

CONSOLIDATED ANNUAL REPORT
OF ELEMENTAL ASIA S.A. FOR 2020

Grodzisk Mazowiecki, 28 May 2021

1. COVER LETTER OF THE MANAGEMENT BOARD OF THE PARENT COMPANY

Dear Shareholders,

we hereby submit to you the consolidated annual report of the Elemental Asia S.A. Capital Group for 2020, consisting of financial data and additional information.

The year 2020 was an extraordinary period for all of us due to the circumstances related to the effects of the Covid-19 epidemic. In these demanding months, however, we have managed to successfully establish an operational presence in new Asian markets, in particular in Malaysia, Thailand and India. Also in these countries, the Capital Group continues to build its position in the region of the largest emerging market – Southeast Asia. This position represents a great potential for the development of projects in the raw materials segment, with particular emphasis on strategic metals from the platinum group, copper metal and rare earths.

The activity in the field of development of a recycling project, mainly related to the recycling of electronics and PGMs (“Platinum group metals”), is going beyond the initially adopted assumptions. The company is expanding its competences and network of contacts. We are convinced that this will positively affect the development of the Capital Group and therefore our Shareholders.

The mining operations in Indonesia remain unchanged. The management board is actively monitoring the local market, staying ready to make another effort related to restarting the field works.

Yours faithfully,

Krzysztof Spyra – President of the Management Board

Marek Stanio – Member of the Management Board

Management Board of Elemental Asia S.A.

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2. INTRODUCTION

Selected financial information containing basic figures (in PLN and converted into euro) summarizing the financial situation of the Elemental Asia S.A. Capital Group. in the period from 1 January 2020 to 31 December 2020 is presented in Table 1, Table 2 and Table 3. Basic items of the balance sheet, profit & loss account and cash flow statement from the financial statements were converted from PLN to EUR at average EUR/PLN exchange rates determined by the National Bank of Poland in accordance with the following applicable conversion rule:

Balance sheet at the exchange rate on the last day of the relevant period:

- As at 31 December 2020, the average exchange rate was 4.6148
- As at 31 December 2019, the average exchange rate was 4.2585.

The profit & loss account and the cash flow statement according to average rates in the relevant period, calculated as an arithmetic mean of the rates applicable on the last day of each month in a given period:

- the arithmetic mean in the period from 01 January to 31 December 2020 was 4.4742
- the arithmetic mean in the period from 01 January to 31 December 2019 was 4.3018.

3. INFORMATION ON THE PRIME MINERALS S.A. CAPITAL GROUP

The company publishes separate and consolidated financial data for the period from 1 January 2020 to 31 December 2020.

Basic information on the Issuer

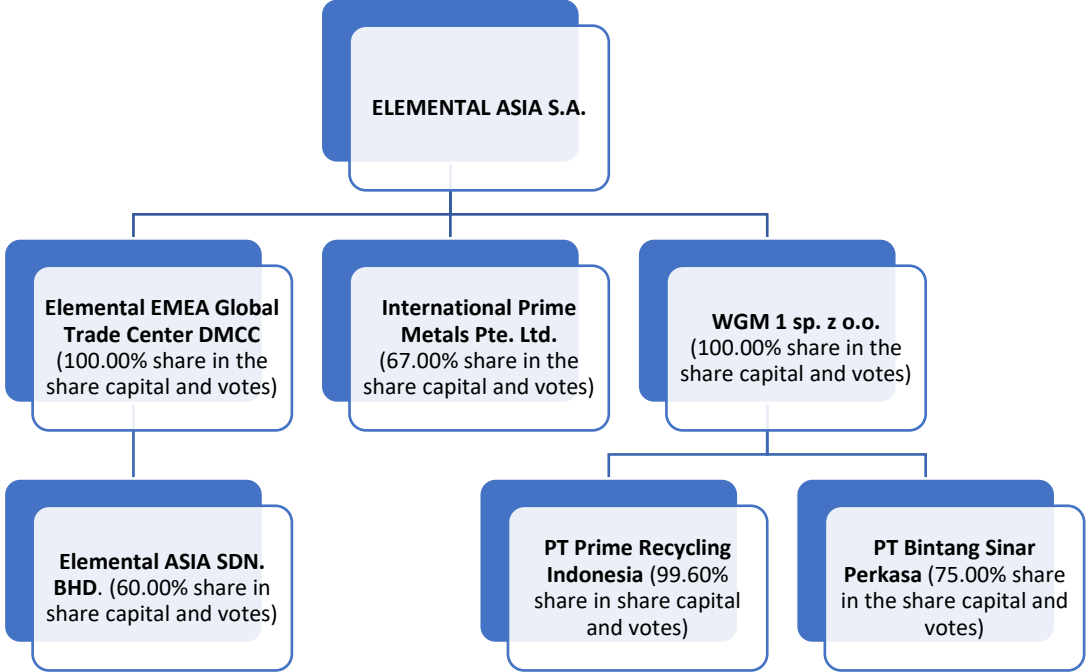
Business name: ELEMENTAL ASIA Spółka Akcyjna

