

ELEMENTOS

TOMORROW'S TIN

QUARTERLY REPORT

For the period ended 31 December 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

- Exploration drilling at the Oropesa Project in Spain commences.
- Significant zones of mineralisation intersected in the current campaign to convert existing Inferred Resources to Indicated Resources
- LME tin price rises 24% over the reporting period

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 commenced a diamond drilling exploration program at Oropesa. The program's three principal objectives are:

1. To convert existing Inferred Resources into Indicated Resources to improve the overall waste-to-ore stripping ratio,
2. Confirmation of near surface, possibly fault controlled mineralisation that is currently excluded from the 2017 geological resource model, and
3. Testing for additional near surface resources from exploration targets identified from Induced Polarisation (IP) geophysical survey anomalies.

The program has 47 diamond drill holes planned for a total of approximately 5,000m. Fifteen drill holes had been completed at the end of the reporting period, for a total of 1,586m (Fig.2). Assays for tin only have been received for nine of the drill holes to date.

Significant zones of mineralisation at a 0.15% Sn cut-off grade are listed below:

Expn_011:- 14.2m @ 0.25% Sn from 55.4m
 Expn_011:- 3.1m @ 0.24% Sn from 77.0m
 Expn_012:- 1.3m @ 0.39% Sn from 51.4m
 Expn_020:- 3.9m @ 0.63% Sn from 36.5m
 Expn_021A:- 7.1m @ 0.22% Sn from 43.2m
 Expn_021B:- 9.8m @ 0.22% Sn from 19.5m
 Expn_010:- 12.3m @ 0.53% Sn from 37.7m
 Expn_010:- 10.6m @ 0.38% Sn from 83.2m
 Expn_010:- 17.9m @ 0.22% Sn from 106.9m
 Expn_010:- 13.3m @ 0.26% Sn from 183.2m
 Expn_010:- 6.3m @ 0.34% Sn from 199.1m
 Expn_040:- 9.6m @ 0.20% Sn from 48.2m
 Expn_041:- 2.2m @ 0.40% Sn from 48.9m
 P53:- 1.2m @ 0.24% Sn from 188.9m



Figure 1. Oropesa Tin Project - Location Plan

The Company's drilling program follows the release of the company's Oropesa Economic Study in May 2020, 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 ^{*3}. The Economic Study was completed with a tin price of USD\$19,750 per tonne. The LME tin price is currently over USD\$21,500 per tonne.

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)

Readily executable, the development concept proposes a simple open-cut mining operation and conventional processing facility producing tin concentrates which would be shipped to smelters in Europe and Asia.

The Study valuation also found a base case pre-tax NPV8% of approximately US\$92m and post tax NPV8% of approximately US\$66m. The pre-tax Internal Rate of Return is approximately 25% and the payback period is approximately four years.

The Study incorporated additional work completed at Oropesa since the Initial Preliminary Economic Assessment was released in 2014. Additional work included a pilot plant metallurgical test program, 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 company has identified significant areas of the Study that have the potential to be optimised and add significant additional value to the project.

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

Following the completion of the Economic Study, Elementos is now seeking to further boost financial returns at Oropesa. The Company has commenced an optimisation program designed to increase the project's overall resource, annual production and mine life.

Activities currently underway include;

- *Resource Conversion Drilling.* Drilling targeting 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.

- *Fault Controlled Mineralisation Drilling.* Drilling designed 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.* Drilling targeting geophysical and geochemical anomalies that have been identified lying along strike and north and south of the Oropesa orebody. Drill hole P53 has been completed, targeting an Induced Polarisation (geophysical) anomaly 600m to the northwest of the current geological resource. Semi-massive sulphides were intersected at 188.9m for 1.2m at a grade of 0.24% Sn.
- *Estimation of a new JORC Geological Resource.* Geological reinterpretation of the Oropesa orebody following the current drilling program, incorporating a low-grade tin halo that is currently excluded from the current JORC resource that was used in the Economic Study. The outcome of this drilling may result in an increase in tin production at no additional mining cost.
- *Environmental Approvals.* Advancing the resubmission of the project's Environmental Authority Application. This involves the final completion of a number of studies, resubmission to the relevant government authority, and associated statutory obligations
- *Engineering Studies.* Progress the engineering studies for the process plant and site infrastructure, including tailings dam design.
- *COVID-19.* Provide additional resources in the uncertain Covid-19 environment

The Company is confident that optimisation works will present an opportunity to extract considerably more value from the project.

