

13 July 2020

Oropesa optimisation works and drilling to unlock further value.

Elementos Limited (ASX: ELT) will seek to further boost financial returns at its wholly owned Oropesa Tin Project in Spain, starting an optimisation program designed to increase the project's overall resource, annual production and mine life.

This program follows the release of our Oropesa Economic Study in May, which positioned the project as a low cost, globally significant new tin development with a prospective annual production of 2,440 tonnes of tin-in-concentrate over a 14-year mine life.

Elementos Chairman Mr Andy Greig said that optimisation works presented a strong opportunity to extract considerably more value from the project which is based on a simple, open cut mining and conventional processing model in a first world country with well developed infrastructure.

"Our goal is to create value-uplift potential for shareholders by enhancing the economics of the project as it's advanced towards full feasibility and development," Mr Greig said.

"We're confident that the tin resource at Oropesa could be far greater than currently known so we're re-examining previous drill data, planning new drilling, and incorporating a large low-grade tin mineralised halo around the existing resource.

"Following the completion of these optimisation works, a new JORC Mineral Resource will be prepared and Oropesa will be ready to progress into the feasibility study stage and finalise environmental permitting," he said.

Mr Greig added a number of other optimisation programs aimed at improving the metallurgical performance of the project will be implemented during feasibility.

Elementos' Board has authorised the release of this announcement to the market.

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Optimisation Works

In May 2020, Elementos released an Economic Study at the Oropesa Tin Project, which assessed the technical and financial viability of developing the project based on extensive drilling, geological, geotechnical, feasibility and metallurgical test work programs completed over more than ten years by the project's previous owners.

Description	Results
Average annual ore feed	750,000 tonnes
Average annual tin metal production	2,440 tonnes
Life-of-mine	14Years
Average tin price	US\$19,750t real
Pre-production capital expenditure	US\$52.2
Total life-of-mine revenue	US\$675
Total life-of-mine EBITDA	US\$281
All-in-sustaining cash costs	US\$11,790t metal
Net Present value (8%, pre-tax, real)	US\$92 million
Internal Rate of Return (pre-tax, real)	25%
Net Present value (8%, after-tax, real)	US\$66 million
Internal Rate of Return (after-tax, real)	22%
Project capital pay-back period (pre-tax from mine start)	4 Years

Table 1. Summary of financial and technical information (forecast numbers are approximate)

Whilst the Study outcomes were positive, there are number of significant areas that have been identified and have the potential to enhance the project's economics.

Four key areas of optimisation potential, include:

1. New Drilling

Further drilling is planned to expand and optimise Oropesa's JORC Mineral Resource, including:

- Priority 1: Converting existing Inferred Resources into Indicated Resources which were excluded from the Economic Study Production Target to improve overall and early waste-to-ore stripping ratios and increase the mine life (Figure 1)
- Priority 2: Near surface fault controlled mineralisation currently excluded from the current geological resource model, including the example shown in Figure 2; and
- Priority 3: Defining potential additional resources at shallow depths to the immediate northwest of the current resource (Figure 3), identified by a significant geophysical anomaly (IP) and outcropping gossans.

Elementos has completed the drilling approvals process and plans to start drilling when coronavirus travel restrictions are eased.

