

`_element`

Q2 Highlights

- Completed funding of Ambershaw Metallics Inc (AMI)
- Entered into LOI with Auplata to acquire 37% of Compagnie Minière de Toussit SA (CMT)
- Entered into agreement with Alpha Blue Ocean for MNOK 500 convertible bond facility with warrants
- Extended cooperation agreement with Harmonychaim until 30 June 2019

Subsequent events:

- Published Whitepaper for IRON Tokens
- Signed final terms for the CMT acquisition
- Postponement of second ABO tranche

(USD million)	Q2 2018	Q2 2017
Net income	0.0	0.0
Operating loss	(0.8)	(0.4)
Net financial items	(1.2)	0.0
Loss before tax	(2.1)	(0.4)
Cash	3.1	2.6
Total assets	18.7	10.2
Equity	12.3	6.4

Postponement of 2nd ABO Tranche

- Postponement of the second MNOK 50 tranche with warrants until 25 September 2018
- Restrictions on selling volume to a maximum of 10% of the daily trading volume for a period of 6 months, as long as the share price is less than NOK 4.50 per share.
- No restrictions on the buying volume in the side letter

MNOK 500 convertible bond facility with warrants

- Interest free
- 4 year term
- 10 tranches of MNOK 50, of which 3 are mandatory
- Each tranche is convertible for 12 months after issuance
- Conversion price: 100% of the lowest daily VWAP 10 days preceding notice of conversion from ABO

This is Element

Investment highlights



Innovative project investment company within the mineral sector



- Developing a cash generating and diversified investment portfolio within the mineral sector
- Identifying undervalued projects, unlocking value, closing in on cash flow, with completed infrastructure



Attractive asset strategy and strong deal flow



- Max 12 - 18 months to initial production with low geological risk. AMI IPO planned for 2019 – Second CMT shaft provides significant upside potential
- Solid deal flow pipeline; capacity of onboarding one project every year post 2019
- Exploring strategic options for legacy project Mindoro



Front runner within asset-linked crypto currencies



- Issue of tokens provide interest free and non-dilutive financing for Element
- World-class blockchain capabilities and limited investment requirements
- Long term ambition of developing a global platform for asset-linked crypto currency within the commodity space



Flexible financing



- Committed to a total of three MNOK 50 million convertible note facility tranches
- Flexible financing in the initial phase of the business development strategy
- Strong value creation potential from AMI and CMT
- Ambition of non-dilutive and interest free financing from token issues

MINDORO NICKEL

EXPLORING STRATEGIC OPTIONS FOR LEGACY PROJECT

One of the Worlds Largest Nickel Resources

- Mindoro Nickel is a large nickel deposit located on the island of Mindoro in the Philippines
- 345 million ton of laterite with 3 million ton of contained nickel
- Legacy project from Intex, stalled due to project economics and political instability
- High growth in demand for electrical cars and new mining technology enables new Mindoro strategy

Nickel production must increase 1.2 million tons by 2030*, equal to more than half of current global output, to keep up with demand from the battery industry

Nickel currently trades at \$13,000 vs the previous peak of \$51,600 per ton in 2007

*Trafigura & Glencore

Applying a New Processing Technology

- CRSM technology is a low energy consumption, low opex and capex technology, capable of upgrading the relatively low grade of the Mindoro ore into a high value product
- Environmental disruption
 - 80% of the ore left on site for mine rehabilitation
 - No need to mine large quantities of ore vis a vis direct shipping
- Upgrading lab-tests of the limonite and saprolite ore show significant upgrades to the nickel ratio

Sintering temperature	Original Limonite Ni	With catalyst(Avg)	Improvement
1100 C	1.07%	1.67%	56%
1200 C	1.07%	1.81%	69%
1300 C	1.07%	1.97%	84%
Sintering temperature	Original Saprolite Ni	With catalyst(Avg)	Improvement
1100 C	1.21%	1.45%	20%
1200 C	1.21%	1.39%	15%
1300 C	1.21%	1.33%	10%

