

ASX ANNOUNCEMENT

29 January 2016

DECEMBER QUARTERLY REPORT

HIGHLIGHTS:

- Progression of Mining Lease and Environmental approval work.
- Receipt of \$500,000 debt funding from major shareholder.
- Receipt of ~\$320,000 R&D tax refund.

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to report on activities during the December quarter, including continuation of the project approval process. The Company also received \$500,000 in debt funding from its major shareholder and Non-Executive Chairman, Andy Grieg. These funds combined with an R&D tax refund of approximately \$320,000 continues to see the Company remain on track to meet its primary objective of being the next Australian tin producer.

CLEVELAND PROJECT UPDATE

Approvals and applications

During the quarter, the Company's primary focus was the continuation of the Environmental permitting process. The Company believes there is strong potential to achieve its Environmental approvals given the significant government and stakeholder support to rehabilitate the historical mining legacies at the site.

The Company's Mining Lease Application (MLA) also progressed, with further 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 MLA, which it hopes will be awarded in 2016.

Development Program

The Company is continuing to progress its MLA and Environmental approvals for the tailings project.



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| 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 | | | | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | |
| Definitive Feasibility Study | | | | | | | | | | | | | | | | | | | | |
| Construction | | | | | | | | | | | | | | | | | | | | |
| Production | | | | | | | | | | | | | | | | | | ★ | | |
| Stage 2: Cleveland Open Pit Project | | | | | | | | | | | | | | | | | | | | |
| Project Development | | | | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | |
| Production | | | | | | | | | | | | | | | | | | | ★ | |
| Stage 3: Cleveland Underground Project | | | | | | | | | | | | | | | | | | | | |
| Project Development | | | | | ✓ | ✓ | ✓ | | | | | | | | | | | | | |
| Production | | | | | | | | | | | | | | | | | | | | |

Forward work plan subject to available development capital

CORPORATE

During the quarter, both Mr Rick Anthon and Mr Richard Seville retired from the board of Elementos. Mr Andy Grieg and Mr Chris Dunks, both significant shareholders, joined as Non-Executive Chairman and Non-Executive Director, respectively.

The Company received approximately \$320,000 from the ATO in relation to Research and Development activities completed in the 2015 financial year.

The Company also received a loan from the Company's Non-Executive Chairman Mr Andy Greig, for \$500,000 over a term of 2 years.

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

Capital structure

At the end of the quarter, there were 767,479,642 fully paid ordinary shares and 38.85 million unlisted options on issue.

Supporting activities

During the quarter, the Company completed marketing initiatives including presenting to sophisticated investors and brokerage firms. As a result of recent announcements, the Company was mentioned in the media, with articles published about the Company's activities in the Burnie Advocate and Mining Monthly.

EXPLORATION

Cleveland Mine, Tasmania, Australia

No exploration activities were undertaken at Cleveland during the quarter, as all activities were related to mine development and production approvals.

Selwyn Range Project, Queensland, Australia

During the quarter, the Company's Joint Venture partner, Jason Resources, completed a XRF geochemical line survey at Selwyn Range.

The survey comprised 7 lines 400m apart at Sandy Creek, 5 lines at Mt Ulo, 2 lines at Perisher, 2 lines at the A1 magnetic anomaly and 5 lines at Wallaby. 502 XRF soil and 38 XRF rock samples were assayed.

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 Ltd held the following interests in exploration tenements at the end of the quarter:

| Tenement Name | Tenement Number | Area (Hectares) | Elementos Interest | Location of Tenements |
|---------------|-----------------|-----------------|--------------------|-----------------------|
| Cleveland | EL7/2005 | 5993 | 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 |

No new tenements were acquired during the quarter.

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MINERAL RESOURCES AND ORE RESERVES

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

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

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

Tailings Ore Reserve (at 0% Sn cut-off) ²

| Category | Tonnage | Sn Grade | Cu Grade | Contained Sn | Contained Cu |
|----------|---------|----------|----------|--------------|--------------|
| Probable | 3.7 Mt | 0.29% | 0.13% | 11 Kt | 5 Kt |

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

Open Pit Tin-Copper Mineral Resource (at 0.35% Sn cut-off) ³

| 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-Copper Mineral Resource (at 0.35% Sn cut-off) ⁴

| 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 Resource (at 0.20% WO₃ cut-off) ⁵

| Category | Tonnage | WO ₃ Grade |
|----------|---------|-----------------------|
| Inferred | 4 Mt | 0.30% |

Table subject to rounding errors; WO₃ = tungsten oxide

¹ Announced per the JORC Code 2012 on 17 June 2014 "Cleveland Tailings Resource Upgrade"

² Announced per the JORC Code 2012 on 3 August 2015 "Cleveland Tailings Ore Reserve"

³ Announced per the JORC Code 2012 on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"

⁴ Announced per the JORC Code 2012 on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"

⁵ 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.

CAUTIONARY STATEMENTS

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.

Mineral Resources and Ore Reserves

Elementos confirms that Mineral Resource and Ore Reserve estimates used in this document were estimated, reported and reviewed in accordance with the guidelines of the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2012 edition.

Elementos confirms that it is not aware of any new information or data that materially affects the Mineral Resource or Ore Reserve information included in the "Cleveland Tailings Resource Upgrade" announced to the ASX on 17 June 2014, or the "Cleveland Open Pit - High-Grade Mineral Resource Defined" announced on 3 March 2015 and the "Cleveland Tailings Ore Reserve" released on the 3 August 2015.

The Company also confirms that all material assumptions and technical parameters underpinning the estimates in the Cleveland Mineral Resources and Reserves continue to apply and have not materially changed. Elementos also confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the date of announcement.