

ELEMENTOS

TOMORROW'S TIN

QUARTERLY REPORT

For the period ended 30 June 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

- Positive outcome for the Economic Study on the Oropesa Tin Project.
- Oropesa Economic Study identifies four significant areas that have the potential to be optimised which will further enhance the value of the project.
- Elementos retains 100% ownership of its projects including Oropesa following its decision to withdraw from a proposed 1% Gross Revenue Royalty (GRR) deal with Canada's Electric Royalties.

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.

Economic Study Completed

Elementos's completion of an Economic Study during the quarter has positioned the company's wholly owned Oropesa Project in Spain as a globally significant new tin development with a prospective annual production of 2,440 tonnes of tin metal over a 14-year mine life.

The Study found that, 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 \$11,534/tonne of metal. The estimated capital development cost is US\$52.2m, including a 20% contingency.

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 incorporates additional work completed at Oropesa since the Initial Preliminary Economic Assessment was released in 2014. Additional work includes 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 Study was 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 were carried out by the company.

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.

Oropesa optimisation works and drilling to unlock further value.

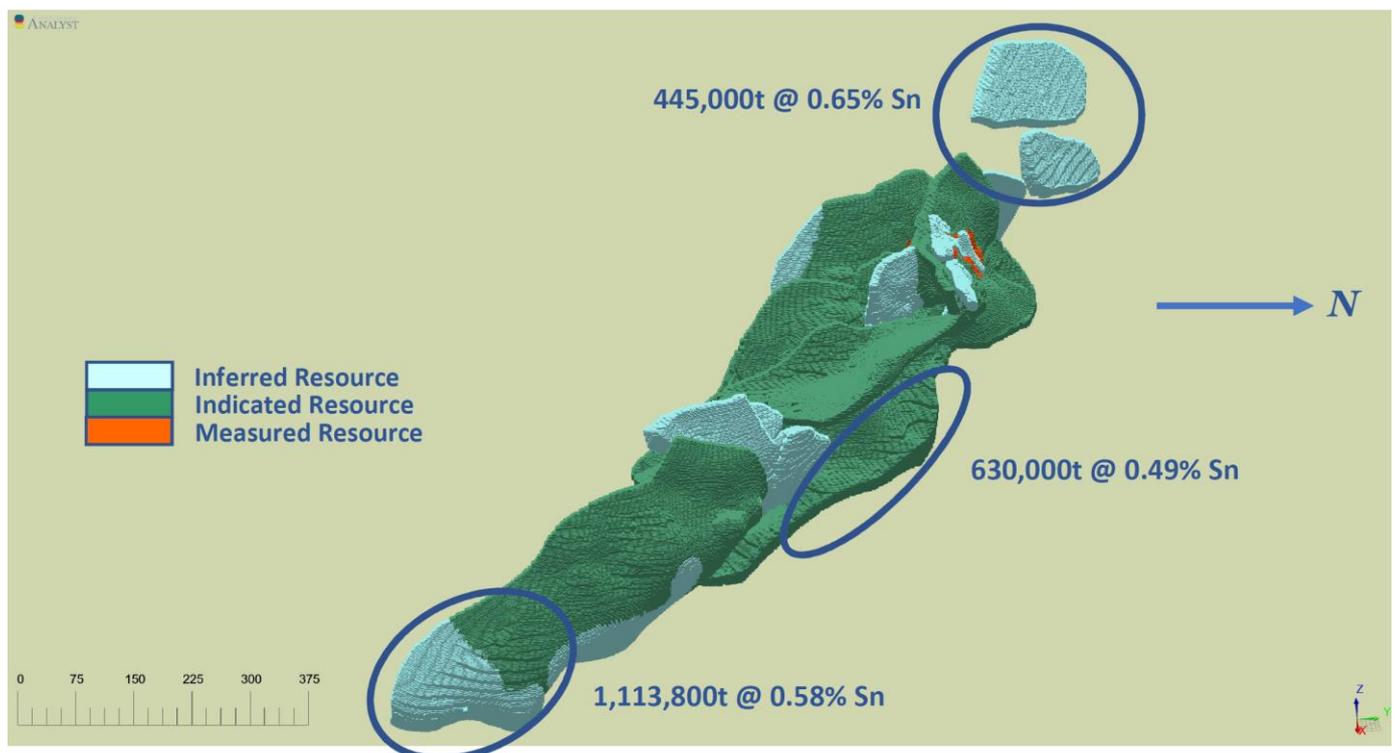
Following the completion of the Economic Study, Elementos will seek to further boost financial returns at Oropesa by starting an optimisation program designed to increase the project’s overall resource, annual production and mine life.

The optimisation works present 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.

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.

A number of other optimisation programs aimed at improving the metallurgical performance of the project will be implemented during feasibility.



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).

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

The Company elected to retain 100% ownership of its projects including the company’s flagship Oropesa Tin Project in Spain following its decision to withdraw from a proposed 1% Gross Revenue Royalty (GRR) deal with Canada’s Electric Royalties, as announced in the previous Quarterly Report. Any decision to enter into a royalty structure will now be delayed until a Definitive Feasibility Study at Oropesa is completed.

ASX Listing Rule 5.3 disclosure

During the quarter, payments for exploration and evaluation activities covering both the Oropesa and Cleveland projects totalled \$153,000.

No payments were made during the quarter to Related Parties, as reported in clause 6.1 of the ASX Appendix 5B (Cash Flow Report).

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

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:

- 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.

This announcement was approved by the Board of Elementos Limited.

For more information, please contact:

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