From Capital Intensive to Capital Light

Flexible module-based investment approach

Financials per module indicating pay-back time of 1 year
Capex per module: 26 - 35 MUSD

Economics at a nickel price of 11,000 USD/ton

Annual production per module: 600,000 ton
EBITDA (before royalties) per module: 28 - 32 MUSD

Compagnie Minière de Touissit

THE LARGEST SHAFT IN NORTH AFRICA FULLY FINANCED

Strong CMT Partnership with Auplata

- JV with Auplata, listed on Euronext in Paris, to acquire a controlling 37% stake in Compagnie Minière de Touissit (CMT)
- CMT has an attractive producing portfolio and undeveloped assets and has fully financed the largest shaft in North Africa - expected to increase annualized revenue by 30-50% from 2020
- Increases Element's exposure to other natural resources for potential tokenization:
 - lead, zink and silver



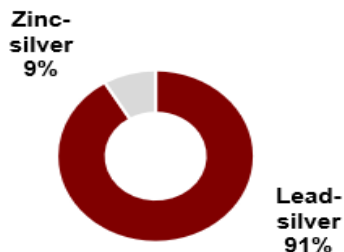
CMT Snapshot – 2nd Largest in Morocco

- Founded in 1974
- Listed on the Casablanca Stock Exchange in 2008
- Specializes in the production of high quality lead-silver and zinc-silver concentrate
- Main activity is the production, mainly of lead-silver and zinc-silver concentrates, at the Tighza site
- CMT historical dividend yield: x2 market cap in 10 years
- CMT historical EBITDA margins: 41-73% since 2012
- 13 concessions | 19 mining permits | 8 research permits
- Employs nearly 500 people, including 370 permanent employees



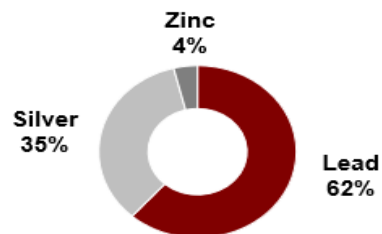
Robust Historical Financial Performance

Production by concentrate (2017)



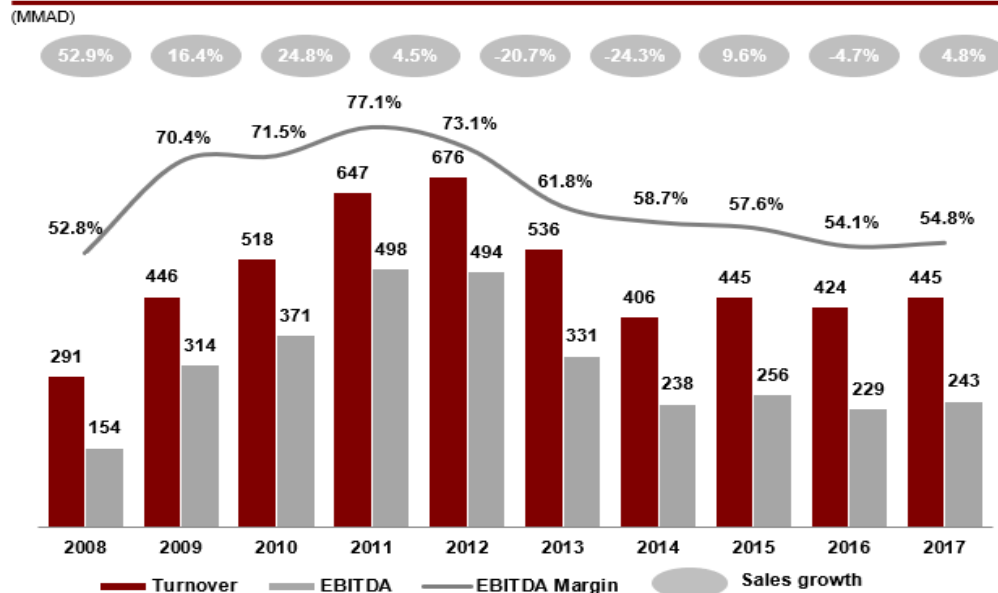
22.0 kt of lead-silver concentrates and 3.2 kt of zinc-silver concentrates

