger resource base would substantially improve the economic returns and lower the risk profile of the project. The Company's objective is to move towards production and cash flow, through a low-capital, staged development strategy. The initial focus is to develop the open-cut and tailings Mineral Resources and Ore Reserves, and then transition to underground mining once cash flows have been established.

## Review of Operations

The Company completed the diamond drilling programme in the first quarter of 2018. The diamond drilling programme forms part of the first exploration programme carried out at Cleveland since the underground mine closed in 1986. Nineteen diamond drill holes were completed during the programme, for a total of 1676 metres. Eighteen of the drill holes were targeted at extensions to the existing open cut resource, including testing new ground magnetic anomalies for mineralisation. One drill hole (C2116) was planned as a metallurgical test work sample hole.



**Figure 1.** Cleveland project strategically located close to infrastructure in a world class tin mineralisation district

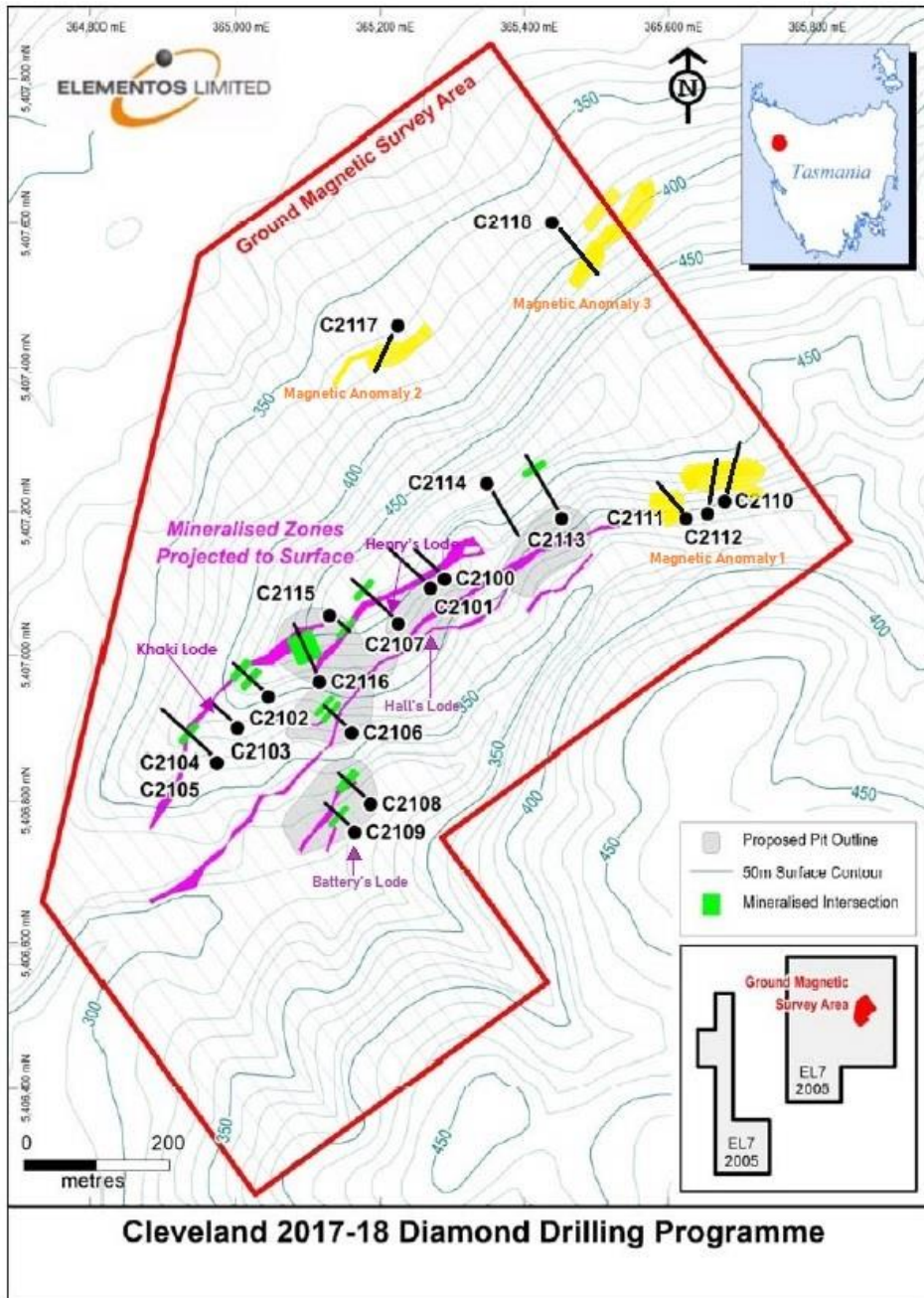


**Figure 2.** 2017-18 Diamond Drilling Programme Drill Hole Location Plan-overlying Total Intensity Ground Magnetic Survey Data

ID	Easting GDA94	Northing GDA94	RL	Azimuth True	Dip	Total Depth	Target	Results
C2102	365045	5406939	406	312	-15	67.9	Khaki's Lode	3.9m @ 0.49% Sn & 0.15% Cu from 32.1m, and 4.5m @ 0.05% Sn & 0.05% Cu from 51m
C2104	364976	5406858	369	312	-40	107.7	Khaki's Lode	3.9m @ 0.78% Sn & 0.25% Cu from 67.1m
C2106	365157	5406885	372	312	-30	60	Hall's Lode	1m @ 0.59% Sn & 0.72% Cu from 44.5m, and 0.5m @ 0.49% Sn & 0.05% Cu from 74.2m
C2107	365225	5407047	454	312	-30	101.2	Henry's Lode	2m @ 0.61% Sn & 0.34% Cu from 74.2m
C2108	365186	5406794	313	312	-45	84.5	Battery's Lode	8m @ 0.05 Sn from 57m & 2m @ 0.49% Cu from 61.5m
C2109	365162	5406762	314	312	-55	97.4	Battery's Lode	0.9m @ 0.48% Sn & 0.08% Cu from 50.7m
C2113	365453	5407198	426	330	-5	98.3	Extension of Henry's and Khaki Lode	3m @ 2.21% Sn & 0.27% Cu from 75m
C2115	365125	5407053	461	132	-60	74.4	Khaki's Lode	12.7m @ 0.15% Sn, 2.04% Zn & 0.14% Cu from 61.3m, inc. 1.5m @ 0.83% Sn, 10.36% Zn & 0.76% Cu from 61.3m
C2116	365111	5406974	415	336	-3	86.3	Khaki's Lode	Metallurgical sample. Series of ore lenses from 32.5 - 68m

**Table 1.** Cleveland Diamond Drilling Programme – Significant Mineralised Intercepts

# Review of Operations



**Figure 3.** 2018 Diamond Drilling programme showing Mineralised Intercepts

The results of the drilling program are outlined in Table 1. The Company is nearing completion of a detailed review of the Cleveland Mineral Resource estimate, which includes incorporating information collected during the recently completed diamond drilling programme.

The Cleveland Project will continue to be steadily progressed towards development with the next phases of work including completion of a metallurgical test work programme on hard rock samples (last carried out in 1986), the assessment of the potential for a larger initial open pit operation, the design and location of a new tailings storage facility and detailed financial modelling of a 'life of mine' combined open pit – tailings – underground operation as a prelude to commencing a detailed feasibility study.

## Review of Operations

### Open Pit Tin-Copper Mineral Resource (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	0.80 Mt	0.81%	6,500t	0.27	2,300t
Inferred	0.01 Mt	0.99%	140t	0.34	50t

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

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

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	5.00 Mt	0.69%	34,500t	0.28%	14,000t
Inferred	2.44 Mt	0.56%	13,700t	0.19%	4,600t

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

### Tailings Ore Reserve (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

### Underground Tungsten Mineral Resource (at 0.20% WO<sub>3</sub> cut-off)

Category	Tonnage	WO <sub>3</sub> Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO<sub>3</sub> = tungsten oxide

This information on the tungsten resource was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

### Table 2. Cleveland Mineral Resources and Ore Reserves

## OROPESA TIN PROJECT - SPAIN

The Company announced on the 31<sup>st</sup> July 2018 that it had signed a binding Heads of Agreement with Eurotin Limited (TSX-V: TIN) to acquire 96% of the Oropesa Tin Project located in Spain (**Oropesa**).

The Company believes Oropesa to be one of the best undeveloped tin resources in the Western World. Attractions include;

- a large JORC Mineral Resource of 67,520t of contained tin based on more than 54,000 metres of drilling,
- open-cut mining potential,
- a well established metallurgical processing flowsheet has been developed with recoveries of 74% to a high grade concentrate containing 62% tin,
- access to development infrastructure, and
- support from local stakeholders.

A Feasibility Study is in progress, Environmental Studies are complete and a Mining Licence Application has been lodged with the regional authorities.



## Review of Operations

The acquisition of Oropesa represents an excellent strategic fit with the organisations core capability of developing mining projects, with specific emphasis on its experience in tin. Oropesa is a near-term development project and cash flow generation opportunity, being acquired at a very attractive valuation. The Company believes it will create significant share value-uplift potential for shareholders as the project is well advanced towards development.

The Oropesa tin project contains a JORC compliant Measured, Indicated and Inferred Resource of 67,520 tonnes of tin (see Table 3). The Company believes there is potential to identify other resources in the tenement package and expand the scale of the project in the future.

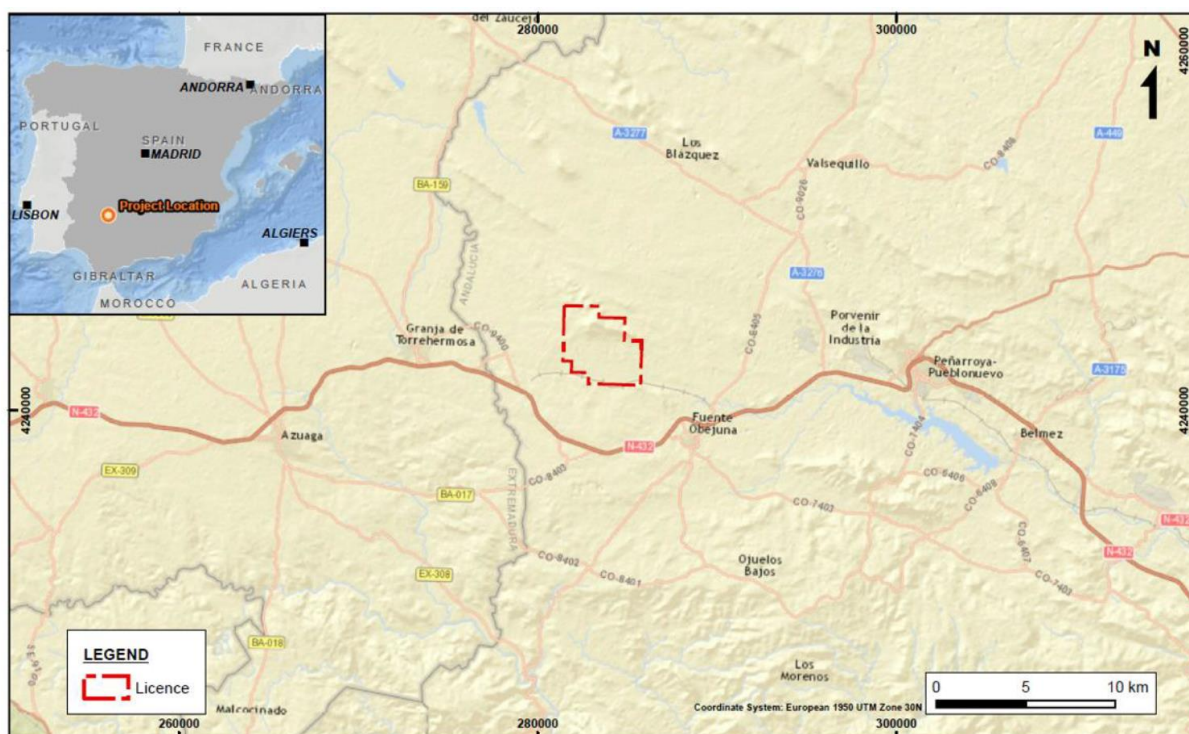


Figure 4. Location Plan for Oropesa in Spain

### Oropesa Global Mineral Resource Estimate (0.15% Sn cut-off)

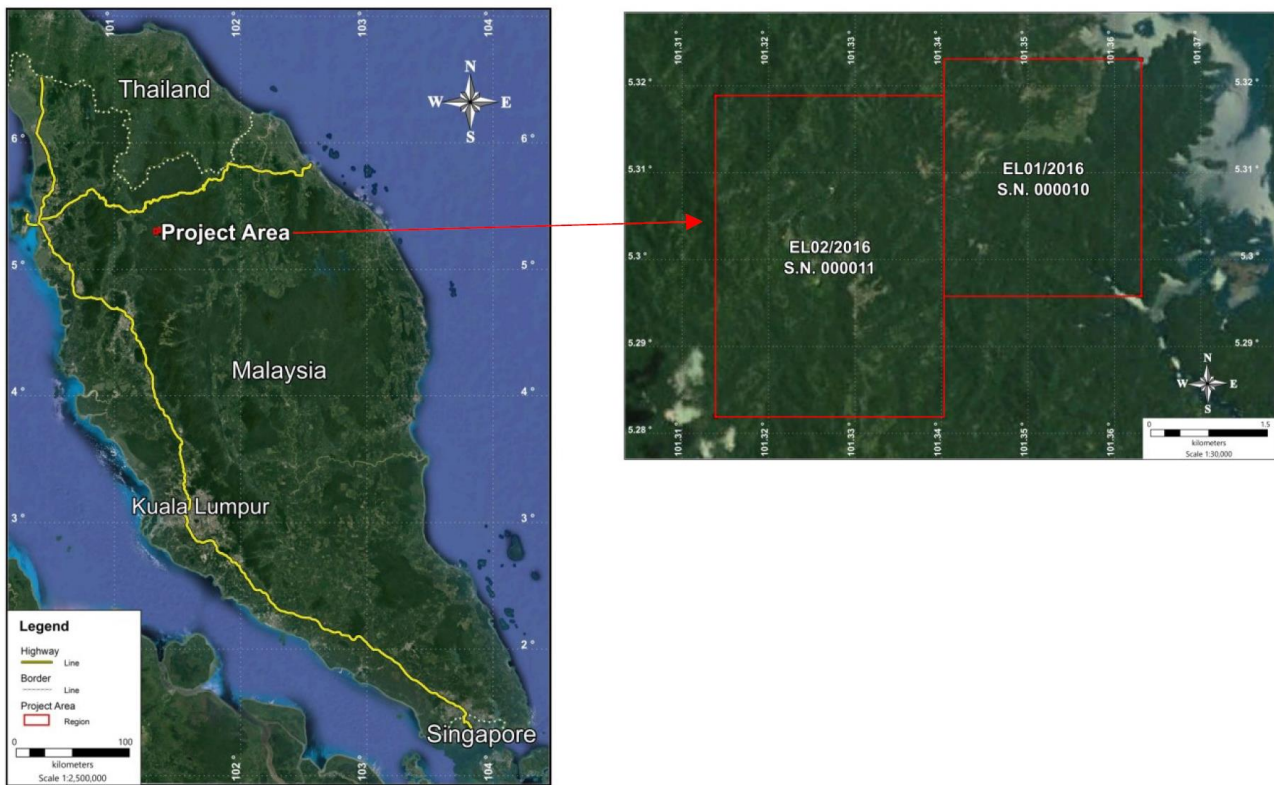
Category	Tonnage	Sn Grade	Contained Sn
Measured	0.33 Mt	1.09%	3,585t
Indicated	9.01 Mt	0.53%	47,320t
Inferred	3.20 Mt	0.52%	16,615t

Table 3. Oropesa Mineral Resource Estimate

## TEMENGOR TIN PROJECT - MALAYSIA

On the 21<sup>st</sup> June 2018 the Company signed a non-binding Memorandum of Understanding (MOU) with Empire Tin Mining Sdn Bhd (Empire) The MOU provides exclusivity to negotiate a Farm-in and Joint Venture Agreement on the Temengor Tin Project in the state of Perak, Malaysia. The Temengor Tin Project is an exploration and development project centred on the historical Temengor Tin Mine, which is located approximately 250 kilometres to the north of Kuala Lumpur.

## Review of Operations



**Figure 5.** Location of the Temengor Tin Project, Malaysia

The Temengor Mine was operated as a hydraulic eluvial mining operation between 1926 and 1932 by the London Stock Exchange listed Temengor Tin Mining Company Limited. Up to ten monitors (water jets) were used to remove deeply weathered granite which contained sheeted quartz veins that contained tin mineralisation in the form of cassiterite. The tin was extracted from the material removed by hydraulic mining by a series of sluices or 'palongs'. A conversion to hard rock mining was planned to commence in the early 1930's but was unsuccessful due to a shortage of capital during the Great Depression. Archived records indicate that all hard rock exploration activities on the Temengor project area ceased in 1937. Exploration and mining activity in the Temengor region became dormant during World War 2 and subsequent years due to adverse security conditions up until the 1980's. Road access to the region was cut-off by the construction of the Temengor Dam in 1978. The project area is covered by two exploration licences that cover a total area of 1950 hectares. Empire has exclusive rights to the transfer of the two exploration licences from Menteri Besar Incorporated, a Perak State owned investment corporation.

The Temengor project has similar geological characteristics as the Rahman Hydraulic Tin Mine, which is 50 kilometres to the northwest of Temengor. Rahman Hydraulic is one of the few mines in Malaysia that converted from hydraulic to hard rock mining and is still operating today after 100 years of operations, producing 2,200 tonnes of tin in concentrate in 2017.

The Directors believe the Temengor region has the potential to contain a significant hard rock tin deposit and have dedicated a considerable amount of resources to researching this historical mine site. The Company will leverage its significant experience and expertise in tin exploration and development developed at Cleveland and apply it to the Temengor project on completion of the Joint Venture documentation.

## Review of Operations

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**Figure 6.** *Historical eluvial workings at Temengor, Malaysia*

## Interests in Tenements (and Annual Mineral Resources and Ore Reserves Statement)

Elementos Limited held the following interests in tenements as at the date of this report:

Tenement Name	Tenement Number	Area (Hectares)	Elementos Interest	Location of Tenements
Cleveland	EL7/2005	5,993	100%	Tasmania

A summary of the Group's annual review of its ore reserves and mineral resources of its Cleveland project located in Tasmania at 30 June 2018 compared to 30 June 2017 is set out below.

Open Pit Tin-Copper Mineral Resource (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 above**

**30 June 2017 and 30 June 2018 – unchanged**

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	0.8 Mt	0.81%	6,500t	0.27	2,300t
Inferred	0.01 Mt	0.99%	140t	0.34	50t

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

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

**30 June 2017 and 30 June 2018 – unchanged**

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	5.0 Mt	0.69%	34,500t	0.28%	14,000t
Inferred	2.4 Mt	0.56%	13,700t	0.19%	4,600t

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

Underground Tungsten Mineral Resource (at 0.20% WO<sub>3</sub> cut-off) <sup>1</sup>

**30 June 2017 and 30 June 2018 – unchanged**

Category	Tonnage	WO <sub>3</sub> Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO<sub>3</sub> = tungsten oxide

Tailings Ore Reserve (at 0% Sn cut-off) <sup>2</sup>

**30 June 2017 and 30 June 2018 – unchanged**

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

<sup>1</sup> This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

<sup>2</sup> Announced per the JORC Code 2012 on 3 August 2015 "Cleveland Tailings Ore Reserve"

## **Interests in Tenements (and Annual Mineral Resources and Ore Reserves Statement)**

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The Group confirms that it has obtained new information or data (since 30 June 2018) that materially affects the Mineral Resources and Ore Reserves set out above, however the assessment of the changes to the Mineral Resources and Reserves was ongoing at the time of writing and was not completed in time to be included in this report.

The Group regularly reviews its Mineral Resources and Reserves to assess their reasonableness, engaging suitably qualified competent person/s where required. A summary of the governance and controls applicable to the Group's Mineral Resources and Reserves processes is as follows:

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

This Annual Mineral Resources and Ore Reserves Statement:

- is based on, and fairly represents, information and supporting documentation prepared by the competent person (referred to on page 2); and
- has been approved by Mr Chris Creagh who is a Member of the Australasian Institute of Mining and Metallurgy and is the Chief Executive Officer of Elementos Ltd. Mr Creagh is qualified geologist with sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, 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". Mr Creagh has approved the Annual Mineral Resource and Ore Reserve Statement in the form and context in which it appears in this Annual Report.

## Directors' Report

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The directors submit their report on the consolidated entity ("Group") consisting of Elementos Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2018.

### Directors

The following persons were directors of Elementos Limited during the financial year and up to the date of this report, unless otherwise stated:

Mr Andy Greig  
Mr Chris Dunks  
Mr Corey Nolan  
Mr Calvin Treacy

### Information on Directors

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

#### **Andy Greig**

*Non- Executive Chairman*

Mr Greig (GDipBus (Monash); Fellow, ATSE) recently retired from a 35-year career with Bechtel Group, Inc., the globally renowned engineering, construction and project management company. Mr Greig was a director of Bechtel Group, Inc., and for 13 years through 2014; the President of its Mining and Metals Global Business Unit.

Mr Greig has deep experience in the engineering and construction of large mining and minerals processing projects around the world. He is a business graduate of Monash University, and a Fellow of the Australian Academy of Technological Sciences and Engineering.

Mr Greig has not held any other (ASX listed) directorships in the last three years.

#### **Chris Dunks**

*Executive Director*

Mr Dunks (BEng (Mech), GAICD) is currently the Managing Director of Synergen Met Pty Ltd, a Brisbane-based company that is commercialising novel minerals processing technology.

Mr Dunks was a Founder and Managing Director of Rockwell Minerals Pty Ltd, the company that merged with Elementos in 2013, and negotiated the original deal to purchase the Cleveland Project. Mr Dunks's experience over the last 20 years has been dominated by working on major minerals processing, refining and power projects both in Australia and the USA.

Mr Dunks's experience has been in mechanical design, construction management and supervision, project controls, project management, contract negotiation, business development and new technology commercialisation. He has worked extensively with Bechtel, Worley Parsons, SNC Lavalin and Jacobs (Aker Kvaerner).

Mr Dunks was originally appointed as a Non-Executive Director of Elementos in November 2015. Following the resignation of the Company's CEO in July 2016, Mr Dunks continued the Company's permitting and partnering process in an Executive Director capacity.

Mr Dunks is a member of the Audit and Risk Committee.

Mr Dunks has not held any other (ASX listed) directorships in the last three years.

## Directors' Report

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### **Corey Nolan**

*Non-executive Director*

Mr Nolan (BCom, MMEE, Graduate of AICD) has 20 years of diverse experience in the resources sector. This has included experience in mining operations, global resource evaluation, and the financing and development of new opportunities in Australia, South Africa, Asia and South America.

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

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

Mr Nolan is a member of the Audit and Risk Committee.

During the past three years, Mr Nolan has also served as a director of ASX listed companies Leyshon Resources Limited (February 2014 to August 2018) and Platina Resources Limited (August 2018 to current).

### **Calvin Treacy**

*Non-executive Director*

Mr Treacy (BEng, MBA, MAICD) has over 20 years senior management experience in mining, mining technology and manufacturing. He has a strong track record of founding and growing companies, and brings a wealth of experience in the areas of strategic planning and capital raising.

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

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

Mr Treacy is a member of the Audit and Risk Committee.

Mr Treacy has not held any other (ASX listed) directorships in the last three years.

### **Company Secretary**

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

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

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

Mr. Cornish holds a Bachelor of Business (Accounting) and is a member of the Chartered Accountants Australia and New Zealand.

## Directors' Report

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### Interests in Securities

As at the date of this report, the interests of each director in shares and options issued by the Company are shown in the table below:

Directors	Shares	Options
A. Greig	272,226,820	-
C. Dunks	19,687,505	-
C. Nolan	4,737,486	-
C. Treacy	28,000,004	-

### Principal Activities

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

### Operating Results

The Group's operating loss for the financial year, after applicable income tax was \$819,933 (2017: \$769,493).

### Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year.

### Review of Operations

Information on the operations of the Group during the financial year and up to the date of this report is set out separately in the Annual Report under Review of Operations.

### Review of Financial Condition

#### Capital Structure

At 30 June 2017, the Company had 949,297,823 ordinary shares and 20,300,000 unlisted options on issue.

Between 9 August 2017 and 21 August 2017, 237,324,642 shares were issued pursuant to the rights issue announced on 29 June 2017 and 337,324,642 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were issued pursuant to the placement and rights issue announced on 29 June 2017.

On 21 August 2017 45,371,137 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised in to 45,371,137 shares.

Between 30 August 2017 and 7 February 2018, 51,833,622 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised in to 51,833,622 shares.

On 9 February 2018 30,000,000 Performance Rights were issued to Chris Creagh, CEO, for nil consideration.



## Directors' Report

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On 20 March 2018 9,300,000 unlisted options (exercisable at \$0.02956 each) expired.

Between 26 April 2018 and 30 June 2018 a further 48,185,686 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised in to 48,185,686 shares. The balance of the (\$0.60 cent) options on issue (186,616,145) expired on 30 June 2018.

At 30 June 2018, the Company had 1,332,012,910 ordinary shares, 11,000,000 unlisted (ESOP) options and 30,000,000 performance rights on issue.

On 4 July 2018, 5,318,052 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised in to 5,318,052 shares. An option exercise form, plus the required exercise funds for the options exercised, were received prior to 30 June 2018 (the expiry date of the options).

On 31 July 2018 1,000,000 unlisted options exercisable at \$0.01165 each expired.

As at the date of this report, the Company had 1,337,330,692 ordinary shares, 10,000,000 unlisted options and 30,000,000 performance rights on issue.

### Financial Position

At 30 June 2018, the Group's net assets totalled \$6,212,845 (2017: \$4,795,541) which included cash assets of \$936,562 (2017: \$655,868). The movement in net assets largely resulted from the following factors:

- Operating losses of \$819,933; and
- Equity raisings totalling \$2,296,291 (before costs) and receipt of ATO R&D refunds of \$144,641 during the period were partially offset by cash outflows from operating activities (\$740,421) and cash outflows on exploration and evaluation assets (\$719,461).

Throughout the year the Group focussed on:

- progressing environment approvals and mining licences;
- completing technical studies required to attract suitable project partner/s and corporate/project funding; and
- exploring innovative ways of enhancing the value of the Group' Cleveland Project

This focus resulted in sourcing additional equity funding to progress the Cleveland Project, repay borrowings and investigate additional tin projects.

The Group's working capital, being current assets less current liabilities has increased from \$42,319 in 2017 to \$874,884 in 2018, principally due to the additional equity raisings (reduced by ongoing exploration expenditure and repayment of borrowings).

### Treasury policy

The Group does not have a formally established treasury function. The Board is responsible for managing the Group's finance facilities. The Group does not currently undertake hedging of any kind and is not directly exposed to material currency risks.

### Liquidity and funding

Following the capital raisings and debt reduction completed between June and August 2017, the Group has sufficient funds to finance its operations and exploration activities, and to allow the Group to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

## Directors' Report

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### Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group in the financial year.

### Events After Reporting Date

On 31 July 2018, the Company announced (in separate announcements) that:

- it had signed a binding Heads of Agreement (**HoA**) with Eurotin Limited (TSX-V: TIN) (**Eurotin**) to acquire the 96% owned Oropesa Tin Project located in Spain (**Oropesa**); and
- the Company has received binding commitments for a private placement to raise \$1.2 million at \$0.006 per share (Placement) to support the completion of the Oropesa transaction and general working capital purposes.

The Company believes Oropesa is one of the best undeveloped tin resources in the Western World. Attractions include, a large JORC Mineral Resource based on more than 54,000 metres of drilling, open-cut mining potential, simple metallurgy and processing, access to development infrastructure, and support from local stakeholders. A Feasibility Study is in progress, Environmental Studies complete and a Mining Licence Application lodged.

The acquisition represents an excellent strategic fit with the organisations core capability of developing tin projects, a fundamental driver of Eurotin's decision to partner with Elementos to deliver the Oropesa project.

Oropesa is a near-term development project and cash flow generation opportunity, being acquired at a very attractive valuation. The Company believes it will create significant share value-uplift potential for shareholders as the project is well advanced towards development.

Consideration for the acquisition is the issue of one billion fully paid Elementos shares which are to be distributed pro-rata to Eurotin's shareholders. The transaction is subject to completion of due diligence and shareholder approvals. The Company expects to complete its due diligence enquires by 5 October 2018 and proceed to progress the various regulatory and shareholders approvals necessary to complete the acquisition.

The Company also expects to complete the Placement to sophisticated investors by 5 October 2018 using the Company's existing placement capacity under the ASX Listing Rules.

Other than the events noted above, there are no other matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### Business Results

The prospects of the Group in progressing their exploration projects in Tasmania may be affected by a number of factors. These factors are similar to most exploration companies moving through exploration phase and attempting to get projects into development. Some of these factors include:

- Exploration - the results of the exploration activities may be such that the estimated resources are insufficient to justify the financial viability of the projects. Elementos undertakes extensive exploration and product quality testing prior to establishing JORC compliant resource estimates and to (ultimately) support mining feasibility studies. The Company engages external experts to assist with the evaluation of exploration results where required and utilises third party competent persons to prepare JORC resource statements or suitably qualified senior management of the Company. Economic feasibility modelling of projects will be conducted in conjunction with third party experts and the results of which will usually be subject to independent third party peer review

## Directors' Report

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- Regulatory and Sovereign - the Company currently operates in Australia and deals with local regulatory authorities in relation to the exploration of its properties. The Company may not achieve the required local regulatory approvals to continue exploration or properly assess development prospects. The Company takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Social Licence to Operate – the ability of the Company to secure and undertake exploration and development activities within prospective areas is also reliant upon satisfactory resolution of native title and (potentially) overlapping tenure. To address this risk, the Company develops strong, long term effective relationships with landholders with a focus on developing mutually acceptable access arrangements. The Company takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Environmental - All phases of mining and exploration present environmental risks and hazards. Elementos's operations in Australia are subject to environmental regulation pursuant to a variety of state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The Company assesses each of its projects very carefully with respect to potential environmental issues, in conjunction with specific environmental regulations applicable to each project, prior to commencing field exploration. Periodic reviews are undertaken once field exploration commences.
- Safety - Safety is of critical importance in the planning, organisation and execution of Elementos's exploration and development activities. Elementos is committed to providing and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise an employee's health, safety or the health and safety of others associated with our business. Elementos recognise that safety is both an individual and shared responsibility of all employees, contractors and other persons involved with the operation of the organisation. The Company has a comprehensive Safety and Health Management system which is designed to minimise the risk of an uncontrolled safety and health event and to continuously improving safety culture within the organisation.
- Funding - the Company will require additional funding to continue exploration and potentially move from the exploration phase to the development phases of its projects. There is no certainty that the Company will have access to available financial resources sufficient to fund its exploration, feasibility or development costs at those times.
- Market - there are numerous factors involved with exploration and early stage development of its projects, including variance in commodity price and labour costs which can result in projects being uneconomical.

