



## **ELEMENTOS LIMITED**

**ABN 49 138 468 756**

### **CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**



Your directors submit the financial report of the consolidated Group for the half-year ended 31 December 2013.

### **Directors**

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

A A McLellan (resigned 21 October 2013)  
C Nolan  
M D McCauley (resigned 6 August 2013)  
J D Calaway (resigned 21 October 2013)  
R P Seville (appointed 21 October 2013)  
C P Treacy (appointed 21 October 2013)

### **Review of Operations**

The group's operating loss for the half-year, after applicable income tax was \$857,984. Exploration and evaluation expenditure during the period totalled \$587,562.

At 31 December 2013, the Group's net assets totalled \$6,390,513 which included cash assets of \$1,002,553.

During the period, the Company undertook a number of private placements raising a total of \$1,623,530, before equity raising costs of \$19,258. In addition, shares to the value of \$12,081 were issued as part of the salary sacrifice plan.

During the reporting period, development, exploration and assessment work was undertaken on the Company's portfolio of assets.

### **Cleveland**

During the period, the acquisition of Rockwell Minerals Ltd was completed and project management of the Cleveland project was assumed by the Company. Elementos has made rapid progress on the Cleveland Project including the commencement of the Cleveland tin-copper Pre-Feasibility Study ("PFS"), and the continuation of the environmental approval process for the Cleveland tailings reprocessing and mine dewatering.

### **Cleveland Pre-Feasibility Study**

In November 2013, the Company commenced a PFS to assess the near term development potential of the tailings resource, and re-establishing the underground mining operation, which hosts substantial shallow in-ground resources, to produce tin and copper concentrates.

The PFS is being undertaken by MiningOne and pitt&sherry who together have significant experience and expertise in all aspects of tin resource definition, mining and processing, and are studying the infrastructure requirements of the project.



### ***Cleveland Tailings Environmental Approval and Tailings Dam Study***

A draft Development Proposal and Environmental Management Plan ("DPEMP") was submitted to the Tasmanian Environmental Protection Agency in accordance with the guidelines issued to the Company in March 2012. The full report is nearing completion and is expected to be lodged in Q2 2014. The DPEMP includes plans for the location of a new tailings storage facility, a tailings reprocessing methodology, and dewatering of the existing underground mine for future access.

As part of the approval process, a fifteen-hole sonic drilling program on the tailings dam was completed. This will provide information for geotechnical, environmental, metallurgical and also resource definition purposes.

Tasmanian based pitt&sherry have been appointed principal environmental consultants to assist in the submission and associated work.

### **Cleveland Tungsten**

During the period, the Company outlined a Conceptual Exploration Target for Foley's tungsten zone at the Cleveland project.

Independent consultants, MiningOne, have reported an Exploration Target for Foley's zone – refer ASX release 29 October 2013 "Cleveland Project Tungsten Potential".

### **South America**

During the period, there were no exploration activities at Tamaya, Manantiales or Santo Domingo. However, a number of site visits were undertaken by companies interested in forming a joint venture to explore and develop the projects and the negotiations are on-going.

### **Millenium**

During the period, the Company entered into a joint venture agreement with Chinalco Yunnan Copper Resources ("CYU").

CYU also completed an initial copper-gold drilling program at Millenium in the period. For more information see report titled "Completion of initial copper/gold drilling program at Millenium – large mineral system identified" available at [www.cycal.com.au](http://www.cycal.com.au).

### **Selwyn Range**

No exploration activities were completed during the period pending the granting of the exploration permits.

### **Subsequent Events**

No other material matters or circumstances have arisen since the balance date.



**Auditor's Independence Declaration**

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

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

A handwritten signature in black ink, appearing to read 'Calvin Treacy', is written over the printed name.

Calvin Treacy  
Managing Director

Signed: 13 March 2014  
Brisbane, Queensland

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

As lead auditor for the review of Elementos Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Company Name and the entities it controlled during the period.