Sales by paid metal⁽²⁾ (2017)



MAD 419 million

Historical sales⁽¹⁾ and EBITDA evolution

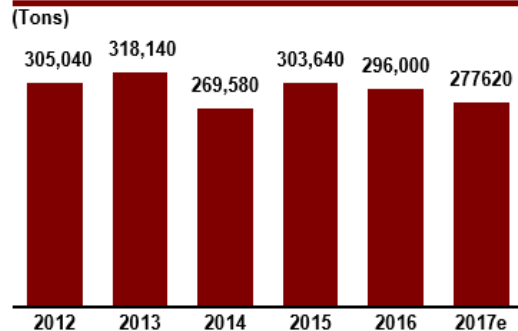


- Robust financial performance over the 2008 – 2012 period:
 - Sales CAGR of 23.4%
 - EBITDA CAGR of 33.7%
- Decline in revenues starting 2013 due to decreasing international metal prices starting 2013.
- Sales growth of 9.6% in 2015 thanks to favorable USD/MAD exchange rate and an efficient hedging policy.
- The decline in sales in 2016 is mainly due to a slight decrease in production.

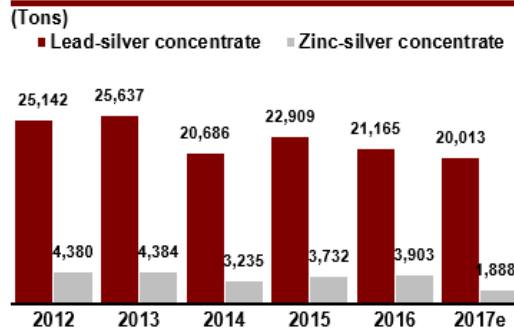
(1) Accounting base
 (2) Before hedging and excluding other revenues and change in inventories

Turnover Upside of 30-50% from 2020

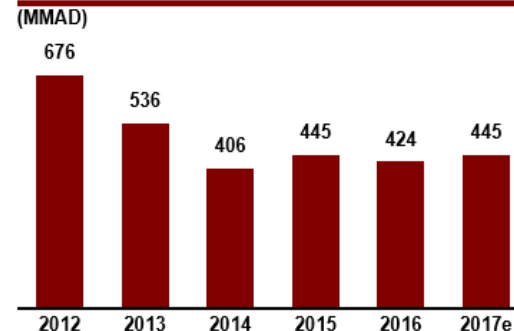
Tonnage extracted



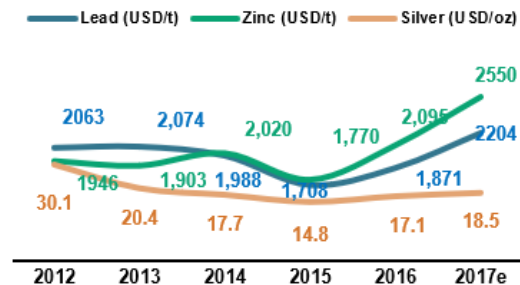
Sales (volume)



