

**element**

# FRONT RUNNER IN ASSET-LINKED DIGITAL TOKENS

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# This is Element

- **Listed** on the main board on Oslo Stock Exchange with 2500 shareholders
- **Owns** vast natural resources in North-America, Asia and North-Africa
  - Iron, Nickel, Zink, Lead and Silver + Gold
- **Uses** modern environmental friendly and modular based technology with pay-back time per module in only one year
  - Flexible financing - when the time is right
  - Low capex and opex - pay-back per module in only one year
  - Environment-friendly
- **Creates** the new “gold standard” in asset-linked digital tokens
  - Issue stable coins linked to the value of the underlying natural resources
  - Pre-sale of our natural resources
  - Non-dilutive financing for our shareholders
  - Enables additional accretive acquisitions of natural resources
  - Digital token platform – clearing and tracking of commodities

# Ambershaw Metallics Inc

ON TRACK FOR IPO IN 2019

## AMI – Clear Path to Cash Flow

- An NI43-101 compliant resource of 336 Mt magnetite ore that can be processed into a range of 68% Fe products
- 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.

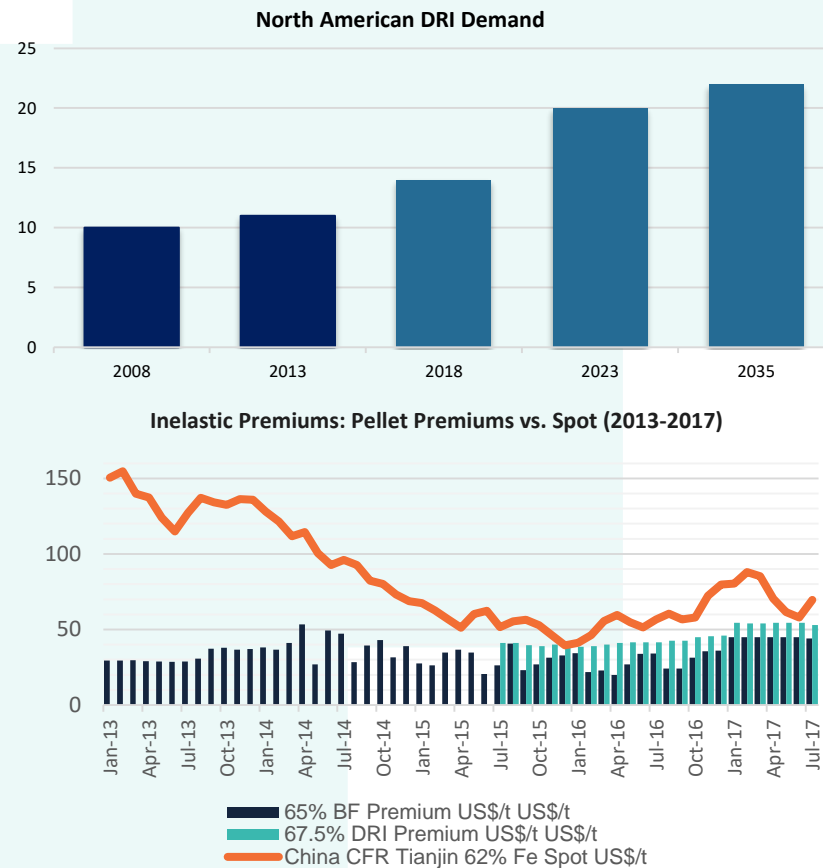
The project has very good access to end-users through existing rail and shipping links through the Great Lakes.

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 early Q4 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



# Compagnie Minière de Touissit

OPTION TO ACQUIRE HIGH VALUE ASSET WITH SOLID 2020 OUTLOOK

# Strong CMT Partnership with Auplata

- JV option 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, zinc and silver



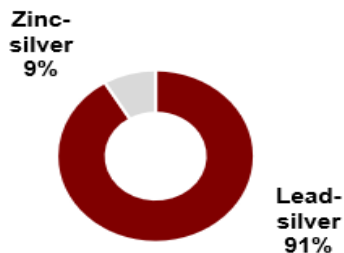
# CMT Snapshot – 2nd Largest in Morocco

- 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



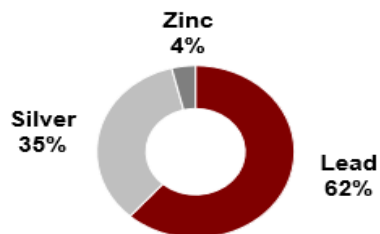
# Robust Historical Financial Performance

