

## SUMMARY SECTION OF ELEMENT ASA'S PROSPECTUS DATED 6 FEBRUARY 2020

### 1 SUMMARY

#### 1.1 Introduction and warnings

##### 1.1.1 Warnings

*This summary contains all the sections required by the Prospectus Regulation to be included in a summary for a Prospectus regarding this type of securities and issuer. This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities described in this Prospectus should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Company's Shares involves inherent risk and an investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might under the applicable national legislation of a Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, and applied for its notification, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.*

##### 1.1.2 Overview of the issuer, its securities and the competent authority having approved this Prospectus

Name of securities	Element (ticker "ELE" on the Oslo Stock Exchange)
ISIN	NO 0003055808
Issuer	Element ASA
Issuer's office address	Karenslyst Allé 53, 0279 Oslo, Norway
Issuer's postal address	Karenslyst Allé 53, 0279 Oslo, Norway
Issuer's LEI (Legal Entity Identifier)	5967007LIEEXZXHW3S18
Issuer's phone number	+47 23 08 23 08
Issuer's e-mail	<a href="mailto:ir@elementasa.com">ir@elementasa.com</a>
Issuer's website	<a href="http://www.elementasa.com">www.elementasa.com</a> The information included on <a href="http://www.elementasa.com">www.elementasa.com</a> does not form part of the Prospectus.
The competent authority approving the Prospectus	The Financial Supervisory Authority of Norway (Nw: <i>Finanstilsynet</i> ).
Visiting address, the Financial Supervisory Authority of Norway	Revierstredet 3, 0151 Oslo, Norway
Postal address, the Financial Supervisory Authority of Norway	Postboks 1187, Sentrum 0107 Oslo, Norway
E-mail, the Financial Supervisory Authority of Norway	<a href="mailto:Post@finansstilsynet.no">Post@finansstilsynet.no</a>
Date of approval of this Prospectus	6 February 2020

## SUMMARY SECTION OF ELEMENT ASA'S PROSPECTUS DATED 6 FEBRUARY 2020

### 1.2 Key information on Element ASA

#### 1.2.1 Who is the issuer of the securities

##### Corporate information

The Company's legal and commercial name is Element ASA. The Company is a Norwegian public limited company incorporated in Norway under and governed by the Norwegian Public Limited Companies Act, with business registration number 976 094 875. Element is domiciled in Oslo, Norway. The Company's LEI (Legal Entity Identifier) number is 5967007LIEEXZXHW3S18.

##### Principal activities

Element is a project investment company within the mining sector and the digital and block-chain sector. Historically the main business of the Company has been to be a mineral exploration company holding mineral exploitation or exploration rights for nickel-cobalt-mineralized areas on the island of Mindoro in the Philippines (the Mindoro Nickel Project).

The Company's main assets are; (i) the Mindoro Nickel Project, (ii) a holding of all shares in PALCapital Ventures Inc. ("**PALCapital**"), an investment company with early stage investments within the digital and distributed ledger/blockchain sectors, and (iii) claims for repayment of debt with a total principal amount of USD 4,842,042.

In the first half of 2019, the Company, under a new Board and management, communicated to the market its intention to realise its portfolio of mineral assets and partly shift focus over to investments in the digital sector. In October 2019, the Company divested all its ownership in OSEAD Fund/ CMT and in December 2019, the Company divested its holdings in AMI and further terminated the Convertible Note Facility with EHGOSF/ ABO.

In August 2019, the Company acquired PALCapital, a company owning token rights and equity right options in a portfolio of early-stage companies within the digital and blockchain sectors. The strategic rationale for this transaction is to build a portfolio of digital investments, an asset class which traditionally have been less liquid than publicly listed securities. Equity investors around the world who wants exposure to the digital segment of the economy, have so far had few avenues to achieve this objective, save for participating in start-up companies early fund raising rounds, or buy coins/tokens in Initial Coin Offering/Initial Token Offering (ICO/ITO) events. Due to the nature of such early-phase investments, the investors would typically have to hold the asset for 3-5 years before they could have an exit. For many investors, both funds and individuals, who want to have exposure to the digital economy but want or must be invested in liquid assets, Element could be able to offer the investors exposure to the digital industry, while at the same time letting the investor stay in a liquid security, the Element share, which they could trade on a regulated market place, Oslo Børs.

Subsequent to the initial investment in PALCapital in August 2019, Element acquired 0.46% of the common equity in GlobexUS Holdings, Corp, a Blockchain-as-a-Service solutions company, with the trading name Horizon-Globex. This investment was made in January 2020. The equity is currently held by Element ASA, but the Company intend to transfer the equity to PALCapital at a later stage.