## Directors' Report

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### Environmental Issues

The Group is subject to significant environmental regulations under the laws of the Commonwealth of Australia and states of Australia in which the Group currently operates.

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

### Native Title

Mining tenements that the Group currently holds, are subject to Native Title claims. The Group has a policy that is respectful of the Native Title rights and is continuing to negotiate with relevant indigenous bodies.

### Remuneration Report (Audited)

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

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

Andy Greig	Director – Non-executive Chairman
Chris Dunks	Director – Executive
Corey Nolan	Director - Non-executive
Calvin Treacy	Director - Non-executive
Chris Creagh	Chief Executive Officer
Duncan Cornish	Chief Financial Officer and Company Secretary

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

The Group's remuneration policy provides for long-term incentives to be offered through a director and employee share option plan and also through a performance rights plan (approved at the Company's 2017 AGM). Options may be granted under these plans to align directors', executives', employees' and shareholders' interests. Two methods may be used to achieve this aim, the first being performance rights and options that vest upon reaching or exceeding specific predetermined objectives, and the second being options granted with higher exercise prices (than the share price at issue) rewarding share price growth.

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

## Directors' Report

### Performance-Based Remuneration

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

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

The exercise price of the options is determined after taking into account the underlying share price performance in the period leading up to the date of grant and if applicable, performance conditions attached to the share options. Subject to specific vesting conditions, each option is convertible into one ordinary share.

Chris Creagh (CEO) was issued with 30,000,000 Performance Rights for nil consideration on 9 February 2018, pursuant to Board approval and the shareholder approved Performance Rights Plan. Each Performance Right carries the right to one Elementos Limited ordinary share, subject to satisfaction of certain performance hurdles/vesting conditions. The performance period for the performance rights expires on 30 June 2020.

Performance Rights shall be divided into tranches of the amounts set out in Column 1, vesting on satisfaction of conditions set out in Column 2:

Column 1	Column 2
(1) 4,000,000	On continuous employment with the Company until 31 March 2018
(2) 2,000,000	On successful completion of the Definitive Feasibility Study
(3) 3,000,000	On continuous employment with the Company until 1 January 2019
(4) 3,000,000	On final approval of Environmental Permitting by any relevant authority
(5) 4,000,000	On completion of a capital raising (debt or equity, or a combination) sufficient to fund construction of a project and Elementos' corporate costs
(6) 4,000,000	On continuous employment with the Company until 1 January 2020
(7) 10,000,000	On the commissioning of a process plant that uses the low concentrate, roasting, leaching and electrowinning technology introduced to Elementos and reaching 80% of planned monthly production rate for a period of 3 months at any site operated by Elementos

*Note: If the technology referred to in Tranche 7 is not implemented, Tranche 7 is subject to change by Elementos at its sole discretion.*

If a vesting condition is satisfied after the Employee's employment ends, the Board may in its absolute discretion (acting reasonably) assess and rate the Employee's performance or contribution toward the satisfaction of a vesting condition ('Performance Rating') in which event the Performance Rights for that Tranche will convert in the limited proportion set out in the table below ('Determined Rights'), and otherwise do not convert to ordinary Shares:

## Directors' Report

Performance Rating	% Performance Rights capable of converting
Excellent	100%
Very Good	75%
Good	50%
Fair	25%
Poor	0%

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

### Directors

Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the Group. The maximum aggregate amount of fees that can be paid to non-executive directors approved by shareholders is currently \$250,000. One-third, by number, of non-executive directors retires by rotation at the Company's Annual General Meeting. Retiring directors are eligible for re-election by shareholders at the Annual General Meeting of the Company. The appointment conditions of the non-executive directors are set out and agreed in letters of appointment.

The Company currently believes it is prudent it continues to maintain a very low-cost corporate overhead and preserve its cash resources. Consequently, non-executive director fees are \$25,000 per annum (including superannuation) to each non-executive director. The Company's chairman, Andy Greig has chosen to not accept a (director) fee. Chris Dunks was appointed as an executive director and his fee was increased to \$73,000 per annum (including superannuation) from 1 August 2016. If directors perform services for the Company that, in the opinion of the other directors, is outside the scope of the ordinary duties of the director, the Company may pay that director for those services in addition to the remuneration outlined above.

### Executives

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

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

Chris Creagh was appointed Chief Executive Officer (CEO) on 1 January 2017, having previously held the position of Operations Manager since August 2016. The key terms of the employment agreement with Chris Creagh are:

- Total Fixed Remuneration of \$200,000 per annum (inclusive of superannuation);
- Annual cash bonus at the discretion of the board (no STI was granted during the 2018 or 2017 financial years);
- Incentive package of 30,000,000 performance rights (issued on 9 February 2018); and
- 90 days' notice of termination by either party.

## Directors' Report

The Company has a services agreement with Corporate Administration Services Pty Ltd ("CAS") and Duncan Cornish, the Company's CFO and Company Secretary. Under the agreement, CAS also provides accounting, bookkeeping and administrative services. Both Elementos and CAS are entitled to terminate the agreement upon giving not less than three months' written notice. The base fee under the services agreement is \$120,000 per annum. On 21 December 2015 Duncan Cornish was issued with 10,000,000 unlisted options exercisable at 1.25 cents each on or before 31 July 2019 (vested immediately on issue).

### Remuneration Details of Key Management Personnel

The remuneration of the key management personnel of Elementos Limited for the year ended 30 June 2018 was as follows:

#### Year Ended 30 June 2018

Key Management Personnel	Short Term Benefits		Equity Settled Shares	Equity Settled Performance Rights	Post-Employment Super-annuation	Total	Performance related %	% consisting of options/ rights
	Salary & Fees	Bonuses						
	\$	\$	\$	\$	\$	\$		
A. Greig	-	-	-	-	-	-	-	-
C. Dunks	72,996	-	-	-	-	72,996	-	-
C. Nolan	22,831	-	-	-	2,169	25,000	-	-
C. Treacy	25,831	-	-	-	2,169	25,000	-	-
C. Creagh	182,648	-	-	50,819	17,352	250,819	20.3%	-
D. Cornish	120,000	-	-	-	-	120,000	-	-
	<b>421,306</b>	-	-	<b>50,819</b>	<b>21,690</b>	<b>493,815</b>		

## Directors' Report

The remuneration of the key management personnel of Elementos Limited for the year ended 30 June 2017 was as follows:

### Year Ended 30 June 2017

Key Management Personnel	Short Term Benefits		Equity Settled Shares	Equity Settled Performance Rights	Post-Employment Super-annuation	Total	Performance related %	% consisting of options
	Salary & Fees	Bonuses						
	\$	\$	\$	\$	\$	\$		
A. Greig	-	-	-	-	-	-	-	-
C. Dunks	72,093	-	-	-	-	72,093	-	-
C. Nolan	22,831	-	-	-	2,169	25,000	-	-
C. Treacy	25,649	-	-	-	2,169	27,818	-	-
C. Creagh <sup>(1)</sup>	122,994	-	-	-	8,676	131,670	-	-
D. Cornish	120,000	-	-	-	-	120,000	-	-
T. McManus <sup>(2)</sup>	10,261	-	-	-	267	10,528	-	-
	<b>373,828</b>	-	-	-	<b>13,281</b>	<b>387,109</b>		

\*Notes:

1. Appointed Operations Manager from 24-Aug-16, then appointed CEO from 1-Jan-17

2. Resigned 6 July 2016

The percentage of equity-based remuneration for persons who were key management personnel of the Group during the year ended 30 June 2018 is set out below:

Key Management Personnel	Proportion of Remuneration	
	Equity Based	Salary and Fees
A. Greig	n/a	n/a
C. Dunks	-	100%
C. Nolan	-	100%
C. Treacy	-	100%
C. Creagh	20.3%	79.7%
D. Cornish	-	100%



## Directors' Report

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

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

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

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Share Price at year end (\$)	0.006	0.0084	0.008	0.010	0.02	0.015	0.079	0.225

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

### Options Held by Key Management Personnel

Details of options held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2018 were as follows:

Key Management Personnel	Balance at 1 July 2017	Granted as Compensation	Acquired (Rights Issue)	Exercised	Expired	Balance at 30 June 2018	Total Vested 30 June 2018	Total Vested and Exercisable 30 June 2018
A. Greig	-	-	45,371,137	(45,371,137)	-	-	-	-
C. Dunks	-	-	3,937,501	-	(3,937,501)	-	-	-
C. Nolan	-	-	884,086	-	(884,086)	-	-	-
C. Treacy	6,200,000	-	1,150,000	-	(7,350,000)	-	-	-
C. Creagh	-	-	227,273	(227,273)	-	-	-	-
D. Cornish	10,000,000	-	-	-	-	10,000,000	10,000,000	10,000,000
	<b>16,200,000</b>	-	<b>51,569,997</b>	<b>(45,598,410)</b>	<b>(12,171,587)</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>

### Options Granted as Remuneration

As noted above, there were no options issued to key management personnel during the year ended 30 June 2018.

### Performance Rights Held by Key Management Personnel

Chris Creagh (CEO) is the only key management personnel who has been issued performance rights. Details of the performance rights held directly, indirectly or beneficially by Chris Creagh during the year ended 30 June 2018 were as follows:

Key Management Personnel	Balance at 1 July 2017	Granted as Compensation	Exercised	Expired	Balance at 30 June 2018	Total Vested 30 June 2018	Total Vested and Exercisable 30 June 2018
C. Creagh	-	30,000,000	-	-	30,000,000	4,000,000	4,000,000

## Directors' Report

### Shares Held by Key Management Personnel

Details of shares held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2018 were as follows:

Key Management Personnel	Balance at 1 July 2017	Granted as Compensation	Received on Exercise of Options	Acquisitions	Balance at 30 June 2018
A. Greig	181,484,546	-	45,371,137	45,371,137	272,226,820
C. Dunks	15,750,004	-	-	3,937,501	19,687,505
C. Nolan	3,853,400	-	-	884,086	4,737,486
C. Treacy	26,850,004	-	-	1,150,000	28,000,004
C. Creagh	909,091	-	227,273	227,273	1,363,637
D. Cornish	2,497,272	-	-	629,917	3,127,189
	<b>231,344,317</b>	-	<b>45,598,410</b>	<b>52,199,914</b>	<b>329,142,641</b>

### Other transactions with Key Management Personnel

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

- Loan amount = \$500,000
- Loan term = 2 years
- Interest rate = 6.0%
- Unsecured
- No conversion rights
- No requirement to repay principal or pay interest during the loan term
- Repayable by the Company at any time (during the loan term)

On 24 February 2017, the Company and Andy Greig agreed to extend the repayment date of the loan to 31 December 2018. All other terms and conditions of the loan remain unchanged.

During the year ended 30 June 2018 the loan was repaid in full, as follows:

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

*End of Remuneration Report*

## Directors' Report

### Options

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

#### Unlisted Options

Grant Date/s	Expiry Date	Exercise Price	No. Under Option
26 August 2015	31 July 2019	1.215 cents	10,000,000

### Performance Rights

At the date of this report, the number of Performance Rights in issue is as follows:

Grant Date/s	Expiry Date	Exercise Price	No. Rights
9 February 2018	30 June 2020	Nil	30,000,000

During the year ended 30 June 2018, 30,000,000 performance rights were issued to Key Management Personnel.

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

### Directors' Meetings

The meetings attended by each director during the financial year were:

Directors	Board		Audit & Risk Committee	
	Meetings	Attended	Meetings	Attended
A. Greig	3	3	1*	0*
C. Dunks	3	3	1	1
C. Nolan	3	3	1	1
C. Treacy	3	3	1	1

\* Mr Greig is not a member of the Audit & Risk Committee.

### Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Elementos Limited support and, where practicable or appropriate, have adhered to the ASX Principles of Corporate Governance. The Company's corporate governance statement is set out in this Annual Report.

## Directors' Report

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### Indemnification and Insurance of Directors and Auditors

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

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

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

### Proceedings on Behalf of the Company

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

### Non-Audit Services

The auditors did not provide any non-audit services during the year (2017: Nil).

### Future Developments and Likely Outlook

#### Existing project – Cleveland

Following the recent results of the latest drilling program, the Company is nearing completion of a detailed review of the Cleveland Mineral Resource estimate, which includes incorporating information collected during the recently completed diamond drilling programme.

The Cleveland Project will continue to be steadily progressed towards development with the next phases of work including completion of a metallurgical test work programme on hard rock samples (last carried out in 1986), the assessment of the potential for a larger initial open pit operation, the design and location of a new tailings storage facility and detailed financial modelling of a 'life of mine' combined open pit – tailings – underground operation as a prelude to commencing a detailed feasibility study.

#### Acquisition

The Company announced on 31 July 2018 that it had signed a binding Heads of Agreement with Eurotin Limited (TSX-V: TIN) to acquire 96% of the Oropesa Tin Project located in Spain (Oropesa).

The Company believes Oropesa to be one of the best undeveloped tin resources in the Western World. A Feasibility Study is in progress, Environmental Studies are complete and a Mining Licence Application has been lodged with the regional authorities.

## Directors' Report

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The transaction is subject to completion of due diligence and shareholder approvals. The Company expects to complete its due diligence enquires by 5 October 2018 and proceed to progress the various regulatory and shareholders approvals necessary to complete the acquisition.

### Farm-in

On 21 June 2018 the Company signed a non-binding Memorandum of Understanding (MOU) with Empire Tin Mining Sdn Bhd (Empire) The MOU provides exclusivity to negotiate a Farm-in and Joint Venture Agreement on the Temengor Tin Project in the state of Perak, Malaysia. The Temengor Tin Project is an exploration and development project centred on the historical Temengor Tin Mine, which is located approximately 250 kilometres to the north of Kuala Lumpur.

The exclusivity period for Elementos to negotiate a Farm-in and Joint Venture Agreement on the Temengor Tin Project expires on 9 October 2018.

### Auditor's Independence Declaration

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

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



**Chris Dunks**  
**Director**

Dated 25 September 2018  
Brisbane, Queensland

## Auditor's Independence Declaration

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

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

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

As lead auditor of Elementos Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'D P Wright', written over a light blue horizontal line.

**D P Wright**  
Director

**BDO Audit Pty Ltd**

Brisbane, 25 September 2018

## Shareholder Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 11 September 2018.

### (a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Ordinary Shares		Unlisted Options (1.215c @ 31-Jul-19)	
	No. Holders	No. Shares	No. Holders	No. Options
1 - 1,000	65	14,220	-	-
1,001 - 5,000	73	224,248	-	-
5,001 - 10,000	73	588,281	-	-
10,001 - 100,000	263	11,560,313	-	-
100,001 and over	393	1,324,943,900	1	10,000,000
<b>Total</b>	<b>867</b>	<b>1,337,330,962</b>	<b>1</b>	<b>10,000,000</b>

	Performance Rights	
	No. Holders	No. Rights
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 and over	1	30,000,000
<b>Total</b>	<b>1</b>	<b>30,000,000</b>

The number of shareholders holding less than a marketable parcel is 435.

## Shareholder Information

### (b) Twenty Largest Shareholders

The names of the twenty largest holders of Quoted Ordinary Shares are:

#	Registered Name	Number of Shares	% of total Shares
1	BOND STREET CUSTODIANS LIMITED	272,226,820	20.36%
2	JERVOIS MINING LTD	100,000,000	7.48%
3	KEO PROJECTS PTY LTD	71,505,195	5.35%
4	BOURSE SECURITIES PTY LTD	67,366,667	5.04%
5	JAMES CALAWAY*	60,020,768	4.49%
6	327TH P & C NOMINEES PTY LTD	41,879,192	3.13%
7	MR CALVIN PATRICK TREACY*	28,000,004	2.09%
8	MR MICHAEL DAVID ADAMS & MRS CAROL ADAMS	27,299,095	2.04%
9	SANGWILL PTY LTD	25,100,000	1.88%
10	SIXTH ERRA PTY LTD*	22,182,605	1.66%
11	MR JOHN DOUGLAS JEFFERY & MRS ELSPETH LOUISE JEFFERY	20,000,000	1.50%
12	MR CHRISTOPHER JOHN STAPLES*	19,800,762	1.48%
13	MR CHRISTOPHER JAMES DUNKS*	19,687,505	1.47%
14	1514341 ONTARIO INC	17,200,000	1.29%
15	KOKONG HOLDINGS PTY LIMITED	16,768,693	1.25%
16	MR WILLIAM RICHARDS GOODALL	16,659,095	1.25%
17	MR TERRY TAYLOR & MRS LYNDA LOUISE TAYLOR	13,873,410	1.04%
18	J P MORGAN NOMINEES AUSTRALIA LIMITED	13,379,546	1.00%
19	RICHARD SEVILLE AND ASSOCIATES PTY LTD	11,340,087	0.85%
20	HUMBER HAWKE PTY LTD	11,000,000	0.82%
	<b>Top 20 Total</b>	<b>875,289,444</b>	<b>65.45%</b>
	<b>Total of Securities</b>	<b>1,337,330,962</b>	

\* Merged holding



## Shareholder Information

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### (c) Substantial Shareholders

The Company notes that, as at the date of this report, the following shareholders own substantial shareholdings ( $\geq 5.0\%$ ) in Elementos Limited:

Name of Shareholder	Ordinary Shares	% of total Shares
BOND STREET CUSTODIANS LIMITED	272,226,820	20.36%
JERVOIS MINING LTD	100,000,000	7.48%
KEO PROJECTS PTY LTD	71,505,195	5.35%
BOURSE SECURITIES PTY LTD	67,366,667	5.04%

### (d) Voting rights

All ordinary shares carry one vote per share without restriction.

Options do not carry voting rights.

### (e) Restricted securities

The Group currently has no restricted securities on issue.

### (f) On-market buy back

There is not a current on-market buy-back in place.

### (g) Business objectives

The Group has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

## Corporate Governance Statement

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The board of directors of Elementos Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Elementos Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Elementos Limited's Corporate Governance Statement (which can be found on the Company's website [www.elementos.com.au](http://www.elementos.com.au)) is structured with reference to the Australian Securities Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 3rd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website.

The Board is of the view that, during the reporting period, with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

### Roles and Responsibilities of the Board and Management

#### ASX CGC Principle 1

*Lay solid foundations for management and oversight.*

#### Role of the Board

The Board of Directors is pivotal in the relationship between shareholders and management and the role and responsibilities of the Board underpin corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs.

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- Oversight of the Group including its framework of control and accountability systems to enable risk to be assessed and managed;
- Appointing and removing the chief executive officer;
- Ratifying the appointment and, where appropriate, removal of senior executives including the chief financial officer and the Group secretary;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive's performance and implementation of strategy;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;

## Corporate Governance Statement

---

- Approving and overseeing Committees where appropriate to assist in the Board's function and powers.

The Functions, Powers and Responsibilities of the Board are set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The board meets on a regular basis to review the performance of the Company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

Appropriate background checks are conducted on proposed new directors and material information about a director being re-elected is provided to security holders.

Written agreements are entered in to with directors and senior management clearly setting out their roles and responsibilities.

The company secretary works directly with the chair and the executive director on the functioning of all board and committee procedures.

### Diversity

The Group is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees.

Recommendation 1.5 requires that listed entities should establish a policy concerning diversity. Whilst the Group does not currently have a Diversity policy due to its size and nature of its operations, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.

As at 30 June 2018, the proportion of women in the whole organisation is as follows:

	Male	Female
Board Members	4	-
Officers	1	-
Employees	-	1

### Performance Evaluation

The Board (in carrying out the functions of the Remuneration and Nomination Committees) considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

No formal performance evaluation of the CEO has been undertaken to date.

No formal performance evaluation of the non-executive directors was undertaken during the year ended 30 June 2018.

## Corporate Governance Statement

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### Board Composition ASX CGC Principle 2

#### Structure of the Board to add value

#### Nomination Committee

Recommendation 2.1 requires the Board to establish a nomination committee.

Although the Board has adopted a Nominations Committee Charter, the Board has not formally established a Nominations Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole is able to address these issues and is guided by the Nominations Committee Charter. The Company will review this position annually and determine whether a Nominations Committee needs to be established.

The Nomination Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company is developing an appropriate board skills matrix. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the Directors' report.

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent Directors. The Corporate Governance Council defines independence as being free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material capacity to bring independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

In the context of Director independence, "materiality" is considered from both the Group and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Group.

In accordance with the Council's definition of independence above and the materiality thresholds set, all of the Company's directors are not considered to be independent and therefore the Group does not currently comply with Recommendation 2.4:

Name	Position	Reason for non-compliance
A. Greig	Non-Executive Chairman	Director is a substantial (>5%) shareholder
C. Dunks	Executive Director	Director is engaged by the Company in an executive capacity

## Corporate Governance Statement

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Elementos Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Elementos Limited due to their considerable industry and corporate experience. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
A. Greig	2 years, 11 months
C. Dunks	2 years, 11 months
C. Nolan	9 years 2 months
C. Treacy	4 years 11 months

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Group's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Group. Informal induction is provided to any new directors.

### Act Ethically and Responsibly ASX CGC Principle 3

#### Code of Conduct

The Directors are subject to certain stringent legal requirements regulating the conduct both in terms of their internal conduct as directors and in their external dealings with third parties both on their own and on behalf of the Group.

To assist directors in discharging their duty to the Group and in compliance with relevant laws to which they are subject, the Group has adopted a Corporate Ethics Policy and Corporate Code of Conduct within its Corporate Governance Charter.

The Corporate Ethics Policy sets out rules binding Directors in respect of:

- a Directors' legal duties as an officer of the Company;
- a Directors' obligations to make disclosures to the ASX and the market generally; and
- dealings by Directors in shares in the Company.

The Corporate Ethics Policy, as set out in the Company's Corporate Governance Charter is available from the corporate governance section of the Group's website.

### Safeguard Integrity in Corporate Reporting ASX CGC Principle 4 Audit Committee

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 4.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

## Corporate Governance Statement

The members of the Audit & Risk Management Committee are Corey Nolan, Calvin Treacy and Chris Dunks. The Committee is chaired by an independent director (Corey Nolan). While Messrs Nolan and Treacy are both non-executive directors, Chris Dunks is engaged in an executive capacity. The majority of the Committee are independent directors, with only Chris Dunks not considered as being independent (based on the Council's definition). The Company does not presently comply fully with Recommendation 4.1 having not met point i above.

All members of the Audit & Risk Management Committee are considered financially literate in the context of the Company's affairs. The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 4.1 will not be detrimental to the Company.

The number of meetings of the Audit & Risk Management Committee held during the year and the number of meetings attended by each Director was as follows:

Audit & Risk Management Committee		
	Number of meetings held while in office	Meetings attended
C. Nolan	1	1
C. Dunks	1	1
C. Treacy	1	1

The Audit Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

### Certification of financial reports

The Executive Director has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on a sound system of financial risk management and internal compliance and control.

The Chief Financial Officer has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on sound system of financial risk management and internal compliance and control.

The Group ensures that its external auditor is present at the AGM to answer any questions with regard to the efficacy of the financial statement audit and the associated independent audit report.

### Continuance Disclosure ASX CGC Principle 5

*Make timely and balanced disclosure*

The Group duly complies with ASX and ASIC requirements for the timely and accurate reporting of the Group's financial activities, thus ensuring that the Group has disclosed all information which has a material impact on shareholders. This includes the Annual Financial Report, Interim Financial Report, quarterly cash flows, new and relinquished tenements and changes in directors and shareholder interests and other events which are identified to be material. All ASX announcements are available on the Group's website.

## Corporate Governance Statement

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The Company Secretary is responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX.

### **Respect The Rights of Security Holders** **ASX CGC Principle 6**

The Board of directors undertakes to ensure that shareholders are informed of all major developments affecting the Group. Information is communicated to shareholders through the annual report, interim financial report, announcements made to the ASX, notices of Annual General and Extraordinary General Meetings, the AGM and Extraordinary General Meetings.

The Board encourages full participation of shareholders at Annual and Extraordinary General Meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. In particular, shareholders are responsible for voting on the re-election of directors.

The Group also offers shareholders the option to receive ASX announcements and other notices from the Company electronically.

### **Risk Management** **ASX CGC Principle 7**

*Recognise and manage risk*

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 7.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

The members of the Audit & Risk Management Committee are Corey Nolan, Calvin Treacy and Chris Dunks. The Committee is chaired by an independent director (Corey Nolan). While Messrs Nolan and Treacy are both non-executive directors, Chris Dunks is engaged in an executive capacity. The majority of the Committee are independent directors, with only Chris Dunks not considered as being independent (based on the Council's definition). The Company does not presently comply fully with Recommendation 7.1 having not met point i above.

All members of the Audit & Risk Management Committee are considered to have sufficient technical, legal and industry experience in the context of the Company's affairs to properly assess the risks facing the Group. The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 7.1 will not be detrimental to the Company.

## Corporate Governance Statement

The number of meetings of the Audit & Risk Management Committee held during the year and the number of meetings attended by each Director was as follows:

	Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended
C. Nolan	1	1
C. Dunks	1	1
C. Treacy	1	1

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's risk management policies can be found within the Audit and Risk Management Committee Charter.

Recommendation 7.2 requires that the Board review the Company's risk management framework and disclose whether such a review has taken place. Business risks are considered regularly by the Board and management at management and Board meetings. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been formally undertaken.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit and Risk Committee.

The Directors' Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

### Remuneration

#### ASX CGC Principle 8

*Remunerate fairly and responsibly*

#### Remuneration Committee

The Board has not established a Remuneration Committee which operates under a charter approved by the Board.

Although the Board has adopted a Remuneration Committee Charter, the Board has not formally established a Remuneration Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole considers themselves to have sufficient legal, corporate, commercial and industry experience in the context of the Company's affairs to properly assess the remuneration issues required by the Group and is able to address these issues while being guided by the Remuneration Committee Charter. The Company will review this position annually and determine whether a Remuneration Committee needs to be established.



## Corporate Governance Statement

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The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 8.1 will not be detrimental to the Company.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive Directors' and officer's remuneration to the Group's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Group
- performance incentives which allow executives, management and staff to share the rewards of the success of Elementos Limited.

For details on the amount of remuneration and all monetary and non-monetary components for Key Management Personnel during the period, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Remuneration Committee and the Board, having regard to the overall performance of Elementos Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits to directors other than statutory superannuation.

The Remuneration Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

### Remuneration Policy

The Group's remuneration policy is also further detailed in the Remuneration Report in the Directors Report.

### Non-Executive Director Remuneration

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Non-executive directors are remunerated by fees as determined by the Board with the aggregate directors' fee pool limit of \$250,000. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Independent consultancy sources provide advice, as required; ensuring remuneration is in accordance with market practice. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company and are, subject to approval by shareholders, periodically offered options and/or performance rights.

The Company has adopted a Trading Policy that includes a prohibition on hedging, aimed at ensuring participants do not enter in to arrangements which would have the effect of limited their exposure to risk relating to an element of their remuneration.

### Other Information

Further information relating to the Group's corporate governance practices and policies has been made publicly available on the Group's web site.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

	Note	30 June 2018 \$	30 June 2017 \$
Revenue		22,658	2,841
Corporate and administrative expenses	2	(842,591)	(711,408)
Write-off of exploration assets	5	-	(60,926)
Loss before income tax expense		(819,933)	(769,493)
Income tax expense	3	-	-
Loss for the period attributable to members of the parent entity		(819,933)	(769,493)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange gains on translation of foreign operations		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss attributable to members of the parent entity		<b>(819,933)</b>	<b>(769,493)</b>
Basic and diluted loss per share (cents per share)	11	(0.07)	(0.09)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position

### As at 30 June 2018

	Note	30 June 2018 \$	30 June 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	936,562	655,868
Trade and other receivables		5,834	284
<b>Total Current Assets</b>		<b>942,396</b>	<b>656,152</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	5	5,326,936	4,745,500
Plant and equipment		31,426	1,722
Other non-current assets		7,000	6,000
<b>Total Non-Current Assets</b>		<b>5,365,362</b>	<b>4,753,222</b>
<b>TOTAL ASSETS</b>		<b>6,307,758</b>	<b>5,409,374</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	62,330	68,175
Borrowings	7	5,182	545,658
<b>Total Current Liabilities</b>		<b>67,512</b>	<b>613,833</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	7	27,401	-
<b>Total Non-Current Liabilities</b>		<b>27,401</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>94,913</b>	<b>613,833</b>
<b>NET ASSETS</b>		<b>6,212,845</b>	<b>4,795,541</b>
<b>EQUITY</b>			
Contributed equity	8	15,578,119	13,391,701
Reserves		119,849	133,200
Accumulated losses		(9,485,123)	(8,729,360)
<b>TOTAL EQUITY</b>		<b>6,212,845</b>	<b>4,795,541</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity For the Year Ended 30 June 2018

	Note	Issued Capital \$	Accumulated Losses \$	Share- Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Total \$
<b>Balance at 30 June 2016</b>		<b>12,407,382</b>	<b>(8,087,967)</b>	<b>261,300</b>	-	<b>4,580,715</b>
Loss for the period		-	(769,493)	-	-	(769,493)
<b>Total comprehensive income</b>		-	<b>(769,493)</b>	-	-	<b>(769,493)</b>
Issue of shares	8	1,050,000	-	-	-	1,050,000
Transaction costs	8	(65,681)	-	-	-	(65,681)
Transfer of expired options		-	128,100	(128,100)	-	-
<b>Balance at 30 June 2017</b>		<b>13,391,701</b>	<b>(8,729,360)</b>	<b>133,200</b>	-	<b>4,795,541</b>
Loss for the period		-	(819,933)	-	-	(819,933)
<b>Total comprehensive income</b>		-	<b>(819,933)</b>	-	-	<b>(819,933)</b>
Issue of shares	8	2,296,291	-	-	-	2,296,291
Transaction costs	8	(109,873)	-	-	-	(109,873)
Transfer of expired options		-	64,170	(64,170)	-	-
Issue performance rights		-	-	50,819	-	50,819
<b>Balance at 30 June 2018</b>		<b>15,578,119</b>	<b>(9,485,123)</b>	<b>119,849</b>	-	<b>6,212,845</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows For the Year Ended 30 June 2018

		30 June 2018	30 June 2017
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		11,144	2,841
Payments to suppliers and employees		(751,565)	(696,600)
<b>Net cash used in operating activities</b>	10	<b>(740,421)</b>	<b>(693,759)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation assets		(719,461)	(354,585)
Refunds of security deposits		11,934	-
Research and development refunds		144,641	211,838
Lease payments		(4,516)	-
Purchase of property, plant and equipment		-	(10,626)
<b>Net cash used in investing activities</b>		<b>(567,402)</b>	<b>(153,373)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,751,837	1,050,000
Costs associated with share issues		(158,331)	(14,268)
Repayment of loan		(4,989)	-
<b>Net cash provided by financing activities</b>		<b>1,588,517</b>	<b>1,035,732</b>
Net increase/(decrease) in cash held		280,694	188,600
Cash at Beginning of Year		655,868	467,268
<b>Cash at End of Year</b>	4	<b>936,562</b>	<b>655,868</b>

The accompanying notes form part of these financial statements.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting and Interpretation Standards. The financial statements are for the consolidated entity consisting of Elementos Limited and its Controlled Entities. Elementos Limited is a public company, incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis and are based on historical cost modified by the measurement at fair value of selected non-current assets, financial assets and liabilities. The financial report was authorised for issue on 25 September 2018 by the directors of the Company.