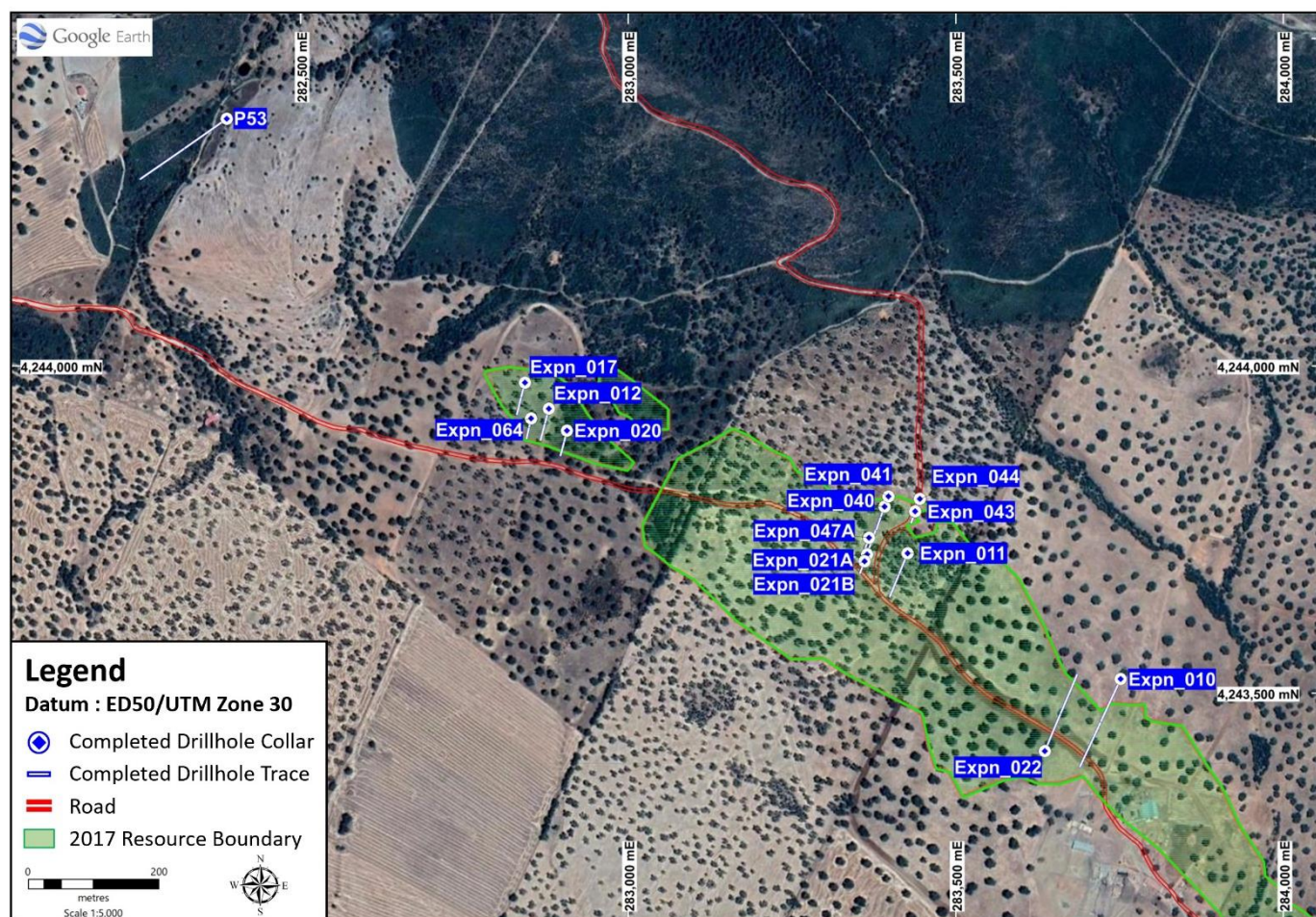


Figure 2. Location Plan for Diamond Drill Holes Completed at at 31 December 2020 – Oropesa Tin Project, Spain

Hole ID	Easting ED50 Zone 30	Northing ED50 Zone 30	Easting_ETRS89 Zone 30	Northing_ETRS89 Zone 30	RL	Azimuth	Dip	Drilled depth (m)
P53	282387	4244377	282277	4244172	653	235	-50	250.0
Expn_017	282842	4243975	282732	4243769	641	194	-60	100.0
Expn_012	282879	4243935	282768	4243729	634	195	-60	100.0
Expn_064	282852	4243920	282741	4243714	632	193	-56	55.1
Expn_020	282906	4243901	282796	4243696	630	194	-60	77.6
Expn_011	283427	4243714	283316	4243508	625	202	-46	103.8
Expn_021A	283364	4243712	283254	4243506	623	200	-55	53.0
Expn_021B	283361	4243702	283250	4243496	622	20	-55	120.0
Expn_010	283752	4243522	283641	4243316	608	205	-48	220.9
Expn_040	283391	4243785	283281	4243579	627	199	-59	71.5
Expn_041	283397	4243801	283287	4243595	628	199	-67	60.1
Expn_043	283438	4243778	283328	4243572	627	199	-64	41.4
Expn_044	283445	4243797	283334	4243591	628	199	-62	60.0
Expn_047A	283368	4243738	283257	4243532	624	200	-47	62.3
Expn_022	283636	4243412	283525	4243206	605	23	-53	210.0

