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ASX RELEASE

Agreement to acquire up to a 50% interest in operating Spanish tin smelter.

Highlights

- Elementos has signed an option term-sheet to acquire up to 50% interest in Iberian Smelting S.L, the company which owns the Robledallano Tin Smelter, which is licenced and currently operating.
- The smelter is located only 220km by road from the Oropesa Tin Project, leading to significant cost-reductions and environmental benefits, over transporting and selling concentrate to other global smelters.
- The acquisition provides a clear development pathway to becoming the first vertically integrated mine-to-metal tin producer within the European Union, this hits key strategic goals of the EU Critical Raw Materials Act, which aims to foster 'domestic' mining and downstream processing of minerals from within the EU.
- The natural customers for tin ingots produced at the smelter will be European and North American buyers, both being markets which currently attract a significant price premium over the published LME prices.
- Upon deal finalisation and exercise of the relevant options, Elementos will be an owner of a smelter not only processing tin concentrate but also recycling tin scrap and intermediate products into high grade tin ingots – increasing Elementos' contribution to the supply of more responsibly sourced tin.

Elementos Limited (ASX: ELT) has signed a non-binding term-sheet (**Term Sheet**), through a wholly owned Spanish subsidiary, to secure an option to acquire up to a 50% interest in Iberian Smelting SL (**Proposed Acquisition**).

Iberian Smelting owns the tin smelting and refining facility near the town of Robledallano, in the Extremadura Region of Spain, which is located only 220km from the Oropesa Tin Project via Spain's high-quality roads and highway network, see Figure-1.

The current major shareholder of Iberian Smelting is CRM Synergies S.L. (**CRM**), a Spanish-owned, international corporation which operates tin smelting, refining and solder manufacturing facilities in Spain, Brazil, Mexico and sales and recycling offices in North America. CRM also has an established tin ingot and downstream products (ie. solders) sales division servicing a broad range of clients including internationally recognised electronics, automotive manufacturers and aerospace companies.

The Term Sheet provides for the entry into two stage-option agreements, with both options having a single fee, five-year exercise term, to acquire 50% interest in company which wholly owns the asset.

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| 1. Option Fee (total): | €500k payable over 6-months from financial close |
| 2. Option-1 exercise: | €700k to acquire 30% from existing shareholders |
| 3. Option-2 exercise: | €2.0m capital injection into Iberian Smelting to take shareholding to 50%
(to be used for agreed capital works & working capital) |
| Total consideration: | €3.2m for 50% interest in facility (with €2.0m cash in company) |

Managing Director Joe David commented:

"We are very pleased to announce this agreement with CRM Synergies and the pathway forward to a 50% ownership stake in Iberian Smelting SL and the Robledallano Smelting and Refining Facility."

"CRM is an established global tin company recognised by major manufacturers in the auto, electronic and aerospace industries as a responsible producer of tin ingots and soldering products. They have an established sales network within Europe, North America as well as servicing global customers – which Elementos will have access to."

"This operating tin smelter, located outside the town of Robledallano, has publicly disclosed environmental permits, including emissions release, water use and waste management licences. The facility has already had significant capital invested into it, with the current rotary furnace only installed in 2022. As part of the €3.2m option agreement, Elementos will invest €2.0m as a capital injection for working capital and capital improvements, including the installation of an additional vacuum smelter to increase the efficiency and total throughput of the facility."

"The completion of this transaction will be significant and will drive several key economic, strategic and political benefits to the company. Establishing a vertical integrated (mine-to-metal) supply-chain within Europe, which will propel Elementos down the value chain from a tin concentrate miner to a tin metal producer. European buyers currently pay premiums around US\$700-750/tonne (12-month average) to the published LME prices to buy delivered metal predominantly from Asian based smelters. These premiums are forecast to continue to exceed the treatment and refining charges, let alone the other costs associated with transporting, financing and insuring concentrate consignments to Asian based smelters."

"Additionally, the 'domestic' production of critical minerals from within the European Union is a clear goal of the recently legislated Critical Raw Material Act by the EU Parliament, which is closely reflected by the aspirations of the Spanish Government. Alignment with these key stakeholders is a clear aspiration for the company as it progresses into operations."

"Moreover, with the global supply of tin currently undergoing significant strain we will strive to service tin buyers who want to establish reliable and responsible tin supply from within the EU. These EU and North American buyers will benefit from buying tin with a lower average carbon footprint than global tin concentrate which needs be shipped to Asia, and the tin metal then shipped back to EU and North American buyers."