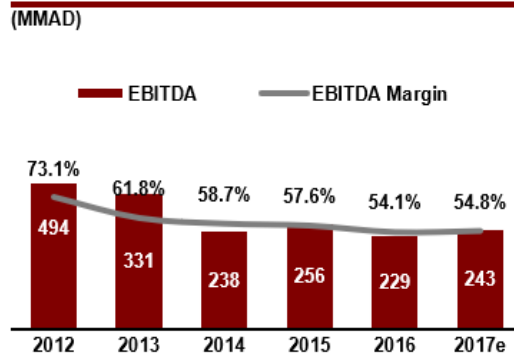
Turnover



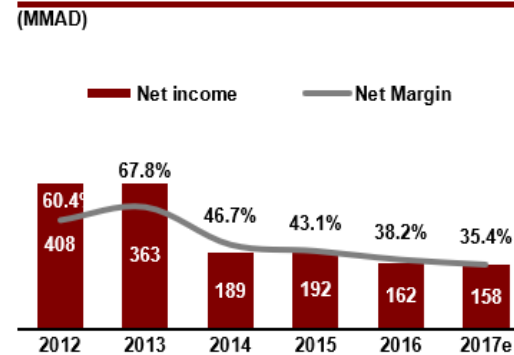
Average selling price



EBITDA



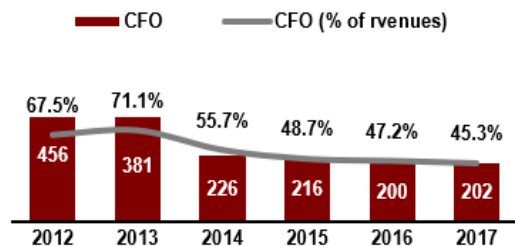
Net income



200% Market Cap in Dividends in 10 Years

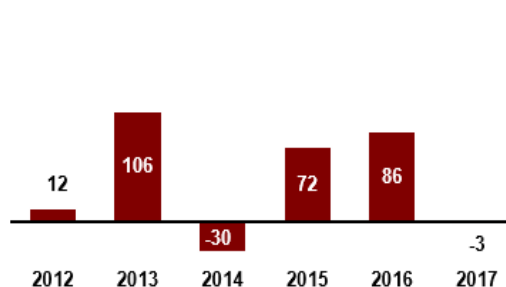
Cash from operations

(MMAD)



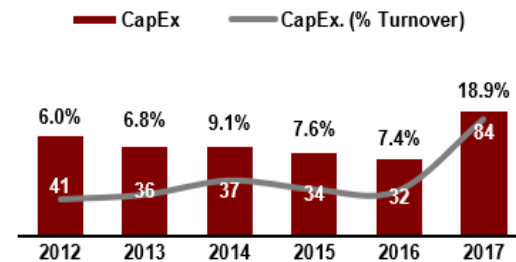
Change in working capital

(MMAD)



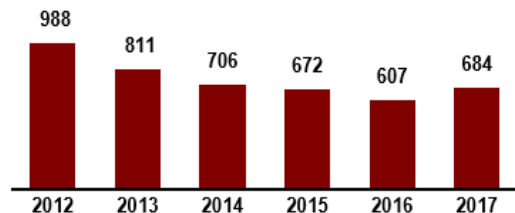
CapEx

(MMAD)



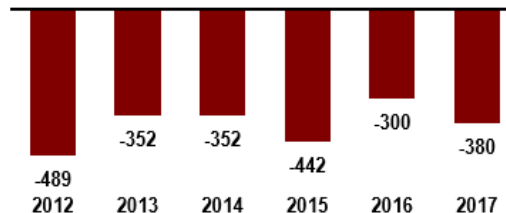
Equity

(MMAD)



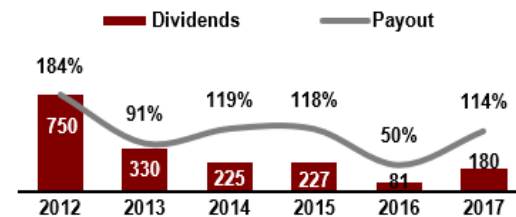
Net debt

(MMAD)



Dividends

(MMAD)



Ambershaw Metallics Inc

ON TRACK FOR 2019 IPO

AMI – Clear Path to Cash Flow

- JV between Element and Legacy Hill
- Approximately 50 square kilometres of mining patents and claims
- AMI aims at commencing sample production of DR grade pellets upon receipt of the advanced exploration license, AdEx
- Sample production of pellets will commence in due course thereafter
- Target of initial public offering in 2019



Favorable Location



AMI

Each yellow circle on the adjacent map represents an Electric Arc Furnace and a potential customer.