Separate financial statements for Elementos Limited as an individual entity are no longer presented following a change to the Corporations Act 2001. However, financial information required for Elementos Limited as an individual entity is included in Note 21.

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

#### Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The 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 year ended 30 June 2018, the Group raised \$1,751,837 of cash through equity raisings and option exercises (before costs and after debt reduction). Since 30 June 2018 the Group has received a commitment to raise a further \$1,200,000 of cash through an equity raising (before costs) on or about 5 October 2018.

Should the Group not be able to raise further capital, dispose of assets when 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.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

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

#### Principles of Consolidation

##### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elementos Limited ("Company" or "parent entity") as at 30 June 2018, and the results of all subsidiaries for the year then ended. Elementos Limited and its subsidiaries together are referred to in these financial statements as "the Group" or "the economic entity".

The names of the subsidiaries are contained in Note 19. All subsidiaries have a 30 June financial year end and are accounted for by the parent entity at cost.

Subsidiaries are all entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has a right to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

##### *Changes in ownership interests*

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

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

#### Segment Reporting

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

#### Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Income Tax (continued)**

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

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

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

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**Exploration and Evaluation Assets**

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

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

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

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



## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

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

#### Restoration Costs

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

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

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

#### Impairment of Non-Financial Assets

At each reporting date, the economic entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss. No impairment existed at balance date.

#### Financial Instruments

##### *Recognition and Initial Measurement*

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

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

##### *Derecognition*

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

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

##### *Classification and Subsequent Measurement*

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

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial Instruments (continued)**

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

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

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

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

*Loans and receivables*

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

*Available-for-sale financial assets*

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

*Financial Liabilities*

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

*Impairment*

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

**Cash and Cash Equivalents**

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

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Issued Capital**

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

**Share Based Payments and Performance Rights**

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

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

**Revenue**

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

**Employee Benefits***Short-term employee benefit obligations*

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

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST (or overseas VAT), except where the amount of GST incurred is not recoverable. In these circumstances the GST (or overseas VAT) is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis except for the GST component of investing and financing activities which are disclosed as operating cash flows.

**Foreign Currency Transactions and Balances***Functional and presentation currency*

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

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

#### Foreign Currency Transactions and Balances (continued)

##### *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were measured. Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

##### *Group Companies*

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

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

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

#### **Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to exploration and evaluation assets that have been capitalised are recognised by deducting the grant received from the carrying amount of the exploration and evaluation asset recognised on the statement of financial position.

#### **Earnings Per Share (EPS)**

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

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

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

#### New and Amended Standards and Interpretations Adopted During the Year

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 affected any of the amounts recognised in the current period or any period prior and are not likely to affect future periods.

New and amended standards issued that are not yet effective during the year have not been adopted in preparing these financial statements. These standards include:

1 – AASB 15 - Revenue from Contracts with Customers – applicable to annual reporting periods beginning on or after 1 January 2018.

2 – AASB 9 - Financial Instruments – applicable to annual reporting periods beginning on or after 1 January 2018.

3 – AASB 16 - Leases – applicable to annual reporting periods beginning on or after 1 January 2019.

None of these are expected to have a significant effect on the financial statements when they are first applied.

#### Fair Values

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their best economic interest. The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use. In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

#### Critical Accounting Estimates and Judgements

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

Key Judgements:

##### *Exploration and Evaluation Assets*

The economic entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to reporting date. Exploration and evaluation assets at 30 June 2018 were \$5,326,936 (2017: \$4,745,000).

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

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

#### Critical Accounting Estimates and Judgements (continued)

##### Deferred Tax Assets

The Company is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the consolidated entity has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity, which is not part of the tax consolidated group, to satisfy certain tests at the time the losses are recouped. Due to the parent entity acquiring the entity that holds the losses it is expected that the entity will fail to satisfy the continuity of ownership test and therefore has to rely on the same business test. As at 30 June 2018 the consolidated entity has not received advice that the losses are unavailable, however should this change in the future the consolidated entity may be required to derecognise these losses.

### NOTE 2: EXPENSES

	30 June 2018	30 June 2017
	\$	\$
<b>Included in expenses are the following items:</b>		
Depreciation	2,774	10,002
ASX, ASIC, share registry expenses	58,413	33,173
Business development and investor relations costs	167,155	131,852
Legal fees	6,611	4,373
Insurances	30,682	29,696
Audit, tax and external accounting fees	88,025	101,530
Interest	3,785	30,000
Employee benefits expense comprises:		
Salaries and wages	149,534	102,816
Consulting fees	183,396	200,880
Contributions to defined contribution plans	29,249	14,520
Equity settled securities	50,819	-
Annual leave expensed	1,535	7,690

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 3: INCOME TAX EXPENSE

	30 June 2018	30 June 2017
	\$	\$
<b>The prima facie tax on the operating loss is reconciled to income tax expense as follows:</b>		
Prima facie tax/(benefit) on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	(245,980)	(230,848)
Adjust for tax effect of:		
Non-deductible amounts	(21,211)	(55,346)
Tax loss not recognised	167,109	146,568
Temporary differences recognised	-	-
Under/Over	100,082	139,626
Income tax expense/(benefit)	<u>-</u>	<u>-</u>

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

Temporary differences	-	-
Tax losses	<u>4,117,690</u>	<u>3,950,581</u>

The Group has carried forward tax losses of \$15,301,014 in Australia, which must satisfy the Continuity of Ownership Test, or failing that, the Same Business Test, in order to be utilised in the future.

### NOTE 4: CASH AND CASH EQUIVALENTS

	30 June 2018	30 June 2017
	\$	\$
Cash at bank and on hand	425,819	645,868
Short term deposits	510,743	10,000
	<u>936,562</u>	<u>655,868</u>

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 5: EXPLORATION AND EVALUATION ASSETS

	30 June 2018	30 June 2017
	\$	\$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	5,326,936	4,745,500
Movement in exploration and evaluation assets:		
Opening balance - at cost	4,745,500	4,681,891
Capitalised exploration expenditure	726,077	336,373
Exploration and evaluation assets written off	-	(60,926)
Total exploration and evaluation assets	5,471,577	4,957,338
Less research and development refunds	(144,641)	(211,838)
<b>Carrying amount at the end of the year</b>	<b>5,326,936</b>	<b>4,745,500</b>

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 6: TRADE AND OTHER PAYABLES

	30 June 2018	30 June 2017
	\$	\$
Current:		
Trade payables and accrued expenses	53,105	60,485
Short term employee benefits	9,225	7,690
<b>Total payables (unsecured)</b>	<b>62,330</b>	<b>68,175</b>

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

### NOTE 7: BORROWINGS

	30 June 2018	30 June 2017
	\$	\$
Current:		
Unsecured:		
Loan from related party	-	500,000
Accrued interest (on loan from related party)	-	45,658
Hire purchase lease	5,182	-
<b>Total unsecured non-current liability</b>	<b>5,182</b>	<b>545,658</b>
Non-Current:		
Unsecured:		
Hire purchase lease	27,401	-
<b>Total unsecured non-current liability</b>	<b>27,401</b>	<b>-</b>



**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018****NOTE 7: BORROWINGS (CONTINUED)**

	2017	Cash flows	Interest accrued	Debt conversion – rights issue	Debt conversion-option exercise	2018
Loan from related party	545,658	(4,989)	3,783	(272,226)	(272,226)	-
Hire purchase lease	-	30,901	1,682	-	-	32,583
	<b>545,658</b>	<b>25,912</b>	<b>5,465</b>	<b>(272,226)</b>	<b>(272,226)</b>	<b>32,583</b>

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

- Loan amount = \$500,000
- Loan term = 2 years
- Interest rate = 6.0%
- Unsecured
- No conversion rights
- No requirement to repay principal or pay interest during the loan term
- Repayable by the Company at any time (during the loan term)

On 24 February 2017, the Company and Andy Greig agreed to extend the repayment date of the loan to 31 December 2018. All other terms and conditions of the loan remain unchanged.

During the year ended 30 June 2018 the loan was repaid in full, as follows:

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 8: CONTRIBUTED EQUITY

#### Fully paid ordinary shares

	2018		2017	
	No. of Shares	\$	No. of Shares	\$
Balance as at 1 July	949,297,823	13,391,701	767,479,642	12,407,382
Other share issues:				
26 October 2016	(a) -	-	64,333,636	353,835
14 December 2016	(b) -	-	17,484,545	96,165
30 June 2017	(c) -	-	100,000,000	600,000
9 August 2017	(d) 153,985,709	923,914	-	-
21 August 2017	(e) 83,338,933	500,034	-	-
21 August 2017	(f) 45,371,137	272,227	-	-
Various	(g) 100,019,308	600,116	-	-
<b>Balance as at 30 June</b>	<b>1,332,012,910</b>	<b>15,687,992</b>	<b>949,297,823</b>	<b>13,457,382</b>
Total transaction costs associated with share issues		(109,873)		(65,681)
Net issued capital		15,578,119		13,391,701

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 year ended 30 June 2018, are:

- (a) & (b) Issued at 0.55 cents each, pursuant to a private placement
- (c) Issued at 0.60 cents each, pursuant to a private placement
- (d) Issued at 0.60 cents each, pursuant to a rights issue
- (e) Issued at 0.60 cents each, pursuant to a rights issue
- (f) Issued at 0.60 cents each upon the exercise of options
- (g) Between 30 August 2017 and 27 June 2018 - issued at 0.60 cents each upon the exercise of options

#### (Incentive) Options

	Note	Weighted average exercise price (cents)	30 June 2018	Weighted average exercise price (cents)	30 June 2017
			No. of Options		No. of Options
Unlisted Share Options		1.21	11,000,000	2.01	20,300,000
Balance at the beginning of the reporting period		2.01	20,300,000	2.67	43,850,000
Options issued during the period:					
Issued to staff and consultants	18		-		-
Expired		2.96	(9,300,000)	3.20	(23,550,000)
Exercisable at end of year		1.21	11,000,000	2.01	20,300,000

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 8: CONTRIBUTED EQUITY (CONTINUED)

#### (Other) Options

	Note	Weighted average exercise price (cents)	30 June 2018 No. of Options	Weighted average exercise price (cents)	30 June 2017 No. of Options
Unlisted Share Options		-	-	-	-
Balance at the beginning of the reporting period		-	-	-	-
Options issued during the period:		0.60	337,324,642	-	-
Options exercised during the period		0.60	(145,390,445)	-	-
Expired		0.60	(186,616,145)	-	-
Exercisable at end of year		0.60	5,318,052	-	-

#### Capital Management

Exploration companies such as Elementos Limited are funded almost exclusively by share capital. In December 2015, the Group also entered in to a loan agreement set out in more detail in Note 7 (Borrowings). The loan was repaid during the 2018 financial year.

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

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

### NOTE 9: RESERVES

#### Foreign Currency Translation Reserve

The foreign currency translation reserve recorded exchange differences arising on translation of foreign controlled subsidiaries. Amounts were reclassified during the period to profit or loss as the foreign operations have been abandoned.

#### Share-Based Payments Reserve

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 10: CASH FLOW INFORMATION

	30 June 2018	30 June 2017
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Loss after income tax	(819,933)	(769,493)
Non-cash flows in loss from ordinary activities:		
Depreciation	2,774	10,002
Exploration expenditure written off	-	60,926
Equity settled compensation	50,819	-
Deposit refund	(11,934)	-
Interest on borrowings	-	30,000
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(5,550)	1,736
(Increase)/Decrease in prepayments and other assets	(630)	708
(Decrease)/Increase in payables	44,033	(27,638)
<b>Cash flows from operations</b>	<b>(740,421)</b>	<b>(693,759)</b>

### NOTE 11: LOSS PER SHARE

	30 June 2018	30 June 2017
	\$	\$
Net loss used in the calculation of basic and diluted LPS	(819,933)	(769,493)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic LPS	1,229,332,530	820,997,906

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. Shares and options issued subsequent to 30 June 2018 are also not dilutive.

### NOTE 12: COMMITMENTS

#### (a) Exploration Commitments

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

The following commitments exist at balance date but have not been brought to account. If the relevant option to acquire a mineral tenement is relinquished, the expenditure commitment also ceases. The Group has the option to negotiate new terms or relinquish the tenements and also to meet expenditure requirements by joint venture or farm-in arrangements.

	30 June 2018	30 June 2017
	\$	\$
Not later than 1 year	1,000,000	1,000,000
Later than 1 year but not later than 5 years	-	-
<b>Total commitment</b>	<b>1,000,000</b>	<b>1,000,000</b>

#### (b) Operating Lease Commitments

The Group has no operating leases (2017: nil).

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 13: CONTINGENT LIABILITIES

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

### NOTE 14: RELATED PARTY TRANSACTIONS

#### Parent Entity

Elementos Limited is the legal parent and ultimate parent entity of the Group, owning 100% of all subsidiaries at 30 June 2018.

#### Subsidiaries

Interest in subsidiaries are disclosed in Note 19.

#### Key Management Personnel

	30 June 2018	30 June 2017
	\$	\$
Short-term employee benefits	421,306	373,828
Post-employment benefits	21,690	13,281
Equity-based payments	50,819	-
	<b>493,815</b>	<b>387,109</b>

On 23 December 2015, the Company executed a loan deed with the Company's Non-Executive Chairman Mr Andy Greig, a related party, for up to \$500,000. The loan was repaid during the 2018 financial year. Further details are contained in Note 7 (Borrowings).

The Company has a services agreement with Corporate Administration Services Pty Ltd ("CAS") and Duncan Cornish, the Company's CFO and Company Secretary. Under the agreement, CAS also provides accounting, bookkeeping and administrative services. Both Elementos and CAS are entitled to terminate the agreement upon giving not less than three months' written notice. The base fee under the services agreement is \$120,000 per annum. On 21 December 2015 Duncan Cornish was issued with 10,000,000 unlisted options exercisable at 1.25 cents each on or before 31 July 2019 (vested immediately on issue)

### NOTE 15: SHARE-BASED PAYMENTS

#### Director and Employee Share-based Payments

Share based payment expense recognised during the year:

	30 June 2018	30 June 2017
	\$	\$
Share based payment expense recognised during the period:		
Performance Rights issued to an employee under performance rights plan	50,819	-
	<b>50,819</b>	<b>-</b>

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 15: SHARE-BASED PAYMENTS (continued)

During the year ended 30 June 2018, 30,000,000 performance rights were granted to the Company's Chief Executive Officer, Chris Creagh, one of the Group's key management personnel, under the (shareholder approved) Performance rights Plan. The performance rights have seven tranches that each have different test dates, vesting dates and vesting conditions. All of the Performance Rights have an expiry date of 30 June 2020.

The Company obtained an independent valuation of the Performance Rights, who took into account the share price at grant date and the (director) estimated probability of achieving each vesting condition. These values were then spread evenly (for each tranche) over the period to the test date for each tranche.

Performance Rights shall be divided into tranches of the amounts set out in Column 1, vesting on satisfaction of conditions set out in Column 2:

Column 1	Column 2
(1) 4,000,000	On continuous employment with the Company until 31 March 2018
(2) 2,000,000	On successful completion of the Definitive Feasibility Study
(3) 3,000,000	On continuous employment with the Company until 1 January 2019
(4) 3,000,000	On final approval of Environmental Permitting by any relevant authority
(5) 4,000,000	On completion of a capital raising (debt or equity, or a combination) sufficient to fund construction of a project and Elementos' corporate costs
(6) 4,000,000	On continuous employment with the Company until 1 January 2020
(7) 10,000,000	On the commissioning of a process plant that uses the low concentrate, roasting, leaching and electrowinning technology introduced to Elementos and reaching 80% of planned monthly production rate for a period of 3 months at any site operated by Elementos

*Note: If the technology referred to in Tranche 7 is not implemented, Tranche 7 is subject to change by Elementos at its sole discretion.*

If a vesting condition is satisfied after the Employee's employment ends, the Board may in its absolute discretion (acting reasonably) assess and rate the Employee's performance or contribution toward the satisfaction of a vesting condition ('Performance Rating') in which event the Performance Rights for that Tranche will convert in the limited proportion set out in the table below ('Determined Rights'), and otherwise do not convert to ordinary Shares:

Performance Rating	% Performance Rights capable of converting
Excellent	100%
Very Good	75%
Good	50%
Fair	25%
Poor	0%

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 16: AUDITOR'S REMUNERATION

Remuneration for the auditor of the parent entity:

	30 June 2018	30 June 2017
	\$	\$
BDO Audit Pty Ltd and its related entities:		
Auditing or reviewing the financial reports	43,443	34,343
	<b>43,443</b>	<b>34,343</b>

### NOTE 17: FINANCIAL RISK MANAGEMENT

#### (a) Financial Risk Management Policies

The Elementos Group's financial instruments comprises cash balances, receivables and payables, loans to and from subsidiaries and a loan from a related party (which was repaid in 2018). The main purpose of these financial instruments is to provide finance for Group operations.

#### *Treasury Risk Management*

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

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

#### *Financial Risks*

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

#### *Interest Rate Risk*

The Group's exposure to interest rate risk, which is the risk that a financial instrument's cash flows from interest will fluctuate as a result of changes in market interest rates, arises in relation to the Group's bank balances. This risk is managed through careful placement of surplus funds in interest bearing bank accounts.

The Company has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant, is immaterial (2017: immaterial).

#### *Liquidity Risk*

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

The economic Group's activities are funded from equity and where required and available debt and/or project finance. There is no requirement to repay principal or pay interest on the related party loan during the loan term.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit Risk

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

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

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

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

At 30 June 2018, there was no concentration of credit risk, other than bank balances and on geographical basis with most financial assets in Australia (2017: nil).

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

	30 June 2018	30 June 2017
	\$	\$
<b>Financial assets:</b>		
Within 6 months:		
cash & cash equivalents (i)	936,562	655,868
receivables (ii)	5,834	284
	<b>942,396</b>	<b>656,152</b>
<b>Financial liabilities:</b>		
Within 6 months:		
payables (ii)	(62,330)	(68,175)
Within 18 months:		
loan	(7,888)	(545,658)
	<b>(70,218)</b>	<b>(613,833)</b>

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

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

#### (c) Fair Values

Fair values of financial assets and financial liabilities are materially in line with carrying values due to their short term nature.



## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 18: SEGMENT REPORTING

Operating segments have been determined on the basis of reports reviewed by the board of directors and the Chief Executive Officer (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. The Group's previous exploration activities in Argentina and Chile have been discontinued and/or sold.

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 year. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

### NOTE 19: SUBSIDIARIES

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

	Country of incorporation	Ownership interest	
		2018	2017
Rockwell Minerals Pty Ltd	Australia	100%	100%
Rockwell Minerals (Tasmania) Pty Ltd	Australia	100%	100%
Elementos Minerales S.A.	Argentina	100%	100%
Elementos Chile Limitada	Chile	100%	100%

### NOTE 20: EVENTS AFTER REPORTING PERIOD

On 31 July 2018, the Company announced (in separate announcements) that:

- it had signed a binding Heads of Agreement (**HoA**) with Eurotin Limited (TSX-V: TIN) (**Eurotin**) to acquire the 96% owned Oropesa Tin Project located in Spain (**Oropesa**); and
- the Company has received binding commitments for a private placement to raise \$1.2 million at \$0.006 per share (Placement) to support the completion of the Oropesa transaction and general working capital purposes.

The Company believes Oropesa is one of the best undeveloped tin resources in the Western World. Attractions include, a large JORC Mineral Resource based on more than 54,000 metres of drilling, open-cut mining potential, simple metallurgy and processing, access to development infrastructure, and support from local stakeholders. A Feasibility Study is in progress, Environmental Studies complete and a Mining Licence Application lodged.

The acquisition represents an excellent strategic fit with the organisations core capability of developing tin projects, a fundamental driver of Eurotin's decision to partner with Elementos to deliver the Oropesa project.

Oropesa is a near-term development project and cash flow generation opportunity, being acquired at a very attractive valuation. The Company believes it will create significant share value-uplift potential for shareholders as the project is well advanced towards development.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

### NOTE 20: EVENTS AFTER REPORTING PERIOD (CONTINUED)

Consideration for the acquisition is the issue of one billion fully paid Elementos shares which are to be distributed pro-rata to Eurotin's shareholders. The transaction is subject to completion of due diligence and shareholder approvals. The Company expects to complete its due diligence enquires by 5 October 2018 and proceed to progress the various regulatory and shareholders approvals necessary to complete the acquisition.

The Company also expects to complete the Placement to sophisticated investors by 5 October 2018 using the Company's existing placement capacity under the ASX Listing Rules.

Other than the events noted above, there are no other matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### NOTE 21: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Elementos Limited at 30 June 2018. This information has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2018	30 June 2017
	\$	\$
Current assets	939,506	655,020
Non-current assets	8,129,317	6,722,117
Total assets	<u>9,068,823</u>	<u>7,377,137</u>
Current liabilities	76,337	623,084
Non-current liabilities	27,401	-
Total liabilities	<u>103,738</u>	<u>623,084</u>
Contributed equity	31,473,650	29,287,232
Reserves	119,849	1,270,522
Accumulated losses	(22,628,414)	(23,803,701)
Total equity	<u>8,965,085</u>	<u>6,754,053</u>
Loss for the period	(823,168)	(1,549,399)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(823,168)</u>	<u>(1,549,399)</u>

The Company has no contingent liabilities, nor has it entered into any guarantees in relation to the debts of its subsidiaries (2017: nil).

The Company has not entered into any contractual commitments for the acquisition of property, plant and equipment (2017: nil).

### NOTE 22: COMPANY DETAILS

The registered office and principal place of business is:  
 Level 10, 110 Mary Street  
 Brisbane, Queensland, 4000 Australia

### NOTE 23: DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

## Directors' Declaration

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The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:
  - a. complying with Australian Accounting Standards and Interpretations which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date.
2. The chief executive officer and chief financial officer have each declared under section 295A that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b. the financial statements and notes for the financial year comply with the Australian Accounting Standards and Interpretations; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



**Chris Dunks**  
**Director**

25 September 2018  
Brisbane, Queensland

## INDEPENDENT AUDITOR'S REPORT

To the members of Elementos Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Elementos Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material uncertainty related 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 opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Carrying value of exploration and evaluation assets

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Refer to Note 5 in the financial report.</p> <p>The Group carries exploration and evaluation assets as at 30 June 2018 in relation to the application of the Group's accounting policy for exploration and evaluation assets.</p> <p>The recoverability of exploration and evaluation asset is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the total balance; and</li> <li>• The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ('AASB 6') in light of any indicators of impairment that may be present.</li> </ul>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains the tenements in good standing</li> <li>• Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects and held discussions with directors of the Group as to their intentions and strategy</li> <li>• Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.</li> </ul>

## **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 25 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Elementos Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'D P Wright', is written over a faint, light-colored circular stamp or watermark.

**D P Wright**  
Director

Brisbane, 25 September 2018



## **ELEMENTOS LIMITED**

**ABN 49 138 468 756**

### **CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017**



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## Cautionary Statements

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### Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled.

Elementos undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements). The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

### Mineral Resources and Ore Reserves

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

Elementos confirms that it is not aware of any new information or data that materially affects the Mineral Resource or Ore Reserve information included in the following announcements:

- "Cleveland Open Pit - High-Grade Mineral Resource Defined" announced on 3 March 2015;
- "Cleveland Tailings Ore Reserve" released on the 3 August 2015;
- "Cleveland Open Pit study adds \$21m to cash flow" released on 20 August 2015; and
- "Underground study doubles life of Tasmanian mine and adds \$90 in pre-tax cash" released on 1 September 2015

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

A separate Competent Person sign-off for the Annual Mineral Resources and Ore Reserves Statement is set out in the Interests in Tenements section of this report.

### Scoping study results and mining inventories

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

Elementos advises that the scoping study results are partly drawn from Inferred Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised.

The term "mining inventory" is used to describe Indicated and Inferred Mineral Resource within the mine design. Whereas an Ore Reserve, as defined by the JORC code (2012 Edition), must be based on a study at pre-feasibility study level or better and must not include Inferred Mineral Resources. As such, no Ore Reserve can be publicly declared on the basis of these scoping studies.

## Corporate Information

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### Directors and Company Secretary

Mr Andy Greig (Non-executive Chairman)

Mr Christopher Dunks (Executive Director)

Mr Calvin Treacy (Non-executive Director)

Mr Corey Nolan (Non-executive Director, Chairman of the Audit and Risk Committee)

Mr Duncan Cornish (Company Secretary)

### Head Office and Registered Office

Elementos Limited

Level 10, 110 Market Street

Brisbane QLD 4000

Tel: +61 7 3212 6299

Fax: +61 7 3212 6250

[www.elementos.com.au](http://www.elementos.com.au)

### Auditors

BDO Audit Pty Ltd

Level 10, 12 Creek Street

Brisbane QLD 4000

Tel: +61 7 3237 5999

Fax: +61 7 3221 9227

[www.bdo.com.au](http://www.bdo.com.au)

### Share Registry

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Tel: 1300 737 760

Fax: 1300 653 459

[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### Stock Exchange Listing

Australian Securities Exchange Ltd

ASX Code: ELT

### Australian Business Number

49 138 468 756

## Review of Operations

The Elementos board and management team are very pleased to be issuing this Annual Report to our Shareholders. The year was about setting the development foundations for the Cleveland Project over the next 24 months.

During the year, and subsequent to the completion of the financial year, the Company completed a significant capital raising to fund growth activities. The new funding is being invested in a drilling programme that is targeting an expansion of the Cleveland open pit mineral resource and the completion of a metallurgical testing programme.

It is an exciting time to be involved in the global tin industry. The LME tin price is strong, new supply is constrained by the lack of new development capital, tin's critical involvement in the explosion of the global energy storage industry is growing, and this helps to put a floor under the tin price.

It's an exciting time to be a Shareholder of Elementos. The Cleveland project is one of the highest grade, hard-rock, open pit, tin projects in Australia, and one of the most advanced projects in development across the global tin market. The Tasmanian Government and local communities are very supportive of the project. Furthermore, the board and management team have the expertise and experience to bring this project into production.

Planned exploration and development activities for the Cleveland project this year are outlined below.

### DEVELOPMENT STRATEGY

A review of the Company's development strategy was carried out in the first quarter of the reporting period. The review resulted in the development of a new strategy for the Company moving forward.

The new strategy aims to expand the size of the open-pit mineral resource through a diamond drilling program targeting infill, strike and depth extensions to the current 800,000 tonnes at 0.81% Tin and 0.27% Copper open-pit Indicated Mineral Resource estimate (ASX announcement 03 March 2015) and through an exploration programme investigating potential mineralisation beyond the current known resource boundaries.

The Company also commenced an enhanced metallurgical test work programme targeting improved tin recoveries and concentrate grades from the hard-rock and tailings resources.



Figure 1. Cleveland Project Location

The new development strategy has the potential to significantly de-risk a future project development, and significantly enhance the economics of the projects by:

- Drawing on a larger, open-cut tin-copper mineral resource;
- Improved cash flows from potentially higher metallurgical recoveries;
- Creating a longer mine life project with higher-grade ore from the open-cut mineral resources;
- Early cash flow potential through simple, open-cut mining techniques;
- Lowering the forecast mine dilution and ore losses through the design of one open-cut operation; and
- Compared to the underground operations, creating a lower risk profile to finance the project.

## Review of Operations

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### MINERALS PROCESSING AND TESTWORK

The Company has commenced a metallurgical test work programme that is targeting increased tin recoveries from both the hard rock and tailings resources in two phases of testing. The initial phase of the enhanced metallurgical test work programme is nearing completion.

A 150kg bulk sample was collected from the two tailings dams at Cleveland for metallurgical test work. Initial processing of the samples has been carried out at the ALS laboratory in Burnie. The test work included initial sulphide flotation followed by gravity processing and tin flotation, utilising conventional technology to produce a tin concentrate.

The second phase of the enhanced metallurgical test work programme was delayed until the company completed a capital raising in July 2017. The test work programme has re-commenced following the successful capital raising.

### EXPLORATION

#### Ground Magnetics

The initial phase of the exploration strategy designed to increase open cut resources at Cleveland involved the construction of a 30m line spaced grid over an area centred on the historical workings, and the completion of a ground magnetic survey over the grid. The narrow line spacing was used to maximise the potential to collect high resolution data from near surface features. The ground magnetic survey was carried out over 33 line kilometres of grid.

The ground magnetic survey was completed by ModernMag, an Australian company with extensive local and international experience. The collection of high resolution magnetic data will assist in accurate targeting for the proposed shallow diamond drilling programme.

The tin mineralisation at Cleveland occurs predominantly as cassiterite within a replacement sulphide orebody hosted by a carbonate rich sedimentary sequence. The sulphide mineralisation is predominantly pyrrhotite, which is magnetic.

The ground magnetic data has been processed to highlight and better define magnetic responses, controlling structures and lithological variations. The enhanced magnetic images have been combined with pre-existing geological data to generate a number of new exploration targets. Work subsequent to the reporting period has involved the 3D modelling of the ground magnetic anomalies to more accurately determine the orientation of the anomalies and assist in the design of drill holes to test these anomalies.

#### Diamond Drilling

An initial 16 hole diamond drilling programme was commenced subsequent to the reporting period. The initial diamond drilling programme is designed to test infill, near surface and potential depth extensions to the known open-cut mineral resources. The 16 hole programme commenced in August 2017 following the approval by Mineral Resources Tasmania.

A second phase diamond drilling programme is planned to test the ground magnetic anomalies outlined in the Figure below (in the blue circles)..These anomalies represent targets outside the existing mineral resource areas. Additional 3D modelling is underway to better define these drill targets.

