

ASX ANNOUNCEMENT

30 April 2019

MARCH 2019 QUARTERLY REPORT

HIGHLIGHTS:

- **Exploration Target defined for the Oropesa Tin Project**
- **Positive results received from initial Oropesa pre-concentration test work**
- **\$2m Loan Facility secured**
- **R&D tax refund of \$148,000 received from the ATO**
- **LME Tin Price of US\$20,400/t**

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to report on activities during the March 2019 quarter, detailing progress across the Company's portfolio of projects, namely the Oropesa Tin Project in Spain, the Cleveland Tin, Copper and Tungsten Project in Tasmania and the Temengor Tin Project in Malaysia.

The recent acquisition of the Oropesa Tin Project forms a significant part of the Company's strategy to create a multi-project tin production and exploration company, targeting jurisdictions which demonstrate a long history of successful mining. Through the implementation of a lower risk growth strategy, it is Elementos' intention to deliver high value production to meet some of the predicted global tin shortfall.

OROPESA TIN PROJECT

Oropesa Acquisition

The Company announced on the 4th January 2019 that Interim Completion of the Arrangement Agreement for the acquisition of the Oropesa Tin Project from Eurofin had occurred.

On Interim Completion the Company issued to Eurofin 1,000,000,000 convertible redeemable preference shares (CRPS).

The next step of the acquisition is the transfer to Elementos of all shares in MESP. The change in control that will result from the transfer of MESP shares to Elementos requires the prior approval from the relevant Spanish Regional Mining Authority.



Figure 1. Oropesa Project Location

The acquisition of Oropesa represents an excellent opportunity to create value-uplift potential for shareholders as the project is advanced towards development.

Highlights of the Oropesa Project include:

- **Large, well-defined resource** - A globally significant, undeveloped resource with strong opportunities for resource expansion;
- **Open-cut mining potential** –The deposit is amendable to simple drill and blast, truck and shovel open cut mining operations;
- **Simple metallurgy** - extensive metallurgical testing and process flowsheet designed to produce a 62.4% tin concentrate at a 74.2% metallurgical recovery;
- **Near-term production potential** – A Definitive Feasibility Study has commenced.;
- **Permitting process advanced** – A base-line Environmental Impact Assessment was lodged with the Government in January 2018 and a Mining License application has been submitted to the Government for approval;
- **Located close to development infrastructure** - Located close to major highways which link to export ports, water supply and power supply. The region has a skilled mining workforce;
- **Low sovereign risk** - The Andalusia region of Spain is home to some of the country's most significant mining operations and part of the European Union which provides a safe investment environment;
- **Large sunk cost** – significant investment in drilling, geophysics, metallurgical testing and development studies; and
- **Local community support** - The local government and community is extremely supportive of the project moving ahead.

Since acquisition, the Company has been actively engaged with the development of the Oropesa Tin Project.

An initial meeting between the Andalusian Regional Government and representatives of MESPA* took place during February in the Government's office in Cordoba, Spain. The objective of the meeting was to discuss the initial review by the Regional Governments representatives of the Oropesa Tin Project Mining Licence application, originally lodged in early 2018 by the previous project owners and managers, Eurotin Ltd (TSX-V:TIN). Documents being reviewed included the Environmental Impact Study, the Oropesa Exploitation Project (project description), and an Analysis, Valuation and Compensation Proposal for the Mining Project.

Elementos is continuing to work towards expediting the approvals process in collaboration with the Andalusian Regional Government in the shortest timeframe possible.

The Company has completed a series of preliminary studies into the application of X-ray transmission sensor (XRT) sorting technology to improve the overall performance of the proposed metallurgical process flowsheet. These studies are focusing on pre-concentration of the ore and are being carried out by TOMRA Sorting Solutions in Hamburg, Germany.

Elementos provided a total of 135 drill core samples to TOMRA for the initial test work. The samples were representative of the potential different host rocks (sandstone and conglomerate), ore grade (low, medium and high) and weathering (weathered, transitional and fresh).

The results of the test programme showed that the TOMRA COM Tertiary XRT sorter was able to detect differences between the low, medium and high-grade samples, with clear distinction between the low-grade and high-grade particles due to a high difference in density. As a consequence of these positive Preliminary Study results, TOMRA has recommended that the

Company advance the test programme to a Performance Test (bench scale test not required) to determine the separation performance indicated by capacity, size range, recovery, grade and concentration factor for this application. These results will then be able to be incorporated into a Process Flow Sheet for inclusion in the feasibility study currently underway at Oropesa.

The Company has prepared a bulk sample for Performance Testing at TOMRA, Hamburg, which is scheduled for completion in the middle of the next reporting period.