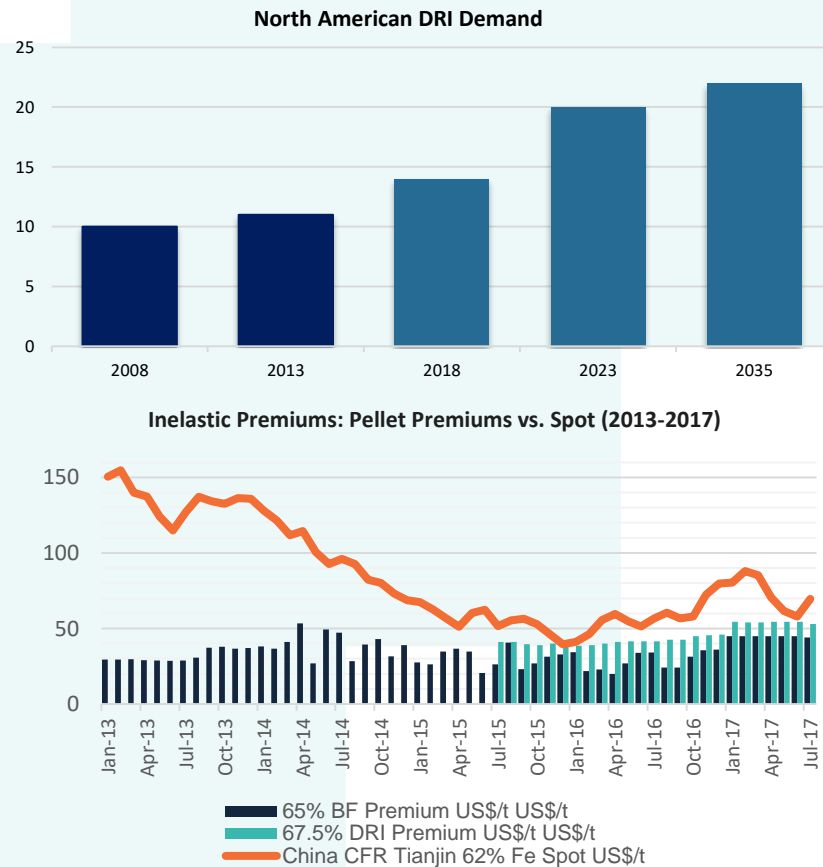
The project has very good access to end-users through existing rail and shipping links through the Great Lakes.

AMI has already opened discussions with potential customers.

Growing Undersupplied Market

- DRI is used by EAFs as a substitute for scrap steel trading in excess of US\$ 344/t*
- It commands a significant premium to standard iron ore
- DRI production is heavily dependent on the supply of high quality iron ore pellets, which are currently in short supply
- End-users have to pay premiums for pellets with a higher Fe content and a further premium for magnetite
- DRI production is forecast to grow to 200Mt by 2030, up from 73Mt produced in 2015

* HMS1/2 – N. America, del. Midwest USA. Source: Platts, July 27, 2018



Solid Project Economics

AdEx production of pellets to start at the tail end of Q3 2018
EBITDA full scale operations @USD 130/dmt: 176 MUSD p.a.

NPV(10) @ USD 130 per ton pellets: 499 MUSD
- current market trading @ 225-250 USD

NPV(10) @ USD 225 per ton pellets: 1,270 MUSD
- current market trading @ 225-250 USD

THE TOKEN OPPORTUNITY

FRONT RUNNER WITHIN ASSET-LINKED CRYPTO CURRENCIES

Building a Scalable Token Platform

- Element ASA is a front runner in the rapidly developing token industry
 - Among the first listed companies in the world
- Element has developed leading capabilities in performing a series of asset-linked token generated events (TGE)
- A team of 15+ highly-skilled people currently engaged in the TGE projects
- Cost efficient operations with low capital requirements

