

ASX ANNOUNCEMENT

31 October 2019

SEPTEMBER 2019 QUARTERLY REPORT

HIGHLIGHTS

- **Oropesa Ore Sorting Testing Delivered Positive Results**
- **Commencement of an updated process flow sheet design for the Oropesa Tin Project incorporating TOMRA ore sorting technology**

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") the multi-national tin focused company provides shareholders with its quarterly activities report for the three-month period ended 30 September 2019.

Elementos continues in its strategy to create a multi-project tin production and exploration company, targeting jurisdictions that demonstrate a long history of successful mining.

The Company's portfolio comprises both near-term development and exploration assets, including:

- **Oropesa Project, Spain** – one of the world's largest undeveloped, open-cut mineable tin deposits, with access to world class infrastructure. Oropesa is an advanced tin project with near term development and cash flow potential. The Company believes it will create significant share value-uplift potential as it is advanced towards development; and
- **Cleveland Project, Tasmania** – a significant resource of tin-copper amenable to both open cut and underground mining techniques, located in a world-class mining district with excellent infrastructure.

Oropesa Tin Project, Spain

On the 4th January 2019, the Company announced interim completion on the acquisition of the Oropesa Tin Project (Oropesa) in Spain via the purchase of all the shares in MESP A (a Spanish company that has a 100% holding of Oropesa) from Eurotin Ltd (TSX-V:TIN).

The Company has submitted to the Junta de Andalucia (Spanish Regional Mining Authority) all the relevant documentation required to authorise the transfer to Elementos of all the shares in MESP A. The Company has held regular meetings with officials from the Junta to discuss and expedite the authorisation process.

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, open-cut mineable resource with strong potential for expansion through additional drilling;
- **Open-cut mining potential** - The deposit is amenable to simple drill and blast, truck and shovel open cut mining operations;
- **Simple metallurgy** - Extensive metallurgical testing and a process flowsheet designed to produce a 62.4% tin concentrate at a 74.2% metallurgical recovery;

- **Near-term production potential** – Definitive Feasibility Study commenced by Eurotin Ltd;
- **Permitting process advanced** – Mining Licence application and Environmental Impact Study lodged with the Junta de Andalucía;
- **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 Andalucía 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 historical 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.

The Company is continuing to define the optimal development pathway for the project, including:

- Optimisation of the project development scale to maximise project value and create a manageable and fundable project development budget;
- Implementation of pre-concentration test work results into a process flowsheet to optimise the size and operational capabilities of the process plant;
- Planning of a drilling program for resource definition conversion and expansion, geotechnical and metallurgical purposes; and
- Modification of permitting documentation to reflect the revised development plan.

In August 2019 Elementos announced the positive results from its performance ore sorting test program carried out by TOMRA Sorting Solutions-Mining (TOMRA) on the Oropesa Project. The test program delivered excellent results, clearly demonstrating that the TOMRA XRT ore sorting system can successfully separate tin bearing ore and waste from the Oropesa feed material.

Modelling indicates a waste mass rejection of 25%, with a 24% increase in the tin grade of the feed to a processing plant, for a 92% recovery of the contained tin. Trends in the test work data indicate that further optimisation of the process should improve tin recovery and feed grade.

The positive results provided the Company with a platform from which to determine the impact on the design of the Oropesa processing plant and significantly, potentially lower future capital and operating costs and it will use the information obtained from the test work to further optimise tin recoveries and capital and operating costs at Oropesa.

Significant benefits to the proposed development of Oropesa highlighted by the TOMRA results include:

- Reduced feed to the processing plant
- Higher feed grade to the processing plant
- Improved tin recoveries from the processing plant
- Lower process plant capital and operating costs
- Smaller tailings dam
- Greater opportunities to optimise the overall mine plan and improve project economics

Ore sorting technology similar to that used in the TOMRA testwork programme have been successfully implemented in the tin processing circuits at both the San Rafael Mine in Peru and the Renison Mine in Tasmania.

The Company has commenced further engineering work on the Oropesa Project to incorporate TOMRA ore sorting technology in the process flow sheet. this work will provide an updated detailed capital equipment schedule and estimated operating costs.

Elementos is undertaking this engineering update with input from Spanish process engineering firm SCYPI, Spanish mining consultancy IGAN, and UK firms Wardell Armstrong and SRK, who together have significant experience and expertise in all aspects of mining, processing and infrastructure requirements in Spain.

The study will incorporate the TOMRA ore sorting technology following the successful test program conducted earlier this year. key components of the study will include:

- process plant design;
- capital and operating cost estimates

The study will identify the optimal project process flow sheet configuration, capital and operating costs, and provide a guide for the scope of work for the completion of a definitive feasibility study.

Revised capital and operating costs are expected to be available in the 4th quarter 2019.

Cleveland Tin, Copper and Tungsten Project

Work continues at Cleveland on an official submission of the new development proposal for the mine design of a combined open cut / tailings retreatment project.

Temengor Tin Project

In July 2019 the Company was notified by its partner, Ipoh-based Empire Tin Mining Sdn Bhd, that the Perak State has determined that a moratorium was to be put in place on the granting of any Exploration Licence applications for potential mining projects in the State for the foreseeable future, following natural environmental conditions in the waterways not being managed.

These conditions are neither located near nor associated with the Temengor Project area. The decision by the Perak State Government to apply a moratorium on all new exploration licences in the northern region of the state applies to all applicants. At this stage no schedule has been advised for when this situation may revert.

Corporate

Capital and Project Finance

Elementos has continued with discussions with a number of financing groups who have shown interest in providing project finance for Oropesa. The Board is confident that multiple options for financing Oropesa are available, thus creating potentially attractive financing structures.

Exploration Tenements

Elementos 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

LME Tin Price

The LME tin price at the time of writing was US\$16,700/t. A global manufacturing slump, accelerated by the ongoing trade wars between the USA and China, and South Korea and Japan, combined with the uncertainty of Brexit has had a downward impact on the refined LME tin price.

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