**A J Whyte**

Director



**BDO Audit Pty Ltd**

Brisbane, 13 March 2014

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
**ABN 49 138 468 756**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Revenue	2	5,928	1,169
Less expenses:			
Corporate and administrative expenses		(343,871)	(108,841)
Listing expenses		(200,000)	-
Exploration and evaluation expenditure		(21,169)	-
Impairment of exploration and evaluation assets		(298,872)	-
<b>Loss before income tax expense</b>		(857,984)	(107,672)
Income tax expense		-	-
<b>Loss for the period attributable to members of the parent entity</b>		(857,984)	(107,672)
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to profit or loss</b>			
Foreign currency translation gain/(loss)		(62,554)	-
Income tax relating to components of other comprehensive income		-	-
<b>Other comprehensive income for the period, net of tax</b>		(62,554)	-
<b>Total comprehensive income attributable to members of the parent entity</b>		(920,538)	(107,672)
Basic earnings per share (cents per share)		(0.34)	(0.21)
Diluted earnings per share (cents per share)		(0.34)	(0.21)

The accompanying notes form part of this financial statement.

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**

**ABN 49 138 468 756**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2013**

	<b>Note</b>	<b>31 Dec 2013</b>	<b>30 June 2013</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,002,553	143,733
Trade and other receivables		198,771	153,368
Other current assets		41,697	18,850
<b>Total Current Assets</b>		<b>1,243,021</b>	<b>315,951</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	3	5,763,188	2,879,676
Property, plant and equipment		40,483	-
<b>Total Non-Current Assets</b>		<b>5,803,671</b>	<b>2,879,676</b>
<b>TOTAL ASSETS</b>		<b>7,046,692</b>	<b>3,195,627</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		656,179	342,678
<b>Total Current Liabilities</b>		<b>656,179</b>	<b>342,678</b>
<b>TOTAL LIABILITIES</b>		<b>656,179</b>	<b>342,678</b>
<b>NET ASSETS</b>		<b>6,390,513</b>	<b>2,852,949</b>
<b>EQUITY</b>			
Issued capital	8	9,457,042	4,998,940
Reserves		(62,554)	-
Accumulated losses		(3,003,975)	(2,145,991)
<b>TOTAL EQUITY</b>		<b>6,390,513</b>	<b>2,852,949</b>

The accompanying notes form part of this financial statement.

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
**ABN 49 138 468 756**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	2,796,440	(1,805,095)	-	-	991,345
Loss for the period	-	(107,672)	-	-	(107,672)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	(107,672)	-	-	(107,672)
Shares issued during the period	2,152,500	-	-	-	2,152,500
<b>Balance at 31 December 2012</b>	4,948,940	(1,912,767)	-	-	3,036,173
<b>Balance at 1 July 2013</b>	4,998,940	(2,145,991)	-	-	2,852,949
Loss for the period	-	(857,984)	-	-	(857,984)
Other comprehensive income for the period	-	-	-	(62,554)	(62,554)
Total comprehensive income	-	(857,984)	-	(62,554)	(920,538)
Shares issued during the period					
- Rockwell Minerals Ltd	244,530	-	-	-	244,530
- Elementos Ltd	1,391,081	-	-	-	1,391,081
Total shares issued during the period	1,635,611	-	-	-	1,635,611
Transaction costs	(19,258)	-	-	-	(19,258)
Deemed value of notional merger shares issued	2,841,749	-	-	-	2,841,749
<b>Balance at 31 December 2013</b>	9,457,042	(3,003,975)	-	(62,554)	6,390,513

The accompanying notes form part of this financial statement.