## Production by concentrate (2017)



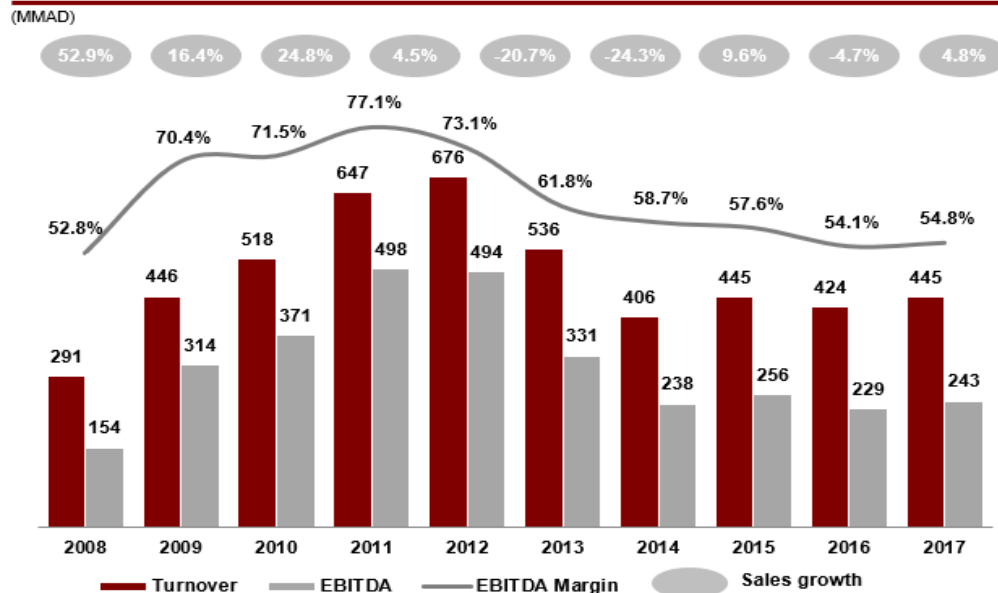
22.0 kt of lead-silver concentrates and 3.2 kt of zinc-silver concentrates

## Sales by paid metal<sup>(2)</sup> (2017)



MAD 419 million

## Historical sales<sup>(1)</sup> and EBITDA evolution

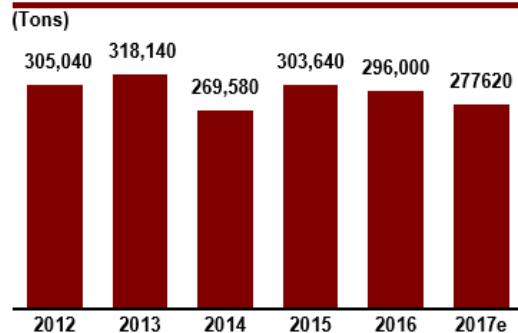


- Robust financial performance over the 2008 – 2012 period:
  - Sales CAGR of 23.4%
  - EBITDA CAGR of 33.7%
- Decline in revenues starting 2013 due to decreasing international metal prices starting 2013.
- Sales growth of 9.6% in 2015 thanks to favorable USD/MAD exchange rate and an efficient hedging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

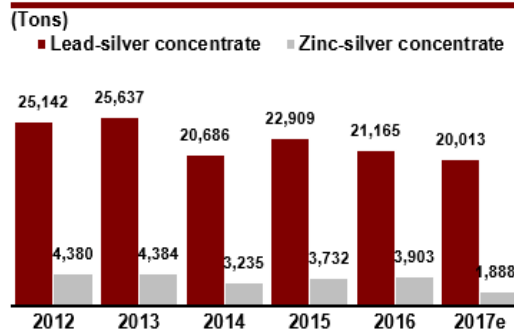
(1) Accounting base  
 (2) Before hedging and excluding other revenues and change in inventories