# Review of Operations

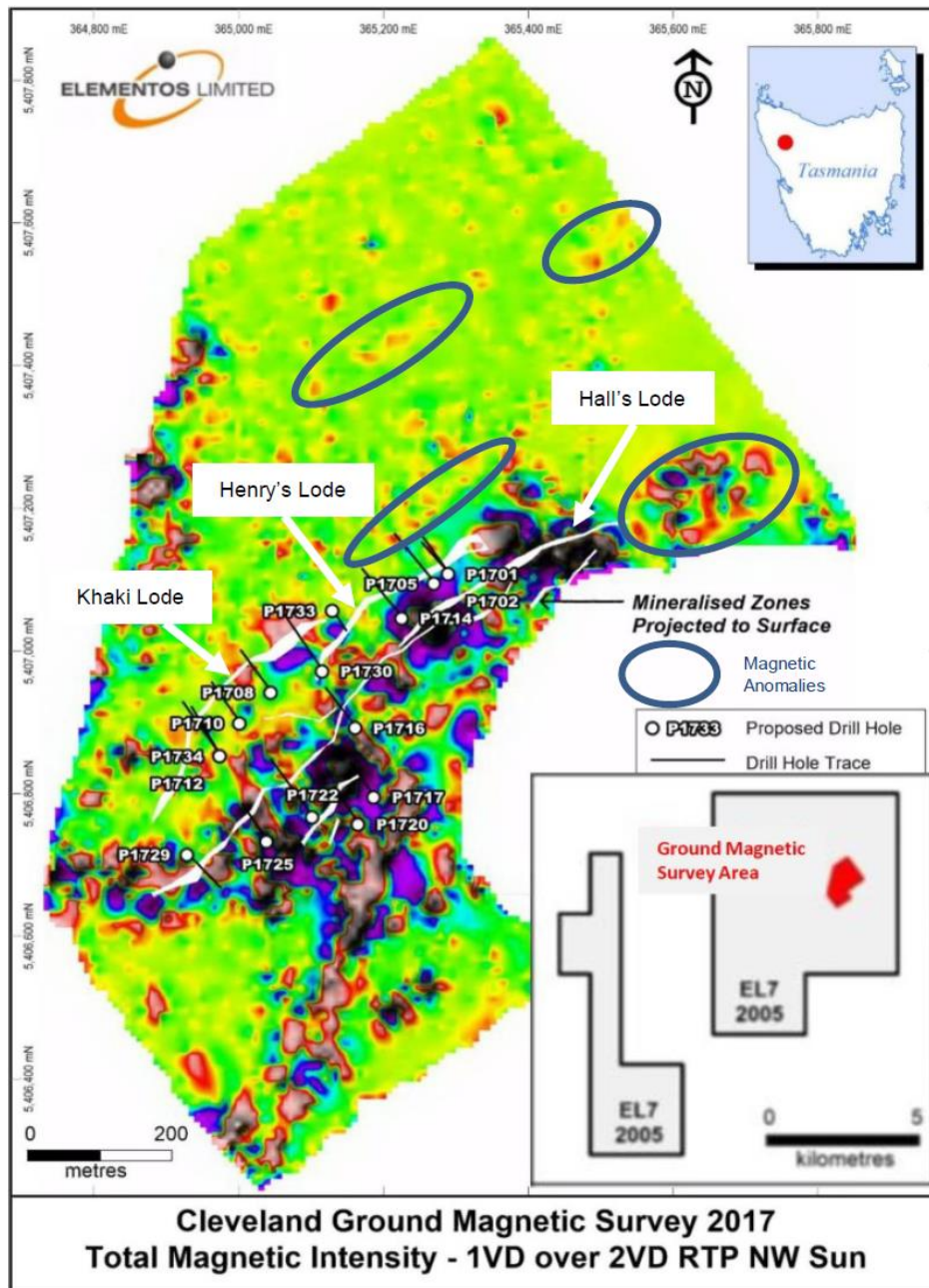


Figure 2. Processed magnetic data showing magnetic anomalies and the initial 16 hole diamond drilling plan

## Other Projects

### Selwyn

The Company relinquished the three remaining tenements at the Selwyn Range copper project in the Mt Isa district during the reporting period.

## Interests in Tenements (and Annual Mineral Resources and Ore Reserves Statement)

Elementos Limited held the following interests in tenements as at the date of this report:

Tenement Name	Tenement Number	Area (Hectares)	Elementos Interest	Location of Tenements
Cleveland	EL7/2005	5,993	100%	Tasmania

A summary of the Group's annual review of its ore reserves and mineral resources of its Cleveland project located in Tasmania at 30 June 2017 compared to 30 June 2016 is set out below.

Open Pit Tin-Copper Mineral Resource (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 above**

**30 June 2016 and 30 June 2017 – unchanged**

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	0.8 Mt	0.81%	6,500t	0.27	2,300t
Inferred	0.01 Mt	0.99%	140t	0.34	50t

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

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

**30 June 2016 and 30 June 2017 – unchanged**

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	5.0 Mt	0.69%	34,500t	0.28%	14,000t
Inferred	2.4 Mt	0.56%	13,700t	0.19%	4,600t

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

Underground Tungsten Mineral Resource (at 0.20% WO<sub>3</sub> cut-off) <sup>1</sup>

**30 June 2016 and 30 June 2017 – unchanged**

Category	Tonnage	WO <sub>3</sub> Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO<sub>3</sub> = tungsten oxide

Tailings Ore Reserve (at 0% Sn cut-off) <sup>2</sup>

**30 June 2016 and 30 June 2017 – unchanged**

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

<sup>1</sup> This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

<sup>2</sup> Announced per the JORC Code 2012 on 3 August 2015 "Cleveland Tailings Ore Reserve"

## **Interests in Tenements (and Annual Mineral Resources and Ore Reserves Statement)**

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The Group confirms that it is not aware of any new information or data (since 30 June 2017) that materially affects the Mineral Resources and Ore Reserves set out above.

The Group regularly reviews its Mineral Resources and Reserves to assess their reasonableness, engaging suitably qualified competent person/s where required. A summary of the governance and controls applicable to the Group's Mineral Resources and Reserves processes is as follows:

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

This Annual Mineral Resources and Ore Reserves Statement:

- is based on, and fairly represents, information and supporting documentation prepared by the competent person (referred to on page 2); and
- has been approved by Mr Chris Creagh who is a Member of the Australasian Institute of Mining and Metallurgy and is the Chief Executive Officer of Elementos Ltd. Mr Creagh is qualified geologist with sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, 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". Mr Creagh has approved the Annual Mineral Resource and Ore Reserve Statement in the form and context in which it appears in this Annual Report.



## Director's Report

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The directors submit their report on the consolidated entity ("Group") consisting of Elementos Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2017.

### Directors

The following persons were directors of Elementos Limited during the financial year and up to the date of this report, unless otherwise stated:

Mr Andy Greig  
Mr Chris Dunks  
Mr Corey Nolan  
Mr Calvin Treacy

### Information on Directors

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

#### Andy Greig

*Non- Executive Chairman*

Mr Greig (GDipBus (Monash); Fellow, ATSE) recently retired from a 35 year career with Bechtel Group, Inc., the globally renowned engineering, construction and project management company. Mr Greig was a director of Bechtel Group, Inc., and for 13 years through 2014 the President of its Mining and Metals Global Business Unit.

Mr Greig has deep experience in the engineering and construction of large mining and minerals processing projects around the world. He is a business graduate of Monash University, and a Fellow of the Australian Academy of Technological Sciences and Engineering.

Mr Greig has not held any other (ASX listed) directorships in the last three years.

#### Chris Dunks

*Executive Director*

Mr Dunks (BEng (Mech), GAICD) is currently the Managing Director of Synergen Met Pty Ltd, a Brisbane-based company that is commercialising novel minerals processing technology.

Mr Dunks was a Founder and Managing Director of Rockwell Minerals Pty Ltd, the company that merged with Elementos in 2013, and negotiated the original deal to purchase the Cleveland Project. Mr Dunks's experience over the last 20 years has been dominated by working on major minerals processing, refining and power projects both in Australia and the USA.

Mr Dunks's experience has been in mechanical design, construction management and supervision, project controls, project management, contract negotiation, business development and new technology commercialisation. He has worked extensively with Bechtel, Worley Parsons, SNC Lavalin and Jacobs (Aker Kvaerner).

Mr Dunks was originally appointed as a Non-Executive Director of Elementos in November 2015. Following the resignation of the Company's CEO in July 2016, Mr Dunks is continuing the Company's permitting and partnering process in an Executive Director capacity.

Mr Dunks is a member of the Audit and Risk Committee.

Mr Dunks has not held any other (ASX listed) directorships in the last three years.

## Director's Report

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### **Corey Nolan**

*Non-executive Director*

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

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

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

Mr Nolan is a member of the Audit and Risk Committee.

During the past three years, Mr Nolan has also served as a director of ASX listed company Leyshon Resources Limited (14 February 2014 to current).

### **Calvin Treacy**

*Non-executive Director*

Mr Treacy (BEng, MBA, MAICD) has over twenty years senior management experience in mining, mining technology and manufacturing. He has a strong track record of founding and growing companies, and brings a wealth of experience in the areas of strategic planning and capital raising. Mr Treacy is a qualified Mechanical Engineer and holds a Masters of Business Administration, with extensive experience across a range of industries and positions.

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

Mr Treacy is a member of the Audit and Risk Committee.

Mr Treacy has not held any other (ASX listed) directorships in the last three years.

### **Company Secretary**

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

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

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

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

## Director's Report

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### Interests in Securities

As at the date of this report, the interests of each director in shares and options issued by the Company are shown in the table below:

Directors	Shares	Unlisted Options (2.965c @ 20-Mar-18)	Unlisted Options (0.6c @ 30-Jun-18)
A. Greig	272,226,820	-	-
C. Dunks	19,687,505	-	3,937,501
C. Nolan	4,737,486	-	884,086
C. Treacy	28,000,004	6,200,000	1,150,000

### Principal Activities

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

### Operating Results

The Group's operating loss for the financial year, after applicable income tax was \$769,493 (2016: \$1,757,780).

### Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year.

### Review of Operations

Information on the operations of the Group during the financial year and up to the date of this report is set out separately in the Annual Report under Review of Operations.

### Review of Financial Condition

#### Capital Structure

At 30 June 2016, the Company had 767,479,642 ordinary shares and 43,850,000 unlisted options on issue.

On 9 August 2016, 20,000,000 unlisted options, exercisable at 1.50 cents per option (10,000,000) and 1.25 cents per option (10,000,000), expired.

On 25 October 2016, the Company announced that it had received commitments to complete a private placement of 81,818,182 shares at 0.55 cents per share to raise a total of \$450,000 (before costs). On 26 October 2016, 64,333,636 ordinary shares were issued, raising \$353,835. On 14 December 2016, following shareholder approval (required as the subscriber is a director and therefore related party of the Company), a further 17,484,545 ordinary shares were issued, raising \$96,165.

On 3 December 2016, 200,000 unlisted options exercisable at 6.00 cents per option expired. On 18 January 2017, 1,000,000 unlisted options exercisable at 32.60 cents per option expired.

## Director's Report

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On 20 January 2017, 2,350,000 unlisted options exercisable at 6.00 cents per option expired.

On 29 June 2017, the Company announced that:

- it had received commitments to complete a private placement of 100,000,000 shares to be issued at 0.60 cents per share (and 100,000,000 attaching options having an exercise price of 0.6 cents per option and expiring on 30 June 2018) to raise a total of \$600,000 (before costs); and
- it would proceed with a non-renounceable rights issue to raise up to \$1,423,947 (before costs) on the same conditions as the abovementioned placement, by issuing up to 237,324,456 shares and 237,324,456 attaching options.

On 30 June 2017, 100,000,000 ordinary shares were issued, pursuant to the placement announced on 29 June 2017, raising \$600,000 (before costs).

At 30 June 2017, the Company had 949,297,823 ordinary shares and 20,300,000 unlisted options on issue.

Subsequent to 30 June 2017, between 9 August 2017 and 21 August 2017, 237,324,642 shares were issued pursuant to the rights issue announced on 29 June 2017 and 337,324,642 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were issued pursuant to the placement and rights issue announced on 29 June 2017.

Subsequent to 30 June 2017, 45,973,245 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised in to 45,973,245 shares.

As at the date of this report, the Company had 1,232,595,710 ordinary shares and 311,651,397 unlisted options on issue.

### **Financial Position**

At 30 June 2017, the Group's net assets totalled \$4,795,541 (2016: \$4,580,715) which included cash assets of \$655,868 (2016: \$467,268). The movement in net assets largely resulted from the following factors:

- Operating losses of \$769,493; and
- Equity raisings totalling \$1,050,000 (before costs) and receipt of ATO R&D refunds of \$211,838 during the period were partially offset by cash outflows from operating activities (\$693,759) and cash outflows on exploration and evaluation assets (\$354,585).

Throughout the year the Group focussed on:

- progressing environment approvals and mining licences;
- completing technical studies required to attract suitable project partner/s and corporate/project funding; and
- exploring innovative ways of enhancing the value of the Group' Cleveland Project

This focus resulted in sourcing additional equity funding to progress the Cleveland Project and repay borrowings.

The Group's working capital, being current assets less current liabilities has decreased from \$407,257 in 2016 to \$42,319 in 2017, however this is principally due to the re-classification of borrowings from non-current to current, noting further that all borrowings have been settled since 30 June 2017.

### **Treasury policy**

The Group does not have a formally established treasury function. The Board is responsible for managing the Group's finance facilities. The Group does not currently undertake hedging of any kind and is not directly exposed to material currency risks.

## Director's Report

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### Liquidity and funding

Following the capital raisings and debt reduction completed between June and August 2017, the Group has sufficient funds to finance its operations and exploration activities, and to allow the Group to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

### Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group in the financial year.

### Subsequent Events

On 29 June 2017, the Company announced that:

- it had received commitments to complete a private placement of 100,000,000 shares to be issued at 0.61 cents per share (and 100,000,000 attaching options having an exercise price of 0.6 cents per option and expiring on 30 June 2018) to raise a total of \$600,000 (before costs) (**Placement**); and
- it would proceed with a non-renounceable rights issue to raise up to \$1,423,947 (before costs) on the same conditions as the abovementioned Placement, by issuing up to 237,324,456 shares and 237,324,456 attaching options (**Rights Issue**).

On 30 June 2017, 100,000,000 ordinary shares were issued, pursuant to the Placement, raising \$600,000 (before costs).

The Rights Issue was made in accordance with section 713 of the Corporations Act with full details set out in a Prospectus sent to Eligible Shareholders on 6 July 2017. The Rights Issue contained a debt conversion facility.

Subsequent to 30 June 2017, the following events were completed as part of the Placement and Rights Issue:

- The Rights Issue was fully subscribed (after the entitlement and shortfall offers) resulting in 237,324,642 shares and 237,324,642 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) being issued. 45,371,137 of these shares and options were issued to the Company's Chairman and largest shareholder, Andy Greig, utilising the debt conversion facility to take up his Rights Issue entitlement (\$272,226); and
- 100,000,000 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were issued pursuant to the Placement.

Also subsequent to 30 June 2017:

- 45,371,137 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised into 45,371,137 shares by the Company's Chairman and largest shareholder, Andy Greig, using debt conversion (\$272,226); and
- a further 602,108 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised into 602,108 shares, raising \$3,613.

Other than the capital raising events noted above, there are no other matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Director's Report

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### Business Results

The prospects of the Group in progressing their exploration projects in Tasmania may be affected by a number of factors. These factors are similar to most exploration companies moving through exploration phase and attempting to get projects into development. Some of these factors include:

- Exploration - the results of the exploration activities may be such that the estimated resources are insufficient to justify the financial viability of the projects. Elementos undertakes extensive exploration and product quality testing prior to establishing JORC compliant resource estimates and to (ultimately) support mining feasibility studies. The Company engages external experts to assist with the evaluation of exploration results where required and utilises third party competent persons to prepare JORC resource statements or suitably qualified senior management of the Company. Economic feasibility modelling of projects will be conducted in conjunction with third party experts and the results of which will usually be subject to independent third party peer review
- Regulatory and Sovereign - the Company operates in Australia and deals with local regulatory authorities in relation to the exploration of its properties. The Company may not achieve the required local regulatory approvals to continue exploration or properly assess development prospects. The Company takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Social Licence to Operate – the ability of the Company to secure and undertake exploration and development activities within prospective areas is also reliant upon satisfactory resolution of native title and (potentially) overlapping tenure. To address this risk, the Company develops strong, long term effective relationships with landholders with a focus on developing mutually acceptable access arrangements. The Company takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Environmental - All phases of mining and exploration present environmental risks and hazards. Elementos's operations in Australia are subject to environmental regulation pursuant to a variety of state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The Company assesses each of its projects very carefully with respect to potential environmental issues, in conjunction with specific environmental regulations applicable to each project, prior to commencing field exploration. Periodic reviews are undertaken once field exploration commences.
- Safety - Safety is of critical importance in the planning, organisation and execution of Elementos's exploration and development activities. Elementos is committed to providing and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise an employee's health, safety or the health and safety of others associated with our business. Elementos recognise that safety is both an individual and shared responsibility of all employees, contractors and other persons involved with the operation of the organisation. The Company has a comprehensive Safety and Health Management

## Director's Report

system which is designed to minimise the risk of an uncontrolled safety and health event and to continuously improving safety culture within the organisation.

- Funding - the Company will require additional funding to continue exploration and potentially move from the exploration phase to the development phases of its projects. There is no certainty that the Company will have access to available financial resources sufficient to fund its exploration, feasibility or development costs at those times.
- Market - there are numerous factors involved with exploration and early stage development of its projects, including variance in commodity price and labour costs which can result in projects being uneconomical.

### Environmental Issues

The Group is subject to significant environmental regulations under the laws of the Commonwealth of Australia and states of Australia in which the Group operates.

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

### Native Title

Mining tenements that the Group currently holds, are subject to Native Title claims. The Group has a policy that is respectful of the Native Title rights and is continuing to negotiate with relevant indigenous bodies.

### Remuneration Report (Audited)

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

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

Andy Greig	Director – Non-executive Chairman
Chris Dunks	Director – Non-executive (appointed 4 November 2015, ceased 5 July 2016) Director – Executive (commenced 6 July 2016)
Corey Nolan	Director - Non-executive
Calvin Treacy	Director - Non-executive
Chris Creagh	Operations Manager (appointed 24 August 2016, ceased 31 December 2016) Chief Executive Officer (appointed 1 January 2017)
Duncan Cornish	Chief Financial Officer and Company Secretary
Tim McManus	Chief Executive Officer (resigned 6 July 2016)

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

## Director's Report

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The Group's remuneration policy provides for long-term incentives to be offered through a director and employee share option plan and also through a performance rights plan (approved at the Company's 2016 AGM). Options may be granted under these plans to align directors', executives', employees' and shareholders' interests. Two methods may be used to achieve this aim, the first being performance rights and options that vest upon reaching or exceeding specific predetermined objectives, and the second being options granted with higher exercise prices (than the share price at issue) rewarding share price growth.

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

### **Performance-Based Remuneration**

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

Long-term incentives are comprised of share options and performance rights, which are granted from time-to-time to encourage sustained strong performance in the realisation of strategic outcomes and growth in shareholder value. No long term incentives were made available during the year.

The exercise price of the options is determined after taking into account the underlying share price performance in the period leading up to the date of grant and if applicable, performance conditions attached to the share options. Subject to specific vesting conditions, each option is convertible into one ordinary share.

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

### **Directors**

Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the Group. The maximum aggregate amount of fees that can be paid to non-executive directors approved by shareholders is currently \$250,000. One-third, by number, of non-executive directors retires by rotation at the Company's Annual General Meeting. Retiring directors are eligible for re-election by shareholders at the Annual General Meeting of the Company. The appointment conditions of the non-executive directors are set out and agreed in letters of appointment.

Given the protracted negotiations of the partnering and funding process, the Company believes it is prudent it continues to maintain a very low-cost corporate overhead and preserve its cash resources. Consequently, following a board restructure at the end of October 2015 the board resolved to reduce non-executive director fees (from \$27,500 per annum plus superannuation) to \$25,000 per annum (including superannuation) and Andy Greig chose to not accept a (director) fee. Following the resignation of the Company's CEO on 6 July 2016, Chris Dunks was appointed as an executive director and his fee was increased to \$73,000 per annum (including superannuation) from 1 August 2016. If directors perform services for the Company that, in the opinion of the other directors, is outside the scope of the ordinary duties of the director, the Company may pay that director for those services in addition to the remuneration outlined above.



## Director's Report

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### Executives

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

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

Chris Creagh was appointed Chief Executive Officer (CEO) on 1 January 2017, having previously held the position of Operations Manager since August 2016. The key terms of the employment agreement with Chris Creagh are:

- Total Fixed Remuneration of \$200,000 per annum (inclusive of superannuation);
- Annual cash bonus at the discretion of the board (no STI was granted during the financial year 2017);
- Incentive package of 30.0m performance rights (yet to be determined and issued); and
- 90 days notice of termination by either party.

The Company has a services agreement with Corporate Administration Services Pty Ltd ("CAS") and Duncan Cornish, the Company's CFO and Company Secretary. Under the agreement, CAS also provides accounting, bookkeeping and administrative services. Both Elementos and CAS are entitled to terminate the agreement upon giving not less than three months' written notice. The base fee under the services agreement is \$120,000 per annum. On 21 December 2015 Duncan Cornish was issued with 10.0 million unlisted options exercisable at 1.25 cents each on or before 31 July 2019 (vested immediately on issue).

## Director's Report

### Remuneration Details of Key Management Personnel

The remuneration of the key management personnel of Elementos Limited for the year ended 30 June 2017 was as follows:

#### Year Ended 30 June 2017

Key Management Personnel	Short Term Benefits		Equity Settled Shares	Equity Settled Options	Post-Employment Super-annuation	Total	Performance related %	% consisting of options
	Salary & Fees	Bonuses						
	\$	\$	\$	\$	\$	\$		
A. Greig	-	-	-	-	-	-	-	-
C. Dunks	72,093	-	-	-	-	72,093	-	-
C. Nolan	22,831	-	-	-	2,169	25,000	-	-
C. Treacy	25,649	-	-	-	2,169	27,818	-	-
C. Creagh <sup>(1)</sup>	122,994	-	-	-	8,676	131,670	-	-
D. Cornish	120,000	-	-	-	-	120,000	-	-
T. McManus <sup>(2)</sup>	10,261	-	-	-	267	10,528	-	-
	<b>373,828</b>	-	-	-	<b>13,281</b>	<b>387,109</b>		

\*Notes:

1. Appointed Operations Manager from 24-Aug-16, then appointed CEO from 1-Jan-17

2. Resigned 6 July 2016

The remuneration of the key management personnel of Elementos Limited for the year ended 30 June 2016 was as follows:

#### Year Ended 30 June 2016

Key Management Personnel	Short Term Benefits		Equity Settled Shares	Equity Settled Options	Post-Employment Super-annuation	Total	Performance related %	% consisting of options
	Salary & Fees	Bonuses						
	\$	\$	\$	\$	\$	\$		
A. Greig	-	-	-	-	-	-	-	-
C. Dunks	16,664	-	-	-	-	16,664	-	-
C. Nolan	24,221	-	-	-	2,301	26,522	-	-
C. Treacy	24,221	-	-	-	2,301	26,522	-	-
R. Anthon	13,367	-	-	-	-	13,367	-	-
R. Seville	9,000	-	-	-	855	9,855	-	-
D. Cornish	82,500	-	-	63,200	-	145,700	-	42.8%
T. McManus	183,714	-	-	128,100	17,453	329,267	-	38.9%
	<b>353,687</b>	-	-	<b>191,300</b>	<b>22,910</b>	<b>567,897</b>		

## Director's Report

The percentage of equity based remuneration for persons who were key management personnel of the Group during the year ended 30 June 2017 is set out below:

Key Management Personnel	Proportion of Remuneration	
	Equity Based	Salary and Fees
A. Greig	n/a	n/a
C. Dunks	-	100%
C. Nolan	-	100%
C. Treacy	-	100%
C. Creagh	-	100%
D. Cornish	-	100%
T. McManus	-	100%

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

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

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

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Share Price at year end (\$)	0.0084	0.008	0.010	0.02	0.015	0.079	0.225

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

## Director's Report

### Options Held by Key Management Personnel

Details of options held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2017 were as follows:

Key Management Personnel	Balance at 1 July 2016	Granted as Compensation	Exercised	Expired	Balance at 30 June 2017	Total Vested 30 June 2017	Total Vested and Exercisable 30 June 2017
A. Greig	-	-	-	-	-	-	-
C. Dunks	-	-	-	-	-	-	-
C. Nolan	800,000	-	-	800,000	-	-	-
C. Treacy	6,200,000	-	-	-	6,200,000	6,200,000	6,200,000
C. Creagh	-	-	-	-	-	-	-
D. Cornish	10,000,000	-	-	-	10,000,000	10,000,000	10,000,000
T. McManus	20,000,000	-	-	20,000,000	-	-	-
	<b>37,000,000</b>	-	-	<b>20,800,000</b>	<b>16,200,000</b>	<b>16,200,000</b>	<b>16,200,000</b>

### Options Granted as Remuneration

As noted above, there were no options issued to key management personnel during the year ended 30 June 2017.

### Shares Held by Key Management Personnel

Details of shares held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2017 were as follows:

Key Management Personnel	Balance at 1 July 2016	Granted as Compensation	Received on Exercise of Options	Acquisitions	Balance at 30 June 2017
A. Greig	164,000,001	-	-	17,484,545	181,484,546
C. Dunks	15,750,004	-	-	-	15,750,004
C. Nolan	3,853,400	-	-	-	3,853,400
C. Treacy	26,850,004	-	-	-	26,850,004
C. Creagh	-	-	-	-	-
D. Cornish	-	-	-	2,497,272	2,497,272
T. McManus	-	-	-	-	-
	<b>210,453,409</b>	-	-	<b>19,981,817</b>	<b>230,435,226</b>

## Director's Report

### Other transactions with Key Management Personnel

On 23 December 2015, the Company executed a loan deed with the Company's Non-Executive Chairman Mr Andy Greig, a related party, for up to \$500,000. Further details are contained in Note 10 (Borrowings). At 30 June 2017, the amount recognised as a non-current liability was \$545,658 (including \$45,658 of accrued interest). Subsequent to 30 June 2017, the loan was fully repaid.

*End of Remuneration Report*

### Options

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

#### Unlisted Options

Grant Date/s	Expiry Date	Exercise Price	No. Under Option
20 March 2014	20 March 2018	2.965 cents	9,300,000
26 August 2015	31 July 2019	1.165 cents	1,000,000
26 August 2015	31 July 2019	1.215 cents	10,000,000
9-21 August 2017	30 June 2018	0.600 cents	291,351,397
			<b>311,651,397</b>

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

### Directors' Meetings

The meetings attended by each director during the financial year were:

Directors	Board		Audit & Risk Committee	
	Meetings	Attended	Meetings	Attended
A. Greig	3	3	2*	2*
C. Dunks	3	3	2	2
C. Nolan	3	2	2	2
C. Treacy	3	3	2	2

\* This director attended the Audit & Risk Committee meetings (by invitation) despite not being a member of the Audit & Risk Committee.

### Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Elementos Limited support and, where practicable or appropriate, have adhered to the ASX Principles of Corporate Governance. The Company's corporate governance statement is set out in this Annual Report.

## Director's Report

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### Indemnifying Directors and Auditors

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

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

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

### Proceedings on Behalf of the Company

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


### Non-Audit Services

The auditors did not provide any non-audit services during the year (2016: Nil).

### Auditor's Independence Declaration

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

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



**C. Nolan**  
Director

Dated 28 September 2017  
Brisbane, Queensland

## Auditor's Independence Declaration

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

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

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

As lead auditor of Elementos Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'D P Wright', is written over a light grey rectangular background.

**D P Wright**  
Director

**BDO Audit Pty Ltd**

Brisbane, 28 September 2017

## Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 19 September 2017.

### (a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Ordinary Shares		Unlisted Options (0.600c @ 30-Jun-18)	
	No. Holders	No. Shares	No. Holders	No. Options
1 - 1,000	56	11,746	2	1,068
1,001 - 5,000	75	231,370	16	49,838
5,001 - 10,000	78	634,283	13	114,206
10,001 - 100,000	275	11,604,344	68	3,033,575
100,001 and over	372	1,222,899,807	118	285,366,870
<b>Total</b>	<b>856</b>	<b>1,235,381,550</b>	<b>217</b>	<b>288,565,557</b>

	Unlisted Options (2.965c @ 20-Mar-18)		Unlisted Options (1.165c @ 31-Jul-18)	
	No. Holders	No. Options	No. Holders	No. Options
1 - 1,000	-	-	-	-
1,001 - 5,000	-	-	-	-
5,001 - 10,000	-	-	-	-
10,001 - 100,000	-	-	-	-
100,001 and over	2	9,300,000	1	1,000,000
<b>Total</b>	<b>2</b>	<b>9,300,000</b>	<b>1</b>	<b>1,000,000</b>

	Unlisted Options (1.215c @ 31-Jul-19)	
	No. Holders	No. Options
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 and over	1	10,000,000
<b>Total</b>	<b>1</b>	<b>10,000,000</b>

The number of shareholders holding less than a marketable parcel is 416.



## Shareholder Information

### (b) Twenty Largest Shareholders

The names of the twenty largest holders of Quoted Ordinary Shares are:

#	Registered Name	Number of Shares	% of total Shares
1	BOND STREET CUSTODIANS LIMITED <DAVKRE - D08642 A/C>	272,226,820	22.04%
2	JERVOIS MINING LTD	100,000,000	8.09%
3	BOURSE SECURITIES PTY LTD	67,366,667	5.45%
4	JAMES CALAWAY*	60,020,768	4.86%
5	KEO PROJECTS PTY LTD <SUPERANNUATION FUND A/C>	36,471,862	2.95%
6	CALVIN PATRICK TREACY*	28,000,004	2.27%
7	MR MICHAEL DAVID ADAMS & MRS CAROL ADAMS*	27,299,095	2.21%
8	MR JOHN DOUGLAS JEFFERY & MRS ELSPETH LOUISE JEFFERY <GIBSON BROS HOLDING S/F A/C>	21,250,000	1.72%
9	SANGWILL PTY LTD <MC VAY FAMILY S/F A/C>	20,100,000	1.63%
10	MR CHRISTOPHER JAMES DUNKS*	19,687,505	1.59%
11	CHRISTOPHER JOHN STAPLES & ANNA CLAIRE STAPLES <THE STAPLES A/C>*	18,050,762	1.46%
12	327TH P & C NOMINEES PTY LTD <MASTERMAN SUPER FUND A/C>	17,677,895	1.43%
13	1514341 ONTARIO INC	17,200,000	1.39%
14	KOKONG HOLDINGS PTY LIMITED	16,768,693	1.36%
15	MR WILLIAM RICHARDS GOODALL <GOODALL FAMILY A/C>	16,659,095	1.35%
16	MR PHILLIP GERRARD BERRY	16,544,748	1.34%
17	J P MORGAN NOMINEES AUSTRALIA LIMITED	13,990,494	1.13%
18	MR TERRY TAYLOR & MRS LYNDA LOUISE TAYLOR <HOMEMINSTER SUPER FUND A/C>	13,873,410	1.12%
19	MR NEIL FRANCES STUART*	13,107,626	1.06%
20	RICHARD SEVILLE AND ASSOCIATES PTY LTD <THE SEVILLE SUPER A/C>	11,340,087	0.92%
	<b>Top 20 Total</b>	<b>807,635,531</b>	<b>65.38%</b>
	<b>Total of Securities</b>	<b>1,235,381,550</b>	

\* Merged holding

## Shareholder Information

### (c) Substantial Shareholders

Substantial shareholders as shown in substantial shareholder notices received by Elementos Limited are:

Name of Shareholder	Ordinary Shares
BOND STREET CUSTODIANS LIMITED <DAKRET - D08642 A/C>	164,000,001
BOURSE SECURITIES PTY LTD	68,366,667
JAMES CALAWAY <AND RELATED PARTIES>	60,020,768

The Company notes that, as at the date of this report, the following shareholders own substantial shareholdings ( $\geq 5.0\%$ ) in Elementos Limited:

Name of Shareholder	Ordinary Shares	% of total Shares
BOND STREET CUSTODIANS LIMITED <DAVKRE - D08642 A/C>	272,226,820	22.04%
JERVOIS MINING LTD	100,000,000	8.09%
BOURSE SECURITIES PTY LTD	67,366,667	5.45%
JAMES CALAWAY*	60,020,768	4.86%

\* Merged holding

### (d) Voting rights

All ordinary shares carry one vote per share without restriction.

