

6 August 2020

Elementos raises funds for drilling and optimisation plan at Oropesa Tin Project.

Elementos Limited (ASX: ELT) will start its planned drilling and optimisation program at the company's flagship Oropesa Tin Project in Spain after receiving firm commitments from institutional, sophisticated and accredited investors to raise a total of \$2.552 million before costs (**Placement**).

Fully paid ordinary shares (**Shares**) will be issued under the Placement at an issue price of \$0.0055 per Share with participants also receiving options to acquire Shares, on a one for three basis, with an exercise price at \$0.009 per share and expiring 31 August 2022 (**Options**). BW Equities acted as Lead Manager to the Placement.

Elementos shareholders with a registered address in Australian and New Zealand will also have the opportunity to participate in the capital raising via a Share Purchase Plan (**SPP**) to raise up to \$300,000 at the Placement issue price. Participants in the SPP will also receive the opportunity to subscribe for Options on the same terms as those offered under the Placement. These Options will be offered to SPP participants with disclosure via a separate prospectus to be issued by the company.

Elementos' Chairman, Mr Andy Greig, said the capital raising would be used to unlock further value in the project.

"Close on the heels of a very encouraging Economic Study, our drilling and optimisation plan at Oropesa is designed to increase the project's overall resource, annual production and mine life," Mr Greig said.

"We look forward to starting the program and enabling our shareholders to share in the project's prospective value increase as it's advanced towards development.

"Following the completion of these optimisation works, a new JORC Mineral Resource will be prepared and will add to the feasibility study work and ongoing environmental permitting activities," he said.

An Economic Study handed down in May demonstrated Oropesa's attractive economics as a globally significant new tin development with a prospective annual production of 2,440 tonnes over a 14-year mine life.

At a tin price of US\$19,750/tonne, the mine could potentially generate an annual gross revenue of more than US\$48 million against a forecast operating cost of US\$28 million per year or cash cost of US\$11,800/tonne of metal. The estimated capital development cost is US\$52.2m including a 20% contingency.

The Placement and SPP will be used to fund the following activities:

- *Resource Conversion*. Drilling will target the conversion of near surface Inferred Resources to Indicated Resources. This will aim to improve the waste-to-ore stripping ratio by incorporating additional mineral resources into an updated mineral resource.

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- *Fault Controlled Mineralisation.* Drilling will aim to confirm interpreted near-surface fault controlled mineralisation that has been identified from historical exploration data. This has the potential to significantly expand the resource, especially at shallow levels.
- *Wider Tenement Potential.* Drilling will target geophysical and geochemical anomalies that have been identified lying both north and south of the Oropesa orebody. Drilling will aim to identify the presence of tin in these structures, with the potential to significantly expand the resource.
- *Incorporating a tin halo.* Drilling will target tin mineralisation that sits within a low-grade tin halo that is currently excluded from the JORC geological resource that was used in the Economic Study. The outcome of this drilling may be an increase in tin production at no additional mining cost.
- Advancing the resubmission of the project's Environmental Application. This involves the final completion of a number of studies, resubmission to the relevant government authority, and associated statutory obligations
- Progressing with Engineering of the plant and infrastructure, including tailings dam design, water management design, infrastructure design.
- Geological reinterpretation of the Oropesa orebody following drilling.

Conversion of Chairman's Loan

Elementos has drawn down \$1.25m this year from a \$2m loan facility provided by our Chairman. In parallel with the Placement process, the Board (with Mr Greig abstaining) has agreed, subject to shareholder approval, to convert \$500,000 of this outstanding amount to equity, on the same terms as the Placement and SPP.

Equity to be issued

The below table confirms the number of Shares and Options proposed to be issued under the Placement, SPP and loan conversion arrangements:

	Shares issued under 7.1	Shares issued under 7.1A	Options issued under 7.1	Shares to be issued subject to shareholder Approval*	Options to be issued subject to shareholder approval*
Issued under the placement	167,894,177	254,833,096	140,909,091	41,272,727	13,757,576
Issued under the SPP	54,545,455	-	18,181,818	-	-
Broker options	-	-	-	-	40,000,000
Conversion of Loan	-	-	-	90,909,091	30,303,030
Total	222,439,632	254,833,096	159,090,909	132,181,818	84,060,606

* The Company plans to call an Extraordinary General Meeting of shareholders to approve the above issue of shares and options at the earliest convenience.

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

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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.

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. In 2018, Rio Tinto, through research by Boston's Massachusetts Institute of Technology (MIT), announced tin was predicted to be the metal most impacted by the transition to the new energy economy for its use in electric vehicles, robotics, renewable energy storage and advanced computation.

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. The Mineral Resources, Ore Reserves, production targets and financial information derived from a production target were included 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
- Positive Economic Study for the Oropesa Tin Project, 7th May 2020
- Oropesa optimisation work and drilling to unlock further value, 13th July 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, forecast financial information derived from a production target 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.