# Turnover Upside of 30-50% from 2020

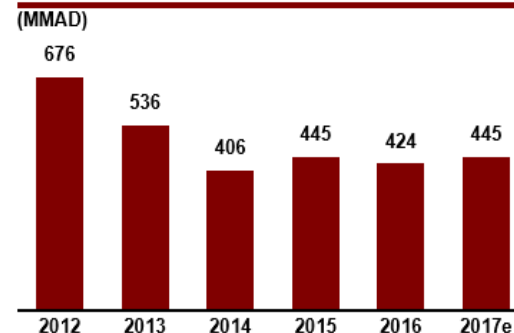
## Tonnage extracted



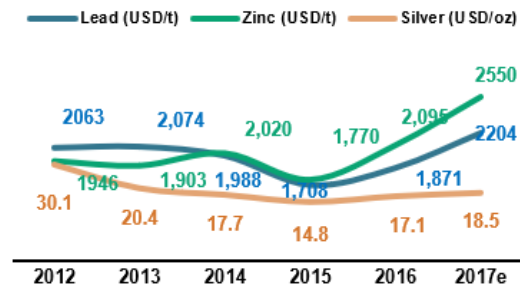
## Sales (volume)



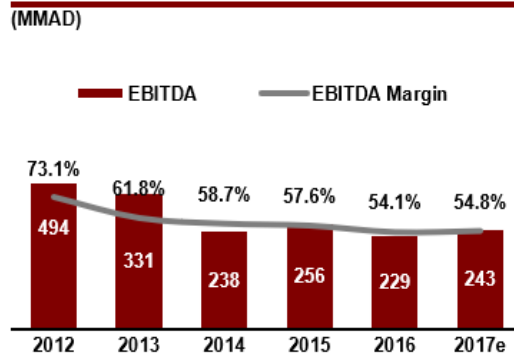
## Turnover



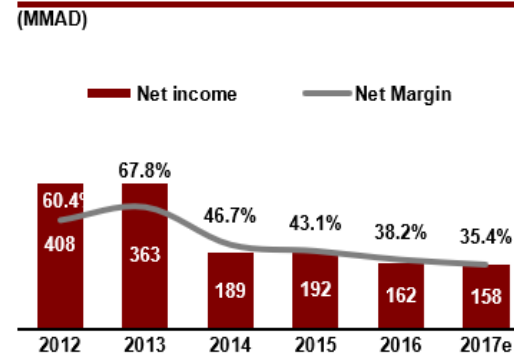
## Average selling price



## EBITDA



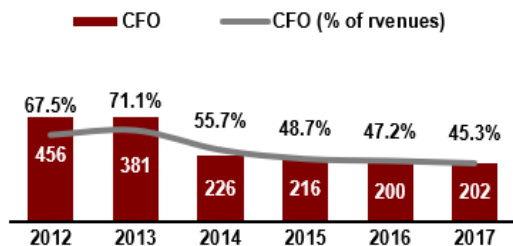
## Net income



# 200% Market Cap in Dividends in 10 Years

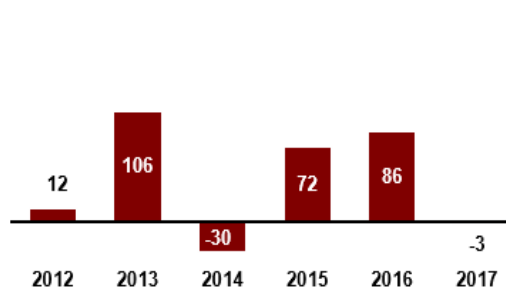
## Cash from operations

(MMAD)



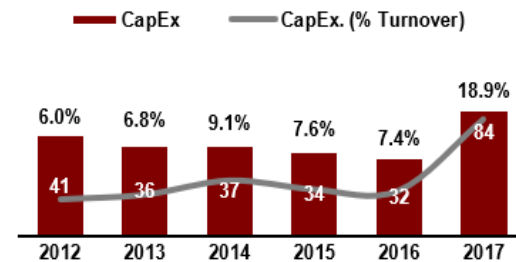
## Change in working capital

(MMAD)