Key facts on tokens

Tokens are based on blockchain technology and are exchangeable in to the physical product

- Issue of tokens provide interest-free financing to Element
- Token issues provides non-dilutive financing to Element's shareholders

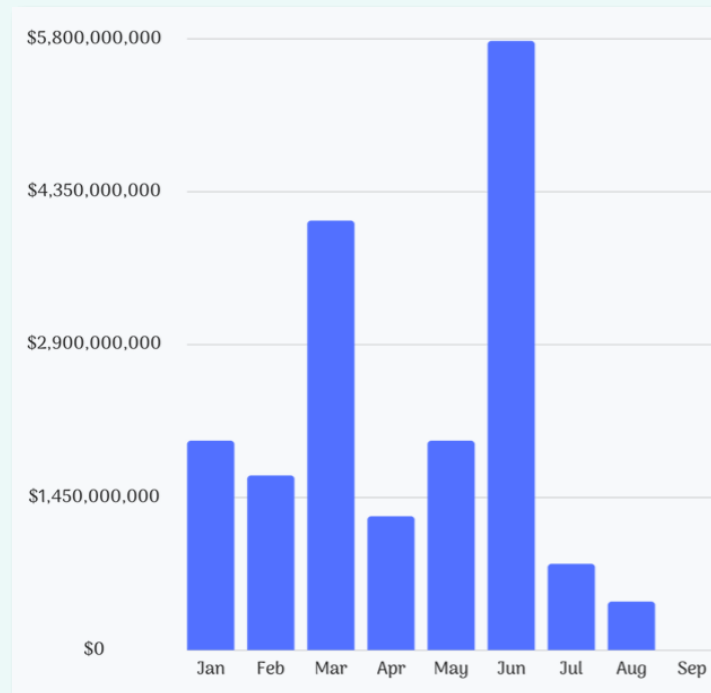
IRON Token – SmartCommodity[®]

The world's first asset linked SmartCommodity[®]



All Time High Activity Despite Bitcoin

- All time high number of token sales
- USD 18 Billion in ICO funding YTD 2018
 - ICO funding reached \$6.3 billion in Q1 2018, 118% of the total for 2017.
- Increased demand for stable coins
- Market for TGEs in 2018 is stronger than 2017
- Larger number of large crypto investors today than there were 1 year ago



Source: <https://icodashboard.io/ico-statistics/>

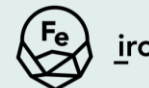
Front Runner within Asset-Linked Crypto Currencies

Short term strategy

- Issue first tranche of IRON token in 2018
- Issue first tranche of ELE token in 2018

Long term ambition

- Develop a global platform for asset-linked crypto currency within the commodity space



IRON Token
Introducing the world's first asset
linked SmartCommodity™

Whitepaper v1.0

The IRON Tokens are created under and subject to Norwegian Law. The IRON Tokens are not considered to be "securities" or "financial instruments" under Norwegian law. This Whitepaper does not constitute an offer or solicitation to sell shares or other securities or financial instruments.

SUMMARY AND OUTLOOK

INNOVATIVE PROJECT INVESTMENT COMPANY WITHIN THE MINERAL SECTOR

This is Element

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- Identifying undervalued projects, unlocking value, closing in on cash flow, with completed infrastructure



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Delivering on 2018 Ambitions



Innovative project investment company within the mineral sector



Attractive asset strategy and strong deal flow



- AMI IPO planned for 2019 - Production of pellets to start at the tail end of Q3 2018
- CMT transaction - Second shaft provides significant upside 2020 potential



Front runner within asset-linked crypto currencies



- Build infrastructure and issue Whitepaper
- Issue first tranche of IRON TGE in 2018 + first tranche of ELE token in 2018



Flexible financing



- Entering into ABO agreement
- Committed to a total of three MNOK 50 million convertible note facility tranches
- Exploring additional financing opportunities



element

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