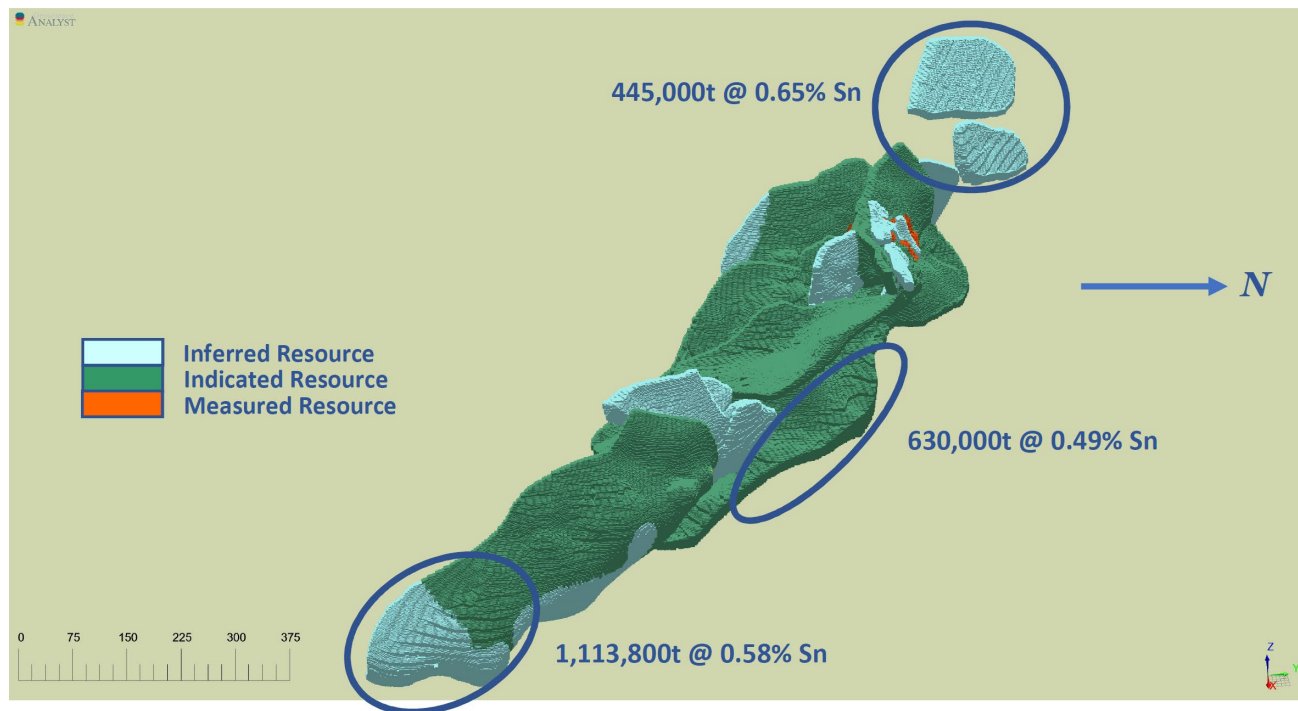


Figure 1: Oropesa geological resource model. Highlighted resources (circled) are not included in the current Production Target for the recently completed Economic Study (2017 Geological Resource Model).