Table 2. Diamond Drill Holes Completed at Oropesa as at 31 December 2020

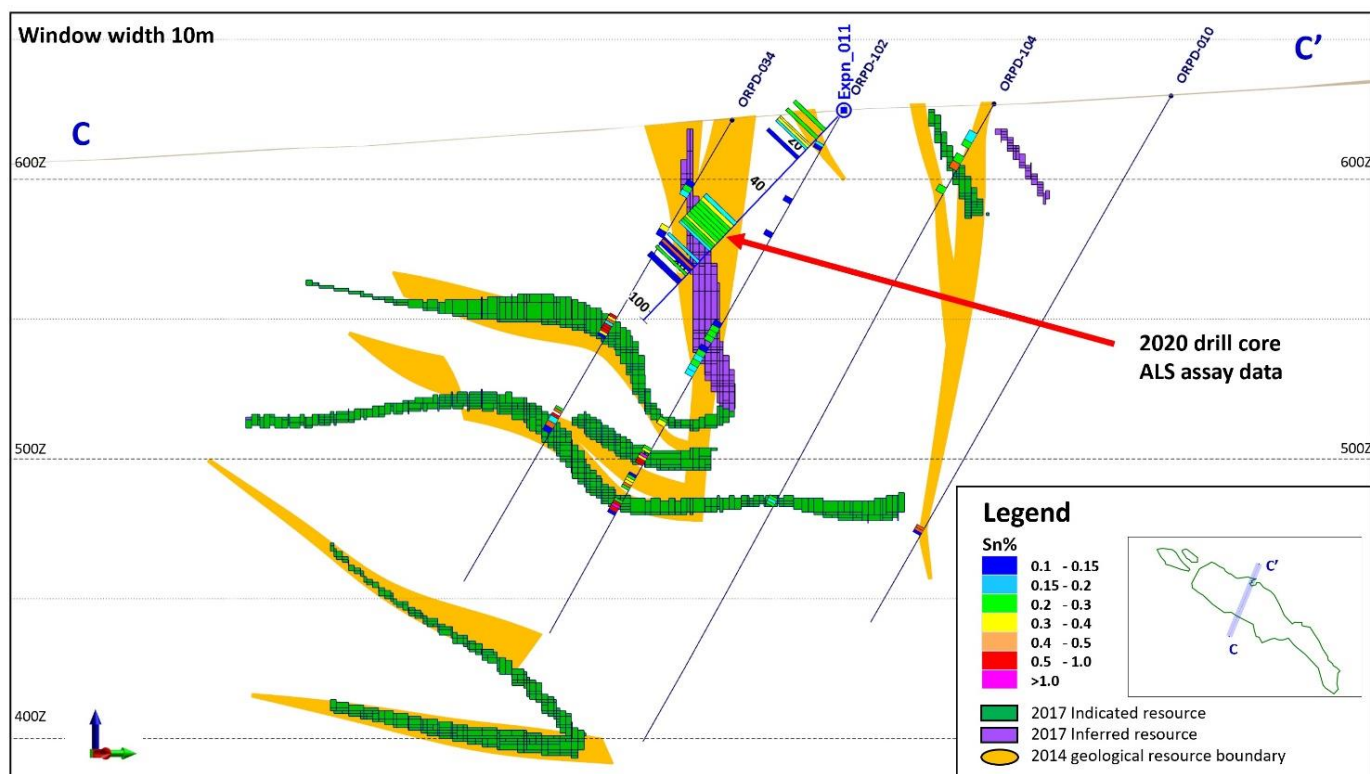


Figure 3. Oropesa resource conversion infill diamond drilling, Expn_011.