While the plan is for the Company to keep a meaningful exposure to the digital economy, the Company will also consider other non-digital investments.

##### Major shareholders

## SUMMARY SECTION OF ELEMENT ASA'S PROSPECTUS DATED 6 FEBRUARY 2020

As of the date of this Prospectus, the following shareholders own or control more than 5 % of the issued share capital in the Company:

- Alpha Blue Ocean Inc., holding 2,608,551 Shares, corresponding to 13.89% of the outstanding votes and Shares; and
- Hope For More AS, holding 2,650,000 Shares, corresponding to 14.12% of the outstanding votes and Shares.

In so far as is known to the Company, no person or entity, directly or indirectly, jointly or severally, may exercise or could exercise control over the Company. The Company is not aware of any agreements or similar understandings that the operation of which may at a subsequent date result in a change of control in the Company.

### Executive management

The executive management of the Company consist of two individuals, namely Geir Johansen (Chief Executive Officer) and Hans Ola Haavelsrud (Chief Operational Officer).

### Statutory auditor

The Company's independent auditors are Plus Revisjon AS, which has registration no. 990 422 052 and registered address at Rosenkrantz' gate 20, 0160 Oslo, Norway.

### 1.2.2 What is the key financial information regarding the issuer

#### Selected consolidated statement of comprehensive income

<i>(In USD thousands)</i>	Three months ended		Nine months ended		Year ended	
	30 September		30 September		31 December	
	2019	2018	2019	2018	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
Operating Loss	-757	-1,309	-2,595	-2,847	-3,802	-2,005
Net financial items	-250	-3,930	-3,014	-5,179	-9,267	-1,272
Loss for the period	-2,708	-5,401	-7,817	-8,479	-13,922	-3,920
Total comprehensive income attributable to Element shareholders	-2,919	-5,119				
			-7,942	-8,353	12,570	3,899

#### Selected consolidated statement of financial position

<i>(in USD thousands)</i>	Nine months ended		Year ended
	30 September		31 December
	2019	2018	2017
	(unaudited)		
Total assets	15,656	19,550	10,114
Total equity	12,304	16,507	6,440
Total liabilities	3,353	3,043	3,674
Total equity and liabilities	15,656	19,550	10,114

## SUMMARY SECTION OF ELEMENT ASA'S PROSPECTUS DATED 6 FEBRUARY 2020

### Selected consolidated statement of cash flow

<i>(In USD thousands)</i>	Three months ended 30		Nine months ended		Year ended	
	September		30 September		31 December	
	2019	2018	2019	2018	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
Cash flow from operating activities	-897	-5,600	-3,859	-2,687	-7,278	-2,736
Cash flow from investment activities	-	-3,023	-	-9,635	-9,631	-1,400
Cash flow from financing activities	817	5,722	2,674	10,144	14,977	6,009

#### 1.2.3 What are the key risks specific to the issuer?

- The Group only has funding for a limited time period (until June 2021). As the Group's current assets are not generating steady income, there is a risk that the Company will not be able to obtain funding for its operations when the current funds run out.
- Element is a project investment company within the mining sector and the digital and block-chain sector, currently holding only a limited number of investments. The Company is therefore exposed to market risk and a lack of diversity in the investment portfolio, and cannot fully control or influence the operations and performance of its investments. Further, returns might be adversely affected by poor performance of even a single investment.
- The Group's investments are illiquid and may be difficult to realize.
- The Group is currently seeking or considering to divest its investment within the mining sector. If the Company is able to divest this investment, the Company will no longer have any exposure towards the mining sector (apart from its claims for repayment of debt owed by Eardley and AMI). However, the Group may not be able to divest its investments within the mining sector at favourable terms, or at all.
- The Group is entitled to receive block-chain based tokens, subject to the terms and conditions of certain agreements, and has not yet received any such tokens. No assurance can be given that the Group will receive any such tokens.
- The Group may not have sufficient liquidity to meet its liabilities as they fall due.

### 1.3 Key information on the Securities

#### 1.3.1 What are the main features of the securities

The securities' type, class and ISIN	The Shares of the Company have been created under the Norwegian Public Limited Companies Act and are registered in book-entry form with the VPS under ISIN NO NO0003055808.
The securities' currency, denomination, par value, the number of securities issued and the term of the securities	The Shares (including the Consideration Shares, the Conversion Shares and the Private Placement) are issued in NOK.  As of the date of this Prospectus, the Company's share capital is NOK 30,038,843.20, divided into 18,774,277 Shares, with each Share having a par value of NOK 1.60.

