

ELEMENTOS

TOMORROW'S TIN

QUARTERLY REPORT

For the period ended 31 December 2021



Elementos is an emerging tin producer focused on the responsible development of two high-grade tin projects in stable and mature mining jurisdictions.

The company's portfolio comprises two near-term development assets:

Oropesa Project, Spain

One of the world's largest undeveloped, open-cut mineable tin deposits, with access to world class infrastructure. Elementos is developing Oropesa to produce tin concentrate, a commodity trading at all-time high prices, with high strategic value to major global economies as they transition to green economy infrastructure.

Cleveland Project, Tasmania

A significant tin-copper resource amenable to both open-cut and underground mining techniques, located in a premium mining district with excellent infrastructure. The project retains plenty of exploration upside, and also hosts notable tungsten mineralisation at depth.

QUARTER HIGHLIGHTS

- 50% increase to JORC Mineral Resource Estimate at the Oropesa Tin Project
- Commenced Optimisation Study to confirm the size and scale of the Oropesa Tin Project for the DFS
- Oropesa feasibility development programs significantly progressed to further mature project data for DFS.
- Approval received for five-hole drilling program at Cleveland Tin Project
- 1:25 share consolidation completed
- Tin prices reach all-time highs on both the London Metals Exchange (LME) and Shanghai Futures Exchange (SHFE).
- Early exercise of options supports \$3.9m cash position. Additional \$6m of in-the-money options expiring during 2022.

POST-QUARTER

- Completed track and pad clearing at Cleveland Project, ahead of planned five-hole exploration program, with Cleveland drilling to commence in March quarter
- CEO Joe David appointed Managing Director
- Morgans Stockbroking initiates coverage on Elementos.

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. Elementos is developing Oropesa as its first mining operation.

2021 Mineral Resource Estimate Update

Elementos achieved a significant and material increase to the tonnage, shallowness and geological confidence levels of the Mineral Resource at its Oropesa Tin Project, Spain¹.

Elementos will use this Mineral Resource Estimate update as the basis for both the announced Optimisation Study (JORC Scoping Study) and for the Definitive Feasibility Study (DFS) for delivery in 2022.

This resource update has confirmed the Oropesa Tin Project as one of the world's largest undeveloped, open-cut mineable tin deposits.

Its location within Europe is critical to the supply of raw materials into the European Union's supply chain, where demand for battery and technology minerals and levels of support are growing.

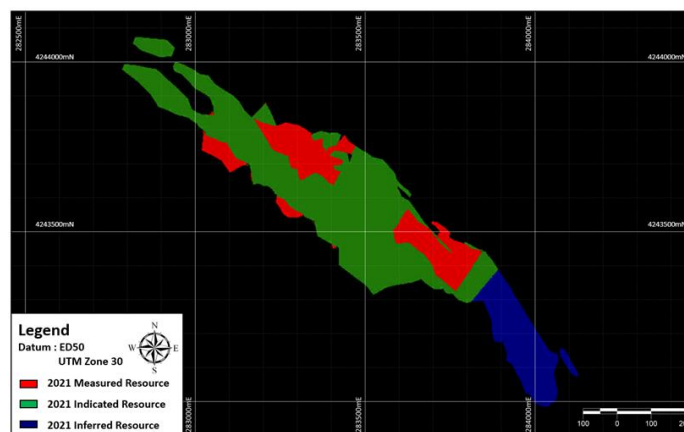


Figure 1: Oropesa Resource Model plan coloured by Resource

Optimisation Study

In December 2021, Elementos announced it had commenced an Optimisation Study (JORC level Scoping Study) at its wholly-owned Oropesa Tin Project in Spain to reassess the annual mining rate, and throughput of the processing plant and supporting infrastructure². This study is forecast to be completed by the end of Q1 2022.

Following the upgraded Mineral Resource and amid historic tin price highs above US\$44,000/tonne (LME cash price, 20 January 2022), this study will finalise the basis of design for the Definitive Feasibility Study (DFS), by re-optimising the company's May 2020 Updated Economic Study³, which already positioned Oropesa as a low-cost, globally significant new tin project.

Resource Classification	Sn %	Tonnes (kt)	Contained Metal (t)
Measured	0.41	4,295	17,640
Indicated	0.38	12,326	46,321
Sub: Measured & Indicated	0.38	16,621	63,961
Inferred	0.51	2,237	11,457
TOTAL	0.40	18,858	75,418

Table 1: 2021 Oropesa Mineral Resource Estimate at a 0.15% Sn cut-off

Scoping Study Status

Completed Works

- ✓ Revised operating and capital estimates
- ✓ Life Of Mine pit shells developed
- ✓ Confirmation of site infrastructure locations
- ✓ Tailings dam design
- ✓ Waste stockpile and drainage designs
- ✓ Starter-pit staging

Works Underway

- Life of Mine pit staging designs
- Ore & waste scheduling
- End of Mine pit backfilling
- Financial modelling
- Reporting and documentation.

