

31 January 2020

DECEMBER 2019 QUARTERLY REPORT

HIGHLIGHTS

- **Successful completion of Oropesa Tin Project Acquisition under the Arrangement Agreement with TSX-V listed Eurotin Inc. (TIN)**
- **Elementos has received all shares in MESPA under the Arrangement Agreement (condition of Oropesa Tin Project Acquisition)**
- **All CRPS shares held by TIN shareholders have now converted to ordinary shares of Elementos Ltd**
- **Economic Study on the Oropesa Tin Deposit commenced**

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 31 December 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
- **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

Elementos has now received all shares in Minas De Estana De Espana S.L.U. (MESPA), a key component of the Arrangement Agreement signed with Eurotin Ltd (TSX_V:TIN) for the acquisition of the Oropesa Tin Project.

MESPA, previously a wholly owned subsidiary of Eurotin, was the holder of the Oropesa Project. Subsequent to the completion of the acquisition of MESPA, the Company has converted the convertible redeemable preference shares (CRPS), which were previously issued by Elementos and distributed to Eurotin shareholders as consideration for the acquisition, in accordance with the terms of the Arrangement Agreement and subsequent Variations to the Agreement. The completion of the acquisition of the Oropesa Tin Project represents a significant step forward in the growth of Elementos as a multi-project tin development company.

As part of finalisation of the transfer of the MESPA shares, Elementos has agreed to waive the requirement for the SPIB Deed to be entered as a condition of final completion. (Please refer to the announcement of 22 October 2018 for further details regarding the arrangements with SPIB, which remain unchanged from

that previously disclosed, and the proposed SPIB Deed). This is on the basis that Mark Wellings (Eurotin Chairman) has agreed to personally indemnify the Company in respect of the arrangements with Spanish Company SPIB for a period of 2 years up to a maximum amount of CAD\$500,000 with sole recourse for which is a set off against obligations under the Loan Agreement and Convertible Debenture with Mark Wellings. (Please refer to the announcement of 22 October 2018 for further details regarding the terms of the Loan Agreement and Convertible Debenture with Mark Wellings.)

The Company has commenced a detailed Economic Study of the Oropesa Tin Project. This Economic Study will be the first update for shareholders on the economic potential of the project since an initial Preliminary Economic Assessment (PEA) was released on the TSX in July 2014 (prepared by SRK Consulting UK Ltd). The initial PEA is available for viewing on SEDAR (www.sedar.com).

This Economic Study is being carried out for the purpose of incorporating results from additional work completed on the Oropesa Project since the Initial PEA was released in 2014. This additional work has included a pilot plant metallurgical test programme, ore pre-concentration test work, additional exploration drilling and production of an updated geological resource model, hydrogeological and geotechnical studies and advanced environmental impact assessment studies.

This updated Economic Study is being developed by various independent consultants including:

- IGAN Consultores, Oviedo, Spain (IGAN) - responsible for the mine design and schedule,
- Wardell Armstrong International UK - responsible for the metallurgical test work and
- Soluciones, Concentradores Y Procesos de Ingeniería, S.L. (SCYPI) - responsible for the process design, capital and operational costs

An updated geological resource for the Oropesa Tin Project that was used in this study was released on 31st July 2018, "Acquisition of the Oropesa Tin Project". Project economics are being carried out by the Company. The results of the study will be reported jointly to the ASX and TSX.

The Company will be implementing key objectives that are identified from the Oropesa Economic Study as the project advances towards development.

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

Highlights of the Oropesa Tin 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.

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.

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, Australia
Oropesa	13.05	13	100%	Andalucia, Spain

By Order of the Board.

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CAUTIONARY STATEMENTS

Forward-looking statements

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