

ASX ANNOUNCEMENT

7 August 2017

NON-RENOUNCEABLE RIGHTS ISSUE - RIGHTS ISSUE SHORTFALL

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to provide an update regarding its non-renounceable rights issue announced on 29 June 2017 (Rights Issue). The Company received a very encouraging response from existing shareholders to their entitlement and from new investors for the shortfall.

The Company issued the Rights Issue Prospectus on Wednesday, 3 July 2017 (Prospectus), offering a total of 237,324,642 new shares (and 237,324,642 new attaching options) to raise up to \$1,423,948. The Rights Issue closed on Wednesday, 2 August 2017.

Existing (entitled) shareholders have lodged applications totalling \$1,154,488, comprising the Rights Issue Offer (\$676,327) and the Additional Offer (\$478,161).

The applications under the Rights Issue Offer represent a total of 112,721,237 new shares (and new attaching options) applied for, leaving a shortfall of 124,603, 405 new shares (and new attaching options)(before consideration of applications under the Additional Offer).

The Company has been working closely with Lodge Partners, a privately owned Institutional Stockbroking, Research and Corporate Finance Firm, to fill any potential shortfall from the Offer. Lodge Partners have received strong demand from their clients.

In order to address the demand from existing shareholders (for the Additional Offer) and also the strong demand from Lodge Partners, the Elementos directors have resolved to scale back the Additional Offer and Lodge Partners have agreed to scale back demand from their clients for the Shortfall Offer.

A summary of the applications made, the planned scale back and the planned Shortfall Offer is set out below:

	Number of Shares (and number of Options)	\$
Rights Issue Offer applications received	112,721,237	\$676,327
Additional Offer applications received	79,693,423	\$478,161
Total applications received	192,414,660	\$1,154,488
Scale back of Additional Offer	(38,428,951)	(\$230,574)
Shortfall Offer	83,338,933	\$500,034
Total	237,324,642	\$1,423,948

Additional Information

Shortfall and scale back

As noted above, existing (entitled) shareholders have applied for a total of 112,721,237 new shares (and 112,721,237 new attaching options), giving rise to a Rights Issue shortfall of 124,603,405 new shares (and 124,603,405 new attaching options).

Existing Shareholders have also applied under the Additional Offer for a further 79,693,423 new shares (and 79,693,423 new attaching options). As noted above, the Company will scale back the applications to be accepted under the Additional Offer to 38,428,951 new shares (and 38,428,951 new attaching options), resulting in the availability of 83,338,933 new shares (and 83,338,933 new attaching options) under the Shortfall Offer. The Company has received strong demand to raise the \$500,034 under the Shortfall Offer.

Under the Prospectus, the Company has reserved the right to scale back applications for additional securities under the Additional Offer at its absolute discretion and will refund excess application money (without interest) where a lesser number of additional securities is allocated to an applicant than has been applied for. It was an express term of the Additional Offer that applicants for additional securities are bound to accept a lesser number of additional securities allocated to them than applied for.

The Company's policy to scale back applications made under the Additional Offer is to set the maximum application per Additional Offer of 1,091,667 new shares (and 1,091,667 new attaching options) totalling \$6,550 per application. For clarity, all applications made under the Rights Issue Offer will be accepted in full.

The Shortfall Offer to Investors under the Prospectus remains open until Wednesday 16 August 2017 and, as stated in the Prospectus, the Company reserves the right to issue any new securities not allocated under the Additional Offer in accordance with the terms of the Shortfall Offer or as otherwise provided in the Prospectus.

Other

The Company advises that the Company's directors, Mr Andrew Greig, Mr Christopher Dunks, Mr Corey Nolan and Mr Calvin Treacy, have taken up either their full entitlements or part of their entitlements as indicated in the Prospectus. Mr Greig has utilised the debt conversion facility explained in the Prospectus (for his full entitlement of 45,371,137 new shares and 45,371,137 attaching options).

The Company will proceed to allot and issue the new shares and new options in respect of the Rights Issue Offer and (scaled back) Additional Offer on Wednesday 9 August 2017.

It is anticipated that the new shares issued in respect of the Rights Issue Offer and (scaled back) Additional Offer will commence trading on the ASX on Thursday, 10 August 2017 with despatch of transaction confirmation statements to occur that same date.

Following the successful completion of the Rights Issue, and the recently completed placement, the Company is pleased to advise it will have over \$1.8m (before Rights Issue costs) available to actively progress its Cleveland project.

The Company wishes to thank shareholders for their ongoing support and welcome the Company's new investors.

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CAUTIONARY STATEMENTS

Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled.

Elementos undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

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