Options do not carry voting rights.

### (e) Restricted securities

The Group currently has no restricted securities on issue.

### (f) On-market buy back

There is not a current on-market buy-back in place.

### (g) Business objectives

The Group has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

## Corporate Governance Statement

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The board of directors of Elementos Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Elementos Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Elementos Limited's Corporate Governance Statement (which can be found on the Company's website [www.elementos.com.au](http://www.elementos.com.au)) is structured with reference to the Australian Securities Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 3rd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website.

The Board is of the view that, during the reporting period, with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

### Roles and Responsibilities of the Board and Management

#### ASX CGC Principle 1

*Lay solid foundations for management and oversight.*

#### Role of the Board

The Board of Directors is pivotal in the relationship between shareholders and management and the role and responsibilities of the Board underpin corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs.

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- Oversight of the Group including its framework of control and accountability systems to enable risk to be assessed and managed;
- Appointing and removing the chief executive officer;
- Ratifying the appointment and, where appropriate, removal of senior executives including the chief financial officer and the Group secretary;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive's performance and implementation of strategy;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;

## Corporate Governance Statement

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- Approving and overseeing Committees where appropriate to assist in the Board's function and powers.

The Functions, Powers and Responsibilities of the Board are set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The board meets on a regular basis to review the performance of the Company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

Appropriate background checks are conducted on proposed new directors and material information about a director being re-elected is provided to security holders.

Written agreements are entered in to with directors and senior management clearly setting out their roles and responsibilities.

The company secretary works directly with the chair and the executive director on the functioning of all board and committee procedures.

### Diversity

The Group is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees.

Recommendation 1.5 requires that listed entities should establish a policy concerning diversity. Whilst the Group does not currently have a Diversity policy due to its size and nature of its operations, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.

As at 30 June 2017, the proportion of women in the whole organisation is as follows:

	Male	Female
Board Members	4	-
Officers	1	-
Other	-	1

### Performance Evaluation

The Board (in carrying out the functions of the Remuneration and Nomination Committees) considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

As the current CEO was recently appointed, no performance evaluation has undertaken.

No formal performance evaluation of the non-executive directors was undertaken during the year ended 30 June 2017.

## Corporate Governance Statement

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### Board Composition ASX CGC Principle 2

#### Structure of the Board to add value

#### Nomination Committee

Recommendation 2.1 requires the Board to establish a nomination committee.

Although the Board has adopted a Nominations Committee Charter, the Board has not formally established a Nominations Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole is able to address these issues and is guided by the Nominations Committee Charter. The Company will review this position annually and determine whether a Nominations Committee needs to be established.

The Nomination Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company is developing an appropriate board skills matrix. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the director's report.

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent Directors. The Corporate Governance Council defines independence as being free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material capacity to bring independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

In the context of Director independence, "materiality" is considered from both the Group and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Group.

In accordance with the Council's definition of independence above and the materiality thresholds set, all of the Company's directors are not considered to be independent and therefore the Group does not currently comply with Recommendation 2.4:

Name	Position	Reason for non-compliance
A. Greig	Non-Executive Chairman	Director is a substantial (>5%) shareholder
C. Dunks	Executive Director	Director is engaged by the Company in an executive capacity
C. Treacy	Non-Executive Director	Director was employed by the Company in an executive capacity within the last three years

## Corporate Governance Statement

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Elementos Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Elementos Limited due to their considerable industry and corporate experience. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
A. Greig	1 year, 11 months
C. Dunks	1 year, 11 months
C. Nolan	8 years 2 months
C. Treacy	3 year 11 months

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Group's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Group. Informal induction is provided to any new directors.

### Act Ethically and Responsibly ASX CGC Principle 3

#### Code of Conduct

The Directors are subject to certain stringent legal requirements regulating the conduct both in terms of their internal conduct as directors and in their external dealings with third parties both on their own and on behalf of the Group.

To assist directors in discharging their duty to the Group and in compliance with relevant laws to which they are subject, the Group has adopted a Corporate Ethics Policy and Corporate Code of Conduct within its Corporate Governance Charter.

The Corporate Ethics Policy sets out rules binding Directors in respect of:

- a Director's legal duties as an officer of the Company;
- a Director's obligations to make disclosures to the ASX and the market generally; and
- dealings by Directors in shares in the Company.

The Corporate Ethics Policy, as set out in the Company's Corporate Governance Charter is available from the corporate governance section of the Group's website.

### Safeguard Integrity in Corporate Reporting ASX CGC Principle 4 Audit Committee

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 4.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

## Corporate Governance Statement

The members of the Audit & Risk Management Committee are Corey Nolan, Calvin Treacy and Chris Dunks. The Committee is chaired by an independent director (Corey Nolan). While Messrs Nolan and Treacy are both non-executive directors, Chris Dunks is engaged in an executive capacity. The majority of the Committee are not independent directors, with only Corey Nolan considered as being independent (based on the Council's definition). The Company does not presently comply fully with Recommendation 4.1 having not met points i and ii above.

All members of the Audit & Risk Management Committee are considered financially literate in the context of the Company's affairs. The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 4.1 will not be detrimental to the Company.

The number of meetings of the Audit & Risk Management Committee held during the year and the number of meetings attended by each Director was as follows:

	Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended
C. Nolan	2	2
C. Dunks	2	2
C. Treacy	2	2

The Audit Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

### Certification of financial reports

The Executive Director has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on a sound system of financial risk management and internal compliance and control.

The Chief Financial Officer has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on sound system of financial risk management and internal compliance and control.

The Group ensures that its external auditors are present at the AGM to answer any questions with regard to the efficacy of the financial statement audit and the associated independent audit report.

### Continuance Disclosure ASX CGC Principle 5

*Make timely and balanced disclosure*

The Group duly complies with ASX and ASIC requirements for the timely and accurate reporting of the Group's financial activities, thus ensuring that the Group has disclosed all information which has a material impact on shareholders. This includes the Annual Financial Report, Interim Financial Report, quarterly cash flows, new and relinquished tenements and changes in directors and shareholder interests and other events which are identified to be material. All ASX announcements are available on the Group's website.

## Corporate Governance Statement

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The Company Secretary is responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX.

### **Respect The Rights of Security Holders** **ASX CGC Principle 6**

The Board of directors undertakes to ensure that shareholders are informed of all major developments affecting the Group. Information is communicated to shareholders through the annual report, interim financial report, announcements made to the ASX, notices of Annual General and Extraordinary General Meetings, the AGM and Extraordinary General Meetings.

The Board encourages full participation of shareholders at Annual and Extraordinary General Meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. In particular, shareholders are responsible for voting on the re-election of directors.

The Group also offers shareholders the option to receive ASX announcements and other notices from the Company electronically.

### **Risk Management** **ASX CGC Principle 7**

*Recognise and manage risk*

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 7.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

The members of the Audit & Risk Management Committee are Corey Nolan, Calvin Treacy and Chris Dunks. The Committee is chaired by an independent director (Corey Nolan). While Messrs Nolan and Treacy are both non-executive directors, Chris Dunks is engaged in an executive capacity. The majority of the Committee are not independent directors, with only Corey Nolan considered as being independent (based on the Council's definition). The Company does not presently comply fully with Recommendation 7.1 having not met points i and ii above.

All members of the Audit & Risk Management Committee are considered to have sufficient technical, legal and industry experience in the context of the Company's affairs to properly assess the risks facing the Group. The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 7.1 will not be detrimental to the Company.



## Corporate Governance Statement

The number of meetings of the Audit & Risk Management Committee held during the year and the number of meetings attended by each Director was as follows:

	Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended
C. Nolan	2	2
C. Dunks (appointed 4 November 2015)	2	2
C. Treacy	2	2

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's risk management policies can be found within the Audit and Risk Management Committee Charter.

Recommendation 7.2 requires that the Board review the Company's risk management framework and disclose whether such a review has taken place. Business risks are considered regularly by the Board and management at management and Board meetings. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been formally undertaken.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit and Risk Committee.

The Director's Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

### Remuneration ASX CGC Principle 8

*Remunerate fairly and responsibly*

#### Remuneration Committee

The Board has not established a Remuneration Committee which operates under a charter approved by the Board.

Although the Board has adopted a Remuneration Committee Charter, the Board has not formally established a Remuneration Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole considers themselves to have sufficient legal, corporate, commercial and industry experience in the context of the Company's affairs to properly assess the remuneration issues required by the Group and is able to address these issues while being guided by the Remuneration Committee Charter. The Company will review this position annually and determine whether a Remuneration Committee needs to be established.

## Corporate Governance Statement

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The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 8.1 will not be detrimental to the Company.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive director's and officer's remuneration to the Group's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Group
- performance incentives which allow executives, management and staff to share the rewards of the success of Elementos Limited.

For details on the amount of remuneration and all monetary and non-monetary components for Key Management Personnel during the period, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Remuneration Committee and the Board, having regard to the overall performance of Elementos Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits to directors other than statutory superannuation.

The Remuneration Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

### Remuneration Policy

The Group's remuneration policy is also further detailed in the Remuneration Report in the Directors Report.

### Non-Executive Director Remuneration

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Non-executive directors are remunerated by fees as determined by the Board with the aggregate directors' fee pool limit of \$250,000. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Independent consultancy sources provide advice, as required; ensuring remuneration is in accordance with market practice. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company and are, subject to approval by shareholders, periodically offered options and/or performance rights.

The Company has adopted a Trading Policy that includes a prohibition on hedging, aimed at ensuring participants do not enter in to arrangements which would have the effect of limited their exposure to risk relating to an element of their remuneration.

### Other Information

Further information relating to the Group's corporate governance practices and policies has been made publicly available on the Group's web site.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
Revenue		2,841	10,648
Corporate and administrative expenses	2	(711,408)	(860,157)
Write-off of exploration assets	5	(60,926)	(240,447)
Reclassify foreign currency reserve	10	-	(667,824)
Loss before income tax expense		(769,493)	(1,757,780)
Income tax expense	3	-	-
Loss for the period attributable to members of the parent entity		(769,493)	(1,757,780)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange gains on translation of foreign operations		-	810
Reclassify foreign currency reserve		-	667,824
Other comprehensive income for the period, net of tax		-	668,634
Total comprehensive loss attributable to members of the parent entity		<b>(769,493)</b>	<b>(1,089,146)</b>
Basic and diluted loss per share (cents per share)		(0.09)	(0.2)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position

### As at 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	655,868	467,268
Trade and other receivables		284	2,020
Other current assets		-	708
<b>Total Current Assets</b>		<b>656,152</b>	<b>469,996</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	5	4,745,500	4,681,891
Plant and equipment		1,722	1,225
Other non-current assets	6	6,000	6,000
<b>Total Non-Current Assets</b>		<b>4,753,222</b>	<b>4,689,116</b>
<b>TOTAL ASSETS</b>		<b>5,409,374</b>	<b>5,159,112</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	68,175	62,739
Borrowings	8	545,658	-
<b>Total Current Liabilities</b>		<b>613,833</b>	<b>62,739</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	8	-	515,658
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>515,658</b>
<b>TOTAL LIABILITIES</b>		<b>613,833</b>	<b>578,397</b>
<b>NET ASSETS</b>		<b>4,795,541</b>	<b>4,580,715</b>
<b>EQUITY</b>			
Contributed equity	9	13,391,701	12,407,382
Reserves		133,200	261,300
Accumulated losses		(8,729,360)	(8,087,967)
<b>TOTAL EQUITY</b>		<b>4,795,541</b>	<b>4,580,715</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity For the Year Ended 30 June 2017

	Note	Issued Capital	Accumulated Losses	Share- Based Payments Reserve	Foreign Currency Translation Reserve	Total
		\$	\$	\$	\$	\$
<b>Balance at 30 June 2015</b>		<b>12,437,377</b>	<b>(6,330,187)</b>	<b>64,170</b>	<b>(668,634)</b>	<b>5,502,726</b>
Loss for the period		-	(1,757,780)	-	-	(1,757,780)
Other comprehensive income for the period		-	-	-	810	810
Reclassify foreign currency reserve	10	-	-	-	667,824	667,824
<b>Total comprehensive income</b>		<b>-</b>	<b>(1,757,780)</b>	<b>-</b>	<b>668,634</b>	<b>(1,089,146)</b>
Equity settled compensation	16	-	-	197,130	-	197,130
Transaction costs	9	(29,995)	-	-	-	(29,995)
<b>Balance at 30 June 2016</b>		<b>12,407,382</b>	<b>(8,087,967)</b>	<b>261,300</b>	<b>-</b>	<b>4,580,715</b>
Loss for the period		-	(769,493)	-	-	(769,493)
<b>Total comprehensive income</b>		<b>-</b>	<b>(769,493)</b>	<b>-</b>	<b>-</b>	<b>(769,493)</b>
Issue of shares	9	1,050,000	-	-	-	1,050,000
Transaction costs	9	(65,681)	-	-	-	(65,681)
Transfer of expired options		-	128,100	(128,100)	-	-
<b>Balance at 30 June 2017</b>		<b>13,391,701</b>	<b>(8,729,360)</b>	<b>133,200</b>	<b>-</b>	<b>4,795,541</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows For the Year Ended 30 June 2017

		30 June 2017	30 June 2016
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		2,841	10,195
Payments to suppliers and employees		(696,600)	(708,344)
<b>Net cash used in operating activities</b>	11	<b>(693,759)</b>	<b>(698,149)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation assets		(354,585)	(459,006)
Refunds of security deposits		-	15,005
Research and development refunds		211,838	320,684
Cash disposed of on disposal of subsidiary		-	(183)
Purchase of property, plant and equipment		(10,626)	(866)
Proceeds from the sale of a subsidiary		-	57,950
<b>Net cash used in investing activities</b>		<b>(153,373)</b>	<b>(66,416)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,050,000	-
Costs associated with share issues		(14,268)	(29,995)
Proceeds from loan		-	500,000
<b>Net cash provided by financing activities</b>		<b>1,035,732</b>	<b>470,005</b>
Net increase/(decrease) in cash held		188,600	(294,560)
Cash at Beginning of Year		467,268	761,828
<b>Cash at End of Year</b>	4	<b>655,868</b>	<b>467,268</b>

The accompanying notes form part of these financial statements.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The financial statements are for the consolidated entity consisting of Elementos Limited and its Controlled Entities. Elementos Limited is a public company, incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis and are based on historical cost modified by the measurement at fair value of selected non-current assets, financial assets and liabilities. The financial report was authorised for issue on 28 September 2017 by the directors of the Company.

Separate financial statements for Elementos Limited as an individual entity are no longer presented following a change to the Corporations Act 2001. However, financial information required for Elementos Limited as an individual entity is included in Note 22.

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

#### Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The 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 year ended 30 June 2017, the Group raised \$1,050,000 of cash through equity raisings (before costs). Since 30 June 2017 the Group has raised a further \$1,151,721 of cash through equity raisings (before costs and after debt reduction).

Should the Group not be able to raise further capital, dispose of assets when 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.

#### Principles of Consolidation

##### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elementos Limited ("Company" or "parent entity") as at 30 June 2017, and the results of all subsidiaries for the year then ended. Elementos Limited and its subsidiaries together are referred to in these financial statements as the Group or the economic entity.

## **Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Principles of Consolidation (continued)**

The names of the subsidiaries are contained in Note 20. All subsidiaries have a 30 June financial year end and are accounted for by the parent entity at cost.

Subsidiaries are all entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has a right to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

#### *Changes in ownership interests*

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

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

#### **Segment Reporting**

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

#### **Income Tax**

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

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



**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Income Tax (continued)**

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

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**Exploration and Evaluation Assets**

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

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

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

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

**Restoration Costs**

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

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

#### Restoration Costs (continued)

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

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

#### Impairment of Non-Financial Assets

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

#### Financial Instruments

##### *Recognition and Initial Measurement*

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

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

##### *Derecognition*

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

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

##### *Classification and Subsequent Measurement*

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

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial Instruments (continued)**

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

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

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

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

*Loans and receivables*

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

*Available-for-sale financial assets*

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

*Financial Liabilities*

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

*Impairment*

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

**Cash and Cash Equivalents**

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

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Issued Capital**

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

**Share Based Payments**

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

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

**Revenue**

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

**Employee Benefits***Short-term employee benefit obligations*

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

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST (or overseas VAT), except where the amount of GST incurred is not recoverable. In these circumstances the GST (or overseas VAT) is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis except for the GST component of investing and financing activities which are disclosed as operating cash flows.

**Foreign Currency Transactions and Balances***Functional and presentation currency*

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

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

#### Foreign Currency Transactions and Balances (continued)

##### *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were measured. Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

##### *Group Companies*

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

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

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

#### **Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to exploration and evaluation assets that have been capitalised are recognised by deducting the grant received from the carrying amount of the exploration and evaluation asset recognised on the statement of financial position.

#### **Earnings Per Share (EPS)**

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

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

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

#### New and Amended Standards and Interpretations Adopted During the Year

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any period prior and are not likely to affect future periods.

New and amended standards issued that are not yet effective during the year have not been adopted in preparing these financial statements. These standards include:

1 – AASB 15 - Revenue from Contracts with Customers – applicable to annual reporting periods beginning on or after 1 January 2017.

2 – AASB 9 - Financial Instruments – applicable to annual reporting periods beginning on or after 1 January 2018..

3 – AASB 16 - Leases – applicable to annual reporting periods beginning on or after 1 January 2019.

None of these are expected to have a significant effect on the financial statements when they are first applied.

#### Fair Values

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their best economic interest. The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use. In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

#### Critical Accounting Estimates and Judgements

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

Key Judgements:

##### *Exploration and Evaluation Assets*

The economic entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to reporting date. Exploration and evaluation assets at 30 June 2017 were \$4,745,000 (2016: \$4,681,891).

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

### NOTE 2: EXPENSES

	30 June 2017	30 June 2016
	\$	\$
<b>Included in expenses are the following items:</b>		
Depreciation	10,002	3,783
ASX, ASIC, share registry expenses	33,173	42,043
Business development and investor relations costs	131,852	120,679
Legal fees	4,373	46,991
Insurances	29,696	39,950
Audit, tax and external accounting fees	101,530	74,927
Interest	30,000	15,654
Employee benefits expense comprises:		
Salaries and wages	102,816	91,242
Consulting fees	200,880	82,835
Contributions to defined contribution plans	14,520	23,799
Equity settled options	-	197,130
Annual leave expensed	7,690	7,743
	-	-
	<b>666,532</b>	<b>746,776</b>

### NOTE 3: INCOME TAX EXPENSE

	30 June 2017	30 June 2016
	\$	\$
<b>The prima facie tax on the operating loss is reconciled to income tax expense as follows:</b>		
Prima facie tax/(benefit) on loss from ordinary activities before income tax at 30% (2016: 30%)	(230,848)	(527,334)
Adjust for tax effect of:		
Non-deductible amounts	(55,346)	156,606
Tax loss not recognised	146,568	153,340
Temporary differences recognised	-	-
Under/Over	139,626	217,388
Income tax expense/(benefit)	-	-

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

Temporary differences	-	-
Tax losses	3,950,581	3,804,013

The Group has carried forward tax losses of \$15,301,014 in Australia, which must satisfy the Continuity of Ownership Test, or failing that, the Same Business Test, in order to be utilised in the future.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

### NOTE 4: CASH AND CASH EQUIVALENTS

	30 June 2017	30 June 2016
	\$	\$
Cash at bank and on hand	645,868	154,605
Short term deposits	10,000	312,663
	655,868	467,268

### NOTE 5: EXPLORATION AND EVALUATION ASSETS

	30 June 2017	30 June 2016
	\$	\$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	4,745,500	4,681,891
Movement in exploration and evaluation assets:		
Opening balance - at cost	4,681,891	4,859,170
Security deposit refunds	-	(14,956)
Capitalised exploration expenditure	336,373	448,172
Exploration and evaluation assets disposed of	-	(49,364)
Foreign currency translation movement	-	-
Exploration and evaluation assets written off	(60,926)	(240,447)
Total exploration and evaluation assets	4,957,338	5,002,575
Less research and development refunds	(211,838)	(320,684)
<b>Carrying amount at the end of the year</b>	<b>4,745,500</b>	<b>4,681,891</b>

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 6: OTHER NON-CURRENT ASSETS

	30 June 2017	30 June 2016
	\$	\$
Mining Lease Deposits	6,000	6,000
	<b>6,000</b>	<b>6,000</b>



## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

### NOTE 7: TRADE AND OTHER PAYABLES

	30 June 2017	30 June 2016
	\$	\$
Current:		
Trade payables and accrued expenses	60,485	53,695
Short term employee benefits	7,690	9,044
<b>Total payables (unsecured)</b>	<b>68,175</b>	<b>62,739</b>

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

### NOTE 8: BORROWINGS

	30 June 2017	30 June 2016
	\$	\$
Current:		
Unsecured:		
Loan from related party	500,000	500,000
Accrued interest	45,658	15,658
<b>Total unsecured non-current liability</b>	<b>545,658</b>	<b>515,658</b>

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

- Loan amount = \$500,000
- Loan term = 2 years
- Interest rate = 6.0%
- Unsecured
- No conversion rights
- No requirement to repay principal or pay interest during the loan term
- Repayable by the Company at any time (during the loan term)

On 24 February 2017, the Company and Andy Greig agreed to extend the repayment date of the loan to 31 December 2018. All other terms and conditions of the loan remain unchanged.

Subsequent to 30 June 2017 the loan was repaid in full, as follows:

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

### NOTE 9: CONTRIBUTED EQUITY

#### Fully paid ordinary shares

	2017		2016	
	No. of Shares	\$	No. of Shares	\$
Balance as at 1 July	767,479,642	12,407,382	767,479,642	12,437,377
Other share issues:				
26 October 2016	(a) 64,333,636	353,835	-	-
14 December 2016	(b) 17,484,545	96,165	-	-
30 June 2017	(c) 100,000,000	600,000	-	-
<b>Balance as at 30 June</b>	<b>949,297,823</b>	<b>13,457,382</b>	<b>767,479,642</b>	<b>12,437,377</b>
Total transaction costs associated with share issues		(65,681)		(29,995)
Net issued capital		13,391,701		12,407,382

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 year ended 30 June 2017, are:

- (a) & (b) Issued at 0.55 cents each, pursuant to a private placement.
- (c) Issued at 0.60 cents each, pursuant to a private placement.

#### Options

	Note	Weighted average exercise price (cents)	30 June 2017	Weighted average exercise price (cents)	30 June 2016
			No. of Options		No. of Options
Unlisted Share Options		2.01	20,300,000	2.67	43,850,000
Balance at the beginning of the reporting period		2.67	43,850,000	10.58	17,850,000
Options issued during the period:					
Issued to staff and consultants	18		-	1.33	31,000,000
Expired		3.20	(23,550,000)	22.6	(5,000,000)
Exercisable at end of year		2.01	20,300,000	2.67	43,850,000

#### Capital Management

Exploration companies such as Elementos Limited are funded almost exclusively by share capital. In December 2015, the Group also entered in to a loan agreement set out in more detail in Note 10 (Borrowings). The loan has been repaid subsequent to 30 June 2017.

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

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

### NOTE 10: RESERVES

#### Foreign Currency Translation Reserve

The foreign currency translation reserve recorded exchange differences arising on translation of foreign controlled subsidiaries. Amounts were reclassified during the period to profit or loss as the foreign operations have been abandoned.

#### Share-Based Payments Reserve

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

### NOTE 11: CASH FLOW INFORMATION

	30 June 2017	30 June 2016
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Loss after income tax	(769,493)	(1,757,780)
Non-cash flows in loss from ordinary activities:		
Depreciation	10,002	3,783
Exploration expenditure written off	60,926	240,447
Equity settled compensation	-	197,130
Gain on disposal of subsidiary	-	(453)
Reclassify foreign currency reserve	-	667,824
Interest on borrowings	30,000	-
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	1,736	12,847
(Increase)/Decrease in prepayments and other assets	708	10,127
(Decrease)/Increase in payables	(27,638)	(72,074)
<b>Cash flows from operations</b>	<b>(693,759)</b>	<b>(698,149)</b>

### NOTE 12: EARNINGS PER SHARE

	30 June 2017	30 June 2016
	\$	\$
Net loss used in the calculation of basic and diluted EPS	(769,493)	(1,757,780)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	820,997,906	767,479,642

Options are considered potential ordinary shares. Options issued are not presently dilutive and were not included in the determination of diluted earnings per share for the period. Shares and options issued subsequent to 30 June 2017 are also not dilutive.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

### NOTE 13: COMMITMENTS

#### (a) Exploration Commitments

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

The following commitments exist at balance date but have not been brought to account. If the relevant option to acquire a mineral tenement is relinquished the expenditure commitment also ceases. The Group has the option to negotiate new terms or relinquish the tenements and also to meet expenditure requirements by joint venture or farm-in arrangements.

	30 June 2017	30 June 2016
	\$	\$
Not later than 1 year	1,000,000	1,000,000
Later than 1 year but not later than 5 years	-	212,838
<b>Total commitment</b>	<b>1,000,000</b>	<b>1,212,838</b>

#### (b) Operating Lease Commitments

The Group has no operating leases (2016: nil).

### NOTE 14: CONTINGENT LIABILITIES

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

### NOTE 15: RELATED PARTY TRANSACTIONS

#### Parent Entity

Elementos Limited is the legal parent and ultimate parent entity of the Group, owning 100% of all subsidiaries at 30 June 2017.

#### Subsidiaries

Interest in subsidiaries are disclosed in Note 20.

#### Key Management Personnel

	30 June 2017	30 June 2016
	\$	\$
Short-term employee benefits	373,828	353,687
Post-employment benefits	13,281	22,910
Equity-based payments	-	191,300
	<b>387,109</b>	<b>567,897</b>

On 23 December 2015, the Company executed a loan deed with the Company's Non-Executive Chairman Mr Andy Greig, a related party, for up to \$500,000. The loan has been settled since 30 June 2017. Further details are contained in Note 8 (Borrowings).

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

### NOTE 16: SHARE-BASED PAYMENTS

#### Director and Employee Share-based Payments

Share based payment expense recognised during the year:

	30 June 2017	30 June 2016
	\$	\$
Share based payment expense recognised during the period:		
Options issued to employees under employee share option plan	-	133,930
Options issued to consultant	-	63,200
	<u>-</u>	<u>197,130</u>

During the year ended 30 June 2016, 31million options were granted, 21million to employees (includes 20million options issued to the then chief executive officer, Tim McManus, one of the Group's key management personnel) under the employee share option plan and 10million to a consultant. The options vested on grant date and expire on 31 July 2019, except for 1million which expire 31 July 2018.

The weighted average fair value of options granted during the year was 0.64 cents. The fair values at grant date were determined by an independent valuator using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the year ended 30 June 2016 were as follows:

- grant dates: 26 August 2015 (for 21million options) and 21 December 2015 (for 10million options)
- share price at grant date: 1.0 cent (for the 21million options issued on 26 August 2015) and 0.9 cents (for the 10million options issued on 21 December 2015)
- exercise prices: 1.25 cents to 1.50 cents
- expected volatility: 100%
- expected dividend yield: nil%
- risk free rates: 1.91% (for 1million options expiring 31 July 2018) and 2.12% (for 30million options expiring 31 July 2019)

Expected volatility was determined based on the historic volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility based on publicly available information.

### NOTE 17: AUDITOR'S REMUNERATION

Remuneration for the auditor of the parent entity:

	30 June 2017	30 June 2016
	\$	\$
BDO Audit Pty Ltd and its related entities:		
Auditing or reviewing the financial reports	34,343	42,324
	<u>34,343</u>	<u>42,324</u>

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017**

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**NOTE 18: FINANCIAL RISK MANAGEMENT****(a) Financial Risk Management Policies**

The Elementos Group's financial instruments comprises cash balances, receivables and payables, loans to and from subsidiaries and a loan from a related party. The main purpose of these financial instruments is to provide finance for Group operations.

**Treasury Risk Management**

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

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

**Financial Risks**

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

**Interest Rate Risk**

The Group's exposure to interest rate risk, which is the risk that a financial instrument's cash flows from interest will fluctuate as a result of changes in market interest rates, arises in relation to the Group's bank balances. This risk is managed through careful placement of surplus funds in interest bearing bank accounts.

**Liquidity Risk**

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

The economic Group's activities are funded from equity and where required and available debt and/or project finance. There is no requirement to repay principal or pay interest on the related party loan during the loan term.

**Credit Risk**

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

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

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

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

At 30 June 2017, there was no concentration of credit risk, other than bank balances and on geographical basis with most financial assets in Australia (2016: nil).

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

	30 June 2017	30 June 2016
	\$	\$
<b>Financial assets:</b>		
Within 6 months:		
cash & cash equivalents (i)	655,868	467,268
receivables (ii)	284	2,020
	<b>656,152</b>	<b>469,288</b>
<b>Financial liabilities:</b>		
Within 6 months:		
payables (ii)	(68,175)	(62,739)
Within 18 months:		
loan	(545,658)	(515,658)
	<b>(613,833)</b>	<b>(578,397)</b>

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

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

### (c) Fair Values

Fair values of financial assets and financial liabilities are materially in line with carrying values due to their short term nature.

### (d) Sensitivity Analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant, is immaterial (2016: immaterial).

## NOTE 19: SEGMENT REPORTING

Operating segments have been determined on the basis of reports reviewed by the board of directors and the Chief Executive Officer (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. The Group's previous exploration activities in Argentina and Chile have been discontinued and/or sold.

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 year. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

### NOTE 20: SUBSIDIARIES

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

	Country of incorporation	Ownership interest	
		2017	2016
Rockwell Minerals Pty Ltd	Australia	100%	100%
Rockwell Minerals (Tasmania) Pty Ltd	Australia	100%	100%
Elementos Minerales S.A.	Argentina	100%	100%
Elementos Chile Limitada	Chile	100%	100%

### NOTE 21: SUBSEQUENT EVENTS

On 29 June 2017, the Company announced that:

- it had received commitments to complete a private placement of 100,000,000 shares to be issued at 0.60 cents per share (and 100,000,000 attaching options having an exercise price of 0.6 cents per option and expiring on 30 June 2018) to raise a total of \$600,000 (before costs) (**Placement**); and
- it would proceed with a non-renounceable rights issue to raise up to \$1,423,947 (before costs) on the same conditions as the abovementioned Placement, by issuing up to 237,324,456 shares and 237,324,456 attaching options (**Rights Issue**).