Figure 2. Bulk TOMRA sample preparation at the University of Mieres, Northern Spain

The Company announced during the quarter that it had defined an Exploration Target*³ for the Oropesa Tin Project in Spain of between 35.5mt and 51.0mt at a grade ranging between 0.46% to 0.62% tin. The Oropesa JORC resource is defined geophysically by an Induced Polarisation (IP) chargeability anomaly identified in an IP survey carried out in 2011. The Oropesa Project area contains a number of parallel IP anomalies, of which only the central IP anomaly has undergone intensive diamond drilling. Detailed drilling of the central IP anomaly has provided sufficient data to build a geological model on which the current Oropesa resource is based, but also provides sufficient data to be able to assess the potential of the Oropesa Project to host additional tin resources.

| Oropesa Exploration Target (0.15% Sn cut-off grade) | | |
|--|---------------|-------------------|
| Range | Tonnes | Grade % Sn |
| Upper | 51,000,000 | 0.62 |
| Lower | 35,500,000 | 0.46 |

Table 1. Oropesa Exploration Target

During the quarter, Elementos outlined its 3-phase development strategy for Oropesa, focusing on unlocking the full potential of the project. The Company intends to where possible, execute the phases concurrently:

PHASE 1

- Resource expansion
- Optimisation of the process flowsheet to improve tin recoveries and minimise operating costs

PHASE 2

- Finalisation of the right to operate (Development approvals etc)
- Engineering and design of a large-scale tin mining operation

PHASE 3

- Secure financing for the development of the project
- Construction
- Production of tin concentrate

CLEVELAND PROJECT UPDATE

During the quarter the Company presented for discussion, a revised open-cut/tailings retreatment mine plan to Mineral Resources Tasmania. Following this, work has now commenced on drafting documentation for the official submission of a new proposal for development at Cleveland.

Work is ongoing on the inclusion of recently digitised geological data for Cleveland into the mine design for the proposed combined open cut/tailings retreatment.

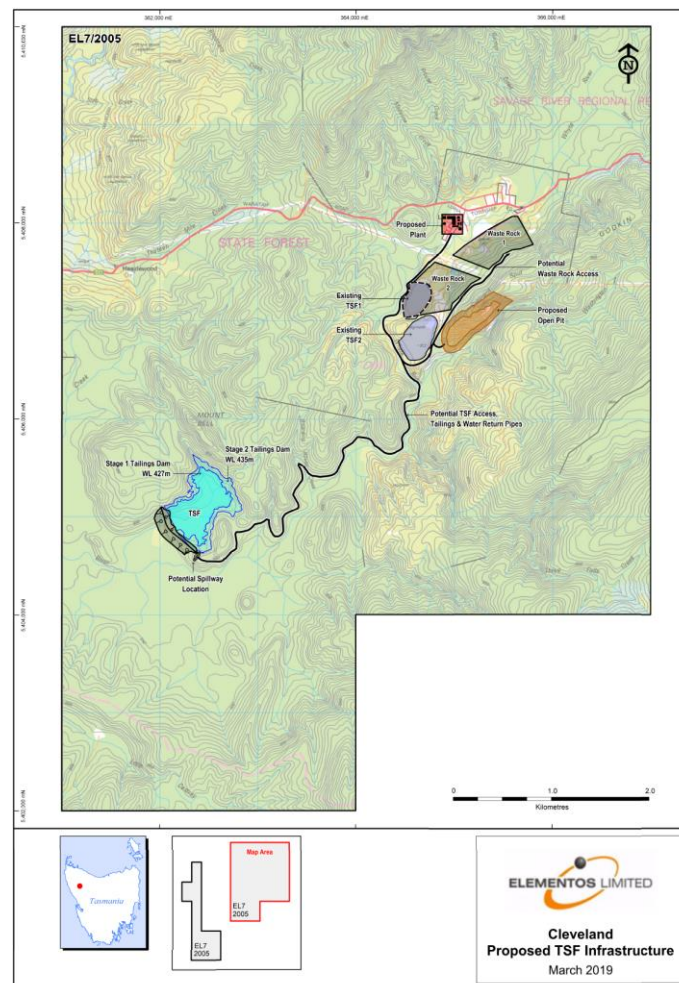


Figure 3. Proposed Cleveland open cut/tailings retreatment project layout

TEMENGOR

Elementos has extended a non-binding MOU agreement with Empire Tin Mining Sdn Bhd for a Farm-in and Joint Venture Agreement on the Temengor Project in Peninsular Malaysia.

The term of the MOU has been extended until 2nd July 2019 to accommodate numerous changes in regulatory authorities and procedures resulting from the general election in Malaysia in 2018.



CORPORATE

Research and Development Refund

Elementos received approximately \$148,000 from the Australian Taxation Office in respect to an R&D Tax Incentive Claim for the 2017/18 financial year.

The claim covers eligible test work under the Federal Government's R&D tax incentive scheme whereby companies with a turnover of less than \$20 million which undertake research and development activities, are entitled to a cash refund of 43.5 cents per dollar spent on eligible R&D in Australia.

