

ASX ANNOUNCEMENT

27 July 2018

JUNE 2018 QUARTERLY REPORT

HIGHLIGHTS:

- **Announcement of the signing of a non-binding MOU for a Farm-In and Joint Venture Agreement on the Temengor Tin Project in Malaysia**
- **LME Tin Price of US\$19,900/t**

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to report on activities during the June 2018 quarter, including actively progressing the Cleveland tin, copper and tungsten project in Tasmania towards development, and the announcement of the signing of a non-binding Memorandum of Understanding (MOU) between Elementos and Empire Tin Mining Sdn Bhd (Empire) to finalise negotiations for a Farm-in and Joint Venture Agreement for the Temengor Tin Project in Malaysia. The Company's strategic objective is to lower investment risk and move towards significant tin production and cash flow through a pipeline of projects being added to the company's portfolio.

CLEVELAND PROJECT UPDATE

The Company has previously reported the completion of an exploration diamond drilling programme to target potential extensions to the existing open cut resource (800,000 tonnes at 0.81% Tin and 0.27% Copper) (ASX announcement 5th March 2015). Work completed during the quarter included finalisation of the updated geological database and QA/QC checks on all relevant aspects of the drilling programme prior to the commencement of an update of the geological resource for Cleveland, which is currently underway. A detailed metallurgical hard rock sample has been prepared for processing test work.



Figure 1. Cleveland Tin Project Location

TEMENGOR TIN PROJECT

The Company has signed a non-binding Memorandum of Understanding (MOU) between Elementos and Empire Tin Mining Sdn Bhd (Empire) with the intent to finalise exclusive negotiations for a Farm-in and Joint Venture Agreement on the Temengor Tin Project in the

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state of Perak, Malaysia. The Temengor Tin Project is an exploration and development project centred on the historical Temengor Tin Mine, which is located approximately 250km to the north of Kuala Lumpur.

The Temengor Tin Mine was operated as a hydraulic alluvial mining operation between 1926 and 1931 by the London Stock Exchange listed Temengor Tin Mining Company Limited. The tin was extracted from weathered granitic material by hydraulic mining methods using a number of water monitors and a series of sluices or 'palongs' to separate the tin (cassiterite). A conversion to hard rock mining was planned to commence in the early 1930's but was unsuccessful due to a shortage of capital during the Great Depression. Exploration and mining activity in the Temengor region became dormant during World War 2 and subsequent years due to adverse security conditions up until the 1980's. Archived records indicate that all hard rock exploration activities on the Temengor project area ceased in 1937. The project area is covered by two exploration licences that cover a total area of 1950 hectares. The Temengor tin project has similar geological characteristics as the Rahman Hydraulic Tin Mine, which is 50km to the northwest of Temengor. Rahman Hydraulic is one of the few mines in Malaysia that converted from hydraulic to hard rock mining and is still operating today after 100 years of operations, producing 2,200 tonnes of tin in concentrate in 2017.

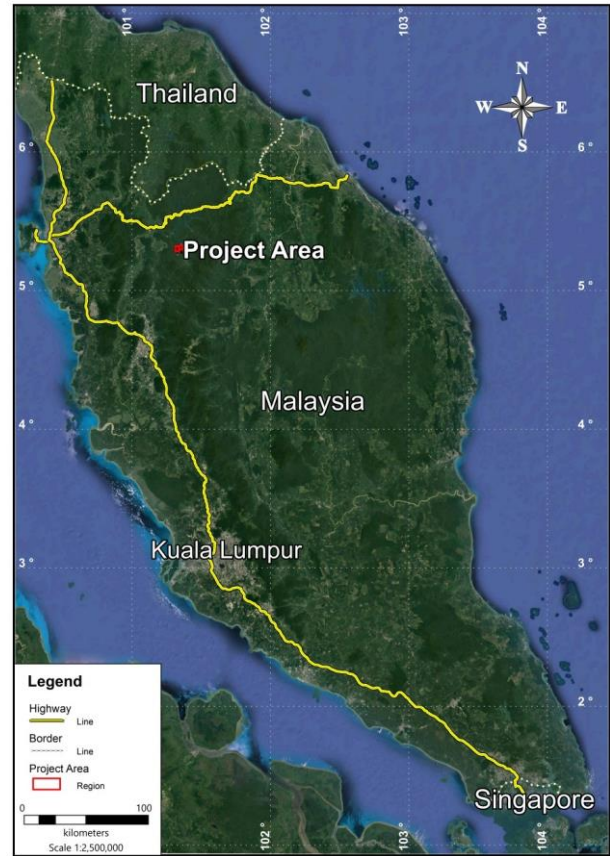


Figure 2. Temengor Tin Project Location

Exploration Tenements

Elementos Ltd held the following interests in tenements at the end of the quarter:

Tenement Name	Tenement Number	Area (km ²)	Elementos Interest	Tenement Location
Cleveland	EL7/2005	55	100%	Tasmania

No new tenements were acquired during the quarter

CORPORATE

LME Tin Price

The LME tin price at the time of writing was US\$19,900/t. Information supplied by the International Tin Association suggests the 7% drop in the tin price over the reporting period is due primarily to recent macro-economic and political developments (escalating trade tensions between the US, China and Europe) and to a lesser extent robust Indonesian tin exports pushing LME tin stocks above 3,000 tonnes at the end of June. The general view is that metals have generally been oversold as fundamental drivers have taken a backseat to macro-sentiment.

Other

The Company is actively pursuing additional business development opportunities, particularly in tin. The current global forecast for refined tin is to be in shortfall by approximately 40,000t by 2020.

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CAUTIONARY STATEMENTS

Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. Elementos undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

Mineral Resources and Ore Reserves

Elementos confirms that Mineral Resource and Ore Reserve estimates used in this document were estimated, reported and reviewed in accordance with the guidelines of the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2012 edition.

Elementos confirms that it is not aware of any new information or data that materially affects the Mineral Resource or Ore Reserve information included in the following announcements:

- "Cleveland Tailings Ore Reserve" released on the 3 August 2015;
- "Cleveland JORC Resource Significantly Expanded" announced to the ASX on 5 March 2014; and
- "Cleveland Open Pit - High-Grade Mineral Resource Defined" announced on 3 March 2015.

The Company also confirms that all material assumptions and technical parameters underpinning the estimates in the Cleveland Mineral Resources and Reserves continue to apply and have not materially changed. Elementos also confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the date of announcement.

MINERAL RESOURCES AND ORE RESERVES

Open Pit Tin-Copper Mineral Resource (at 0.35% Sn cut-off)

NOTE: this Open Pit Tin-Copper Mineral Resource is a sub-set of the Total Tin-Copper Mineral Resource noted below

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	0.80 Mt	0.81%	6,500t	0.27	2,300t
Inferred	0.01 Mt	0.99%	140t	0.34	50t

Table subject to rounding errors; Sn = tin, Cu = copper

Total Tin-Copper Mineral Resource (at 0.35% Sn cut-off)

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	5.00 Mt	0.69%	34,500t	0.28%	14,000t
Inferred	2.44 Mt	0.56%	13,700t	0.19%	4,600t

Table subject to rounding errors; Sn = tin, Cu = copper

Tailings Ore Reserve (at 0% Sn cut-off)

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Probable	3.7 Mt	0.29%	11,000t	0.13%	5,000t

Table subject to rounding errors; Sn=tin, Cu=copper

Underground Tungsten Mineral Resource (at 0.20% WO₃ cut-off)

Category	Tonnage	WO ₃ Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO₃ = tungsten oxide

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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