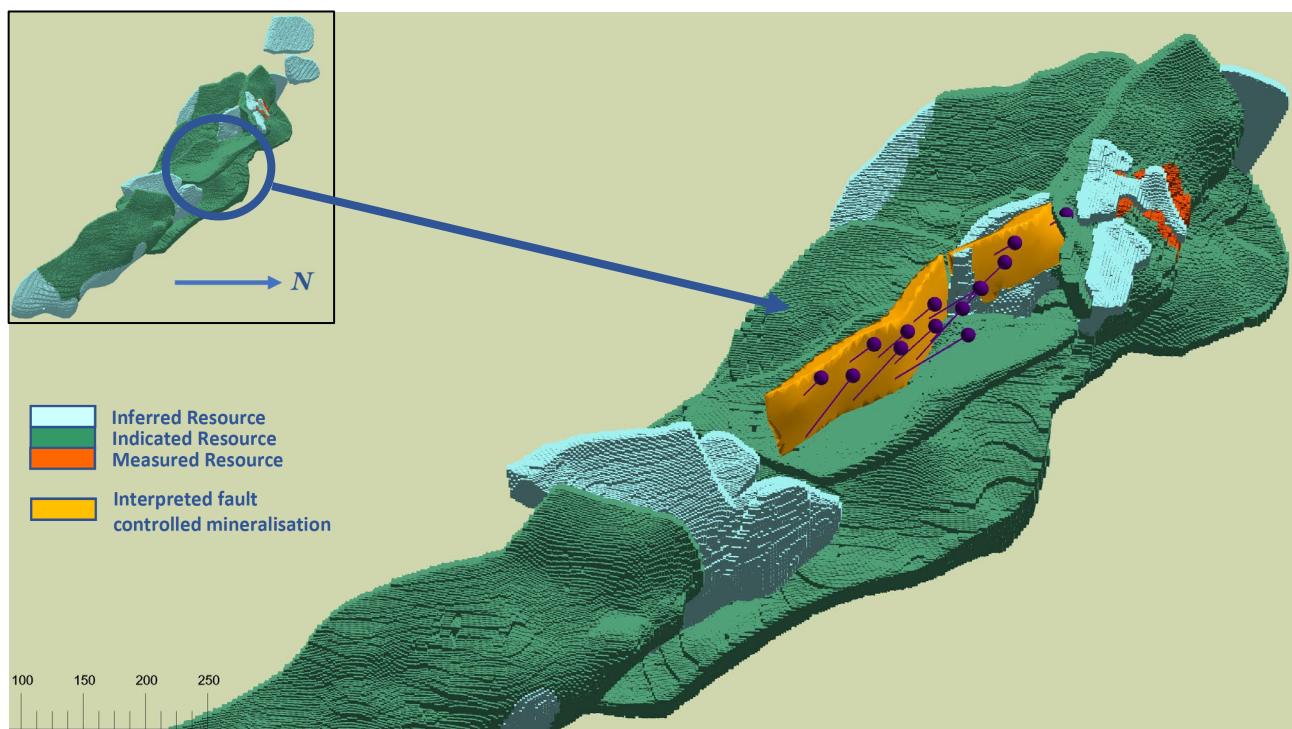


Figure 2: Proposed Priority 2 interpreted near-surface fault-controlled mineralisation