Summary of Mineral Resource Update

2018 JORC Resources*

Total Mineral Resource

12.54 Mt
0.54% Sn (67.5Kt Sn)

50%

2021 JORC Resources^

18.86 Mt
0.40% Sn (75.4Kt Sn)

*All resources calculated using a 0.15% Tin cut-off grade. This information was first disclosed under the JORC Code 2012 on 31 July 2018.

Measured & Indicated Resources

9.34 Mt
0.55% Sn (50.9Kt Sn)

78%

16.62 Mt
0.38% Sn (63.9Kt Sn)

^ All resources calculated using a 0.15% Tin cut-off grade. This information was first disclosed under the JORC Code 2012 on 8 November 2021.

Shallow Resource (<100m RL)

1.37 Mt

263%

4.97 Mt

Figure 2. Oropesa Resource Update Highlights

Definitive Feasibility Study (DFS)

At the beginning of the December 2021 quarter, the company announced the commitment and commencement of a Definitive Feasibility Study (DFS) on its Oropesa Tin Project⁴. This recognised the maturity of pre-existing project data and extensive work undertaken to date, and the additional data it was acquiring during its feasibility development programs. These have progressed materially this quarter, detailed in the following section.

In addition, the company progressed the DFS contracting and procurement strategy, cost estimation basis and shortlisted process engineering contractors, with which it will engage in the forward coming quarter.

Feasibility Development Programs

Elementos made significant progress on these work programs during the quarter, materially progressing the project data acquisition. The programs consist of metallurgical, geotechnical, and hydrogeological on-ground investigations, laboratory test work and engineering studies. These programs continue to be evaluated along with the data collected during previous site investigations. The status at the end of the quarter includes:

Pilot scale metallurgical test work

- 95% completed.
- Major phases of pilot plant testing completed
- Tin flotation and concentrate dressing underway
- Final metallurgical reporting will then complete the program, with the aim to finalise the DFS flowsheet

Variability metallurgical test work

- 32 variable ore samples collected and transported from site to Cornwall, UK.
- Samples received and assayed by lab (& 3rd party ALS verified).

- Grinding, sulphate floatation and Stage 1 gravity phase completed.
- Further gravity and tin flotation stages underway

Geotechnical works program

- 90% drill holes completed (drilled, logged, surveyed).
- Geotechnical logging/survey/sampling finalised on 9 completed holes.
- Laboratory analysis being completed on 36 GT samples

Hydrogeological (groundwater) works program

- Realtime monitoring program on boreholes
- 19 water monitoring bores installed across project
- 24-hr pump tests within proposed pit bounds completed demonstrating good pumping drawdown
- Currently monitoring recharge rates
- Water model will subsequently be updated

Project Permitting

As previously reported, Elementos received feedback from the Andalusian Government authorities in late September 2021, following a Request for Information (RFI) process initiated by Elementos and guided by our environmental and permitting consultant ERM.

During the quarter, the Elementos team, alongside ERM, completed the requested amendments to the submissions and are ready to lodge. However, the company has paused the submission of these documents until the Optimisation Study is completed to ensure alignment between the scale of the DFS basis of design and the regulatory submissions. It is expected that several sections in the draft submissions will need to be revised following the Optimisation Study. These works will be expedited as the submission of the Environmental Impact Assessment (EIA) and Exploitation Licence applications is a key focus of the company.



Figure 3. Drilling at Oropesa Tin Project, Spain

Cleveland Tin Project

Elementos' Cleveland Tin Project is located 80km southwest of Burnie in the mineral-rich northwest region of Tasmania, Australia. It is a historic underground mine site boasting excellent electrical, water and transport infrastructure.

A JORC geological resource for Cleveland contains 7.47mt at 0.75% Sn and 0.3% Cu (Indicated: 6.23mt at 0.75% Sn and 0.3% Cu, Inferred: 1.24mt at 0.76% Sn and 0.3% Cu)².

Following the exploration and reconnaissance mapping program conducted during the first quarter of 2021, Elementos designed a diamond drilling program comprising four drill holes, totalling 1000m, to test

historical SP anomalies along strike to the northeast of the current resource. Subsequently, Elementos applied for an additional fifth drill hole to test a target contained within the previously mined area. Elementos has received approval for a standard Work Program from Mineral Resources Tasmania for the five-hole drill program.

