

20 March 2017

ELEMENTOS RECEIVES APPROVAL FROM MRT TO PROCEED WITH AN EXPLORATION DRILLING PROGRAMME AT CLEVELAND

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to announce the approval by Mineral Resources Tasmania (MRT) of an exploration works programme within EL7/2005, the Cleveland Project. The exploration programme is for the completion of a 16 hole diamond drilling programme to test for infill, depth and along strike extensions to the known near surface mineralisation at Cleveland.

The Company announced a new development strategy in late 2016 centred around a new exploration programme which has the potential to de-risk and significantly enhance the economics of any future project development at Cleveland. Key objectives of the exploration programme are;

- Create a longer mine life by expanding the higher grade open pit resource
- Simplify the open pit design into a single pit with lower dilution and ore losses
- Create a lower risk operational profile to assist in obtaining project finance and maximising cash flow.

The Cleveland Mine was operated from 1968 to 1986 as essentially an underground mining operation with very minor surface operations. Historical near-surface exploration has been limited with most historical exploration targeted towards expanding the underground resources.

Elementos has completed a detailed programme of work digitising and verifying the historical drilling and mine development data, the result of which was the announcement of an open pit resource in 2015.

A decision was made in 2016 to carry out an exploration programme targeting an increase in open pit resources that would enable the Company to develop a significantly more sustainable mining project at Cleveland. The initial phase of the new exploration programme involved the completion of a ground magnetic and geological mapping survey of the historical workings and the immediate surrounds. The ground magnetic survey was completed in late January 2017 with several significant anomalies identified from the programme (see announcement 28 February 2017) .

The approved exploration works programme is for 16 diamond drill holes to test for additional open pit resources located along strike and between the existing open pit resources. A second exploration works programme application for exploration drilling will be lodged with MRT upon completion of 3D modelling of the ground magnetic anomalies. The 3D modelling is required to more accurately determine the location and orientation of the magnetic anomalies, to assist in drill hole design and logistics planning. It is the Company's intention to carry out the exploration drilling as one continuous programme.

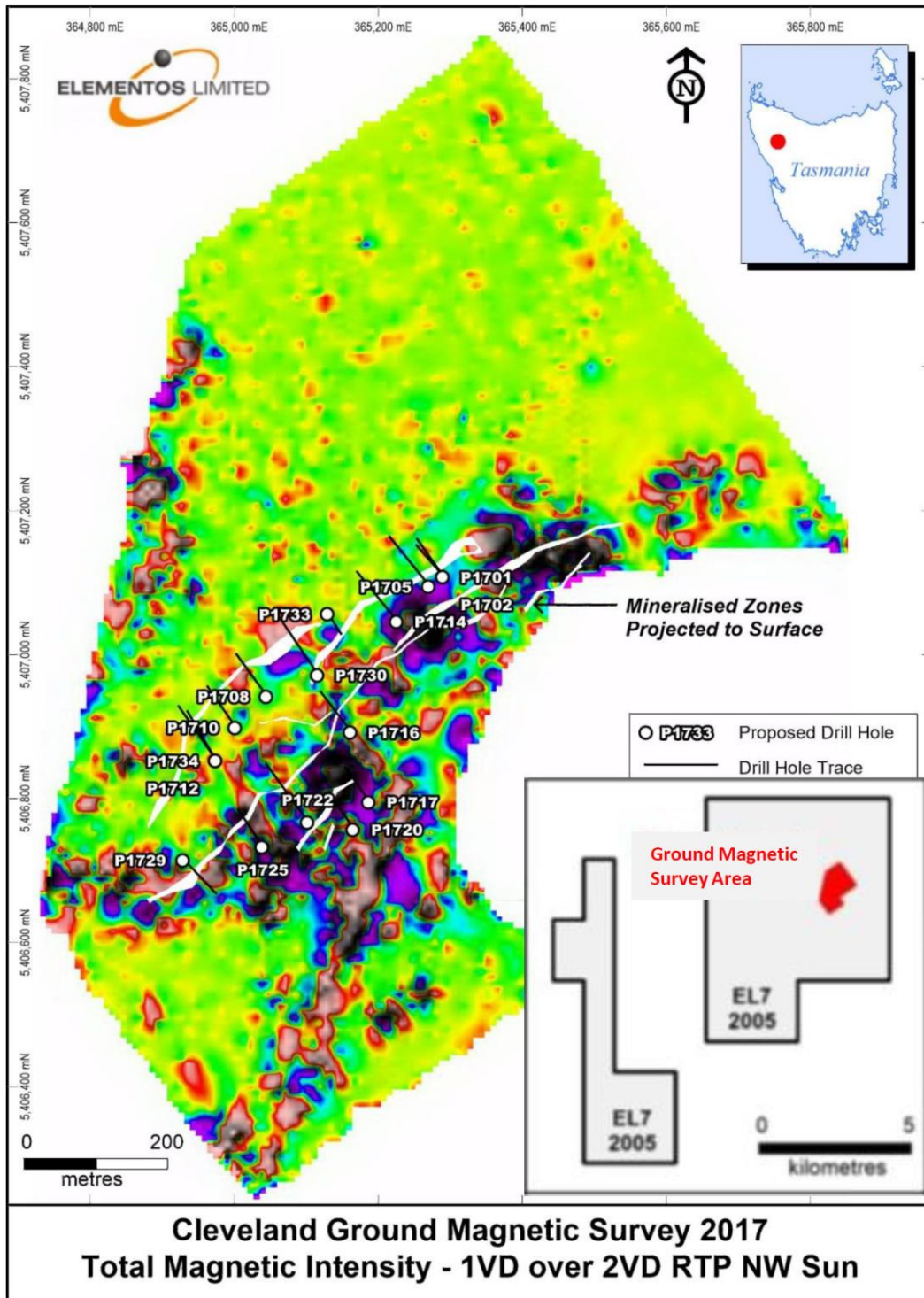


Figure 1. TMI Image (1VD over 2VD RTP) with Location of Proposed Drill Holes at Cleveland

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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 Open Pit - High-Grade Mineral Resource Defined" announced on 3 March 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