

30 July 2015

June Quarterly Report

Highlights:

- Progression of Pre-Feasibility and Scoping Studies for the Company's 100% owned Cleveland Tin-Copper-Tungsten asset in north-west Tasmania
- Presentation of the Cleveland Project at the ITRI China International Tin Forum in Shanghai
- Community engagement meeting held in Waratah, Tasmania
- Research & Development (R&D) refunds received
- Management restructure and cost reductions

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to report on activities during the June quarter. The progression of the Pre-Feasibility and Scoping Studies were major activities during the quarter. The Company remains on track to meet its primary objective of being the next Australian tin producer.

CLEVELAND PROJECT UPDATE

Significant progress was achieved on the development of the Cleveland asset, including the advancement of the Cleveland Tailings Project Pre-Feasibility Study and both the Open Pit and Underground Scoping Studies.

Cleveland Tailings Project Pre-Feasibility Study

The Pre-Feasibility Study on reprocessing the tailings at Cleveland was significantly advanced at quarter's end, with a detailed financial analysis undertaken to determine the project's viability. Finalisation of the study is expected early in the third quarter.

Cleveland Open Pit and Underground Scoping Studies

During the quarter, AMC Consultants continued the Scoping Studies for the Cleveland Open Pit and Underground Projects. These studies will provide valuable information for understanding the synergies between the proposed Tailings, Open Pit and Underground Projects, and will assist in determining the optimal development pathway.

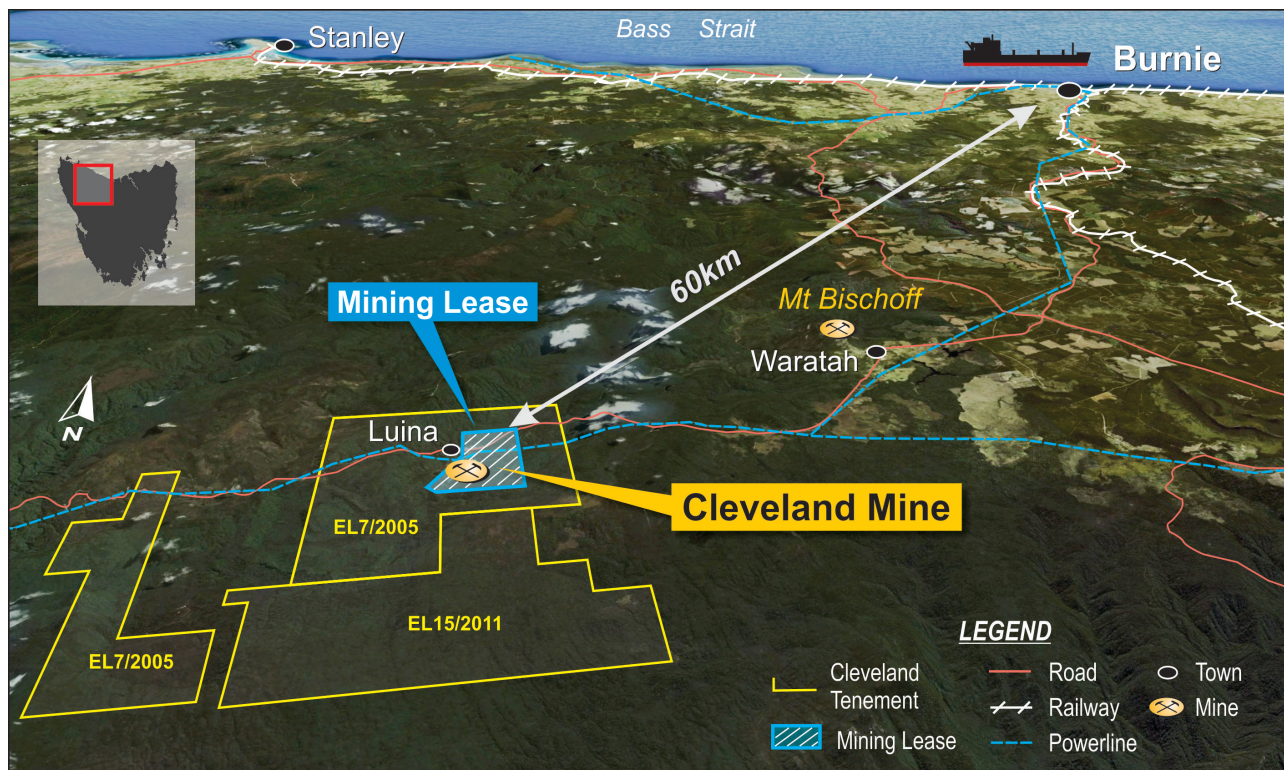
Approvals

During the quarter, the Company continued to progress the development and environmental approvals process with initial comments received on its Development Permit and Environmental Management Plan (DPEMP) from the Environmental Protection Agency (EPA) Tasmania. The Company is preparing its responses as part of the normal approvals process and has every reason to believe at this point in time that approval is

likely given the significant government and stakeholder support to rehabilitate historical legacies. The company therefore sees the risk of not obtaining approval as low.