**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
**ABN 49 138 468 756**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	31 Dec 2013	31 Dec 2012
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments due to suppliers and employees	(457,304)	(79,685)
Interest received	4,088	1,169
<b>Net cash used in operating activities</b>	<u>(453,216)</u>	<u>(78,516)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation assets	(587,562)	(51,737)
Cash acquired on purchase of subsidiary	149,056	-
<b>Net cash used in investing activities</b>	<u>(438,506)</u>	<u>(51,737)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	1,623,530	795,000
Costs associated with share issue	(19,258)	-
Equity received in advance	145,000	-
<b>Net cash provided by (used in) financing activities</b>	<u>1,749,272</u>	<u>795,000</u>
<b>Net increase in cash held</b>	857,550	664,747
<b>Cash at beginning of period</b>	143,733	54,041
Effect of exchange rates on cash holdings in foreign currencies	1,270	-
<b>Cash at end of period</b>	<u>1,002,553</u>	<u>718,788</u>

The accompanying notes form part of this financial statement.

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
**ABN 49 138 468 756**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Preparation*

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

As a result of the merger with Rockwell Minerals Ltd (as discussed in Note 10), this financial report represents a continuation of the financial statements of Rockwell Minerals Ltd being the accounting parent entity of the Group.

This interim financial report does not include all notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report of Elementos Limited (the "Company") as at 30 June 2013, together with public announcements made by the Company during the interim reporting period in accordance with its continuous disclosure obligations.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2013 Annual Report. There has been no new or revised Australian Accounting Standards issued by the AASB that materially affected the Company in the current period.

*Going Concern*

The financial statements have been prepared on a going concern basis. The going concern basis 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 continue to adopt the going concern basis is dependent on a number of matters including the successful raising in the future of necessary funding and/or the successful exploration and subsequent exploitation of the Group's tenements.

In the event that the Group is unable to raise its future funding requirements, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Group may then be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provision for costs which may arise as a result of cessation or curtailment of normal business operations.

*Business Combinations*

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair value of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred.

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date, fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

*Acquisition of Rockwell Minerals Ltd and its Controlled Entities*

During the half-year, Rockwell Minerals Limited's original shareholders obtained a majority share interest in Elementos Limited after the merger transaction. This transaction did not meet the definition of a business combination in Australian Accounting Standard AASB 3 Business Combinations. The transaction has therefore been accounted for in the consolidated financial statements in accordance with Australian Accounting Standard AASB2 Share-based Payment and has been accounted for as a continuation of the financial statements of Rockwell Minerals Limited together with a deemed issue of shares, equivalent to the shares held by the former shareholders of Elementos Limited. The deemed issue of shares is, in effect, a share-based payment transaction whereby Rockwell Minerals Limited is deemed to have received the net assets of Elementos Limited, together with the listing status of Elementos Limited. The overall accounting effect is very similar to that of a Because the consolidated financial statements represent a continuation of the financial statements of Rockwell Minerals Limited, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in AASB 3 have been applied:

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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

- fair value adjustments arising at acquisition were made to Elementos Limited assets and liabilities, not those of Rockwell Minerals Limited;
- the cost of the acquisition, and amount recognised as issued capital to affect the transaction, is based on the notional amount of shares that Rockwell Minerals Limited would have needed to issue to acquire the same shareholding percentage in Elementos Limited at the acquisition date;
- accumulated losses and other equity balances in the consolidated financial statements at acquisition date are those of Rockwell Minerals Limited;
- a share-based payment transaction arises whereby Rockwell Minerals Limited is deemed to have issued shares in exchange for the net assets of Elementos Limited (together with the listing status of Elementos Limited). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit or loss as a listing expense;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Elementos Limited, including the equity instruments issued to effect the acquisition;
- the results for the half-year ended 31 December 2013 comprise the consolidated results for the half year of Rockwell Minerals Limited together with the results of Elementos Limited from the acquisition date, being 14 October 2013; and
- the comparative results represents the consolidated results of Rockwell Minerals Limited only.

New and Amended Accounting Standards

New and revised standards have been issued by the AASB and are effective for the half-year.

However, there are no material changes to the policies that affect measurement of the results or financial position of the consolidated entity.