Majority Owner & Director of CRM Synergies Manuel Alonso Lopez commented:

"CRM Synergies is extremely pleased to execute this term-sheet with Elementos, via its Spanish subsidiary, and to align itself with the Oropesa Tin Project. The synergies between our two Spanish tin operations are significant, and it is clear to CRM that the plan to together own the Iberian Smelting company with Elementos and operate the Robledallano Tin Smelter at highly efficient levels is mutually beneficial."

"CRM, a proud Spanish company, has established itself as a significant independent player in the global tin smelting, refining and downstream solder manufacturing and sales market. Partnering with a future producing tin miner like Elementos, via Iberian Smelting, will allow us to grow further and secure a larger market share of the growing tin market."

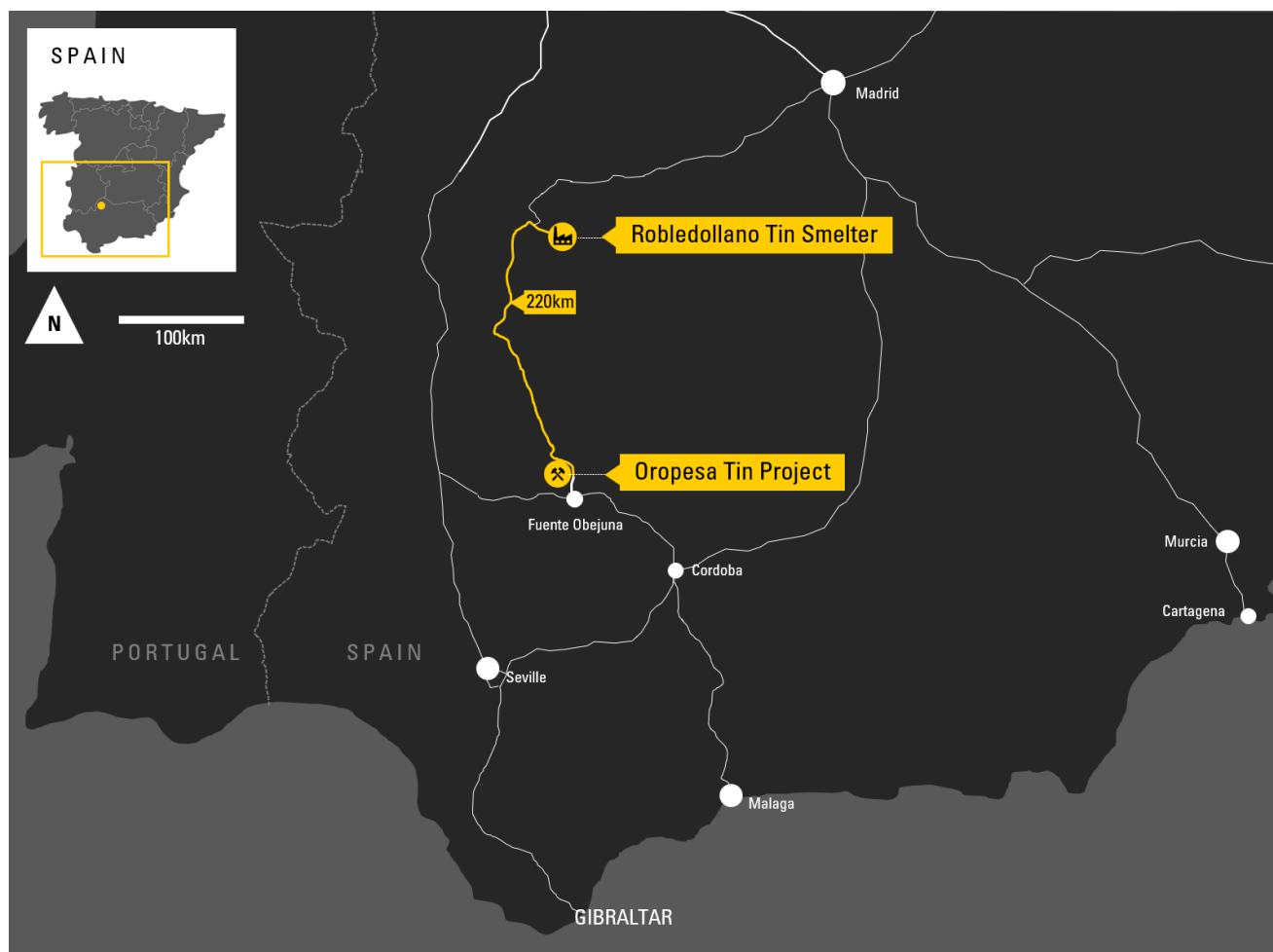


Figure 1 – Location of the smelter in proximity to the Oropesa Tin Project

Term Sheet Summary:

The Term Sheet is non-binding and contemplates various customary conditions precedent for a transaction of this sort, including:

- (a) the negotiation and execution of definitive legal documentation, including binding option agreements and a shareholders' agreement to be entered into with the other shareholders of Iberian Smelter, for which it has a period of exclusivity to negotiate;
- (b) Elementos being entirely satisfied with its due diligence enquiries; and
- (c) the parties having received all necessary regulatory approvals and consents required to effect the Proposed Acquisition.

A further update on the Proposed Acquisition will be provided to the market in coming months as the transaction progresses.

ASX:ELT

Iberian Smelting, Robledallano Smelter and Refining Facility Summary

The smelter owners have provided the following information:

- **Current Ownership:** The current smelter is owned by Iberian Smelting SL. 90% owned by CRM Synergies and 10% owned by a private individual.
- **History:** The tin smelter was previously operated as a lead shot smelter and a lead-acid battery recycling plant. It was acquired by CRM in June-2021 and had a new rotary furnace installed and commissioned in May-2022 to process tin.
- **Licences:** The facility holds all required Environmental (Integrated Environmental Authorisation), Waste & Emissions (State Register of Emissions and Pollutants Sources) and Operational permits and is currently licenced to smelt tin, lead and other base metal concentrates and residue products. The current environmental licenses approve a facility of up to 20,000t/year.
- **Audits & Compliance:** The smelter is ISO-14001 certified and is in the process of being audited and registered as a Responsible Minerals Assurance Process (RMAP) facility, aligned with CRM's other company smelters.
- **Smelter Capacity:** The facility can operate 24 hours a day, 7-days per week, 365 days per year, and is currently estimated to be able to process ~10-12,000t/year of tin concentrate feed.
- **Operational Status:** The facility is currently operating and processing materials at a rate of 600t/month (~7,200t/year on an annualised basis).
- **Expansion Potential:** The facility has physical room to expand, with the pre-commitment (as part of the transaction) to install a vacuum furnace to further refine the tin after the rotary furnace produces a high grade.

Background on CRM Synergies S,L:

CRM Synergies is the current 90% owner of the facility and is proposed to remain the sole other 50% shareholder, with Elementos' subsidiary, after exercise of the two phases of options:

- **History:** Founded in 1996, CRM Synergies is one of the leading global manufacturers of high-quality tin and soldering products as well as being considered one of the most important tin producers in Europe.
- **Customers:** Customers include the largest international conglomerates from major industrial sectors, such as: automotive, aeronautics, and electronics. CRM Synergies services Europe and subsidiary companies in Brazil and Mexico offer full coverage to North American clients.
- **Recycling:** The main activity is currently environmental management and recycling of tin waste materials, via the re-smelting and refining into tin metal and subsequent downstream products.
- **Certifications:** CRM Synergies is certified as an Integrated Environmental Authorized company (IEA company), one of very few manufacturers of tin and tin alloys which have this prestigious certification.



Figure 2 – Iberian Smelting's Rotary furnace, feeding hopper and exhaust hood



Figure 3 – Tin metal pouring out of the rotary furnace's spout into pots at the Robledallano smelter



Figure 4 – Partial External View of Robledallano Smelter owned by Iberian Smelting SL

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

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ABOUT ELEMENTOS

Elementos is committed to the safe and environmentally conscious exploration, development, and production of its global tin projects. The company owns two world class tin projects with large resource bases and significant exploration potential in mining-friendly jurisdictions. Elementos is positioned as a pure tin platform, with an ability to develop projects in multiple countries. The company is well-positioned to help bridge the forecast significant tin supply shortfall in coming years. This shortfall is being partly driven by reduced productivity of major tin miners in addition to increasing global demand due to electrification, green energy, automation, electric vehicles and the conversion to lead-free solders as electrical contacts.