On 30 June 2017, 100,000,000 ordinary shares were issued, pursuant to the Placement, raising \$600,000 (before costs).

The Rights Issue was made in accordance with section 713 of the Corporations Act with full details set out in a Prospectus sent to Eligible Shareholders on 6 July 2017. The Rights Issue contained a debt conversion facility.

Subsequent to 30 June 2017, the following events were completed as part of the Placement and Rights Issue:

- The Rights Issue was fully subscribed (after the entitlement and shortfall offers) resulting in 237,324,642 shares and 237,324,642 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) being issued. 45,371,137 of these shares and options were issued to the Company's Chairman and largest shareholder, Andy Greig, utilising the debt conversion facility to take up his Rights Issue entitlement (\$272,226); and
- 100,000,000 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were issued pursuant to the Placement.

Also subsequent to 30 June 2017:

- 45,371,137 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised in to 45,371,137 shares by the Company's Chairman and largest shareholder, Andy Greig, using debt conversion (\$272,226); and
- a further 602,108 unlisted options (exercisable at 0.60 cents per option expiring on 30 June 2018) were exercised in to 602,108 shares, raising \$3,613.



## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2017

Other than the capital raising events noted above, there are no other matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### NOTE 22: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Elementos Limited at 30 June 2017. This information has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2017	30 June 2016
	\$	\$
Current assets	655,020	467,131
Non-current assets	6,722,117	7,426,918
Total assets	<u>7,377,137</u>	<u>7,894,049</u>
Current liabilities	623,084	59,257
Non-current liabilities	-	515,658
Total liabilities	<u>623,084</u>	<u>574,915</u>
Contributed equity	29,287,232	28,302,914
Reserves	1,270,522	1,270,522
Accumulated losses	(23,803,701)	(22,254,302)
Total equity	<u>6,754,053</u>	<u>7,319,134</u>
Loss for the period	(1,549,399)	(1,328,273)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(1,549,399)</u>	<u>(1,328,273)</u>

The Company has no contingent liabilities, nor has it entered into any guarantees in relation to the debts of its subsidiaries (2016: nil).

The Company has not entered into any contractual commitments for the acquisition of property, plant and equipment (2016: nil).

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

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

### NOTE 23: COMPANY DETAILS

The registered office and principal place of business is:

Level 10, 110 Mary Street  
Brisbane, Queensland, 4000 Australia

### NOTE 24: DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

## Director's Declaration

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The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standards which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of their performance for the financial year ended on that date.
2. The chief executive officer and chief financial officer have each declared that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



**C. Nolan**  
**Director**

Dated 28 September 2017  
Brisbane, Queensland

## INDEPENDENT AUDITOR'S REPORT

To the members of Elementos Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Elementos Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

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

### Material uncertainty related 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 opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Carrying value of exploration and evaluation assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group carries significant exploration and evaluation assets of \$4,745,500 as at 30 June 2017 as disclosed in note 5 to the financial statements.</p> <p>The carrying value of exploration and evaluation assets represents a significant asset of the company and assessing whether facts or circumstances exist to suggest that impairment indicators were present, and if present, whether the carrying amount of this asset may exceed its recoverable amount was considered key to the audit.</p> <p>This assessment involves significant judgement applied by management.</p> <p>We considered it necessary to assess whether facts and circumstances existed to suggest that impairment indicators were present, and if present, whether the carrying amount of these assets may exceed its recoverable amount.</p>	<p>Our procedures included, but were not limited to, assessing and evaluating management’s assessment of whether any impairment indicators in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> have been identified across the Group’s exploration projects, the indicators being:</p> <ul style="list-style-type: none"> <li>• Expiring, or imminently expiring, rights to tenure</li> <li>• A lack of budgeted or planned exploration and evaluation spend on the areas of interest</li> <li>• Discontinuation of, or a plan to discontinue, exploration activities in the areas of interest</li> <li>• Sufficient data exists to suggest carrying value of exploration and evaluation assets is unlikely be recovered in full through successful development or sale.</li> </ul> <p>We verified current tenement licences to determine that the group has the rights to tenure and maintains the tenements in good standing. We obtained the expenditure budget for the 2018 year and assessed that there is reasonable forecasted expenditure to confirm continued exploration spend into the projects indicating that Management are committed to the projects. We also reviewed ASX announcements and Board meeting minutes for the year and subsequent to year end for exploration activity to identify any indicators of impairment.</p>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

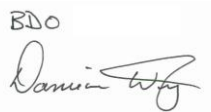
We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Elementos Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**



**D P Wright**  
Director

Brisbane, 28 September 2017



## **ELEMENTOS LIMITED**

**ABN 49 138 468 756**

### **CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016**

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## Cautionary Statements

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### Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled.

Elementos undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements). The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

### Mineral Resources and Ore Reserves

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

Elementos confirms that it is not aware of any new information or data that materially affects the Mineral Resource or Ore Reserve information included in the following announcements:

- "Cleveland Tailings Ore Reserve" released on the 3 August 2015;
- "Cleveland JORC Resource Significantly Expanded" announced to the ASX on 5 March 2014; and
- "Cleveland Open Pit - High-Grade Mineral Resource Defined" announced on 3 March 2015.

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

A separate Competent Person sign-off for the Annual Mineral Resources and Ore Reserves Statement is set out on page 26.

### Scoping study results and mining inventories

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

Elementos advises that the scoping study results are partly drawn from Inferred Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised.

The term "mining inventory" is used to describe Indicated and Inferred Mineral Resource within the mine design. Whereas an Ore Reserve, as defined by the JORC code (2012 Edition), must be based on a study at pre-feasibility study level or better and must not include Inferred Mineral Resources. As such, no Ore Reserve can be publicly declared on the basis of these scoping studies.

## Corporate Information

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### Directors and Company Secretary

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

### Head Office and Registered Office

Elementos Limited  
Level 10, 110 Market Street  
Brisbane QLD 4000  
Tel: +61 7 3212 6299  
Fax: +61 7 3212 6250  
[www.elementos.com.au](http://www.elementos.com.au)

### Auditors

BDO Audit Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000  
Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
[www.bdo.com.au](http://www.bdo.com.au)

### Share Registry

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Tel: 1300 737 760  
Fax: 1300 653 459  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### Stock Exchange Listing

Australian Securities Exchange Ltd  
ASX Code: ELT

### Australian Business Number

49 138 468 756

## Review of Operations

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

### Cleveland

The Group continued to progress its **Cleveland Project in North-western Tasmania** toward development. Early in the year the Company completed Pre-feasibility and Scoping Studies on the Project at Cleveland, summaries of which are set out below:

#### Tailings Reprocessing PFS

A Pre-feasibility Study<sup>1</sup> ("PFS") for the reprocessing of the Tailings Mineral Resource was completed. The PFS resulted in an estimated an Ore Reserve of 3.7 million tonnes @ 0.29% Tin<sup>2</sup> (0% cut-off grade). The PFS demonstrated that the reprocessing of tailings is both technically and financially viable.

#### Open Pit Mining Scoping Study

In the first quarter, the Company received the results of an Open Pit Scoping Study, prepared by AMC Consultants Pty Ltd (AMC). The study was based on the previously announced Mineral Resource of 0.8Mt at 0.81% Tin and 0.27% Copper<sup>3</sup>.

The study identified five viable open pits and concluded the open-pit project to be financially robust and technically low-risk; with over 98% of the ore being in the Indicated Mineral Resource category.

#### Underground Mining Scoping Study

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

The study provided a high-level mine design, mining inventory, production schedule, process plant flowsheet, and cost estimate for the potential underground operation. Based on the previously announced Mineral Resource<sup>4</sup>, the study identified a potential mining inventory<sup>5</sup> of 1.9Mt of tin-copper ore grading 0.61% Tin and 0.22% Copper, and 1.7Mt of tungsten ore grading 0.31% WO<sub>3</sub>.

The findings demonstrate that known underground resources could extend the Cleveland mine life by up to eight years and significantly add to the project's cash flows.

### Environmental

The Cleveland environmental permitting process and Mining License Application are progressing. The Tasmanian government remains very supportive and is working with the Company to progress the Cleveland Project towards development. The Company's objective is to move to production and cash flow, through a low-capital, development strategy as quickly as possible.

A number of initiatives for reducing the initial capital cost of the tailings retreatment project were accessed during the year, including moving the Tailings Storage Facility (TSF) to a new location. A Scoping Study on the conceptual TFS plan is complete and has indicated a meaningful cost saving per cubic meter of tailing stored is achievable.

Also during the year Elementos has undertaken column leach tests to access the NAG (Net Acid Generation) or NAP (Net Acid Production) characteristics of the waste material generated from

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<sup>1</sup> Announced per the JORC Code 2012 on 3 August 2015 "Cleveland Tailings PFS".

<sup>2</sup> Announced per the JORC Code 2012 on 3 August 2015 "Cleveland Tailings Ore Reserve".

<sup>3</sup> Announced per the JORC Code 2012 on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"

<sup>4</sup> Announced per the JORC Code 2012 on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"

<sup>5</sup> A mining inventory is not an Ore Reserve. Refer to Cautionary Statements attached to this announcement.

## Review of Operations

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tailings. Also the Company has continued a water-monitoring program on site. Both of these activities are required to ensure relevant approvals will be granted.

### Conclusion

Since the completion of the positive Pre-Feasibility and Scoping Studies, the equity and commodity markets have been depressed, creating a difficult environment for raising new equity capital. Therefore the appropriate development strategy was to identify potential funding or off-take partners for the Cleveland project, before moving to the next phase.

Despite the operating environment, the Company is encouraged by the over 30% increase in the LME tin price from a low of US\$13,810 in January 2016. Also the recent increase in successful equity capital raisings in the junior resources sector bodes well for Elementos in 2016/17.

### Other Projects

#### Selwyn

At the **Selwyn Range project in the Mt Isa district**, the Company's Joint Venture partner, Jason Resources, completed a XRF geochemical line survey. The survey comprised 7 lines 400m apart at Sandy Creek, 5 lines at Mt Ulo, 2 lines at Perisher, 2 lines at the A1 magnetic anomaly and 5 lines at Wallaby. 502 XRF soil and 38 XRF rock samples were assayed.

Non-prospective sub-blocks were relinquished across the tenement package as required by government regulations and the agreed schedule. Later in the year Jason Resources, withdrew from the joint venture agreement. The Company is considering its options in regard to the project.

#### Millennium

During the year Elementos announced that it had relinquished its **Millennium Project** exploration permits in order to reduce holding costs, plus the dissolution of its joint venture with Chinalco Yunnan Copper Resources Ltd (ASX:CYU) and the subsequent sale of its **Millennium Project** leases to Hammer Metals Limited (ASX:HMX).

## Director's Report

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The directors submit their report on the consolidated entity ("Group") consisting of Elementos Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2016.

### Directors

The following persons were directors of Elementos Limited during the financial year and up to the date of this report, unless otherwise stated:

Mr Andy Greig (appointed 30 October 2015)  
Mr Chris Dunks (appointed 4 November 2015)  
Mr Corey Nolan  
Mr Calvin Treacy  
Mr Rick Anthon (resigned 30 October 2015)  
Mr Richard Seville (resigned 26 October 2015)

### Information on Directors

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

#### **Andy Greig (appointed 30 October 2015)**

*Non- Executive Chairman*

Mr Greig (GDipBus (Monash); Fellow, ATSE) recently retired from a 35 year career with Bechtel Group, Inc., the globally renowned engineering, construction and project management company. Mr Greig was a director of Bechtel Group, Inc., and for 13 years through 2014 the President of its Mining and Metals Global Business Unit.

Mr Greig has deep experience in the engineering and construction of large mining and minerals processing projects around the world. He is a business graduate of Monash University, and a Fellow of the Australian Academy of Technological Sciences and Engineering.

Mr Greig has not held any other (ASX listed) directorships in the last three years.

#### **Chris Dunks (appointed 4 November 2015)**

*Executive Director*

Mr Dunks (BEng (Mech), GAICD) is currently the Managing Director of Synergen Met Pty Ltd, a Brisbane-based company that is commercialising novel minerals processing technology.

Mr Dunks was a Founder and Managing Director of Rockwell Minerals Pty Ltd, the company that merged with Elementos in 2013, and negotiated the original deal to purchase the Cleveland Project. Mr Dunks's experience over the last 20 years has been dominated by working on major minerals processing, refining and power projects both in Australia and the USA.

Mr Dunks's experience has been in mechanical design, construction management and supervision, project controls, project management, contract negotiation, business development and new technology commercialisation. He has worked extensively with Bechtel, Worley Parsons, SNC Lavalin and Jacobs (Aker Kvaerner).

Mr Dunks was originally appointed as a Non-Executive Director of Elementos in November 2015. Following the resignation of the Company's CEO in July 2016, Mr Dunks is continuing the Company's permitting and partnering process in an Executive Director capacity.

Mr Dunks is a member of the Audit and Risk Committee.

## Director's Report

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Mr Dunks has not held any other (ASX listed) directorships in the last three years.

### **Corey Nolan**

*Non-executive Director*

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

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

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

Mr Nolan is a member of the Audit and Risk Committee.

During the past three years, Mr Nolan has also served as a director of the following ASX listed company:

- Leyshon Resources Limited \* (since 14 February 2014)  
\*denotes current directorship

### **Calvin Treacy**

*Non-executive Director*

Mr Treacy (BEng, MBA, MAICD) has over twenty years senior management experience in mining, mining technology and manufacturing. He has a strong track record of founding and growing companies, and brings a wealth of experience in the areas of strategic planning and capital raising. Mr Treacy is a qualified Mechanical Engineer and holds a Masters of Business Administration, with extensive experience across a range of industries and positions.

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

Mr Treacy is a member of the Audit and Risk Committee.

Mr Treacy has not held any other (ASX listed) directorships in the last three years.

### **Company Secretary**

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

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

He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company

## Director's Report

listings and company secretarial responsibilities, and serves as corporate secretary and chief financial officer of several Australian and Canadian public companies.

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

### Interests in Securities

As at the date of this report, the interests of each director in shares and options issued by the Company are shown in the table below:

Directors	Shares	Unlisted Options (\$0.03 @ 20-Mar-18)	Unlisted Options (\$0.06 @ 20-Jan-17)
A. Greig	164,000,001	-	-
C. Dunks	15,750,004	-	-
C. Nolan	3,853,400	-	800,000
C. Treacy	26,850,004	6,200,000	-

### Principal Activities

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

### Operating Results

The Group's operating loss for the financial year, after applicable income tax was \$1,757,780 (2015: \$2,692,540). Exploration and evaluation expenditure during the year totalled \$459,006 (2015: \$1,352,157).

### Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year.

### Review of Operations

Information on the operations of the Group during the financial year and up to the date of this report is set out separately in the Annual Report under Review of Operations.

### Review of Financial Condition

#### Capital Structure

No shares were issued during the financial year (or subsequent to 30 June 2016).

On 26 August 2015, 1,000,000 unlisted options exercisable at \$0.012 per option on or before 31 July 2018 were issued to an employee.

On 26 August 2015, 10,000,000 unlisted options exercisable at \$0.0125 per option on or before 31 July 2019 and 10,000,000 unlisted options exercisable at \$0.015 per option on or before 31 July 2019 were issued to the Company's then CEO.

## Director's Report

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On 21 December 2015, 10,000,000 unlisted options exercisable at \$0.0125 per option on or before 31 July 2019 were issued to management.

During the year 5,000,000 options exercisable at \$0.226 expired.

At 30 June 2016, the Company had 767,479,642 ordinary shares and 43,850,000 unlisted options on issue.

Subsequent to 30 June 2016, the 20,000,000 unlisted options issued to management on 26 August 2015 (noted above) lapsed following the resignation of the CEO.

As at the date of this report, the Company had 767,479,642 ordinary shares and 23,850,000 unlisted options on issue.

### **Financial Position**

At 30 June 2016, the Group's net assets totalled \$4,580,715 (2015: \$5,502,726) which included cash assets of \$467,268 (2015: \$761,828). The movement in net assets largely resulted from the following factors:

- Operating losses of \$1,757,780;
- Cash outflows from operating activities (\$698,149) were partially offset by the receipt of \$500,000 of loan funding (an increase in liabilities); and
- Cash outflows on exploration and evaluation assets (\$459,006) were mostly offset by the receipt for R&D refunds (\$320,684) and proceeds from the sale of a subsidiary (\$57,950).

Throughout the year the Group focussed on:

- progressing environment approvals and mining licences;
- completing technical studies required to attract suitable project partner/s and corporate/project funding;
- exploring innovative ways of enhancing the value of the Group' Cleveland Project

This focus resulted in:

- reduced 'on-the-ground' project expenditure (from 2015);
- lower overall corporate and administration overheads following Board and management restructures throughout the year; and
- seeking additional funding that the Board chose to take in the form of an unsecured loan from a related party.

The Group's working capital, being current assets less current liabilities has decreased from \$625,420 in 2015 to \$407,257 in 2016.

### **Treasury policy**

The Group does not have a formally established treasury function. The Board is responsible for managing the Group's finance facilities. The Group does not currently undertake hedging of any kind and is not directly exposed to material currency risks.

### **Liquidity and funding**

The Group has sufficient funds to finance its operations and exploration activities, and to allow the Group to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

### **Significant Changes in State of Affairs**

There were no significant changes in the state of affairs of the Group in the financial year.



## Director's Report

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### Subsequent Events

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

### Business Results

The prospects of the Group in progressing their exploration projects in Tasmania may be affected by a number of factors. These factors are similar to most exploration companies moving through exploration phase and attempting to get projects into development. Some of these factors include:

- Exploration - the results of the exploration activities may be such that the estimated resources are insufficient to justify the financial viability of the projects. Elementos undertakes extensive exploration and product quality testing prior to establishing JORC compliant resource estimates and to (ultimately) support mining feasibility studies. The Company engages external experts to assist with the evaluation of exploration results where required and utilises third party competent persons to prepare JORC resource statements or suitably qualified senior management of the Company. Economic feasibility modelling of projects will be conducted in conjunction with third party experts and the results of which will usually be subject to independent third party peer review
- Regulatory and Sovereign - the Company operates in Australia and deals with local regulatory authorities in relation to the exploration of its properties. The Company may not achieve the required local regulatory approvals to continue exploration or properly assess development prospects. The Company takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Social Licence to Operate – the ability of the Company to secure and undertake exploration and development activities within prospective areas is also reliant upon satisfactory resolution of native title and (potentially) overlapping tenure. To address this risk, the Company develops strong, long term effective relationships with landholders with a focus on developing mutually acceptable access arrangements. The Company takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Environmental - All phases of mining and exploration present environmental risks and hazards. Elementos's operations in Australia are subject to environmental regulation pursuant to a variety of state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The Company assesses each of its projects very carefully with respect to potential environmental issues, in conjunction with specific environmental regulations applicable to each project, prior to commencing field exploration. Periodic reviews are undertaken once field exploration commences.
- Safety - Safety is of critical importance in the planning, organisation and execution of Elementos's exploration and development activities. Elementos is committed to providing

## Director's Report

and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise an employee's health, safety or the health and safety of others associated with our business. Elementos recognise that safety is both an individual and shared responsibility of all employees, contractors and other persons involved with the operation of the organisation. The Company has a comprehensive Safety and Health Management system which is designed to minimise the risk of an uncontrolled safety and health event and to continuously improving safety culture within the organisation.

- Funding - the Company will require additional funding to continue exploration and potentially move from the exploration phase to the development phases of its projects. There is no certainty that the Company will have access to available financial resources sufficient to fund its exploration, feasibility or development costs at those times.
- Market - there are numerous factors involved with exploration and early stage development of its projects, including variance in commodity price and labour costs which can result in projects being uneconomical.

### Environmental Issues

The Group is subject to significant environmental regulations under the laws of the Commonwealth of Australia and states of Australia in which the Group operates.

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

### Native Title

Mining tenements that the Group currently holds, are subject to Native Title claims. The Group has a policy that is respectful of the Native Title rights and is continuing to negotiate with relevant indigenous bodies.

### Remuneration Report (Audited)

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

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

Andy Greig	Director – Non-executive Chairman (appointed 30 October 2015)
Chris Dunks	Director – Non-executive (appointed 4 November 2015, ceased 6 July 2016) Director – Executive (commenced 6 July 2016)
Corey Nolan	Director - Non-executive
Calvin Treacy	Director - Managing Director (ceased 9 June 2015) Director - Non-executive (commenced 9 June 2015)
Rick Anthon	Director – Non-executive Chairman – (resigned 30 October 2015)
Richard Seville	Director - Non-executive (resigned 26 October 2015)
Duncan Cornish	Chief Financial Officer (appointed 16 June 2015) Company Secretary (appointed 1 December 2015)

## Director's Report

Tim McManus	Chief Operating Officer (appointed 29 September 2014, ceased 9 June 2015) Chief Executive Officer (commenced 9 June 2015, resigned 6 July 2016)
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The Group's remuneration policy seeks to align director and executive objectives with those of shareholders and business, while at the same time, recognising the early development stage of the Group and the criticality of funds being utilised to achieve development objectives. The board believes the current policy has been appropriate and effective in achieving a balance of these objectives.

The Group's remuneration policy provides for long-term incentives to be offered through a director and employee share option plan and also through a performance rights plan (approved at the Company's 2015 AGM). Options may be granted under these plans to align directors', executives', employees' and shareholders' interests. Two methods may be used to achieve this aim, the first being performance rights and options that vest upon reaching or exceeding specific predetermined objectives, and the second being options granted with higher exercise prices (than the share price at issue) rewarding share price growth.

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

### **Performance-Based Remuneration**

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

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

The exercise price of the options is determined after taking into account the underlying share price performance in the period leading up to the date of grant and if applicable, performance conditions attached to the share options. Subject to specific vesting conditions, each option is convertible into one ordinary share.

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

### **Directors**

Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the Group. The maximum aggregate amount of fees that can be paid to non-executive directors approved by shareholders is currently \$250,000. One-third, by number, of non-executive directors retires by rotation at the Company's Annual General Meeting. Retiring directors are eligible for re-election by shareholders at the Annual General Meeting of the Company. The appointment conditions of the non-executive directors are set out and agreed in letters of appointment.

## Director's Report

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Given the protracted negotiations of the partnering and funding process, the Company believes it is prudent it continues to maintain a very low-cost corporate overhead and preserve its cash resources. Consequently, following a board restructure at the end of October 2015 the board resolved to reduce non-executive director fees (from \$27,500 per annum plus superannuation) to \$25,000 per annum (including superannuation) (to Messrs Dunks, Nolan and Treacy) and Andy Greig chose to not accept a (director) fee. Following the resignation of the Company's CEO on 6 July 2016, Chris Dunks was appointed as an executive director and his fee was increased to \$70,000 per annum (including superannuation) from 1 August 2016.

### Executives

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

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

The key terms of the employment agreement with Tim McManus (CEO during the year ended 30 June 2016 and until 6 July 2016) were:

- Total Fixed Remuneration of \$200,000 per annum;
- Annual cash bonus at the discretion of the board;
- Short term incentive of 20.0m performance rights;
- Long term incentive of 20.0m unlisted options expiring on or before 31 July 2019 (10.m @ \$0.0125 and 10.m @ \$0.0150), issued on 26 August 2015; and
- Three months' notice of termination by the Company and no notice required by Tim McManus.

As noted above, Tim McManus resigned on 6 July 2016. None of the performance rights were issued and all of the unlisted options have since lapsed unexercised.

The Company has a services agreement with Corporate Administration Services Pty Ltd ("CAS") and Duncan Cornish, the Company's CFO (since 1 December 2015) and Company Secretary (since 15 June 2015). Under the agreement, CAS also provides accounting, bookkeeping and administrative services. Both Elementos and CAS are entitled to terminate the agreement upon giving not less than three months' written notice. The base fee under the services agreement is \$120,000 per annum, in effect from 1 December 2015. Prior to the CFO appointment, the base fee for company secretarial services was \$30,000 per annum (from 15 June 2015 to 30 November 2015). On 21 December 2015 Duncan Cornish was issued with 10.0 million unlisted options exercisable at \$0.0125 each on or before 31 July 2019 (vested immediately on issue).

## Director's Report

### Remuneration Details of Key Management Personnel

The remuneration of the key management personnel of Elementos Limited for the year ended 30 June 2016 was as follows:

#### Year Ended 30 June 2016

Key Management Personnel	Short Term Benefits		Equity Settled Shares	Equity Settled Options	Post-Employment Super-annuation	Total	Performance related %	% consisting of options
	Salary & Fees	Bonuses						
	\$	\$	\$	\$	\$	\$		
A. Greig	-	-	-	-	-	-	-	-
C. Dunks	16,664	-	-	-	-	16,664	-	-
C. Nolan	24,221	-	-	-	2,301	26,522	-	-
C. Treacy	24,221	-	-	-	2,301	26,522	-	-
R. Anthon	13,367	-	-	-	-	13,367	-	-
R. Seville	9,000	-	-	-	855	9,855	-	-
D. Cornish	82,500	-	-	63,200	-	145,700	-	42.8%
T. McManus	183,714	-	-	128,100	17,453	329,267	-	38.9%
	<b>353,687</b>	-	-	<b>191,300</b>	<b>22,910</b>	<b>567,897</b>		

The remuneration of the key management personnel of Elementos Limited for the year ended 30 June 2015 was as follows:

#### Year Ended 30 June 2015

Key Management Personnel	Short Term Benefits		Equity Settled Shares	Equity Settled Options	Post-Employment Super-annuation	Total	Performance related %	% consisting of options
	Salary & Fees	Bonuses						
	\$	\$	\$	\$	\$	\$		
R. Anthon	25,000	-	-	-	-	25,000	-	-
C. Treacy	217,422	-	-	-	15,449	232,871	-	-
C. Nolan	20,696	-	18,510	-	3,725	42,931	-	-
R. Seville	20,696	-	18,510	-	3,725	42,931	-	-
T. McManus	134,036	-	-	-	12,733	146,769	-	-
	<b>417,850</b>	-	<b>37,020</b>	-	<b>35,632</b>	<b>490,502</b>		

## Director's Report

The percentage of equity based remuneration for persons who were key management personnel of the Group during the year ended 30 June 2016 is set out below:

Key Management Personnel	Proportion of Remuneration	
	Equity Based	Salary and Fees
A. Greig	n/a	n/a
C. Dunks	-	100%
C. Nolan	-	100%
C. Treacy	-	100%
R. Anthon	-	100%
R. Seville	-	100%
T. McManus	38.9%	61.1%
D. Cornish	42.8%	57.2%

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

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

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

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Share Price at year end (\$)	0.008	0.010	0.02	0.015	0.079	0.225

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

## Director's Report

### Options Held by Key Management Personnel

Details of options held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2016 were as follows:

Key Management Personnel	Balance at 1 July 2015	Granted as Compensation	Exercised	Expired	Balance at 30 June 2016	Total Vested 30 June 2016	Total Vested and Exercisable 30 June 2016
A. Greig	-	-	-	-	-	-	-
C. Dunks	-	-	-	-	-	-	-
C. Nolan	3,300,000	-	-	2,500,000	800,000	800,000	800,000
C. Treacy	6,200,000	-	-	-	6,200,000	6,200,000	6,200,000
R. Anthon	-	-	-	-	-	-	-
R. Seville	-	-	-	-	-	-	-
D. Cornish	-	10,000,000	-	-	10,000,000	10,000,000	10,000,000
T. McManus	-	20,000,000	-	-	20,000,000	20,000,000	20,000,000
	<b>9,500,000</b>	<b>30,000,000</b>	-	<b>2,500,000</b>	<b>37,000,000</b>	<b>37,000,000</b>	<b>37,000,000</b>

Details of options held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2015 were as follows:

Key Management Personnel	Balance at 1 July 2014	Granted as Compensation	Exercised	Other Changes	Balance at 30 June 2015	Total Vested 30 June 2015	Total Vested and Exercisable 30 June 2015
C. Nolan	3,300,000	-	-	-	3,300,000	3,300,000	3,300,000
C. Treacy	6,200,000	-	-	-	6,200,000	6,200,000	6,200,000
R. Anthon	-	-	-	-	-	-	-
R. Seville	-	-	-	-	-	-	-
	<b>9,500,000</b>	-	-	-	<b>9,500,000</b>	<b>9,500,000</b>	<b>9,500,000</b>

## Director's Report

### Options Granted as Remuneration

As noted above, 30,000,000 options were issued to key management personnel during the year ended 30 June 2016.

Key Management Personnel	Number of Options	Exercise Price	Grant Date	Expiry Date	Value per Option
D. Cornish	10,000,000	\$0.0125	21-Dec-15	31-Jul-19	\$0.00632
T McManus <sup>(1)</sup>	10,000,000 <sup>(1)</sup>	\$0.0125	26-Aug-15	31-Jul-19	\$0.00656
	10,000,000 <sup>(1)</sup>	\$0.0150	26-Aug-15	31-Jul-19	\$0.00625

Note:

- (1) The options issued to Tim McManus noted above have lapsed subsequent to 30 June 2016.

Further information regarding the terms and valuation of the options shown above is included in Note 20 (Share Based Payments).

### Shares Held by Key Management Personnel

Details of shares held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2016 were as follows:

Key Management Personnel	Balance at 1 July 2015	Granted as Compensation	Received on Exercise of Options	Other Changes	Balance at 30 June 2016
A. Greig	-	-	-	164,000,001 <sup>(1)</sup>	164,000,001
C. Dunks	-	-	-	15,750,004 <sup>(1)</sup>	15,750,004
C. Nolan	3,853,400	-	-	-	3,853,400
C. Treacy	26,850,004	-	-	-	26,850,004
R. Anthon	4,664,678	-	-	(4,664,678) <sup>(2)</sup>	-
R. Seville	26,290,598	-	-	(26,290,598) <sup>(2)</sup>	-
D. Cornish	-	-	-	-	-
T. McManus	300,000	-	-	(300,000)	-
	<b>61,958,680</b>	-	-	<b>148,494,729</b>	<b>210,453,409</b>

Notes:

- (1) The Shares added (shown in 'Other Changes') for A. Greig and C. Dunks represent their respective holdings when they were appointed as directors of the Company during the year.  
 (2) The Shares deducted (shown in 'Other Changes') for R. Anthon and R. Seville represent their respective holdings when they resigned as directors of the Company during the year.

### Other transactions with Key Management Personnel

On 23 December 2015, the Company executed a loan deed with the Company's Non-Executive Chairman Mr Andy Greig, a related party, for up to \$500,000. Further details are contained in Note 12 (Borrowings).

At 30 June 2016, the amount recognised as a non-current liability was \$515,658 (including \$15,658 of accrued interest).