The Company's Mining Lease Application (MLA) also progressed, with initial discussions held with the Department of State Growth (Mineral Resources Tasmania). The department has been very supportive in working with the Company to progress its application and the Company has every reason to believe at this point in time that approval is likely.

Regional map showing Mining Lease Application, Exploration Licenses and Infrastructure



The DPEMP and MLA provide all necessary approvals required to commence the reprocessing of tailings and dewatering of the underground mine. It is expected environmental approvals and the granting of the ML may take up to 12 months. This approvals period has been allowed for in the Company's development program (see page 5).

SUPPORTING ACTIVITIES

During the quarter, the Company presented at the ITRI China International Tin Forum in Shanghai and was encouraged by the general market support for focused developers such as Elementos.

The Company also held a community engagement meeting on Friday the 1st of May in Waratah, Tasmania. The meeting was part of an ongoing community engagement program the Company is undertaking prior to production in FY17.



CORPORATE

During the quarter, the Company continued to reduce expenditure including implementing a management restructure and cost reduction program, as all available funds are being invested into the development of the Cleveland Mine.

As such, Tim McManus was appointed Chief Executive Officer ("CEO") of the Company. Tim was the Chief Operating Officer at Elementos, and brings over twenty years' experience in mining and geology, including significant experience in project development.

Calvin Treacy became a Non-Executive Director and maintains an active role in the business.

Other cost reduction measures included reducing Non-Executive Director fees, outsourcing the Company Secretarial function and relocating the office premises.

Expenditure and Cash

During the quarter, \$362k was spent on project activities and \$270k on corporate and overhead costs (including redundancies), and \$372k was received from the ATO in relation to Research and Development activities completed in 2013 and 2014 financial years.

At the end of the quarter, the Company had cash reserves of \$762k.

Further details of the Company's financial activities during the quarter are set out in the Appendix 5B cash flow report.

Capital structure

During the quarter, no new shares were issued. At the end of the quarter, there were 767,479,642 fully paid ordinary shares on issue and 17.85 million unlisted options on issue.

EXPLORATION

Cleveland Mine, Tasmania, Australia

No exploration activities were undertaken at Cleveland during the quarter. No sub-blocks were relinquished during the quarter.

Selwyn Range Project, Queensland, Australia

There were no exploration activities at the Selwyn Range joint venture during the quarter. Non-prospective sub-blocks were relinquished across the tenement package as required by government regulations and the agreed schedule.

Millenium Project, Queensland, Australia

There were no exploration activities at the Millenium joint venture during the quarter. Non-prospective sub-blocks were relinquished across the tenement package as required by government regulations and the agreed schedule.



EXPLORATION TENEMENTS

Elementos held the following interests in exploration and mining tenements at the end of the quarter:

Tenement Name	Tenement Number	Area (Hectares)	Elementos Interest	Location of Tenements
Cleveland	EL7/2005	5993	100%	Tasmania
	EL15/2011	3358	100%	Tasmania
Millenium	ML 2512	4	100%	Queensland
	ML 2761	20	100%	Queensland
	ML 2762	16	100%	Queensland
	ML 7506	50	100%	Queensland
	ML 7507	45	100%	Queensland
	EPM 18402	2488	100%	Queensland
	EPM 18773	1866	100%	Queensland
	EPM 18793	1244	100%	Queensland
	EPM 18982	1244	100%	Queensland
	EPM 19014	1555	100%	Queensland
	EPM 19036	933	100%	Queensland
Selwyn Range	EPM 19371	3732	100%	Queensland
	EPM 19375	6220	100%	Queensland
	EPM 19426	622	100%	Queensland
Marayes Coal	EPM 1124-131-O-09	4953	100%	Argentina
	EPM 1124-132-O-09	9203	100%	Argentina

No tenements were disposed of during the quarter.

No new tenements were acquired during the quarter.

DEVELOPMENT PROGRAM

As shown in the schedule below, The Cleveland Tailings Project Feasibility Study is due for completion in Q3 2016, and subject to obtaining all the necessary approvals; production is scheduled for commencement in FY17.