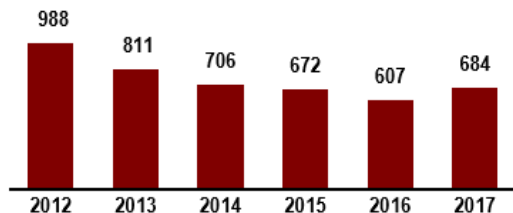
## CapEx

(MMAD)



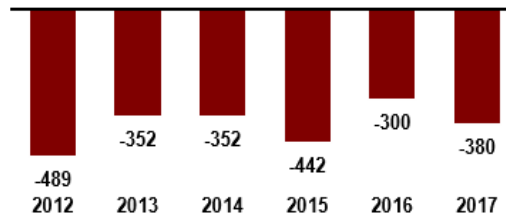
## Equity

(MMAD)



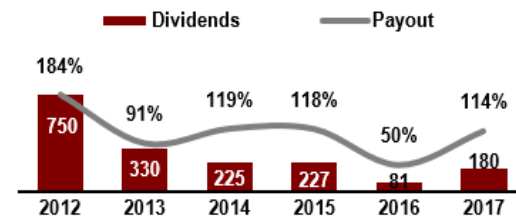
## Net debt

(MMAD)



## Dividends

(MMAD)



# MINDORO NICKEL

A NEW DAWN FOR LEGACY PROJECT

# One of the Worlds Largest Nickel Resources

- Element holds the concessions for Mindoro Nickel, 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, currently 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**

# THE DIGITAL TOKEN OPPORTUNITY

FRONT RUNNER IN ASSET-LINKED DIGITAL TOKENS

# Building a Scalable Token Platform

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

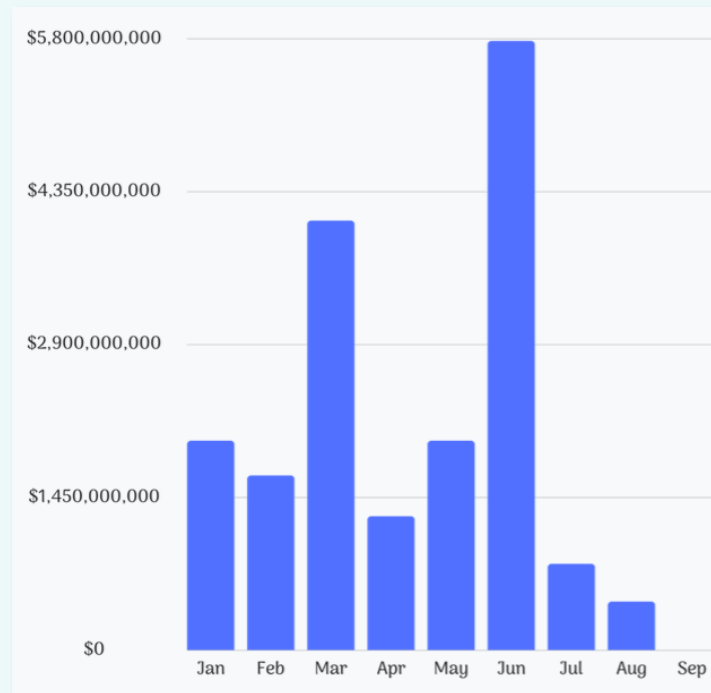
## Key facts on tokens

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

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

# 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/>

# The Missing Link From Gold to Digital Currencies



**Creating a new and versatile standard for asset linked digital tokens**

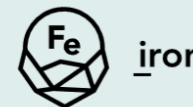
# Front Runner in Asset-Linked Digital Tokens

## Short term strategy

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

## Long term ambition

- Develop a global platform for asset-linked digital tokens in the commodity space



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

Whitepaper v1.0

# SUMMARY

FRONT RUNNER IN ASSET-LINKED DIGITAL TOKENS



# Investment highlights

A front runner in asset-linked digital tokens



**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**



- Issuance 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 digital tokens in the commodity space



**Flexible financing**



- Committed to a total of three tranches of a MNOK 50 million convertible note facility
- 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 issuances



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