Fair values

The fair values of the consolidated entity's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

**NOTE 2: RESULTS FOR THE PERIOD**

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$</b>	<b>\$</b>
Interest received from other persons	5,928	1,169
Depreciation and amortisation	3,892	-
Listing expenses	200,000	-

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**NOTE 3: EXPLORATION AND EVALUATION ASSETS**

	<b>31 Dec 2013</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenditure carried forward in respect of the areas of interest are:		
Exploration and evaluation expenditure - at cost	6,062,060	2,879,676
Less impairment provision	(298,872)	-
Total exploration and evaluation expenditure	<u>5,763,188</u>	<u>2,879,676</u>

**Movement in exploration and evaluation assets:**

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$</b>	<b>\$</b>
Opening balance - at cost (1 July)	2,879,676	921,886
Capitalised exploration expenditure	537,004	1,851,737
Capitalised expenditure acquired on merger	2,750,636	-
Impairment provision	(298,872)	-
Foreign currency translation movement	(105,256)	-
Carrying amount at the end of period (31 Dec)	<u>5,763,188</u>	<u>2,773,623</u>

As outlined in Note 9, Elementos Ltd has completed a merger transaction during the period with Rockwell Minerals Ltd. As part of this merger, exploration expenditure with a fair value of \$2,750,636 was acquired by the Group.

The impairment provision carried forward at 31 December 2013 includes 100% in respect of the Tamaya and Manantiales projects, but no amount in respect of the Santo Domingo project.

**NOTE 4: COMMITMENTS**

**Exploration Commitments**

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

The 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.

	<b>31 Dec 2013</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
Not later than 1 year	916,812	242,500
Later than 1 year but not later than 5 years	667,896	272,500
Total commitment	<u>1,584,708</u>	<u>515,000</u>

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
**ABN 49 138 468 756**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**NOTE 5: CONTINGENT LIABILITIES**

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

**NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE**

There were no events subsequent to reporting date that required disclosure in this financial report.

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**NOTE 7: SEGMENT REPORTING**

**Description of Segments**

Operating segments have been determined on the basis of reports reviewed by the chief operating decision maker. The Managing Director (the "MD") is considered to be the chief operating decision maker of the group. The MD assesses and reviews activities based on each area of interest. Each area of interest is aggregated on a geographic basis to form a reportable segment. The Group's exploration activities in each area of interest in Argentina and Australia are primarily centered around gold and copper. The Group's exploration activities in Australia are primarily focused around tin and copper. The Group's reportable segments are Australia, Chile and Argentina.

**Information provided to the Managing Director**

Segment information provided to the managing director for the six months ended 31 December 2013 for the Rockwell Group and is as follows:

**31 December 2013**

	<b>Australia</b>	<b>Chile</b>	<b>Argentina</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment Profit or Loss Before Tax</b>	(21,395)	(302,717)	(29,395)	(353,507)
Included in segment profit or loss before tax are the following items:				
Depreciation and amortisation	3,006	-	886	3,892
Exploration and evaluation expenditure	21,169	298,872	-	320,041

**31 December 2012**

There was only one operating segment during the period.

	<b>Australia</b>	<b>Chile</b>	<b>Argentina</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment Assets</b>				
31 December 2013	3,597,919	-	2,292,743	5,890,662
30 June 2013	3,195,627	-	-	3,195,627
<b>Segment Liabilities</b>				
31 December 2013	175,042	10,257	48,627	233,926
30 June 2013	342,678	-	-	342,678

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**NOTE 7: SEGMENT REPORTING (CONT)**

**Other Segment Information**

Segment profit or loss before tax excludes corporate revenue and expenses. Segment profit or loss before tax reconciles to total profit or loss before tax as follows:

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$</b>	<b>\$</b>
Segment profit or loss before tax	(353,507)	-
Interest received from other persons	5,928	851
Corporate and other expenses	(510,405)	(108,523)
Profit or loss before tax	<u>(857,984)</u>	<u>(107,672)</u>