Pathway to production	2014				2015				2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cleveland Mine Redevelopment																				
Acquisition		✓																		
Stage 1: Cleveland Tailings Project																				
Tailings Mineral Resource		✓	✓	✓																
Tailings Pre-feasibility			✓	✓	✓	✓														
Mining Lease Application					✓	✓														
Environmental Application					✓	✓														
Tailings Project Feasibility																				
Construction																				
Production													★							
Stage 2: Cleveland Open Pit Project																				
Project Development ^a		✓	✓	✓	✓	✓														
Production ^b																	★			
Stage 3: Cleveland Underground Project																				
Project Development ^a		✓	✓	✓	✓	✓														
Production ^b																				

^a Not in scope of this report

^b Pending finalisation of technical studies

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ABOUT THE CLEVELAND MINE

Cleveland was an underground tin and copper mine operated by Aberfoyle Limited between 1968 and 1986. During the life of the Cleveland operation, Aberfoyle mined and processed 5.7M tonnes of ore and produced approximately 24,000 tonnes of tin and 10,000 tonnes of copper in concentrate. Elementos has over 4.2M tonnes of underground Indicated Mineral Resources defined today.

The mineralisation in the Cleveland mine is principally of two styles: tin and copper bearing semi-massive sulphide lenses replacing limestone, similar to Renison, and a tungsten bearing porphyry quartz stock-work. Tin occurs as cassiterite and copper occurs principally as chalcopyrite. The tungsten occurs as wolframite. Mineral Resources have been estimated for tin and copper in the tin and copper bearing lenses, tungsten in the tungsten bearing stock-work, and tin and copper in tailings (see tables next page).

The Cleveland mine geology lent itself to low cost mining techniques. When in operation, Cleveland was considered 'state of the art', being one of the first tin mines to utilise trackless mining technologies.

Aberfoyle mined ore from open-stopess between levels, which were 15 metres apart vertically. Ground conditions were such that stopes did not require filling, indicating excellent ground conditions.

Mine development extends to 400 metres below the surface with the underground decline and drives still in place. This provides low cost access for the Company to the existing tin, copper and tungsten mineralisation.

Historical mining at Cleveland produced a tailings legacy that Elementos proposes to reprocess as part of its strategy for the project. The tailings are stored above ground on-site in two tailings dams. The tailings contain a substantial quantity of recoverable tin and copper due in part to operational inefficiencies and technical limitations of tin processing when the mine was in operation.

The Cleveland tin and copper deposit is open at depth and along strike. The tungsten-mineralised stock-work has only been estimated down to 850m RL, providing considerable scope to increase the tungsten Mineral Resource below this level (ASX Release 29 October 2013 "Cleveland Project Tungsten Potential").

Elementos is developing the Cleveland Mine through a staged, low-capital development of the Cleveland mineral deposits. The staged development strategy minimises upfront capital, funds future stages from established cash flows, and maximises the benefits of capital expenditures from earlier stages.

Low cost tailings start up	✓	Established port & transport route	✓
Near term production	✓	Experienced management	✓
Low risk mining jurisdiction	✓	Low strip ratio open pit	✓
Government & stakeholder support	✓	Established underground	✓
Approvals and mining lease lodged	✓	Resource & exploration upside	✓
Power, water & communications	✓	Strategic investors engaged	✓

Cleveland Mineral Resources

Cleveland Tailings Mineral Resources (at 0% Sn cut-off) ¹

Category	Tonnage	Sn Grade	Cu Grade
Indicated	3.8 Mt	0.30% Sn	0.13% Cu

Table subject to rounding errors; Sn = tin, Cu = copper

Open Pit Tin and Copper Mineral Resources (at 0.35% Sn cut-off) ²

Category	Tonnage	Sn Grade	Cu Grade
Indicated	0.8 Mt	0.81%	0.27
Inferred	0.01 Mt	0.99%	0.34

Table subject to rounding errors; Sn = tin, Cu = copper

Underground Tin and Copper Mineral Resources (at 0.35% Sn cut-off) ³

Category	Tonnage	Sn Grade	Cu Grade
Indicated	4.2 Mt	0.67%	0.28%
Inferred	2.4 Mt	0.56%	0.19%

Table subject to rounding errors; Sn = tin, Cu = copper

Underground Tungsten Mineral Resources (at 0.20% WO₃ cut-off) ⁴

Category	Tonnage	WO ₃ Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO₃ = tungsten oxide

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources is based on information compiled by Mick McKeown of Mining One Consultants Pty Ltd, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy. Mick McKeown is a full-time employee of Mining One Consultants Pty Ltd, a mining consultancy, which has been paid at usual commercial rates for the work, which has been completed for the Company. Mick McKeown has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mick McKeown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

MINERAL RESOURCES AND REPORTING

Mineral Resources, which are not Ore Reserves, do not have demonstrated economic viability. Economic, environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues may materially affect the estimate of Mineral Resources.

¹ Announced in accordance with the JORC Code 2012 to the ASX on 17 June 2014 "Cleveland Tailings Resource Upgrade"

² & ³ Announced in accordance with the JORC Code 2012 to the ASX on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"

⁴ This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.