## Director's Report

### End of Remuneration Report

#### Options

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

#### Unlisted Options

Grant Date	Expiry Date	Exercise Price	No. Under Option
28 March 2011	18 January 2017	\$0.326	1,000,000
4 December 2012	3 December 2016	\$0.06	200,000
8 February 2013	20 January 2017	\$0.06	2,350,000
20 March 2014	20 March 2018	\$0.03	9,300,000
26 August 2015	31 July 2019	\$0.012	1,000,000
26 August 2015	31 July 2019	\$0.0125	10,000,000
			<b>23,850,000</b>

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

#### Directors' Meetings

The meetings attended by each director during the financial year were:

Directors	Board		Audit & Risk Committee	
	Meetings	Attended	Meetings	Attended
A. Greig (appointed 30 October 2015)	4	4	1*	1*
C. Dunks (appointed 4 November 2015)	4	4	1	1
C. Nolan	7	6	1	1
C. Treacy	7	7	1*	1*
R. Anthon (resigned 30 October 2015)	3	3	-	-
R. Seville (resigned 26 October 2015)	3	2	-	-

\* These directors attended the Audit & Risk Committee meeting (by invitation) despite not being members of the Audit & Risk Committee or appointed members of the Audit & Risk Committee at that time.

#### Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Elementos Limited support and, where practicable or appropriate, have adhered to the ASX Principles of Corporate Governance. The Company's corporate governance statement is set out in this Annual Report.

## Director's Report

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### Indemnifying Directors and Auditors

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

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

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

### Proceedings on Behalf of the Company

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

### Non-Audit Services

The auditors did not provide any non-audit services during the year (2015: Nil).

### Auditor's Independence Declaration

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

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



**C. Treacy**  
Director

Dated this 29th day of September 2016  
Brisbane, Queensland

## Director's Report

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### AUDITOR'S DECLARATION OF INDEPENDENCE



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

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

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

As lead auditor of Elementos Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to be 'A J Whyte', written over a circular scribble.

**A J Whyte**  
Director

**BDO Audit Pty Ltd**

Brisbane, 29 September 2016

## Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 19 September 2016.

### (a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Ordinary Shares		Unlisted Options (\$0.06 @ 3-Dec-16)	
	No. Holders	No. Shares	No. Holders	No. Options
1 - 1,000	57	11,954	-	-
1,001 - 5,000	78	243,519	-	-
5,001 - 10,000	88	723,859	-	-
10,001 - 100,000	290	12,239,370	-	-
100,001 and over	315	754,260,940	1	200,000
<b>Total</b>	<b>828</b>	<b>767,479,642</b>	<b>1</b>	<b>200,000</b>

	Unlisted Options (\$0.326 @ 18-Jan-17)		Unlisted Options (\$0.06 @ 20-Jan-17)	
	No. Holders	No. Options	No. Holders	No. Options
1 - 1,000	-	-	-	-
1,001 - 5,000	-	-	-	-
5,001 - 10,000	-	-	-	-
10,001 - 100,000	-	-	-	-
100,001 and over	1	1,000,000	4	2,350,000
<b>Total</b>	<b>1</b>	<b>1,000,000</b>	<b>4</b>	<b>2,350,000</b>

	Unlisted Options (\$0.03 @ 20-Mar-18)		Unlisted Options (\$0.012 @ 31-Jul-18)	
	No. Holders	No. Options	No. Holders	No. Options
1 - 1,000	-	-	-	-
1,001 - 5,000	-	-	-	-
5,001 - 10,000	-	-	-	-
10,001 - 100,000	-	-	-	-
100,001 and over	2	9,300,000	1	1,000,000
<b>Total</b>	<b>2</b>	<b>9,300,000</b>	<b>1</b>	<b>1,000,000</b>

	Unlisted Options (\$0.0125 @ 31-Jul-19)	
	No. Holders	No. Options
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 and over	1	10,000,000
<b>Total</b>	<b>1</b>	<b>10,000,000</b>

The number of shareholders holding less than a marketable parcel is 47.

## Shareholder Information

### (b) Twenty Largest Shareholders

The names of the twenty largest holders of Quoted Ordinary Shares are:

#	Registered Name	Number of Shares	% of total Shares
1	BOND STREET CUSTODIANS LIMITED <DAKRET - D08642 A/C>	164,000,001	21.37%
2	BOURSE SECURITIES PTY LTD	68,366,667	8.91%
3	ANDES INVESTORS LLC	56,826,208	7.40%
4	MR MICHAEL DAVID ADAMS & MRS CAROL ADAMS	22,890,004	2.98%
5	SEAFOUR INVESTMENTS PTY LIMITED <TREACY FAMILY A/C>	17,450,004	2.27%
6	1514341 ONTARIO INC	17,200,000	2.24%
7	LEET INVESTMENTS PTY LIMITED*	17,145,512	2.23%
8	MR PHILLIP GERRARD BERRY	16,544,748	2.16%
9	MR WILLIAM RICHARDS GOODALL <GOODALL FAMILY A/C>	15,750,004	2.05%
10	MR JOHN DOUGLAS JEFFERY & MRS ELSPETH LOUISE JEFFERY <GIBSON BROS HOLDING S/F A/C>	15,000,000	1.95%
11	KOKONG HOLDINGS PTY LIMITED	14,950,511	1.95%
12	CHRISTOPHER JOHN STAPLES & ANNA CLAIRE STAPLES <THE STAPLES A/C>	14,350,004	1.87%
13	J P MORGAN NOMINEES AUSTRALIA LIMITED	13,346,876	1.74%
14	THE WELL BENEATH PTY LIMITED <THE DUFFERY FAMILY A/C>	12,250,004	1.60%
15	RICHARD SEVILLE & ASSOCIATES PTY LTD <THE SEVILLE SUPER FUND A/C>	11,340,087	1.48%
16	HOMEMINSTER PTY LTD <HOMEMINSTER SUPER FUND A/C>	10,531,303	1.37%
17	ONE MANAGED INVT FUNDS LTD <1 A/C>	10,000,000	1.30%
18	CALVIN PATRICK TREACY	7,000,000	0.91%
19	MR DAMIAN CHARLES WILLS	6,000,000	0.78%
20	MR TIMOTHY NEWTON	5,600,000	0.73%
	<b>TOP 20 TOTAL</b>	<b>516,541,933</b>	<b>67.30%</b>
	<b>Total of Securities</b>	<b>767,479,642</b>	

\* Merged holding

## Shareholder Information

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### (c) Substantial Shareholders

Substantial shareholders as shown in substantial shareholder notices received by Elementos Limited are:

Name of Shareholder	Ordinary Shares
BOND STREET CUSTODIANS LIMITED <DAKRET - D08642 A/C>	164,000,001
BOURSE SECURITIES PTY LTD	68,366,667
JAMES CALAWAY <AND RELATED PARTIES>	60,020,768

### (d) Voting rights

All ordinary shares carry one vote per share without restriction.

Options do not carry voting rights.

### (e) Restricted securities

The Group currently has no restricted securities on issue.

### (f) On-market buy back

There is not a current on-market buy-back in place.

### (g) Business objectives

The Group has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

## Interests in Tenements

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Elementos Limited held the following interests in tenements as at the date of this report:

Tenement Name	Tenement Number	Area (Hectares)	Elementos Interest	Location of Tenements
Cleveland	EL7/2005	5993	100%	Tasmania
Selwyn Range	EPM 19371	3732	100%	Queensland
Selwyn Range	EPM 19375	6220	100%	Queensland
Selwyn Range	EPM 19426	622	100%	Queensland

## Annual Mineral Resources and Ore Reserves Statement

A summary of the Group's annual review of its ore reserves and mineral resources of its Cleveland project located in Tasmania at 30 June 2016 compared to 30 June 2015 is set out below.

Tailings (at 0% Sn cut-off) <sup>6</sup>

### 30 June 2015 – Mineral Resource

Category	Tonnage	Sn Grade	Cu Grade
Indicated	3.8 Mt	0.30%	0.13%

### 30 June 2016 – Ore Reserve

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

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

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

### 30 June 2015 and 30 June 2016 – unchanged

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	5.0 Mt	0.69%	34,500t	0.28%	14,000t
Inferred	2.4 Mt	0.56%	13,700t	0.19%	4,600t

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

Open Pit Tin-Copper Mineral Resource (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 above**

### 30 June 2015 and 30 June 2016 – unchanged

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	0.8 Mt	0.81%	6,500t	0.27	2,300t
Inferred	0.01 Mt	0.99%	140t	0.34	50t

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

Underground Tungsten Mineral Resource (at 0.20% WO<sub>3</sub> cut-off) <sup>7</sup>

### 30 June 2015 and 30 June 2016 – unchanged

Category	Tonnage	WO <sub>3</sub> Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO<sub>3</sub> = tungsten oxide

The only change during the financial year was the Cleveland Tailings Mineral (Indicated) Resource being re-classified as an Ore Reserve. The Group confirms that it is not aware of any new information or data (since 30 June 2015) that materially affects the other Mineral Resources set out above.

<sup>6</sup> Announced per the JORC Code 2012 on 3 August 2015 "Cleveland Tailings Ore Reserve"

<sup>7</sup> This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.



## Annual Mineral Resources and Ore Reserves Statement

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The Group regularly reviews its Mineral Resources and Reserves to assess their reasonableness, engaging suitably qualified competent person/s where required. A summary of the governance and controls applicable to the Group's Mineral Resources and Reserves processes is as follows:

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

This Annual Mineral Resources and Ore Reserves Statement:

- is based on, and fairly represents, information and supporting documentation prepared by competent persons (referred to on page 2); and
- has been approved by Mr Chris Creagh who is a Member of the Australasian Institute of Mining and Metallurgy and is a part-time consultant to Elementos Ltd. Mr Creagh is qualified geologist with sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, 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". Mr Creagh has approved this Annual Mineral Resources and Ore Reserves Statement as a whole as the form and context in which it appears in this Annual Report.

## Corporate Governance Statement

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The board of directors of Elementos Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Elementos Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Elementos Limited's Corporate Governance Statement (which can be found on the Company's website [www.elementos.com.au](http://www.elementos.com.au)) is structured with reference to the Australian Securities Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 3rd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website.

The Board is of the view that, during the reporting period, with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

### Roles and Responsibilities of the Board and Management

#### ASX CGC Principle 1

*Lay solid foundations for management and oversight.*

#### Role of the Board

The Board of Directors is pivotal in the relationship between shareholders and management and the role and responsibilities of the Board underpin corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs.

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- Oversight of the Group including its framework of control and accountability systems to enable risk to be assessed and managed;
- Appointing and removing the chief executive officer;
- Ratifying the appointment and, where appropriate, removal of senior executives including the chief financial officer and the Group secretary;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive's performance and implementation of strategy;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;

## Corporate Governance Statement

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- Approving and overseeing Committees where appropriate to assist in the Board's function and powers.

The Functions, Powers and Responsibilities of the Board are set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The board meets on a regular basis to review the performance of the Company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

Appropriate background checks are conducted on proposed new directors and material information about a director being re-elected is provided to security holders.

Written agreements are entered in to with directors and senior management clearly setting out their roles and responsibilities.

The company secretary works directly with the chair and the executive director on the functioning of all board and committee procedures.

### Diversity

The Group is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees.

Recommendation 1.5 requires that listed entities should establish a policy concerning diversity. Whilst the Group does not currently have a Diversity policy due to its size and nature of its operations, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.

As at 30 June 2016, the proportion of women in the whole organisation is as follows:

	Male	Female
Board Members	4	-
Officers	2	-
Other	-	1

### Performance Evaluation

The Board (in carrying out the functions of the Remuneration and Nomination Committees) considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

As the CEO resigned subsequent to the year end, no performance evaluation was undertaken.

No formal performance evaluation of the non-executive directors was undertaken during the year ended 30 June 2016.

## Corporate Governance Statement

### Board Composition ASX CGC Principle 2

#### Structure of the Board to add value

#### Nomination Committee

Recommendation 2.1 requires the Board to establish a nomination committee.

Although the Board has adopted a Nominations Committee Charter, the Board has not formally established a Nominations Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole is able to address these issues and is guided by the Nominations Committee Charter. The Company will review this position annually and determine whether a Nominations Committee needs to be established.

The Nomination Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company is developing an appropriate board skills matrix. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the director's report.

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent Directors. The Corporate Governance Council defines independence as being free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material capacity to bring independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

In the context of Director independence, "materiality" is considered from both the Group and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Group.

In accordance with the Council's definition of independence above and the materiality thresholds set, all of the Company's directors are not considered to be independent and therefore the Group does not currently comply with Recommendation 2.4:

Name	Position	Reason for non-compliance
A. Greig	Non-Executive Chairman	Director is a substantial (>5%) shareholder
C. Dunks	Executive Director	Director is engaged by the Company in an executive capacity
C. Nolan	Non-Executive Director	Director was employed by the Company in an executive capacity within the last three years
C. Treacy	Non-Executive Director	Director was employed by the Company in an executive capacity within the last three years

## Corporate Governance Statement

Elementos Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Elementos Limited due to their considerable industry and corporate experience. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
A. Greig	11 months
C. Dunks	11 months
C. Nolan	7 years 2 months
C. Treacy	2 year 11 months

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Group's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Group. Informal induction is provided to any new directors.

### Act Ethically and Responsibly ASX CGC Principle 3

#### Code of Conduct

The Directors are subject to certain stringent legal requirements regulating the conduct both in terms of their internal conduct as directors and in their external dealings with third parties both on their own and on behalf of the Group.

To assist directors in discharging their duty to the Group and in compliance with relevant laws to which they are subject, the Group has adopted a Corporate Ethics Policy and Corporate Code of Conduct within its Corporate Governance Charter.

The Corporate Ethics Policy sets out rules binding Directors in respect of:

- a Director's legal duties as an officer of the Company;
- a Director's obligations to make disclosures to the ASX and the market generally; and
- dealings by Directors in shares in the Company.

The Corporate Ethics Policy, as set out in the Company's Corporate Governance Charter is available from the corporate governance section of the Group's website.

### Safeguard Integrity in Corporate Reporting ASX CGC Principle 4 Audit Committee

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 4.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

The members of the Audit & Risk Management Committee are Corey Nolan, Calvin Treacy and Chris

## Corporate Governance Statement

Dunks. While Messrs Nolan and Treacy are both non-executive directors, Chris Dunks is engaged in an executive capacity. As the Company's Audit and Risk Management Committee includes an executive director, none of the Committee are considered independent (based on the Council's definition), and the Committee is not chaired by an independent director, the Company does not presently comply with Recommendation 4.1.

All members of the Audit & Risk Management Committee are considered financially literate in the context of the Company's affairs. The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 4.1 will not be detrimental to the Company.

The number of meetings of the Audit & Risk Management Committee held during the year and the number of meetings attended by each Director was as follows:

	Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended
C. Nolan	1	1
C. Dunks (appointed 4 November 2015)	1	1
C. Treacy	1*	1*

\* Calvin Treacy attended the Audit & Risk Committee meeting (by invitation) despite not being appointed to the Audit & Risk Committee at that time.

The Audit Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

### Certification of financial reports

The Executive Director has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on a sound system of financial risk management and internal compliance and control.

The Chief Financial Officer has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on sound system of financial risk management and internal compliance and control.

The Group ensures that its external auditors are present at the AGM to answer any questions with regard to the efficacy of the financial statement audit and the associated independent audit report.

### Continuance Disclosure

#### ASX CGC Principle 5

*Make timely and balanced disclosure*

The Group duly complies with ASX and ASIC requirements for the timely and accurate reporting of the Group's financial activities, thus ensuring that the Group has disclosed all information which has a material impact on shareholders. This includes the Annual Financial Report, Interim Financial Report, quarterly cash flows, new and relinquished tenements and changes in directors and

## Corporate Governance Statement

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shareholder interests and other events which are identified to be material. All ASX announcements are available on the Group's website.

The Company Secretary is responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX.

### **Respect The Rights of Security Holders** **ASX CGC Principle 6**

The Board of directors undertakes to ensure that shareholders are informed of all major developments affecting the Group. Information is communicated to shareholders through the annual report, interim financial report, announcements made to the ASX, notices of Annual General and Extraordinary General Meetings, the AGM and Extraordinary General Meetings.

The Board encourages full participation of shareholders at Annual and Extraordinary General Meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. In particular, shareholders are responsible for voting on the re-election of directors.

The Group also offers shareholders the option to receive ASX announcements and other notices from the Company electronically.

### **Risk Management** **ASX CGC Principle 7**

*Recognise and manage risk*

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 7.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

The members of the Audit & Risk Management Committee are Corey Nolan, Calvin Treacy and Chris Dunks. While Messrs Nolan and Treacy are both non-executive directors, Chris Dunks is engaged in an executive capacity. As the Company's Audit and Risk Management Committee includes an executive director, none of the Committee are considered independent (based on the Council's definition), and the Committee is not chaired by an independent director, the Company does not presently comply with Recommendation 7.1.

All members of the Audit & Risk Management Committee are considered to have sufficient technical, legal and industry experience in the context of the Company's affairs to properly assess the risks facing the Group. The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 7.1 will not be detrimental to the Company.

## Corporate Governance Statement

The number of meetings of the Audit & Risk Management Committee held during the year and the number of meetings attended by each Director was as follows:

	Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended
C. Nolan	1	1
C. Dunks (appointed 4 November 2015)	1	1
C. Treacy	1*	1*

\* Calvin Treacy attended the Audit & Risk Committee meeting (by invitation) despite not being appointed to the Audit & Risk Committee at that time.

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's risk management policies can be found within the Audit and Risk Management Committee Charter.

Recommendation 7.2 requires that the Board review the Company's risk management framework and disclose whether such a review has taken place. Business risks are considered regularly by the Board and management at management and Board meetings. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been formally undertaken.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit and Risk Committee.

The Director's Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

### Remuneration

#### ASX CGC Principle 8

*Remunerate fairly and responsibly*

#### Remuneration Committee

The Board has not established a Remuneration Committee which operates under a charter approved by the Board.

Although the Board has adopted a Remuneration Committee Charter, the Board has not formally established a Remuneration Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole considers themselves to have sufficient legal, corporate, commercial and industry experience in the context of the Company's affairs to properly assess the remuneration issues required by the Group and is able to address these issues while being guided by the Remuneration Committee Charter. The Company will review this position annually and determine whether a Remuneration Committee needs to be established.



## Corporate Governance Statement

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The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 8.1 will not be detrimental to the Company.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive director's and officer's remuneration to the Group's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Group
- performance incentives which allow executives, management and staff to share the rewards of the success of Elementos Limited.

For details on the amount of remuneration and all monetary and non-monetary components for Key Management Personnel during the period, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Remuneration Committee and the Board, having regard to the overall performance of Elementos Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits to directors other than statutory superannuation.

The Remuneration Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

### Remuneration Policy

The Group's remuneration policy is also further detailed in the Remuneration Report in the Directors Report.

### Non-Executive Director Remuneration

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Non-executive directors are remunerated by fees as determined by the Board with the aggregate directors' fee pool limit of \$250,000. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Independent consultancy sources provide advice, as required; ensuring remuneration is in accordance with market practice. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company and are, subject to approval by shareholders, periodically offered options and/or performance rights.

The Company has adopted a Trading Policy that includes a prohibition on hedging, aimed at ensuring participants do not enter in to arrangements which would have the effect of limited their exposure to risk relating to an element of their remuneration.

### Other Information

Further information relating to the Group's corporate governance practices and policies has been made publicly available on the Group's web site.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
Revenue	2	10,648	96,706
Corporate and administrative expenses	3	(860,157)	(944,903)
Write-off of exploration assets	8	(240,447)	(1,844,343)
Reclassify foreign currency reserve	14	(667,824)	-
Loss before income tax expense		(1,757,780)	(2,692,540)
Income tax expense	4	-	-
Loss for the period attributable to members of the parent entity		(1,757,780)	(2,692,540)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		810	(73,705)
Reclassify foreign currency reserve		667,824	-
Other comprehensive income/(loss) for the period, net of tax		668,634	(73,705)
Total comprehensive income/(loss) attributable to members of the parent entity		<b>(1,089,146)</b>	<b>(2,766,245)</b>
Basic and diluted earnings/(loss) per share (cents per share)		(0.2)	(0.4)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position

### As at 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	467,268	761,828
Trade and other receivables	6	2,020	19,380
Other current assets	7	708	10,917
<b>Total Current Assets</b>		<b>469,996</b>	<b>792,125</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	8	4,681,891	4,859,170
Plant and equipment	9	1,225	4,186
Other non-current assets	10	6,000	13,950
<b>Total Non-Current Assets</b>		<b>4,689,116</b>	<b>4,877,306</b>
<b>TOTAL ASSETS</b>		<b>5,159,112</b>	<b>5,669,431</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	62,739	166,705
<b>Total Current Liabilities</b>		<b>62,739</b>	<b>166,705</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	515,658	-
<b>Total Non-Current Liabilities</b>		<b>515,658</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>578,397</b>	<b>166,705</b>
<b>NET ASSETS</b>		<b>4,580,715</b>	<b>5,502,726</b>
<b>EQUITY</b>			
Contributed equity	13	12,407,382	12,437,377
Reserves		261,300	(604,464)
Accumulated losses		(8,087,967)	(6,330,187)
<b>TOTAL EQUITY</b>		<b>4,580,715</b>	<b>5,502,726</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity For the Year Ended 30 June 2016

	Note	Issued Capital	Accumulated Losses	Share- Based Payments Reserve	Foreign Currency Translation Reserve	Total
		\$	\$	\$	\$	\$
<b>Balance at 30 June 2014</b>		<b>10,924,168</b>	<b>(3,637,647)</b>	<b>64,170</b>	<b>(594,929)</b>	<b>6,755,762</b>
Loss for the period		-	(2,692,540)	-	-	(2,692,540)
Other comprehensive income for the period	14	-	-	-	(73,705)	(73,705)
<b>Total comprehensive income</b>		<b>-</b>	<b>(2,692,540)</b>	<b>-</b>	<b>(73,705)</b>	<b>(2,766,245)</b>
Shares issued due to capital raising	13	1,543,948	-	-	-	1,543,948
Equity settled compensation	13	37,021	-	-	-	37,021
Transaction costs	13	(67,760)	-	-	-	(67,760)
<b>Balance at 30 June 2015</b>		<b>12,437,377</b>	<b>(6,330,187)</b>	<b>64,170</b>	<b>(668,634)</b>	<b>5,502,726</b>
Loss for the period		-	(1,757,780)	-	-	(1,757,780)
Other comprehensive income for the period	14	-	-	-	810	810
Reclassify foreign currency reserve	14	-	-	-	667,824	667,824
<b>Total comprehensive income</b>		<b>-</b>	<b>(1,757,780)</b>	<b>-</b>	<b>668,634</b>	<b>(1,089,146)</b>
Equity settled compensation	20	-	-	197,130	-	197,130
Transaction costs	13	(29,995)	-	-	-	(29,995)
<b>Balance at 30 June 2016</b>		<b>12,407,382</b>	<b>(8,087,967)</b>	<b>261,300</b>	<b>-</b>	<b>4,580,715</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows For the Year Ended 30 June 2016

		30 June 2016	30 June 2015
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		10,195	51,125
Other receipts		-	45,581
Payments to suppliers and employees		(708,344)	(818,863)
<b>Net cash used in operating activities</b>	15	<b>(698,149)</b>	<b>(722,157)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation assets		(459,006)	(1,352,157)
Refunds of security deposits		15,005	-
Research and development refunds		320,684	682,268
Cash disposed of on disposal of subsidiary		(183)	-
Purchase of property, plant and equipment		(866)	(5,844)
Proceeds from the sale of a subsidiary		57,950	-
<b>Net cash used in investing activities</b>		<b>(66,416)</b>	<b>(675,733)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	1,543,948
Costs associated with share issues		(29,995)	(67,760)
Proceeds from loan		500,000	-
<b>Net cash provided by financing activities</b>		<b>470,005</b>	<b>1,476,188</b>
Net increase/(decrease) in cash held		(294,560)	78,298
Cash at Beginning of Year		761,828	682,689
Effect of exchange rates on cash holdings in foreign currencies		-	841
<b>Cash at End of Year</b>	5	<b>467,268</b>	<b>761,828</b>

The accompanying notes form part of these financial statements.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements are for the consolidated entity consisting of Elementos Limited and its Controlled Entities. Elementos Limited is a public company, incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis and are based on historical cost modified by the measurement at fair value of selected non-current assets, financial assets and liabilities. The financial report was authorised for issue on 29 September 2016 by the directors of the Company.

Separate financial statements for Elementos Limited as an individual entity are no longer presented following a change to the Corporations Act 2001. However, financial information required for Elementos Limited as an individual entity is included in Note 26.

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

#### **Going Concern**

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The 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 year, the Group did not raise any equity capital, however borrowed \$0.5 million (unsecured, non-recourse) from a related party.

Should the Group not be able to raise further capital, dispose of assets when 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.

#### **Principles of Consolidation**

##### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elementos Limited ("Company" or "parent entity") as at 30 June 2016, and the results of all subsidiaries for the year then ended. Elementos Limited and its subsidiaries together are referred to in these financial statements as the Group or the economic entity.

## **Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Principles of Consolidation (continued)**

The names of the subsidiaries are contained in Note 24. All subsidiaries have a 30 June financial year end and are accounted for by the parent entity at cost.

Subsidiaries are all entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has a right to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

#### *Changes in ownership interests*

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

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

#### **Segment Reporting**

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

#### **Income Tax**

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

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

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Income Tax (continued)**

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

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**Exploration and Evaluation Assets**

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

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

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

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

**Restoration Costs**

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



**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Restoration Costs (continued)**

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

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

**Impairment of Assets**

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

**Financial Instruments***Recognition and Initial Measurement*

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

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

*Derecognition*

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

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

*Classification and Subsequent Measurement*

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

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial Instruments (continued)**

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

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

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

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

*Loans and receivables*

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

*Available-for-sale financial assets*

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

*Financial Liabilities*

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

*Impairment*

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

**Cash and Cash Equivalents**

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

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

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

#### Issued Capital

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

#### Share Based Payments

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

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

#### Revenue

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

#### Employee Benefits

##### *Short-term employee benefit obligations*

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

#### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or overseas VAT), except where the amount of GST incurred is not recoverable. In these circumstances the GST (or overseas VAT) is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis except for the GST component of investing and financing activities which are disclosed as operating cash flows.

#### Foreign Currency Transactions and Balances

##### *Functional and presentation currency*

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

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Foreign Currency Transactions and Balances (continued)***Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were measured. Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

*Group Companies*

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

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

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

**Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed periodically by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Plant and Equipment (continued)**Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for plant and equipment is 33%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to exploration and evaluation assets that have been capitalised are recognised by deducting the grant received from the carrying amount of the exploration and evaluation asset recognised on the balance sheet.

**Earnings Per Share (EPS)**

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

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

## **Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any period prior and are not likely to affect future periods.

A number of new standards and amendments to the standards are effective for financial reporting periods beginning and after 1 July 2016 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements when they are first applied.

#### *Fair Values*

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their best economic interest. The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use. In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

#### **Critical Accounting Estimates and Judgements**

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

Key Judgements:

#### *Exploration and Evaluation Assets*

The economic entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to reporting date. Exploration and evaluation assets at 30 June 2016 were \$4,681,891 (2015: \$4,859,170).

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 2: REVENUE

	30 June 2016	30 June 2015
	\$	\$
<b>Revenue from operating activities:</b>		
Interest received from other persons	10,195	51,125
Consulting fees	-	45,581
Gain on sale of subsidiary (see note below)	453	-
	<b>10,648</b>	<b>96,706</b>

During the period, Elementos Limited sold one of its 100% owned subsidiaries Elementos Minerals Australia Pty Ltd:

Consideration received	57,950
Carrying amount of net assets sold	(57,497)
Gain on sale	453

### NOTE 3: EXPENSES

	30 June 2016	30 June 2015
	\$	\$
<b>Included in expenses are the following items:</b>		
Depreciation	3,783	37,790
Foreign currency translation loss/(profit)	(676)	(98)
ASX, ASIC, share registry expenses	42,043	59,336
Business development and investor relations costs	120,679	81,910
Legal fees	46,991	18,735
Insurances	39,950	29,945
Audit and external accounting fees	74,927	74,909
Employee benefits expense comprises:		
Salaries and wages	91,242	651,099
Consulting fees	82,835	25,000
Contributions to defined contribution plans	23,799	50,401
Equity settled options	197,130	-
Annual leave expensed	7,743	7,386
Less capitalised as exploration assets	-	(370,764)
	<b>730,446</b>	<b>665,649</b>

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 4: INCOME TAX EXPENSE

	30 June 2016	30 June 2015
	\$	\$
<b>The prima facie tax on the operating loss is reconciled to income tax expense as follows:</b>		
Prima facie tax/(benefit) on loss from ordinary activities before income tax at 30% (2015: 30%)	(527,334)	(807,762)
Adjust for tax effect of:		
Non-deductible amounts	156,606	81,841
Tax loss not recognised	153,340	488,425
Temporary differences recognised	-	237,496
R&D adjustment (for 2015 claim)	217,388	-
Income tax expense/(benefit)	-	-
Deferred tax assets and liabilities not recognised, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur:		
Temporary differences	-	-
Tax losses	3,804,013	3,650,673

The Group has carried forward tax losses of \$14,094,217 in Australia, which must satisfy the Continuity of Ownership Test, or failing that, the Same Business Test, in order to be utilised in the future.