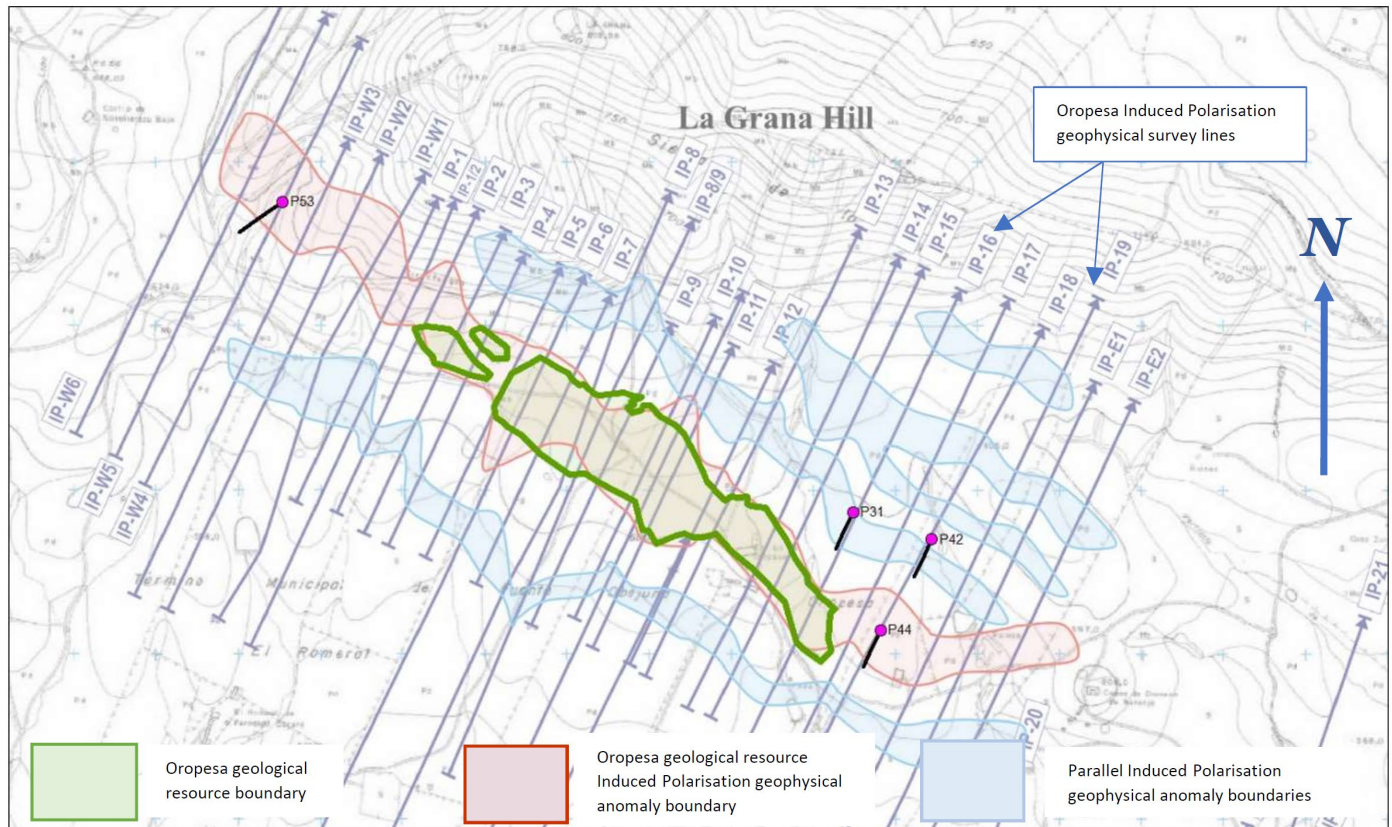


Figure 3:– Proposed Priority 3 exploration drill holes based on Induced Polarisation geophysical and geochemical anomalies

2. Incorporating the lower grade tin halo into the JORC Resource Model

A low grade tin mineralisation halo surrounds a large proportion of the current geological resource (Figure 4). This was not included in the Economic Study Production Target because this mineralisation was not included in the JORC Mineral Resource. The Economic Study Production Target assumed 10% mining dilution at a 0% Sn grade. Incorporating the low grade mineralisation will increase the tin content of the dilution material. This is likely to result in an increase in tin production at no additional mining cost.

3. Re-examining existing drill cores

In the early phases of exploration drilling on the project, core selection for assay was on a visual recognition basis only. Elementos have identified 173 early exploration diamond drill holes that have potential to contain additional tin mineralisation. Elementos is re-examining these drill holes using drill core logging, NITON XRF analysis, and commercial laboratory assaying. When completed, this new data will be used to adjust resource boundaries and estimate a new geological resource (Figure 5).

4. Reinterpretation of different styles of mineralisation

Oropesa's previous owners conducted a number of different historical studies assessing both the open cut and underground mining potential. This has resulted in a number of different geological interpretations of the deposit and assumptions underlying the Mineral Resource estimates including cut-off grade assumptions.

Re-interpretation of existing geological and geochemical drill data and follow-up confirmation drilling of interpreted, near vertical, fault controlled mineralisation has the potential to significantly increase the near surface geological resource.

