

ELEMENTOS

TOMORROW'S TIN

QUARTERLY REPORT

For the period ended 31 March 2020



Elementos is a resources development company focused on the safe and environmentally-conscious exploration and production of high-grade tin projects in 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.

HIGHLIGHTS

- Successful completion of the Oropesa Tin Project acquisition
- Royalty agreement reached to provide working capital boost to fund project development activities
- Economic Study on the Oropesa Tin Project nearing completion

OROPESA PROJECT

Located in southern Spain, the Oropesa Tin Project is one of the world's largest undeveloped, open-cut mineable tin deposits, with access to world class infrastructure. It will be our first mining operation.

The Company has successfully completed the acquisition of the Oropesa Tin Project. The Company now holds 100% of the shares in Minas De Estana De Espana S.L.U. (MESPA), the company that holds 100% of the Oropesa Project. The completion represents a significant step forward in the growth of Elementos as a multi-project tin development company.

Work is nearing completion on a detailed Oropesa Economic Study. This Study is being carried out for the purpose of assessing the technical and economic viability of developing Oropesa, incorporating results

from additional work completed at Oropesa since the Initial Preliminary Economic Assessment was released in 2014. Additional work includes a pilot plant metallurgical test programme, ore pre-concentration testing, exploration drilling and development of an updated geological resource model, hydrogeological and geotechnical studies and advanced environmental impact assessment studies.

The Economic Study is being developed by various independent consultants:- Optimal Mining Solutions (Brisbane, Australia), responsible for the final mine design and schedule, IGAN Consultores, Oviedo, Spain (IGAN), development of the initial mine plans and schedule, Wardell Armstrong International UK, metallurgical test work and Soluciones, Concentradores Y Procesos de Ingeniería, S.L. (SCYPI), process design, capital and operational costs. Project economics are being carried out by the Company.



The Company will be implementing key objectives that are identified from the Oropesa Economic Study as the project advances towards development. Oropesa 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 amendable 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 70% 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 Andalucia;
- 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 Andalucia 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 PROJECT

The Cleveland Tin Project is located 80km southwest of Burnie in the mineral-rich northwest region of Tasmania, Australia. It is a historic mine boasting excellent power, water and transport infrastructure.

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

Gross Revenue Royalty Agreement

Subsequent to the end of the quarter, Elementos has agreed to sell a 1% Gross Revenue Royalty (GRR) on its wholly-owned Oropesa and Cleveland tin projects to Canada’s Electric Royalties Ltd for C\$500,000 cash and 1.5 million common shares (at a proposed issue price of C\$0.25 per share).

A royalty company set up to take advantage of the drive to electrification, Electric Royalties will also have an option to acquire either of the following within two years of the transaction:

- An additional 1% GRR on the Oropesa Project for C\$1.5 million, of which Electric Royalties can elect to issue up to 50% of the consideration in Electric Royalties common shares; and
- An additional 1% GRR on the Cleveland Project for C\$1million, of which Electric Royalties can elect to issue up to 50% of the consideration in Electric Royalties common shares.

The transaction is subject to the completion of due diligence by Electric Royalties and the company’s listing on the TSX-V within 60 days of execution of the agreement. The share consideration will vest in two equal increments over a 12 month period following the cash transaction.

Exploration Tenements

Tenement Name	Tenement Number	Area (km ²)	ELT Interest	Tenement Location
Cleveland	EL7/2005	55	100%	Tasmania, Australia
Oropesa	13.050	13	100%	Andalucia, Spain

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.

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

This announcement was approved by the Board of Elementos Limited.

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