### NOTE 5: CASH AND CASH EQUIVALENTS

	30 June 2016	30 June 2015
	\$	\$
Cash at bank and on hand	154,605	307,426
Short term deposits	312,663	454,402
	467,268	761,828

### NOTE 6: TRADE AND OTHER RECEIVABLES

	30 June 2016	30 June 2015
	\$	\$
Current:		
Other receivables	2,020	19,380

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

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



## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 7: OTHER CURRENT ASSETS

	30 June 2016	30 June 2015
	\$	\$
Current:		
Other Deposits	708	790
Prepayments	-	10,127
	<b>708</b>	<b>10,917</b>

### NOTE 8: EXPLORATION AND EVALUATION ASSETS

	30 June 2016	30 June 2015
	\$	\$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	4,681,891	4,859,170
Movement in exploration and evaluation assets:		
Opening balance - at cost	4,859,170	6,456,348
Security deposit refunds	(14,956)	-
Capitalised exploration expenditure	448,172	1,003,138
Exploration and evaluation assets disposed of	(49,364)	-
Foreign currency translation movement	-	(73,705)
Exploration and evaluation assets written off	(240,447)	(1,844,343)
Total exploration and evaluation assets	5,002,575	5,541,438
Less research and development refunds	(320,684)	(682,268)
<b>Carrying amount at the end of the year</b>	<b>4,681,891</b>	<b>4,859,170</b>

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 9: PLANT AND EQUIPMENT

	30 June 2016	30 June 2015
	\$	\$
At cost	13,727	38,542
Accumulated depreciation	(12,502)	(34,356)
Total plant and equipment	1,225	4,186

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 9: PLANT AND EQUIPMENT (CONTINUED)

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

Balance at the beginning of year	4,186	36,060
Additions during the year	866	5,844
Depreciation expense	(3,783)	(37,790)
Foreign currency translation movement	(44)	72
<b>Carrying amount at the end of year</b>	<b>1,225</b>	<b>4,186</b>

### NOTE 10: OTHER NON-CURRENT ASSETS

	30 June 2016	30 June 2015
	\$	\$
Mining Lease Deposits	6,000	13,950
	<b>6,000</b>	<b>13,950</b>

### NOTE 11: TRADE AND OTHER PAYABLES

	30 June 2016	30 June 2015
	\$	\$
Current:		
Trade payables and accrued expenses	53,695	165,404
Short term employee benefits	9,044	1,301
<b>Total payables (unsecured)</b>	<b>62,739</b>	<b>166,705</b>

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

### NOTE 12: BORROWINGS

	30 June 2016	30 June 2015
	\$	\$
Non-Current:		
Unsecured:		
Loan from related party	500,000	-
Accrued interest	15,658	-
<b>Total unsecured non-current liability</b>	<b>515,658</b>	<b>-</b>

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

- Loan amount = \$500,000
- Loan term = 2 years
- Interest rate = 6.0%
- Unsecured
- No conversion rights
- No requirement to repay principal or pay interest during the loan term
- Repayable by the Company at any time (during the loan term)

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 13: CONTRIBUTED EQUITY

#### Fully paid ordinary shares

	2016		2015	
	No. of Shares	\$	No. of Shares	\$
Balance as at 1 July	767,479,642	12,437,377	633,310,868	10,924,168
Other share issues:				
25 July 2014	(a) -	-	83,186,790	998,240
11 August 2014	(b) -	-	40,315,384	483,785
11 August 2014	(c) -	-	2,000,230	24,003
2 October 2014	(d) -	-	1,403,366	14,174
23 December 2014	(e) -	-	2,402,372	14,174
23 December 2014	(f) -	-	3,160,000	37,920
5 March 2015	(g) -	-	1,700,632	8,673
<b>Balance as at 30 June</b>	<b>767,479,642</b>	<b>12,437,377</b>	<b>767,479,642</b>	<b>12,505,137</b>
Total transaction costs associated with share issues		(29,995)		(67,760)
Net issued capital		12,407,382		12,437,377

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 year ended 30 June 2015, are:

- (a) Issued at 1.2 cents each, pursuant to a rights issue.
- (b) Issued at 1.2 cents each, shortfall placement of the rights issue.
- (c) Issued at 1.2 cents each, pursuant to a private placement.
- (d) Issued at 1.01 cents each, pursuant to directors and executive staff salary sacrifice plan.
- (e) Issued at 0.059 cents each, pursuant to directors and executive staff salary sacrifice plan.
- (f) Issued at 1.2 cents each, pursuant to shareholder approval at AGM held on 26 November 2014.
- (g) Issued at 0.051 cents each, pursuant to directors and executive staff salary sacrifice plan.

#### Options

	Note	Weighted average exercise price (cents)	30 June 2016	Weighted average exercise price (cents)	30 June 2015
			No. of Options		No. of Options
Unlisted Share Options		2.67	43,850,000	10.58	17,850,000
Balance at the beginning of the reporting period		10.58	17,850,000	10.94	18,400,000
Options issued during the period:					
Issued to staff and consultants	20	1.33	31,000,000	-	-
Lapsed		22.6	(5,000,000)	22.6	(550,000)
Exercisable at end of year		2.67	43,850,000	10.58	17,850,000

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 13: CONTRIBUTED EQUITY (continued)

#### Capital Management

Exploration companies such as Elementos Limited are funded almost exclusively by share capital. The Group has recently however entered in to a loan agreement set out in more detail in Note 12 (Borrowings).

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

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

### NOTE 14: RESERVES

#### Foreign Currency Translation Reserve

The foreign currency translation reserve recorded exchange differences arising on translation of foreign controlled subsidiaries. Amounts were reclassified during the period to profit or loss as the foreign operations have been abandoned.

#### Share-Based Payments Reserve

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

### NOTE 15: CASH FLOW INFORMATION

	30 June 2016	30 June 2015
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Loss after income tax	(1,757,780)	(2,692,540)
Non-cash flows in loss from ordinary activities:		
Depreciation	3,783	37,790
Exploration expenditure written off	240,447	1,844,343
Equity settled compensation	197,130	37,021
Gain on disposal of subsidiary	(453)	-
Reclassify foreign currency reserve	667,824	-
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	12,847	5,020
(Increase)/Decrease in prepayments and other assets	10,127	4,103
(Decrease)/Increase in payables	(72,074)	42,106
<b>Cash flows from operations</b>	<b>(698,149)</b>	<b>(722,157)</b>

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 16: EARNINGS PER SHARE

	30 June 2016	30 June 2015
	\$	\$
Net loss used in the calculation of basic and diluted EPS	(1,757,780)	(2,692,540)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	767,479,642	752,713,682

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

### NOTE 17: COMMITMENTS

#### (a) Exploration Commitments

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

The following commitments exist at balance date but have not been brought to account. If the relevant option to acquire a mineral tenement is relinquished the expenditure commitment also ceases. The Group has the option to negotiate new terms or relinquish the tenements and also to meet expenditure requirements by joint venture or farm-in arrangements.

	30 June 2016	30 June 2015
	\$	\$
Not later than 1 year	1,000,000	1,739,675
Later than 1 year but not later than 5 years	212,838	1,102,401
<b>Total commitment</b>	<b>1,212,838</b>	<b>2,842,076</b>

#### (b) Operating Lease Commitments

The Group has no operating leases (2015: nil).

### NOTE 18: CONTINGENT LIABILITIES

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

### NOTE 19: RELATED PARTY TRANSACTIONS

#### Parent Entity

Elementos Limited is the legal parent and ultimate parent entity of the Group, owning 100% of all subsidiaries at 30 June 2016.

#### Subsidiary

Interest in subsidiaries are disclosed in Note 24.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 19: RELATED PARTY TRANSACTIONS (continued)

#### Key Management Personnel

	30 June 2016	30 June 2015
	\$	\$
Short-term employee benefits	353,687	417,850
Post-employment benefits	22,910	35,632
Equity-based payments	191,300	37,020
	<b>567,897</b>	<b>490,502</b>

On 23 December 2015, the Company executed a loan deed with the Company's Non-Executive Chairman Mr Andy Greig, a related party, for up to \$500,000. Further details are contained in Note 12 (Borrowings).

### NOTE 20: SHARE-BASED PAYMENTS

#### Director and Employee Share-based Payments

Share based payment expense recognised during the year:

	30 June 2016	30 June 2015
	\$	\$
Share based payment expense recognised during the period:		
Options issued to employees under employee share option plan	133,930	-
Options issued to consultant	63,200	-
	<b>197,130</b>	<b>-</b>

During the year, 31million options were granted, 21million to employees (includes 20million options issued to the then chief executive officer, Tim McManus, one of the Group's key management personnel) under the employee share option plan and 10million to a consultant. The options vested on grant date and expire on 31 July 2019, except for 1million which expire 31 July 2018.

The weighted average fair value of options granted during the year was 0.64 cents. The fair values at grant date were determined by an independent valuator using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the year ended 30 June 2016 were as follows:

- grant dates: 26 August 2015 (for 21million options) and 21 December 2015 (for 10million options)
- share price at grant date: 1.0 cent (for the 21million options issued on 26 August 2015) and 0.9 cents (for the 10million options issued on 21 December 2015)
- exercise prices: 1.25 cents to 1.50 cents
- expected volatility: 100%
- expected dividend yield: nil%
- risk free rates: 1.91% (for 1million options expiring 31 July 2018) and 2.12% (for 30million options expiring 31 July 2019)

Expected volatility was determined based on the historic volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility based on publicly available information.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 21: AUDITOR'S REMUNERATION

Remuneration for the auditor of the parent entity:

	30 June 2016	30 June 2015
	\$	\$
BDO Audit Pty Ltd and its related entities:		
Auditing or reviewing the financial reports	42,324	36,092
	<b>42,324</b>	<b>36,092</b>

### NOTE 22: FINANCIAL RISK MANAGEMENT

#### (a) Financial Risk Management Policies

The Elementos Group's financial instruments comprises cash balances, receivables and payables, loans to and from subsidiaries and a loan from a related party. The main purpose of these financial instruments is to provide finance for Group operations.

#### *Treasury Risk Management*

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

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

#### *Financial Risks*

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

#### *Interest Rate Risk*

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

#### *Liquidity Risk*

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

The economic Group's activities are funded from equity and where required and available debt and/or project finance. There is no requirement to repay principal or pay interest on the related party loan during the loan term.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit Risk

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

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

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

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

At 30 June 2016, there was no concentration of credit risk, other than bank balances and on geographical basis with most financial assets in Australia (2015: nil).

#### Foreign Currency Risk

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

Financial assets and liabilities exist for the Group's Argentine operations, and thus there is exposure to the Argentine Peso. As this risk is minor, it is not hedged. At reporting date, the net foreign currency risk (stated in \$AUD) was \$389 (2015: \$836).

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

	30 June 2016	30 June 2015
	\$	\$
<b>Financial assets:</b>		
Within 6 months:		
cash & cash equivalents (i)	467,268	761,828
receivables (ii)	2,020	19,380
	<b>469,288</b>	<b>781,208</b>
<b>Financial liabilities:</b>		
Within 6 months:		
payables (ii)	(62,739)	(166,705)
Within 18 months:		
loan	(515,658)	-
	<b>(578,397)</b>	<b>(166,705)</b>

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

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

#### (c) Net Fair Values

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



## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Sensitivity Analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant, is immaterial (2015: \$7,610).

### NOTE 23: SEGMENT REPORTING

Operating segments have been determined on the basis of reports reviewed by the board of directors and the Chief Executive Officer (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. The Group's previous exploration activities in Argentina and Chile have been discontinued and/or sold.

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 year. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

### NOTE 24: SUBSIDIARIES

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

	Country of incorporation	Ownership interest	
		2016	2015
Rockwell Minerals Pty Ltd	Australia	100%	100%
Rockwell Minerals (Tasmania) Pty Ltd	Australia	100%	100%
Element Minerals Australia Pty Ltd (see note below)	Australia	-	100%
Elementos Minerales S.A.	Argentina	100%	100%
Elementos Chile Limitada	Chile	100%	100%

During the period, Elementos Limited sold one of its 100% owned subsidiaries Element Minerals Australia Pty Ltd. Further details can be found in Note 2 (Revenue).

### NOTE 25: SUBSEQUENT EVENTS

There were no subsequent events after year end.

## Notes to the Consolidated Financial Statements for the Year Ended 30 June 2016

### NOTE 26: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Elementos Limited at 30 June 2016. This information has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2016	30 June 2015
	\$	\$
Current assets	467,131	777,286
Non-current assets	7,426,918	7,833,324
Total assets	7,894,049	8,610,610
Current liabilities	59,257	130,338
Non-current liabilities	515,658	-
Total liabilities	574,915	130,338
Contributed equity	28,302,914	28,332,909
Reserves	1,270,522	1,073,392
Accumulated losses	(22,254,302)	(20,926,029)
Total equity	7,319,134	8,480,272
Loss for the period	(1,328,273)	(10,710,560)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(1,328,273)	(10,710,560)

The Company has no contingent liabilities, nor has it entered into any guarantees in relation to the debts of its subsidiaries (2015: nil).

The Company has not entered into any contractual commitments for the acquisition of property, plant and equipment (2015: nil).

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

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

### NOTE 27: COMPANY DETAILS

The registered office and principal place of business is:  
 Level 10, 110 Mary Street  
 Brisbane, Queensland, 4000 Australia

### NOTE 28: DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

## Director's Declaration

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The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standards which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the financial year ended on that date.
2. The chief executive officer and chief financial officer have each declared that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



**C. Treacy**  
Director

Dated this 29th September 2016  
Brisbane, Queensland

## INDEPENDENT AUDITOR'S REPORT

To the members of Elementos Limited

### Report on the Financial Report

We have audited the accompanying financial report of Elementos Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

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

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

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

### Independence

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

## Opinion

In our opinion:

- (a) the financial report of Elementos Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Emphasis of matter

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

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Elementos Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit Pty Ltd**

BDO



**A J Whyte**  
Director

Brisbane, 29 September 2016

## Schedule J

### EUROTIN INC. AUDIT COMMITTEE CHARTER

#### **I. Purpose**

The Audit Committee (the “Audit Committee”) is a committee of directors appointed by the Board of Directors of the Company (the “Board”). The Audit Committee’s mandate is to provide assistance to the Board in fulfilling its financial reporting and control responsibility to the shareholders and the investment community. The Committee is, however, independent of the Board and the Company and in carrying out their role shall have the ability to determine its own agenda and any additional activities that the Audit Committee shall carry out.

#### **II. Composition**

The Committee will be comprised of at least three directors of the Company, all of whom, subject to any exemptions set out in National Instrument 52-110 *Audit Committees* (“NI-52-110”) will be independent and financially literate. In addition, at least one member of the Audit Committee shall have accounting or related financial expertise as such qualifications are interpreted by the Board. An “independent” director is a director who has no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the director’s independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of NI-52-110, as set out in Schedule “A” hereto. A “financially literate” director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Company.

#### **III. Responsibilities**

Responsibilities of the Audit Committee generally include, but are not limited to, the undertaking of the following tasks:

- Selecting and determining the compensation of the external auditors, subject to approval of the shareholders of the Company, to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company. In making such determination and recommendation to the shareholders, the Audit Committee will:
  - confirm the independence of the auditors and report to the Board its conclusions on the independence of the auditors and the basis for these conclusions;
  - meet with the auditors and financial management to review the scope of the proposed audit for the current year, and the audit procedures to be used; and
  - obtain from the external auditors confirmation that they are participants in good standing in the Canadian Public Accountability Board oversight program and, if applicable, in compliance with the provisions of the Sarbanes-Oxley Act of 2002 (U.S.) and other legal or regulatory requirements with respect to the audit of the financial statements of the Company.
- Overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. In overseeing such work, the Audit Committee will:
  - review with the external auditors any audit problems or difficulties and management’s response;
  - at least annually obtain and review a report prepared by the external auditors describing (i) the auditors’ internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, and reviewing any steps taken to deal with such issues;
  - serve as an independent and objective party to monitor the Company’s financial reporting process and internal control system and overseeing management’s reporting on internal control;
  - provide open lines of communication among the external auditors, financial and senior management, and the Board for financial reporting and control matters;
  - make inquiries of management and the external auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risks to the Company;

- establish procedures to ensure that the Audit Committee meets with the external auditors on a regular basis in the absence of management;
- ensure that the external auditors prepare and deliver annually a detailed report covering (i) critical accounting policies and practices to be used; (ii) material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; (iii) other material written communications between the external auditors and management such as any management letter or schedule of unadjusted differences; and (iv) such other aspects as may be required by the Audit Committee or legal or regulatory requirements;
- consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the external auditors, including reports and communications related to:
  - deficiencies noted following the audit of the design and operation of internal controls;
  - consideration of fraud in the audit of the financial statement;
  - detection of illegal acts;
  - the external auditors responsibility under generally accepted auditing standards;
  - significant accounting policies;
  - management judgements and accounting estimates;
  - adjustments arising from the audit;
  - the responsibility of the external auditors for other information in documents containing audited financial statements;
  - disagreements with management;
  - consultation by management with other accountants;
  - major issues discussed with management prior to retention of the external auditors;
  - difficulties encountered with management in performing the audit;
  - the external auditors judgements about the quality of the entity's accounting principles; and
  - any reviews of unaudited interim financial information conducted by the external auditors;
- review the form of opinion the external auditors propose to render to the Audit Committee, the Board and shareholders; and
- discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the external auditors or management, and the financial impact thereof.
- Pre-approving all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor, subject to any exemptions set out in NI-52-110. Notwithstanding the pre-approval process, the Audit Committee will ensure that the external auditors are prohibited from providing the following non-audit services and will determine which other non-audit services the external auditors are prohibited from providing:
  - bookkeeping or other services related to the accounting records or financial statements of the Company;
  - financial information systems design and implementation;
  - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - actuarial services;
  - internal audit outsourcing services;
  - management functions or human resources;

- broker, dealer, investment adviser or investment banking services;
  - legal services and expert services unrelated to the audit; and
  - any other service that the Audit Committee determines to be impermissible.
- Ensuring that the external auditors submit annually to the Company and the Audit Committee a formal written statement of the fees billed for each of the following categories of services rendered by the external auditors: (i) the audit of the Company's annual financial statements for the most recent fiscal year and, if applicable, the reviews of the financial statements included in the Company's Quarterly Reports for that fiscal year; and (ii) all other services rendered by the external auditors for the most recent fiscal year, in the aggregate and by each service.
  - Reviewing the Company's financial statements, Management's Discussion and Analysis and annual and interim earnings press releases before the Company publicly discloses the information. In connection with such review, the Audit Committee will ensure that:
    - (a) management has reviewed the financial statements with the Audit Committee, including significant judgments affecting the financial statements;
    - (b) the members of the Audit Committee have discussed among themselves, without management or the external auditors present, the information disclosed to the Audit Committee; and
    - (c) the Audit Committee has received the assurance of both financial management and the external auditors that the Company's financial statements are fairly presented in conformity with Canadian GAAP in all material respects.
  - Ensuring that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to above, and periodically assessing the adequacy of those procedures.
  - Reviewing, evaluating and monitoring any risk management program implemented by the Company, including any revenue protection program. This function should include:
    - risk assessment;
    - quantification of exposure;
    - risk mitigation measures; and
    - risk reporting.
  - Reviewing the adequacy of the resources of the finance and accounting group, along with its development and succession plans.
  - Establishing procedures for:
    - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
    - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
  - Reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
  - Annually reviewing and revising this Charter as necessary with the approval of the Board and the text relating to this Charter which is required to appear in the Annual Information Form of the Company, as more specifically set out in Form 52-110FI *Audit Committee Information Required in an AIF*.
  - Reviewing and assessing the adequacy of the Code of Business Conduct and Ethics governing the officers, directors and employees of the Company and the Code of Ethics governing Financial Reporting Officers at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Board.
  - Reporting its activities to the Board on a regular basis and making such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.
  - Reviewing and discussing with management, and approving all related party transactions.

#### **IV. Authority**



The Audit Committee has the authority to:

- Engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties;
- Set and pay the compensation for any advisors employed by the Audit Committee, in accordance with applicable corporate statutes; and
- Communicate directly with the external auditors.

**V. Administrative Procedures**

- The Audit Committee will meet regularly and whenever necessary to perform the duties described above in a timely manner, but not less than four times a year. Meetings may be held at any time deemed appropriate by the Audit Committee and by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.
- A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.
- Meetings of the shall be held from time to time as the Committee or the Chairman shall determine upon 48 hours' notice to each of its members. The notice period may be waived by a quorum of the Committee.
- At the discretion of the Audit Committee, meetings may be held with representatives of the external auditors and appropriate members of management.
- The external auditors will have direct access to the Audit Committee at their own initiative.
- The Chairman of the Audit Committee will report periodically to the Board.

**Schedule "A" to Audit Committee Charter**  
**National Instrument 52-110 Audit Committees ("NI-52-110")**

**Meaning of Independence (section 1.4 of MI 52-110):**

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - (c) an individual who:
    - (i) is a partner of a firm that is the issuer's internal or external auditor,
    - (ii) is an employee of that firm, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - (i) is a partner of a firm that is the issuer's internal or external auditor,
    - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
  - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
  - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
  - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
  - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
  - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

- (a) has previously acted as an interim chief executive officer of the issuer, or
  - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

**Additional Independence Requirements for Audit Committee Members (section 1.5 of NI- 52-110):**

- (1) Despite any determination made under section 1.4 of NI- 52-110, an individual who
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
  - (b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
  - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

**Schedule K**

Fairness Opinion

[See appended.]

October 26, 2018

**Special Committee of the Board of Directors  
Eurotin Inc.**

Suite 700 – 77 King Street West, TD North Tower  
Toronto, Ontario, Canada  
M5K 1G8

Members of the Special Committee of the Board of Directors:

Cairn Merchant Partners LP (“**Cairn**” or “**we**” or “**us**”) understands that Eurotin Inc. (“**Eurotin**” or the “**Company**”), its wholly-owned subsidiary Minas de Estano de Espana, S.L.U. (“**MESPA**”) and Mark Wellings (“**Wellings**”), a significant shareholder, President and CEO of the Company, entered into various definitive agreements dated October 19, 2018 (the “**Agreements**”) with Elementos Limited (“**Elementos**”), pursuant to which, Elementos will acquire (herein, the “**Transaction**”) all of the issued and outstanding common shares of MESPA in exchange for 1,000,000,000 convertible redeemable preference shares (the “**CRP Shares**”), convertible into common shares of Elementos (“**Elementos Common Shares**”) and assume C\$1 million in advances made to the Company by Wellings (the “**Wellings Loan**”, and such assumption of the Wellings Loan, together with the CRP Shares and the Elementos Common Shares, the “**Consideration**”). The terms and conditions of the Transaction are more fully set forth in the Agreements and are summarized in the Company’s management proxy circular to be prepared in connection with a special meeting of holders of the Company’s common shares (such shares referred to herein as the “**Eurotin Common Shares**”).

We have been retained to render an opinion (the “**Opinion**”) to the Special Committee of the Board of Directors of Eurotin (the “**Special Committee**”) as to the fairness, from a financial point of view, of the Consideration to be received by shareholders of the Company (the “**Shareholders**”), other than Wellings, pursuant to the Transaction.

***Engagement of Cairn***

Representatives of the Special Committee initially contacted Cairn regarding a potential advisory assignment on October 17, 2018, and Cairn was formally engaged by the Special Committee through an agreement between the Special Committee and Cairn dated October 19, 2018 (the “**Engagement Agreement**”). Under the terms of the Engagement Agreement, Cairn has agreed to undertake a review of the Transaction and render the Opinion.

Cairn will receive a fee for rendering the Opinion, which is neither contingent on the conclusions reached nor the successful completion of the Transaction. The Special Committee has also agreed to reimburse us for our reasonable out-of-pocket expenses and to indemnify us against certain liabilities that might arise out of our engagement.

***Credentials of Cairn***

Cairn is an independent merchant bank based in Toronto, Canada. Cairn’s principal activities include providing financial advisory services to public and private companies, including corporate finance, mergers and acquisitions and other financial advisory services. Cairn is also involved in making investments in public and private Canadian companies. Cairn’s senior management have been involved in numerous transactions involving public and private companies and have extensive experience in preparing fairness opinions. The opinion expressed herein is the opinion of Cairn and the form and content herein have been approved for release by a committee of its senior management and legal counsel each of whom



is experienced in merger, acquisition, divestiture and fairness opinion matters across a breadth of industries.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of Investment Industry Regulatory Organization of Canada (“**IIROC**”), however IIROC has not been involved in the preparation or review of this Opinion and no formal valuation is required under such IIROC standards nor has one been prepared by us in connection with the Transaction.

### ***Independence of Cairn***

Neither Cairn, nor any of our affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) or the rules made thereunder) of the Company, MESPA, Elementos or any of their respective associates or affiliates (collectively, the “**Interested Parties**”).

In the two years prior to the date hereof, no material relationship existed between Cairn and its affiliates and the Interested Parties pursuant to which compensation was received by Cairn or its affiliates as a result of such relationship. There are no understandings, agreements or commitments between Cairn and any of the Interested Parties with respect to future business dealings. Cairn may, in the future, in the ordinary course of business, provide financial advisory or other services to one or more of the Interested Parties from time to time and, in connection with any such services, we may receive compensation.

### ***Scope of Review***

In connection with rendering the Opinion, we have reviewed and/or discussed and relied upon, or carried out, among other things, the following:

- i. the Arrangement Agreement entered into by Elementos, Eurotin and Wellings dated October 19, 2018;
- ii. the Loan Agreement entered into by MESPA, Wellings and Elementos dated October 19, 2018;
- iii. the 5% Unsecured Convertible Debenture Agreement entered into by Wellings, MESPA and Elementos dated October 19, 2018;
- iv. the Voting and Support Agreement entered into by Wellings and Elementos in connection with the Transaction;
- v. the Voting and Support Deed entered into by Andrew Greig and Eurotin in connection with the Transaction;
- vi. certain publicly available business and financial information relating to Eurotin (including in respect of MESPA) and Elementos that we deemed to be relevant;
- vii. certain internal financial statements and other financial and operating data concerning the Company (including in respect of MESPA) and Elementos, respectively;
- viii. discussions with senior executives of Eurotin regarding past and current operations and the financial condition and the prospects of the Company and Elementos;
- ix. certain reports prepared by third party mining technical experts on Eurotin, MESPA, Elementos and their respective assets;
- x. the pro forma impact of the Transaction on certain of Elementos’ financial metrics and consolidated capitalization;
- xi. the prospects for the Eurotin Common Shares post completion of the Transaction, including the remaining assets and liabilities, certain financial metrics and the consolidated capitalization of the Company, pro forma the completion of the Transaction, and the value of a public listing under alternative uses;



- xii. historical commodity prices and the impact of various commodity price assumptions on the operations, financial condition and prospects of the Company and Elementos;
- xiii. the reported prices and trading activity for the Eurotin Common Shares and Elementos Common Shares over the period of time that we deemed relevant;
- xiv. compared the assets of the Company and Elementos and their respective stock market trading multiples with those of certain other publicly traded companies that we deemed relevant;
- xv. representations, warranties and acknowledgements contained in a letter of representation, dated the date hereof, from senior officers of the Company as to the completeness and accuracy of the information upon which this Opinion is based (the “**Representation Letter**”);
- xvi. the financial terms, to the extent publicly available, of certain comparable acquisition transactions that we deemed relevant; and
- xvii. reviewed such other information and considered such other factors as we have deemed appropriate.

Cairn also participated in discussions regarding the Transaction and related matters with Chitiz Pathak LLP, Canadian legal counsel to the Company.

Cairn has not, to the best of its knowledge, been denied access by the Company or Elementos to any information under their respective control requested by Cairn.

Cairn did not meet with the auditors of the Company and has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the financial statements of the Company and any reports of the auditors thereon.

### ***Assumptions and Limitations***

For the purposes of our analysis and the Opinion, we have relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions, representations and other material obtained by us from public sources or provided to us by or on behalf of the Company and Elementos or otherwise obtained by us in connection with our engagement (the “**Information**”). The Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested to, and have not assumed any obligation to, independently verify the completeness, accuracy or fair presentation of any such Information. We have assumed that the Information provided to us and used in our analyses were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company and Elementos.

Senior officers of the Company have represented to Cairn in the Representation Letter, among other things, that: (i) the Information provided orally by, or in the presence of, an officer or employee of the Company, or in writing by the Company or any of its subsidiaries (as those terms are defined in the *Securities Act* (Ontario)) or their respective agents to Cairn for the purposes of preparing the Opinion was, at the date the Information was provided to Cairn, and is as of the date hereof, complete, true and correct in all material respects and did not and does not contain any untrue statement of a material fact in respect of the Company, its subsidiaries or the Transaction and did not and does not omit to state a material fact in respect of the Company, its subsidiaries or the Transaction necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was provided or any statement was made; (ii) since the dates on which the Information was provided to Cairn, except as disclosed in writing to Cairn, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries and no material change has occurred in the Information or any part thereof which would have or which could reasonably be expected to have a material effect on the Opinion; (iii) there have been no valuations or appraisals relating to the Company or any affiliate or any of their



respective material assets or liabilities made in the preceding 24 months and in the possession or control of the Company other than those which have been provided to the Company or, in the case of valuations known to the Company which it does not have within its possession or control, notice of which has not been given to the Company; (iv) any portions of the Information provided to Cairn which constitute forecasts, projections or estimates were prepared using the material assumptions identified therein, which assumptions management of the Company believes to be reasonable; (v) there are no agreements, undertakings, commitments or understanding (whether written or oral, formal or informal) relating to the Transaction, except as have been disclosed in all material respects to Cairn; and (xi) the contents of all disclosure documents prepared in connection with the Transaction are and will be true and correct in all material respects and have not and will not contain any misrepresentation (as defined in the *Securities Act* (Ontario)) and the disclosure documents comply and will comply with all requirements under applicable laws.

In preparing the Opinion, we have assumed that the Transaction will be consummated in accordance with the terms set forth in the Agreements without any waiver, amendment or delay of any terms or conditions. Cairn has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the Transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the Transaction.

We have relied upon, without independent verification, the assessment by management of the Company of: (i) the strategic, financial and other benefits expected to result from the Transaction; (ii) the timing and risks associated with the integration of MESPA and Elementos; (iii) the validity of, and risks associated with, MESPA's and Elementos' existing and future products, services, mineral reserves and resources, mining leases and concessions and business models including, without limitation, any risks associated with any regulatory and/or governmental oversight and relationships of the Company, MESPA and Elementos; and, (iv) the potential benefits, risks and liabilities associated with the Company post completion of the Transaction.

We are not legal, tax, or regulatory advisors or geological experts. We are financial advisors only and have relied upon, without independent verification, the assessment of the Company and Elementos and their legal, tax, regulatory and/or geological advisors with respect to legal, tax, regulatory and/or geological matters. We have not made any independent valuation or appraisal of the assets or liabilities of the Company, MESPA or Elementos, nor have we been furnished with any such appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the Information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Opinion.

We have been retained to provide only a fairness opinion letter in connection with the Transaction, and we will receive a fee for our services upon rendering this Opinion. As a result, we have not been involved in structuring, planning or negotiating the Transaction. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction, involving the Company.

This letter and the opinion expressed herein is addressed to, and for the information and benefit of, the Special Committee in connection with their evaluation of the Transaction and may not be used for any other purpose without our prior written consent, except that a copy of this Opinion may be included in its entirety in any filing the Company is required to make with the Canadian securities regulatory authorities and applicable stock exchanges in connection with this Transaction if such inclusion is required by applicable law. Our opinion does not address the relative merits of the Transaction as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. In addition, this Opinion does not in any manner address the prices at which the Eurotin Common Shares or Elementos Common Shares will trade at any time, and Cairn expresses no





opinion or recommendation as to how the shareholders of the Company should vote at the shareholders' meetings to be held in connection with the Transaction.

The Opinion is rendered as of the date hereof and Cairn disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Cairn after the date hereof. Without limiting the foregoing, if we learn that any of the Information we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, Cairn reserves the right to change or withdraw the Opinion.

The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. Cairn believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

**Conclusion**

Based on and subject to the foregoing, we are of the opinion on the date hereof that the Consideration to be received by the Shareholders pursuant to the Transaction is fair, from a financial point of view, to the Shareholders (other than Wellings).

Yours very truly,

*Cairn Merchant Partners LP*

**CAIRN MERCHANT PARTNERS LP**