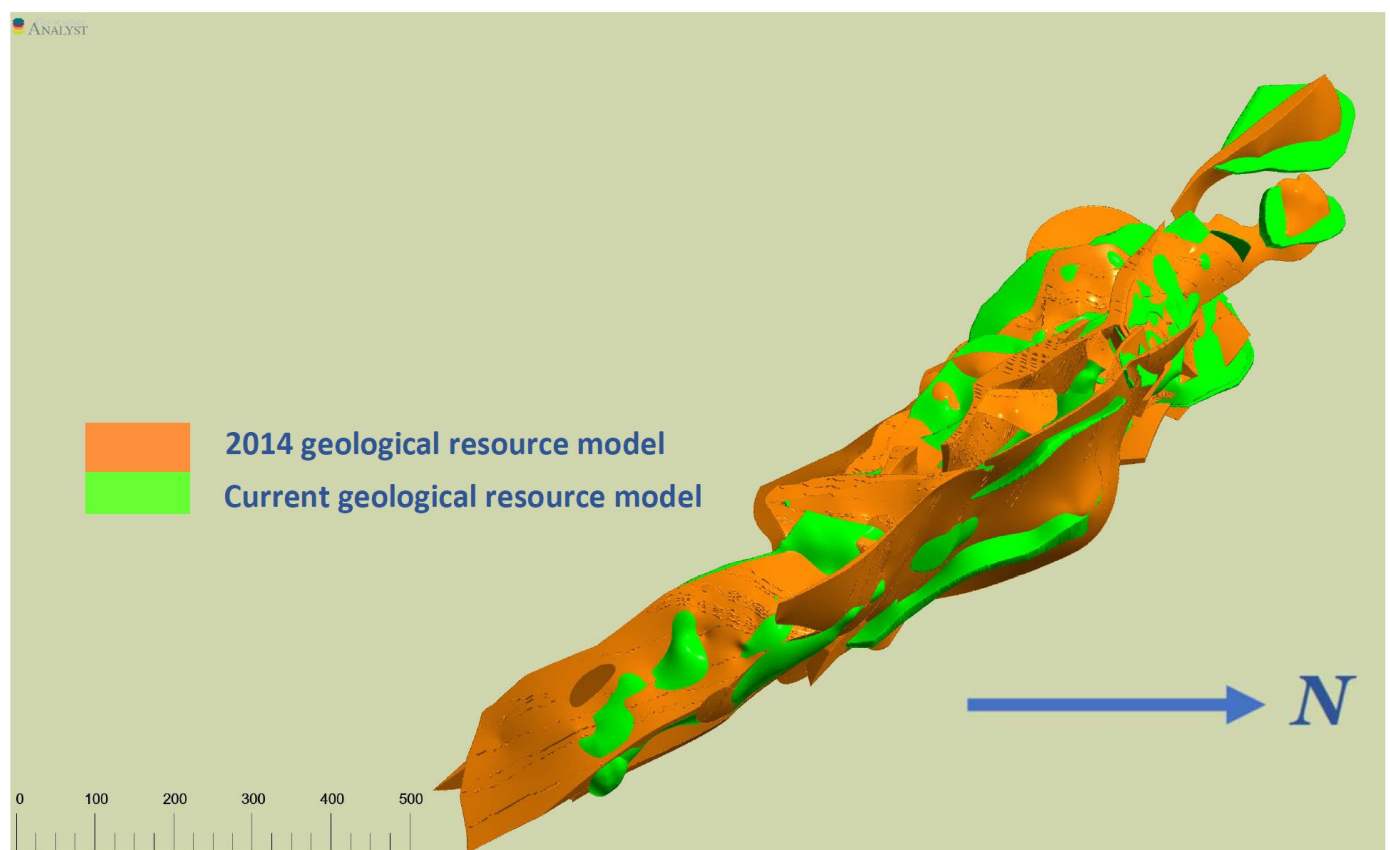


Figure 4: Green represents the current JORC Mineral Resource and the orange is the large halo of lower grade mineralisation currently excluded from the JORC Mineral Resource

Figure 5 overleaf is one example of the potential geological resource boundary changes following the inclusion of the low grade mineralisation, new drill core assay data and incorporating both the stratigraphic and fault-controlled mineralisation models.