Segment assets and liabilities exclude corporate assets and liabilities. Segment assets and liabilities reconcile to total assets and liabilities as follows:

	<b>31 Dec 2013</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
Segment assets	5,890,662	3,195,627
Corporate assets	1,156,030	-
Total assets	<u>7,046,692</u>	<u>3,195,627</u>

	<b>31 Dec 2013</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
Segment liabilities	233,926	342,678
Corporate liabilities	422,253	-
Total liabilities	<u>656,179</u>	<u>342,678</u>



**ELEMENTOS LIMITED and CONTROLLED ENTITIES**

**ABN 49 138 468 756**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**NOTE 8: ISSUED CAPITAL**

	<b>31 Dec 2013</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	9,476,300	5,199,270
Share issue costs	(19,258)	(200,330)
	<u>9,457,042</u>	<u>4,998,940</u>

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise each shareholder has one vote on show of hands.

	<b>31 Dec 2013</b>		<b>31 Dec 2012</b>	
	<b>Number of shares</b>	<b>\$</b>	<b>Number of shares</b>	<b>\$</b>
<b>(b) Reconciliation of issued and paid-up capital</b>				
Opening balance as at 1 July	70,390,006	4,998,940	52,170,006	2,796,440
Shares issued (1)	-	-	6,020,000	752,500
Shares issued (2)	-	-	11,200,000	1,400,000
Rockwell shares issued prior to merger	8,890,000	244,530	-	-
Reversal of existing shares on merger	(79,280,006)	-	-	-
Existing Elementos shares on issue	188,638,746	-	-	-
Issue of Elementos shares on acquisition of Rockwell Minerals Ltd	277,480,026	2,841,749	-	-
Issue of Elementos shares post acquisition	69,582,507	1,391,081	-	-
Closing Balance as at 31 December	<u>535,701,279</u>	<u>9,476,300</u>	<u>69,390,006</u>	<u>4,948,940</u>

(1) On 31 December 2012, 6,020,000 \$0.125 ordinary shares were issued by Rockwell Minerals Limited to private investors.

(2) On 31 December 2012, 11,200,000 \$0.125 ordinary shares were issued by Rockwell Minerals Limited in consideration for the second option payment for EL7/2005.

**ELEMENTOS LIMITED and CONTROLLED ENTITIES**  
**ABN 49 138 468 756**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**NOTE 9: ACQUISITION ACCOUNTING AND SHARE BASED PAYMENTS EXPENSE**

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

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

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

The value of the transaction is as follows:

	<b>31 Dec 2013</b>
	<b>\$</b>
Assets and liabilities acquired	
Cash and cash equivalents	149,056
Trade and other receivables	37,907
Other current assets	3,591
Property, plant and equipment	44,524
Exploration and evaluation assets	2,750,636
Trade and other payables	(343,965)
	<u>2,641,749</u>
Fair value of notional shares that Rockwell Minerals Ltd issued to effect the transaction	2,841,749
	<u>200,000</u>
Listing expense	<u>200,000</u>

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

**ELEMENTOS LIMITED**

**ABN 49 138 468 756**

**DIRECTORS' DECLARATION**

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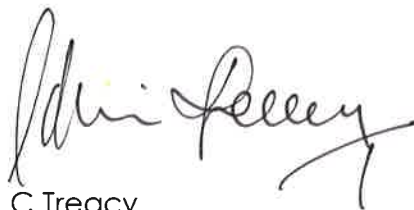
The Directors of the Company declare that:

1. The financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



C Nolan  
Non-Executive Director



C Treacy  
Managing Director

Signed: 13 March 2014  
Brisbane, Queensland

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Elementos Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Elementos Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Elementos Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which

has been given to the directors of Elementos Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### **Conclusion**

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

#### **Emphasis of matter**

Without modifying our conclusion, we draw attention to Note 1 in the half-year 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.

**BDO Audit Pty Ltd**

BDO



**A J Whyte**

Director

Brisbane, 13 March 2014