Legal form: Joint stock company
 Country: Poland
 Registered office: Grodzisk Mazowiecki
 Address: ul. R. Traugutta 42A, 05-825 Grodzisk Mazowiecki
 Phone: + 48 (22) 354 67 18
 Fax: + 48 (22) 390 91 36
 E-mail address: biuro@elemental-asia.biz
 Website address: www.elemental-asia.biz
 Tax Identification Number NIP: 897-174-35-06
 Statistical Business Register Number REGON: 020739787
 National Court Register Number KRS: 0000426498
Source: the Issuer

On 16 December 2019, the Extraordinary General Meeting of Prime Minerals S.A. made a change of the Company’s business name from Prime Minerals S.A. to Elemental Asia S.A.

On 11 March 2020, the change of the Company's business name was registered in the National Court Register.

Structure of the Elemental Asia S.A. Capital Group



Source: the Issuer

As at 31 December 2020, the Issuer is the parent company of WGM 1 sp. z o. o. with its registered office in Grodzisk Mazowiecki, International Prime Metals Pte. Ltd. with its registered office in Singapore, Elemental EMEA Global Trade Center DMCC with its registered

office in the United Arab Emirates and indirectly of PT Bintang Sinar Perkasa, PT Prime Recycling Indonesia (both having their registered offices in Indonesia), and Elemental Asia SDN. BHD, with its registered office in Malaysia. The Issuer does not have any entities that are not subject to consolidation.

WGM 1 sp. z o. o.

Business objects of WGM 1 sp. z o. o. include supervision and control of the subsidiary PT Bintang Sinar Perkasa, as well as creating and coordinating its short- and long-term strategy of operation.

PT Bintang Sinar Perkasa

PT Bintang Sinar Perkasa is currently carrying out a project of construction of a nickel ore opencast mine on the Indonesian island of Sulawesi (also known as Celebes).

PT Prime Recycling Indonesia

PT Prime Recycling Indonesia purchases and recycles metal waste in the Indonesian market. The company is particularly interested in waste such as of spent automotive catalysts and used electronic boards.

International Prime Metals Pte. Ltd.

International Prime Metals Pte. Ltd. is an entity trading in metals, metal ores and other raw materials.

Elemental EMEA Global Trade Center DMCC

Elemental EMEA Global Trade Center DMCC deals with international trading in metal waste, with particular emphasis on waste such as spent automotive catalysts and printed circuit boards. The company's activity is focused on the Asian markets.

Elemental Asia SDN. BHD.

Elemental Asia SDN. BHD collects, processes and trades in spent used automotive catalysts and printed circuit boards. The company's activity is focused on the Asian markets.

Basic information on WGM 1 sp. z o.o. (subsidiary of the Issuer)

Business name: WGM 1 sp. z o. o.

Registered office: Grodzisk Mazowiecki

Address: ul. Traugutta 42, 05-825 Grodzisk Mazowiecki

NIP: 5291800617

REGON: 146428294

KRS: 0000438382

Issuer's share in the share capital: 100.00%

Issuer's share in the total number of votes: 100.00%

Source: the Issuer

Basic information on PT Bintang Sinar Perkasa

Business name: PT BINTANG SINAR PERKASA

Registered office: Jakarta

Address: 18 Office Park, Jl. TB. Simatupang Kav. 18, Kel. Kebagusan, Kec. Pasar Minggu, Jakarta Selatan, Indonesia

Telephone: (+62 21) 782 36 14

Tax number: 02.993.138.3-018.000

Registration number: AHU-56139.AH.01.01.Tahun2009

Share of WGM 1 sp. z o.o. in the share capital: 75.00%

Share of WGM 1 sp. z o.o. of the total number of votes: 75.00%

Source: the Issuer

Basic information on PT Prime Recycling Indonesia

Business name: PT PRIME RECYCLING INDONESIA

Registered office: Jakarta

18 Office Park, Level 25, Suite A2, Jl. TB.

Address: Simatupang Kav.18, Kel. Kebagusan, Kec. Pasar Minggu, Jakarta Selatan, Indonesia

Tax number: 86.991.724.5-017.000

Registration number: 8120211232087

Share of WGM 1 sp.z o.o. in the share capital: 99.60%

Share of WGM 1 sp.z o.o. in the total number of votes: 99.60%

Source: the Issuer

Basic information on International Prime Metals Pte. Ltd.