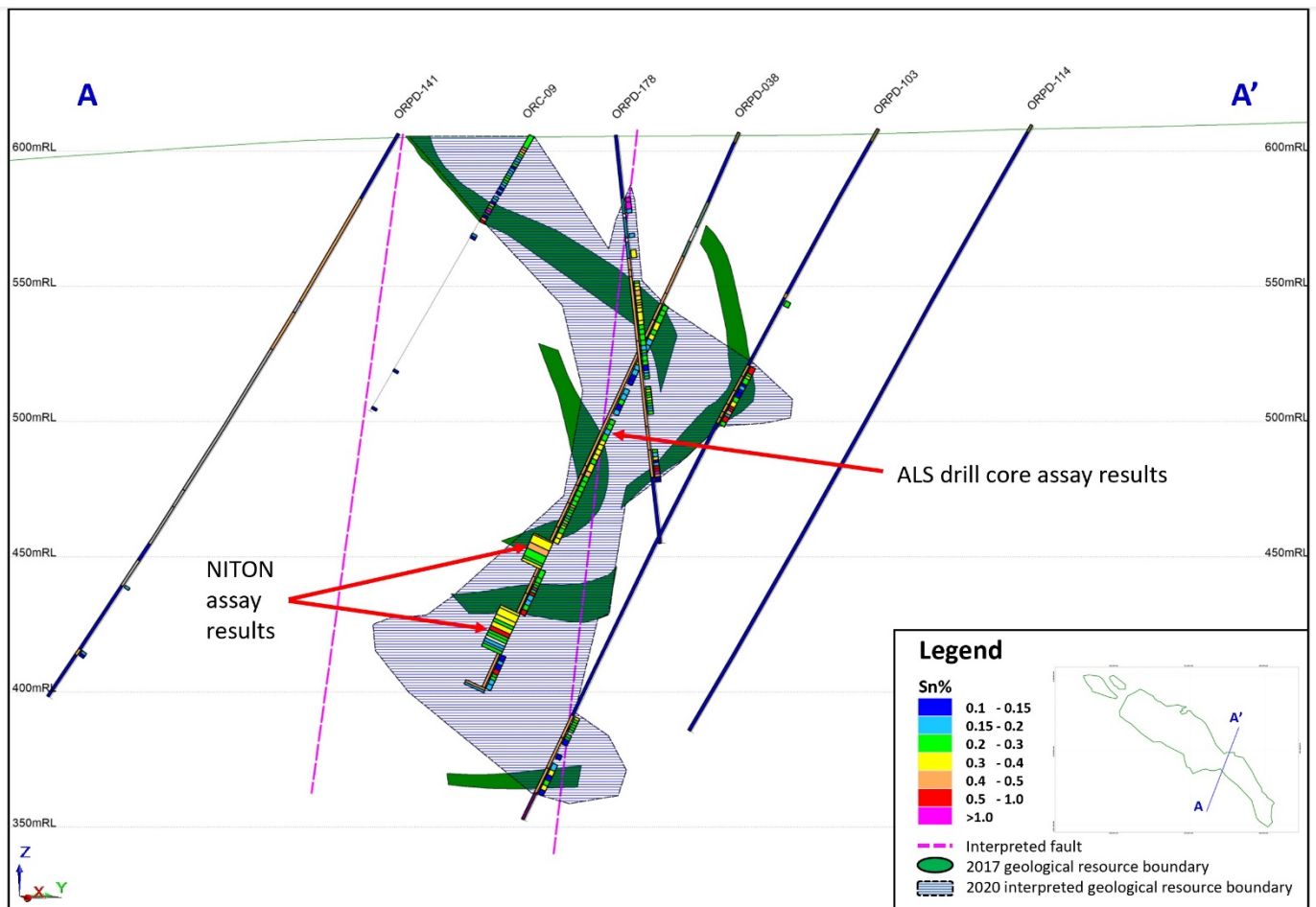


Figure 5. Potential geological resource boundary following the inclusion of new core assay data, inclusion of the low grade halo and stratigraphical and fault-controlled mineralisation.

Additonal optimisation works to be implemented during the feasibility stage

The impact of TOMRA on the Mineral Resource

The application of the results of the TOMRA pre-concentration test work program has the potential to alter the cut-off grade and consequently the geological resource boundaries, which could result in an increased geological resource and mine production plan north and south of the existing Mineral Resource.

Tenement wide exploration potential

Elementos believes through geochemical and geophysical studies, there is significant potential to identify new tin mineralisation within the wider tenement area at Oropesa. The Company has previously reported a JORC Exploration Target for Oropesa (see ASX release, "Exploration Evaluation of Oropesa", 4 February 2019). The Exploration Target* is based on the potential to identify new resources to the north and south of the existing Mineral Resource down to a depth of 100m – see Table 2.

Range	Million Tonnes (Mt)	Grade (% Sn)
Upper	51.0	0.62
Lower	36.5	0.46

Table 2. Oropesa Exploration Target

* The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

ABOUT ELEMENTOS

Listed on the ASX in 2009, Elementos is committed to the safe and environmentally-conscious exploration and production of high-grade tin resources. Elementos controls two tin projects:

- Oropesa (100%) – located in Spain, a new globally significant tin deposit is being fast tracked towards development; and
- Cleveland (100%) – located in Tasmania, Australia, a significant deposit of open cut mineable and underground tin and copper resources.

Led by an experience-heavy management team and Board, Elementos is positioned as a diversified tin platform, with an ability to develop exciting projects in multiple countries.

As tin stocks hover at historic lows, the company is well-positioned to help bridge the significant supply shortfall in coming years. This shortfall is being partly driven by increasing global interest in renewable energy and electric vehicles.

Competent Person Statement

The information in this report is based on and fairly represents information and supporting documentation that has been compiled for this report. Mr Chris Creagh is a consultant to Elementos Ltd. Mr Creagh has reviewed and approved the technical content of this report. Mr Creagh is a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

Mr Creagh is a Member of the Australasian Institute of Mining and Metallurgy and consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

References to Previous Releases

The information in this report that relates to the Mineral Resources and Ore Reserves were last reported by the company in compliance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves in market releases dated as follows:

- Acquisition of the Oropesa Tin Project, 31st July 2018
- Oropesa Ore Sorting Testwork, 9th August 2019
- Exploration Evaluation at Oropesa tin project, 4th February 2019
- Oropesa Presentation – Seville, Spain, 18th October 2019
- Oropesa Economic Study, 7th May 2020

The company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements referred above and further confirms that all material assumptions underpinning the production targets and all material assumptions and technical parameters underpinning the Ore Reserve and Mineral Resource statements contained in those market releases continue to apply and have not materially changed.