Site preparation work for the commencement of the drilling program was completed during the December quarter. As per the work permits, the re-establishment of existing tracks and pads were developed at minimum operating widths to ensure limited disturbance to the surrounding environment.

The company is pleased to report that a new drilling contractor has been sourced with a planned commencement of drilling in the March quarter.



Figure 4: Cleveland Project Creek Crossing

Corporate

Tin Price

The tin cash settlement price rose by approximately 8.5% during the quarter. The LME tin price at the end of the reporting period was US\$39,637/t (www.LME.com 31 December 2021).

Subsequent to the quarter, the tin price reached all-time highs of US\$44,193/t on 20 January 2022.

In addition, tin three-month and 15-month forward prices also rose above US\$43k and US\$42k respectively.

Tin LME spot cash prices have remained above US\$30k for more than eight months. Chinese tin prices also continue to trade at a significant premium, with Shanghai Metals Market reporting all time highs, over US\$52,300/t in January-2022, with tin metal premium to LME ~US\$6k/t, +18%).

The tin price appreciation appears to continue to be driven by a fundamental undersupply of tin into the market which has increasing demand and global warehouse stocks at record lows.

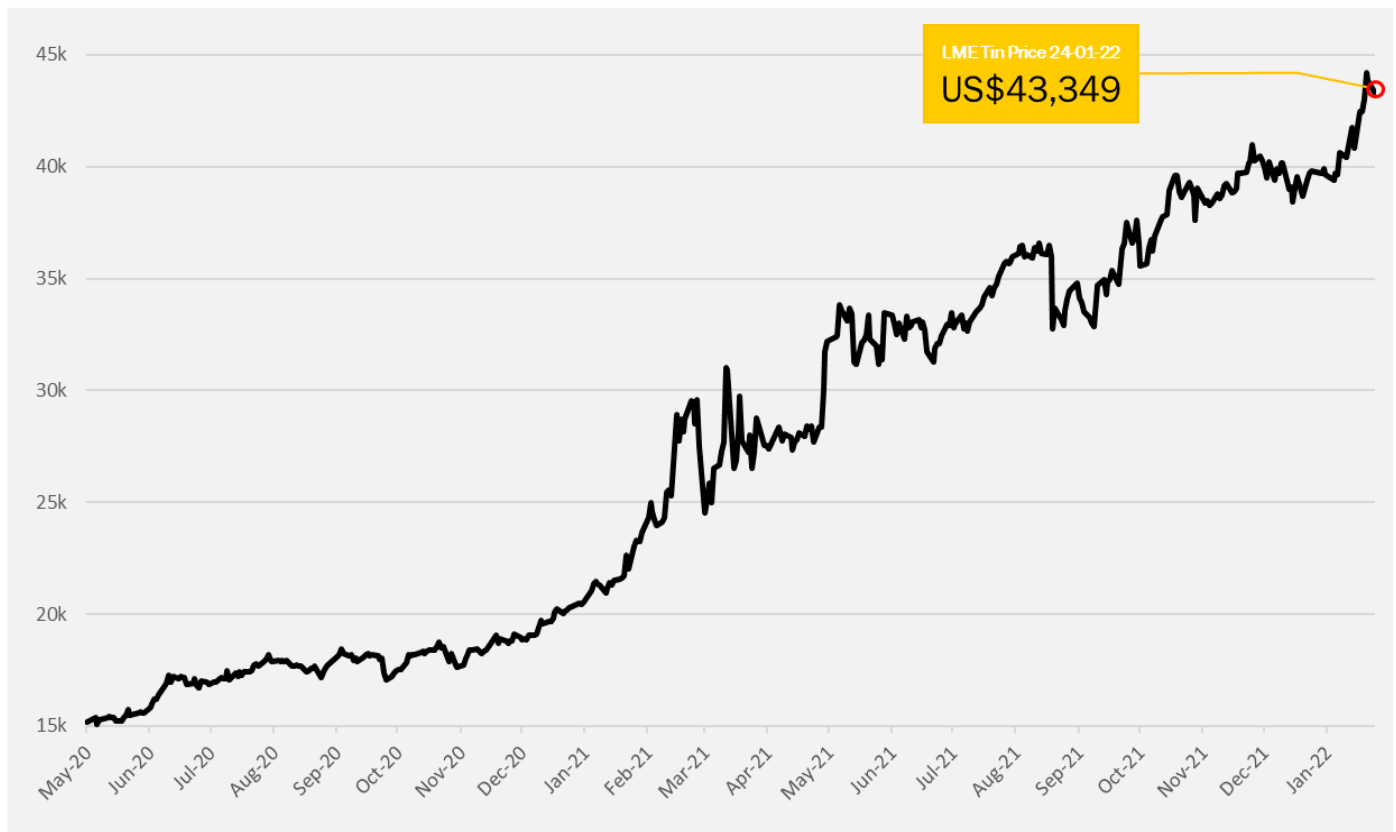


Figure 5: The LME tin price settled at US\$43,349 on 24 January 2022 after reaching an all time high US\$44,193/t on 20 January 2022.