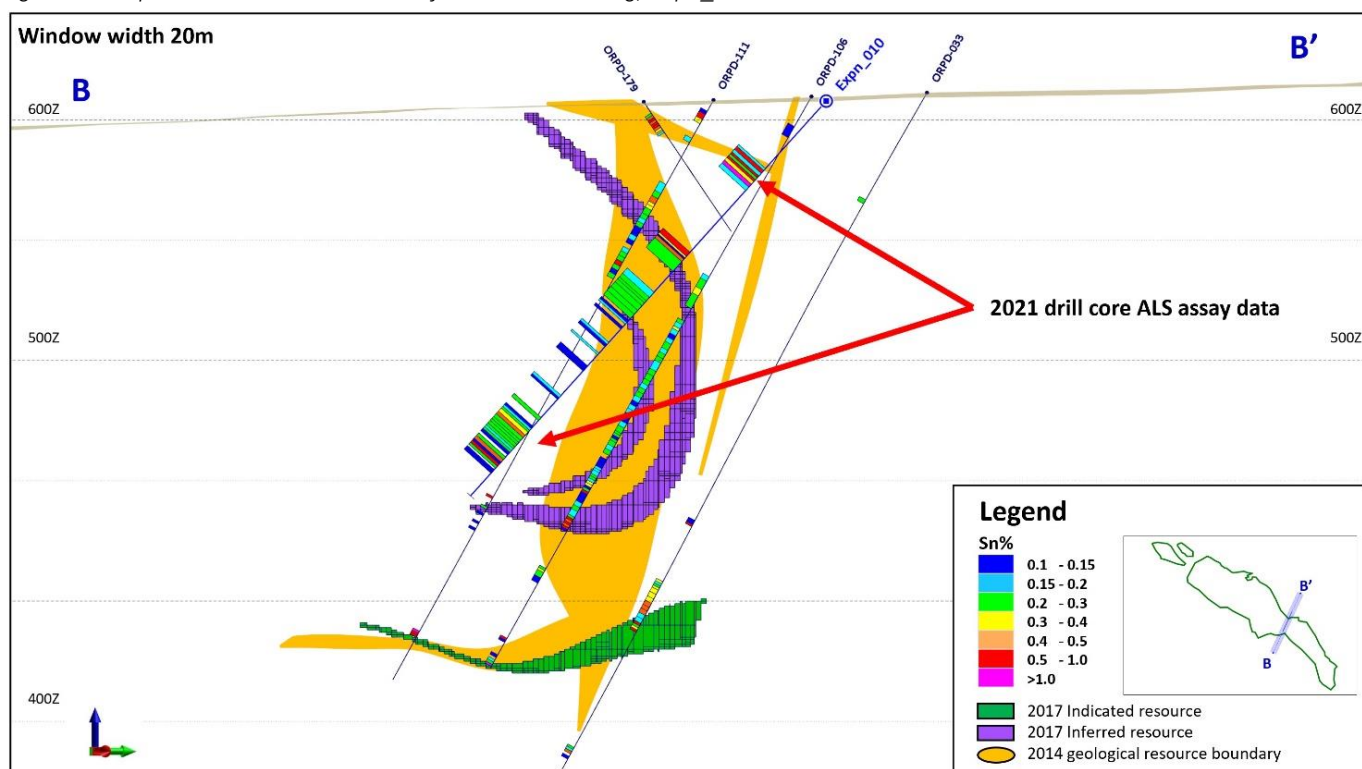


Figure 4. Oropesa resource conversion infill diamond drilling, Expn_010.

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.

Interstate travel restrictions due to the COVID – 19 pandemic have prevented any field work being carried out at Cleveland during the reporting period.

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



Figure 5. Cleveland Project Location Plan

CORPORATE

Tin Price

The LME tin price has gained approximately 24% during the reporting period. The LME tin price at the time of reporting was US\$21,600/t

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

ASX Listing Rule 5.3 disclosure

- During the quarter, payments for exploration and evaluation activities covering both the Oropesa and Cleveland projects totalled \$350,000.
- Payments of \$37,000 were made during the quarter to Related Parties, as reported in clause 6.1 of the ASX Appendix 5B (Cash Flow Report).

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 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.

For more information on specific risks associated with forward looking statements refer to the Risk Assessment section of the announcement "Positive Economic Study for the Oropesa Tin Project", 7th May 2020.

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. The Mineral Resources, Ore Reserves, production targets and financial information derived from a production target were included in market releases dated as follows:

- *1 - Acquisition of the Oropesa Tin Project, 31st July 2018
- *2 - Exploration Evaluation at Oropesa tin project, 4th February 2019
- *3 - Positive Economic Study for the Oropesa Tin Project, 7th May 2020
- *4 - Oropesa optimisation work and drilling to unlock further value, 13th July 2020
- *5 – Oropesa Tin Project – Drilling Progress Report, 6th January 2021

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.

This announcement was approved by the Board of Elementos Limited.

For more information, please contact:

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