The Company's research activities focused on the development of more efficient processes for the recovery of tin utilising existing technologies.

Capital and Project Finance

Subsequent to the end of the reporting period, Elementos announced it had entered into an unsecured Loan Facility ("Facility") with the Company's largest shareholder and Non-Executive Chairman, Mr Andy Greig.

The key terms of the Facility include:

- Maximum value of AUD\$2.0M for a maximum term of 24 months
- Ability to draw down in minimum tranches of \$250,000 at the Company's discretion
- Interest rate of 6% per annum on drawn funds
- Unsecured and no conversion rights
- No requirement for the Company to repay principal or interest during the loan term
- Repayable by Elementos at any time during the loan term

The Company is continuing to hold discussions with a number of financing groups who have shown interest in providing project finance for Oropesa. The interest to date provides the Board with confidence that multiple options for financing Oropesa are available, thus creating potentially attractive financing structures. The Company has now opened a data room to commence discussions with interested parties.

The attractiveness of Oropesa from a financing point of view is:

- Capital requirements are not overly significant, reducing the lender's exposure and risk
- ELT's Board and Management team have executed many projects of this size or larger, significantly reducing the financier's risk
- Tin as a commodity is an LME traded metal - there is always a market for tin concentrate
- Financiers are looking to diversify their commodity base - with tin being a base metal and an integral part of the electrification of the world, it is an increasingly attractive commodity

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

LME Tin Price

The LME tin price at the time of writing was US\$20,400/t.

Elementos JORC Resource Tables

| Oropesa Global Mineral Resources Estimate (0.15% Sn cut-off grade) | | | |
|--|------------------|-------------|---------------|
| Category | Tonnes | Grades % Sn | Contained Tin |
| Measured | 330,000 | 1.09 | 3,585 |
| Indicated | 9,010,000 | 0.53 | 47,320 |
| Total M & I | 9,340,000 | 0.55 | 50,905 |
| Inferred | 3,200,000 | 0.52 | 16,615 |

Table 1. Oropesa JORC Resource Estimate*1

Open Pit Tin-Copper Mineral Resource - September 2018 (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 | 1.73 Mt | 0.93% | 16,100t | 0.33% | 5,700t |
| Inferred | 0.16 Mt | 1.18% | 1,900t | 0.49% | 800t |
| TOTAL | 1.89 Mt | 0.95% | 18,000t | 0.34% | 6,500t |

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

Underground Tin-Copper Mineral Resource - September 2018 (at 0.35% Sn cut-off)

NOTE: this Underground 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 | 4.50 Mt | 0.68% | 30,600t | 0.29% | 13,000t |
| Inferred | 1.08 Mt | 0.70% | 7,500t | 0.25% | 2,700t |
| TOTAL | 5.58 Mt | 0.68% | 38,100t | 0.28% | 15,700t |

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

Total Tin-Copper Mineral Resource - September 2018 (at 0.35% Sn cut-off)

| Category | Tonnage | Sn Grade | Contained Sn | Cu Grade | Contained Cu |
|--------------|----------------|--------------|----------------|--------------|----------------|
| Indicated | 6.23 Mt | 0.75% | 46,700t | 0.30% | 18,700t |
| Inferred | 1.24 Mt | 0.76% | 9,400t | 0.28% | 3,500t |
| TOTAL | 7.47 Mt | 0.75% | 56,100t | 0.30% | 22,200t |

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

Tailings Ore Reserve - September 2018 (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

*1 - This information was prepared and first disclosed in 2015 under the JORC Code 2012. It has not been updated since on the basis that the information has not materially changed since it was last reported.

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

Underground Tungsten Mineral Resource - September 2018 (at 0.20% WO₃ cut-off)

| Category | Tonnage | WO ₃ Grade |
|----------|---------|-----------------------|
| Inferred | 4 Mt | 0.30% |

*2-This information was prepared and first disclosed in 2014 under the JORC Code 2012. It has not been updated since on the basis that the information has not materially changed since it was last reported.

Table subject to rounding errors; WO₃ = tungsten oxide

Table 2. Cleveland JORC Resource Estimate*2

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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.

Mineral Resources, which are not Ore Reserves, do not have demonstrated economic viability. Economic, environmental, permitting, legal, title taxation, socio-political, marketing or other relevant issues may materially affect the estimate of Mineral Resources.

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:

*1 - "Acquisition of the Oropesa Tin Project" released on the 31st July 2018;

*2 - "Substantial Increase in Cleveland Open Pit Project Resources following revised JORC study" released 26th September 2018

*3 - "Oropesa Exploration Target released 1st February 2019"

The Company also confirms that all material assumptions and technical parameters underpinning the estimates in the Cleveland Mineral Resources (tungsten) and Reserves continue to apply and have not materially changed.