Business name: International Prime Metals Pte. Ltd.

Registered office: Singapore

Address: 111 North Bridge Road # 08-18, Peninsula Plaza, Singapore 179098

Registration number: 201706510M

Issuer's share in the share capital: 67.00%

Issuer's share in the total number of votes: 67.00%

Source: the Issuer

Basic information on Elemental EMEA Global Trade Center DMCC

Business name: Elemental EMEA Global Trade Center DMCC

Registered office: Dubai, UAE

Address: Unit No. 2456, DMCC Business Center, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates

Registration number: DMCC110770

Issuer's share in the share capital: 100%

Issuer's share in the total number of votes: 100%

Source: the Issuer

Basic information on Elemental Asia SDN. BHD

Business name: Elemental Asia SDN. BHD.

Registered office: Puchong, Selangor, Malaysia

Address: F-9-5 (SUITE 3), BLOCK F, SETIAWALK, PERSIARAN WAWASAN, PUSAT BANDAR PUCHONG 47160 PUCHONG SELANGOR

Registration number: 201901040755 (1350085V)

Issuer's share in the share capital: 60%

Issuer's share in the total number of votes: 60%

Source: the Issuer

4. SELECTED FINANCIAL DATA

Table 1. Selected items of the balance sheet of the Issuer's Capital Group as at 31 December 2020 with comparable data as at 31 December 2019 (in PLN thousand converted into EUR)

BALANCE SHEET	31.12.2020		31.12.2019	
	PLN	EUR	PLN	EUR
Fixed assets	20 532	4 449	20 486	4 811
Current assets	42 321	9 171	31 037	7 288
Called-up share capital	3	1	3	1
Equity	25 608	5 549	22 183	5 209
Minority capitals	853	185	171	40
Provisions for liabilities	340	74	190	45
Long-term liabilities	0	0	176	41
Short-term liabilities	36 055	7 813	28 806	6 764

Table 2 Selected items of the profit & loss account of the Issuer's Capital Group for 2020 with comparable data for 2019 (in PLN thousand converted into EUR)

PROFIT & LOSS ACCOUNT	01.01.2020 - 31.12.2020		01.01.2019 - 31.12.2019	
	PLN	EUR	PLN	EUR
Net revenues from sales	221 162	49 431	132 484	30 797
Operating expenses	217 812	48 682	137 170	31 887
Profit (loss) on operating activities	7 020	1 569	-4 697	-1 092
Gross profit (loss)	5 252	1 174	-2 996	-696
Net profit (loss)	3 644	814	-2 201	-512

Table 3 Cash flows of the Issuer's Capital Group for 2020 and comparative data for 2019 (in PLN thousand converted into EUR)

CASH FLOW STATEMENT	01.01.2020 - 31.12.2020		01.01.2019 - 31.12.2019	
	PLN	EUR	PLN	EUR
Net cash flows from operating activities	939	210	1138	265
Net cash flows from investing activities	-6564	-1467	-162	-38

Net cash flows from financing activities	5684	1270	0	0
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5. CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP FOR THE FINANCIAL YEAR 2020

Financial statements of Elemental Asia S.A. for the financial year from 1 January 2020 to 31 December 2020 is attached as Attachment 1 to this Annual Report.

6. REPORT OF THE MANAGEMENT BOARD OF THE PARENT COMPANY ON THE ACTIVITIES OF THE CAPITAL GROUP IN THE FINANCIAL YEAR 2020

Elemental Asia S.A. Management Board Report on the activities of the Capital Group in 2020 is attached as Attachment 2 to this Annual Report.

7. INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP FOR THE FINANCIAL YEAR 2020

Report of the Independent Auditor on the audit of the financial statements of the consolidated financial statements of the Elemental Asia S.A. Capital Group for the financial year from 1 January to 31 December 2020 is attached as Attachment 3 to this Annual Report.