Share Consolidation

Following its Annual General Meeting, Elementos successfully completed an approved share consolidation.

The company previously had on issue 4.63 billion shares on a fully diluted basis and completed the consolidation on a 1:25 basis to reduce the total to 185 million shares (fully diluted). This large pre-consolidation number of shares imposed a number of disadvantages upon the company, including:

- (a) negative perception associated with a low share price;
- (b) precluding investment from certain investors who may be limited by their charters or mandates from investing in shares with low share prices;
- (c) administrative cost and inconvenience associated with the volume of shares in the market; and
- (d) additional share price volatility arising from the fact the minimum share price movement permitted by the ASX (of 0.005 cents) represents a high proportion of the company's share price.

Following the consolidation, the company has received positive feedback from Australian and international funds, institutional investors and stockbroking firms.

Director Resignation & Appointment

Mr Chris Dunks resigned as a director of Elementos on 26 November 2021 to pursue other opportunities.

Subsequent to the Quarter (28 January 2022), Mr Joe David was appointed to the Board as Managing Director.

ASX Listing Rule 5.3 disclosure

- During the quarter, payments for exploration and evaluation activities covering both the Oropesa and Cleveland projects totalled \$1,065,000.
- 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).

Exploration Tenements

Tenement Name	Tenement Number	Area (km ²)	ELT Interest	Tenement Location
Cleveland	EL7/2005	60	100%	Tasmania, Australia
Oropesa#	13.050	13	100% ¹	Andalusia, Spain

[#]Elementos currently holds 100% of the project. Noting that SPIB (a local Spanish company) continues to hold rights to convert to a 4% holding of the Spanish project subsidiary on its election at Final Investment Decision (FID) for the projects and a 1.35% Net Smelter Royalty.

Analyst Coverage

Senior Analyst Chris Brown at Morgans Stockbroking initiated coverage on Elementos Limited. BW Equities updated its coverage on Elementos, maintaining a buy rating and upgrading its valuation.

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", 7 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.

The information in this report that relates to 2021 Oropesa Mineral Resources is based on information compiled and reviewed by Mr Chris Grove, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Principal Geologist employed by Measured Group Pty Ltd. Mr Chris Grove has sufficient experience that 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 Mineral Resources. Mr Chris Grove consents to the inclusion in the report of the matters based on his 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 - "Oropesa Tin Project – Mineral Resource Estimate" 8 Nov 2021
- 2 - "Oropesa Tin Project Optimisation Study" 3 Dec 2021
- 3 - "Positive Economic Study for the Oropesa Tin Project" 7 May 2020
- 4 - "Oropesa DFS Commencement" 12 July 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:

Duncan Cornish
Company Secretary
Phone: +61 7 3212 6299
Email: admin@elementos.com

Joe David
Managing Director
Phone: +61 7 2111 1110
Email: jd@elementos.com

Please visit us at: www.elementos.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Elementos Limited

ABN

49 138 468 756

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation	-	-	-
(b) development	-	-	-
(c) production	-	-	-
(d) staff costs	(246)	(495)	
(e) administration and corporate costs	(223)	(401)	
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	-	1	
1.5 Interest and other costs of finance paid	(3)	(99)	
1.6 Income taxes paid	-	-	-
1.7 Government grants and tax incentives (COVID assistance)	-	-	-
1.8 Other (provide details if material)	-	-	-
1.9 Net cash from / (used in) operating activities	(472)	(994)	
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	-
(b) tenements	-	-	-
(c) property, plant and equipment	(1)	(2)	
(d) exploration & evaluation	(1,065)	(1,825)	
(e) investments	-	-	-
(f) other non-current assets	-	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,066)	(1,827)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	660
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	249	1,250
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(22)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(649)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (principal portion of finance leases)	(14)	(16)
3.10	Net cash from / (used in) financing activities	227	1,223

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,255	5,542
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(472)	(994)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,066)	(1,827)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	227	1,223

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,944	3,944

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,899	5,210
5.2	Call deposits	45	45
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,944	5,255

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	37
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>*6.1 comprises directors' fees & superannuation.</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(472)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,065)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,537)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,944
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,944
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: The Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.