## SUMMARY SECTION OF ELEMENT ASA'S PROSPECTUS DATED 6 FEBRUARY 2020

The rights attached to the securities	<p>The Company has one class of Shares and each Share carries one vote. All the Shares are validly issued and fully paid. All shareholders have equal voting rights in the Company.</p> <p>Pursuant to the Norwegian Public Limited Liability Companies Act, the Shares have equal rights to the Company's profits, in the event of liquidation and to receive dividend, unless all the shareholders agree otherwise. In the event of insolvency, the Shares will be subordinated all debt.</p>
Restrictions on transferability	<p>Neither the Norwegian Public Limited Liability Companies Act nor the articles of associations provide for any restrictions on the transfer of Shares or a right of first refusal for the Company or its shareholders. Share transfers are not subject to approval by the Board of Directors. The transferability of the Shares may, however, be restricted in certain jurisdictions, and each investor in the Company should inform themselves about and observe such restrictions.</p>
Dividend policy	<p>It is the Company's goal to give shareholders a competitive return on invested capital over time. This return will be achieved primarily through increase in share price and dividends. To date the Company has not paid out any dividends. Considering the Company's liquidity situation and cash flow situation, it is unlikely that the Company will pay dividends in the short term.</p>

### 1.3.2 Where will the securities be traded

The Shares are listed and tradable on the Oslo Stock Exchange, under ticker "ELE". The Consideration Shares, the Conversion Shares and the Private Placement Shares will be listed and tradable on the Oslo Stock Exchange as soon as possible after the publication of this Prospectus.

The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

### 1.3.3 What are the key risks that are specific to the securities

A brief summary of the key risks that are specific to the Shares are set out below:

- Shareholders not participating in future offerings of Shares or other equity investments will be diluted.

## 1.4 Key information on the admission to trading and the offer of securities

### 1.4.1 Under which conditions and timetable can I invest in this security

#### Listing of Consideration Shares, Conversion Shares and Private Placement Shares

The Consideration Shares were issued as transaction consideration on 15 August 2019 to PALCapital (through its wholly owned subsidiary Hope For More AS) in relation to the PALCapital Transaction.

## SUMMARY SECTION OF ELEMENT ASA'S PROSPECTUS DATED 6 FEBRUARY 2020

The Consideration Shares were issued at a subscription price of NOK 1.60 per Consideration Share, corresponding to the par value of the Shares.

The Conversion Shares were issued to EHGOSF in connection with conversion of Notes under the Convertible Note Facility. A number of 1,937,500 Conversion Shares were issued on 19 August 2019 and 851,851 Conversion Shares were issued on 11 October 2019. The Conversion Shares issued on 19 August 2019 were issued at a subscription price of NOK 1.60 per Conversion Share, corresponding to the par value of the Shares. The Conversion Shares issued on 11 October 2019 were issued at a subscription price of NOK 2.70.

The Private Placement Shares were issued to a group of Norwegian investors on 22 October 2019 in the Private Placement. The Private Placement Shares were issued at a subscription price of NOK 4.50 per share.

This Prospectus relates solely to the listing of the Consideration Shares, the Conversion Shares and the Private Placement Shares, and does not constitute an offer or an invitation to buy, subscribe or sell Consideration Shares, the Conversion Shares and the Private Placement Shares.

The dilution for the existing shareholders from the issuance of the Consideration Shares, the Conversion Shares and the Private Placement relative to the Shares outstanding prior to the issuance of the Consideration Shares (i.e. on 14 August 2019) is approximately 31%.

Total expenses related to the PALCapital Transaction, the Note Conversion, the Pending Note Conversion and the Private Placement is estimated to NOK 1,242,000. No expenses will be charged to the investors by the Company.

### 1.4.2 Why is this Prospectus being produced?

This Prospectus has been produced to enable admission to trading of the Consideration Shares, the Conversion Shares and the Private Placement Shares.

### **Estimated net proceeds and use of proceeds**

The issuance of the Consideration Shares and the Conversion Shares were settled through conversion of debt, and did not consequently not entail any cash proceeds for the Company.

The Private Placement raised net proceeds of NOK 2,050,000 million, which will be used for general corporate purposes.

### **Underwriting**

Neither the PALCapital Transaction, the Note Conversion nor the Private Placement were underwritten.

### **Material conflicts**

PAL has an interest in the issuance of the Consideration Shares as it received such Consideration Shares as consideration in the PALCapital Transaction.

EHGOSF has an interest in the issuance of the Conversion Shares as it received such Conversion Shares through the Note Conversion.

## SUMMARY SECTION OF ELEMENT ASA'S PROSPECTUS DATED 6 FEBRUARY 2020

Beyond the abovementioned, the Company is not aware of any material conflicts of interest pertaining to the admission to trading of the Consideration Shares, the Conversion Shares and the Private Placement Shares.