8. POSITION OF THE MANAGEMENT BOARD REGARDING A QUALIFICATION BY AN INDEPENDENT AUDITOR

Due to the fact that the Report of the Independent Auditor on the audit of the financial statements of the Elemental Asia S.A. Capital Group for the financial year 2020, constituting an attachment to this consolidated annual report, contains a qualified opinion, the Issuer's Management Board hereby presents its position regarding matters covered by the independent auditor's qualification.

As the basis for issuing the qualified opinion, the Key Statutory Auditor Magdalena Lichočka-Rak (a person acting on behalf of the audit company ECOVIS System Rewident Sp. z o.o. entered in the register of auditing companies under number 1253) indicated that the parent Company showed in the consolidated financial statements in the 'intangible assets' item the nickel ore mining license for a mine located in Indonesia and owned by the subsidiary PT BINTAG SINAR PERKASA, the value of which was determined at PLN 8, 640,911.16. The audit stated that by the end of the audit, PT BINTAG SINAR PERKASA had not commenced exploitation of the ore and the Parent Entity had not presented an updated license valuation. Consequently, the auditor was unable to obtain appropriate and sufficient audit evidence to be able to issue an opinion on correctness of the value of the license.

The Management Board informs that it is taking steps to launch the investment as soon as possible and therefore intends to actively use the concession held by PT BINTAG SINAR PERKASA. The current license valuation is based on historical data.

The Management Board explains that indeed there has been a significant slowdown in the implementation of the mine project. In the period from 2018, costs related to the implementation of the mining project were reduced to the necessary minimum, including maintenance works and administrative activities.

In 2019, the company decided to suspend the project implementation. Several circumstances contributed to this decision:

1. An unfavorable market situation resulting in low nickel ore prices.
2. Complete suspension of the possibility of exporting unprocessed nickel ore outside Indonesia.

3. Change of the management board of the operating company (BSP)/Indonesian partner.

In the second half of 2020 and in 2021, the situation on the Indonesian market in the context of nickel ore mining has changed significantly and positively. This change was the result of several circumstances:

1. Increased interest in the metals used in the production of batteries (including nickel and cobalt) for the automotive industry.
2. Chinese investments in industrial parks on the island of Sulawesi resulting in an increase in demand for unprocessed ore.
3. Increase in nickel prices on the London Stock Exchange.
4. Increase in the price of unprocessed nickel ore.

At the time of restarting the above-mentioned investment and commencement of active use of the license, the Issuer's Management Board intends to carry out updated valuation of the license held by PT BINTAG SINAR PERKASA.

A full content of the basis for the qualified opinion is included in the Report of the Independent Auditor on the audit of the consolidated financial statements of the Elemental Asia S.A. Capital Group, which constitutes Attachment 3 to this consolidated annual report of the Elemental Asia S.A. Capital Group. The Management Board of the parent company presented the above-mentioned position to the Supervisory Board of the parent company, which gave its positive opinion on planned activities related to the regulation of the situation with regard to the subject of the independent auditor's qualification to the consolidated financial statements of the Elemental Asia S.A. Capital Group for the financial year 2020.

9. DECLARATIONS OF THE MANAGEMENT BOARD OF ELEMENTAL ASIA S.A.

DECLARATION REGARDING THE RELIABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby declare that, to the best of our knowledge, the annual consolidated financial statements and comparable data have been prepared in accordance with the Issuer's regulations or internationally recognized standards and that they reflect accurately, fairly and clearly the material and financial situation of the Issuer's Capital Group and its financial result, and that the report of the Management Board of the Company on operations of the Issuer's Capital Group contains a true picture of the situation of the Issuer's Capital Group, including a description of basic threats and risks.

Krzysztof Spyra – President of the Management Board

Marek Stanio – Member of the Management Board

DECLARATION REGARDING THE CHOICE OF AN INDEPENDENT AUDITOR TO AUDIT THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby declare that the choice of an audit firm to audit the annual consolidated financial statements was carried out in accordance with legal regulations, including the choice and the procedure of choosing the audit firm, and that the audit firm and members of the audit team met the conditions for drawing up an impartial and independent report of the annual audit of the consolidated financial statements in accordance with applicable regulations, professional standards and principles of professional ethics.

Krzysztof Spyra – President of the Management Board

Marek Stanio – Member of the Management Board