



Elementos Limited

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Elementos' PFS firms Cleveland Tailings as viable, low cost project

Elementos (ASX:ELT) has completed a Pre-Feasibility Study that details development of the Cleveland Tailings Project would have a low-capital, low-cost profile that could rank it in lower half of comparable projects.

Given the bite sized forecast capital expenditure of A\$21 million, the company are aiming to have the project in production in FY2017, making it the first low risk jurisdiction tin project developed globally in a number of years.

At current prices, the project, located in northwest Tasmania, is profitable and cash flow positive, indicating a robust project that trades through the cycles.

The study was independently reviewed by consultancy AMC Consultants Pty Ltd. As an outcome of the PFS, Elementos has also defined a maiden Ore Reserve of 3.7 million tonnes at 0.29% tin and 0.13% copper.

Under the PFS, the project is expected to deliver total revenue of A\$143 million, NPV of A\$34 million, IRR of 68% and a payback period of three years.

The revenues were based on a tin price forecast of US\$ 21,171 per tonne from independent researcher, Roskill, along with a copper price forecast of US\$6,900 per tonne from Citi Research.

Fully allocated costs (C3) are estimated at US\$13,137 per recovered tonne of tin, including copper credits.

The tailings project is the first stage of an integrated strategy to development the extensive hard-rock resources at Cleveland.

Environmental and mining applications have been lodged and the company has every reason to believe that approval is likely given the significant government and stakeholder support to rehabilitate the legacies from historical mining.

Tim McManus, chief executive officer, commented:

"We are highly encouraged by the results of this Pre-Feasibility Study, which shows that the reprocessing of tailings is viable when based on conservative assumptions.

"We have also reviewed the project in the context of integrating its development with the hard-rock resources at Cleveland and believe there are very few tin projects globally that can offer a leveraged, low-capital, low-cost development such as Cleveland.

"With exploration upside and proximity to all necessary infrastructure and being located in one of the lowest risk jurisdictions in the world, we believe Cleveland will be highly attractive to potential partners wishing to join with Elementos in advancing the development of the Cleveland Mine.

"We are now looking forward to further developing stages 2 and 3 and realising a globally significant tin-copper-tungsten resource base."

Analysis

Price: A\$0.007

Market Cap: A\$5.372M

1 Year Share Price Graph



Share Information

Code: ELT

Listing: ASX

Sector: General Mining

Website: www.elementos.com.au

Company Synopsis:

Elementos (ASX:ELT) is focussed on developing the Cleveland Province, which hosts advanced stage tin and copper assets, together with a significant tungsten exploration project.

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Elementos has now delivered a Pre-Feasibility Study which demonstrates the viability of its Cleveland Tailings Project in northwest Tasmania, Australia.

With planned production in FY2017, that the project would be profitable and cash flow positive at current prices is significant, as this will encourage funding partners.

As would the fact that the project is located in a low-risk jurisdiction relative to other tin provinces.

The fully allocated cost (C3) is estimated at US\$13,137 per recovered tonne of tin (including copper credits), placing the project in the bottom half of the ITRI C3 cost curve.

The operation is potentially low in capital expenditure with a potentially long life which could help fund an open pit operation, which in turn funds the refurbishment of over 11kms of underground development and 4kms of decline currently in place.

This is before Elementos has even drilled one hole, which could substantially increase size, scale and economics at Cleveland, which has 1/5 of the drilling of Renison.

Adding further interest, the separate underground tungsten deposit, accessible from the same existing underground development and decline, could add significant value.

The project has supporting infrastructure including power, water, and communications on site, along with roads transecting the site, providing access to ports and a skilled labour market.

Upcoming key catalysts:

- Scoping Study on open pit, September quarter 2015; and
- Scoping Study on underground, September quarter 2015.

PFS Findings:

The PFS on the tin and copper tailings project is based on an Ore Reserve of 11,000 tonnes of contained tin and 4,800 tonnes of contained copper.

Cleveland will process 650,000 tonnes of tailings per annum for a mine life of seven years.

This will produce a 51% tin concentrate with 47% metal recovery and a 18% copper concentrate with 31% metal recovery.

Over the life of the project, approximately 5,250 tonnes of tin in concentrate and 1,500 tonnes of copper in concentrate will be produced and sold.

Estimated revenue of A\$143 million, net cash flow of A\$39 million and NPV of \$34 million are based on forecast life-of-mine average metal prices of US\$21,171 per tonne tin from Roskill and US\$6,900 per tonne copper from Citi Research.

Production is scheduled to commence in FY 2017.

Cleveland Project

The Cleveland Mine situated at Luina, about 60 kilometres from the port of Burnie, and was an underground tin and copper mine that was operated by Aberfoyle Limited between 1968 and 1986.

During the life of the Cleveland operations, Aberfoyle mined and treated 5.7 million tonnes of ore, producing approximately 24,000 tonnes of tin and 10,000 tonnes of copper in concentrate. Elementos has well over 7 million tonnes defined under JORC, today.



The historical mining produced a tailings legacy that Elementos proposes to reprocess as the first stage of its development strategy for the Cleveland Mine.

Subsequent stages will target development of the open pit and underground Resources.

The staged development strategy minimises up-front capital, with cash flow funding future stages.

Northwest Tasmania has well-developed infrastructure and a strong mining culture.

The site is linked to the port of Burnie and other major population centres on the northwest coast by sealed all-weather roads. Accessible power runs through the Cleveland mine site, and there is abundant water available for use.

Tasmania also offers a low-risk jurisdiction relative to other tin provinces throughout the world, with a stable and well-understood regulatory environment and encouraging state government.

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