

ASX ANNOUNCEMENT

28 April 2017

MARCH 2017 QUARTERLY REPORT

HIGHLIGHTS:

- Ground Magnetic Survey at Cleveland defines New Anomalies
- Initial Shallow 16 hole Diamond Drilling Work Programme approved by Mineral Resources Tasmania
- Progression of Mining Lease and Environmental approval work.

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to report on activities during the March quarter, including actively progressing the Cleveland tin, copper and tungsten project in Tasmania towards development. The Company has commenced an exploration programme targeting an increase in the shallow open cut resources. The Company's objective is to lower investment risk and move quickly towards production and cash flow, through a low-capital, staged development strategy, commencing with open cut production, with the lowest possible dilution of shareholders.

CLEVELAND PROJECT UPDATE

Exploration

The Company has commenced an exploration programme that is targeting an increase in the size of the open-pit mineral resource. The exploration programme will focus on defining and testing new targets and infill, strike and depth extensions to the current 800,000 tonnes at 0.81% Tin and 0.27% Copper open-pit Indicated Mineral Resource estimate (ASX announcement 03 March 2015).

By focusing on the open pit potential of Cleveland, the new exploration program has the potential to significantly de-risk any future project development, and significantly enhance the economics of the project, including:



Figure 1. Cleveland Project Location

- Drawing on a larger, open-cut tin-copper resource;
- Creating a longer mine life project with higher-grade ore from the open-cut;
- Early cash flows will be generated through simple, open-cut mining techniques;
- Lowering forecast dilution and ore losses through the design of one open-cut; and
- Creating a lower risk profile to finance the project.

Ground Magnetic Survey

The initial phase of the new exploration programme, targeting near surface mineralisation, has been the completion of a detailed ground magnetic survey. The ground magnetic survey was carried out under contract by Modern Mag in January 2017. The survey was completed using man portable magnetometers traversing a grid that had been constructed over the survey area. The survey covered a total of 32 line kilometres at a 30m line spacing. The narrow line spacing was used to maximise the potential to collect high resolution data from near surface features. Figure 1 is an image of the Total Magnetic Intensity after the original data was corrected for cultural objects left over from historical mining activities. The TMI image (Figure 1) displays the predicted location at surface of the ore lenses (in white) that were mined by underground methods by Aberfoyle Limited between 1968 and 1986.

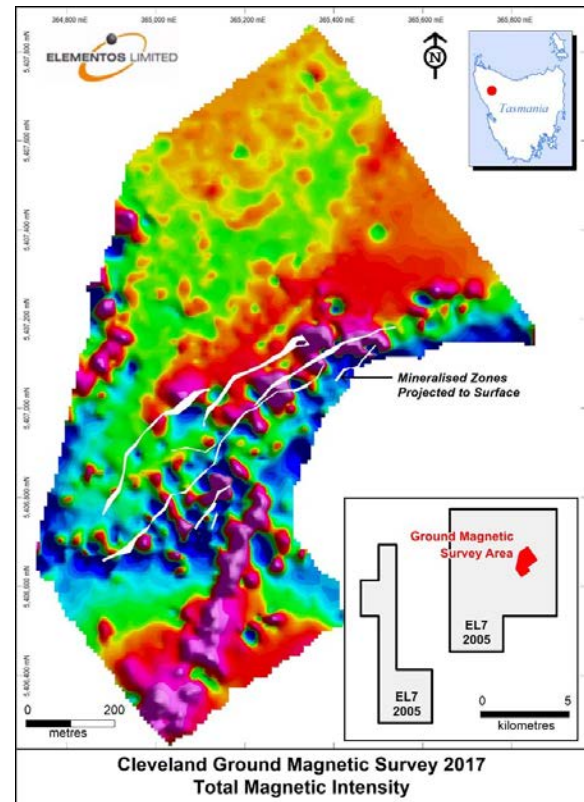


Figure 2. Cleveland Ground Magnetic Survey TMI Image

The tin mineralisation at Cleveland occurs predominantly as cassiterite within a replacement sulphide orebody hosted by a carbonate rich sedimentary sequence. The sulphide mineralisation is predominantly pyrrhotite, which is magnetic.

The ground magnetic data has been processed to highlight and better define magnetic responses, controlling structures and lithological variations. The enhanced magnetic images have been combined with pre-existing geological data to generate new exploration targets.

A number of significant magnetic anomalies have been identified from the recently completed survey (Figure 3). Two of the newly identified ground magnetic anomalies may represent along strike extensions of the Khaki, Henry's and Hall's lodes. The latter being displaced by a fault that has been recognised from field mapping by Elementos and previous workers. Two additional anomalies occur approximately 300m to the north of the Khaki lode and may represent previously unknown mineralisation. Initial interpretation of these anomalies suggests a similar orientation to these features to the mineralised lodes previously mined at Cleveland, namely northeast striking with a south-easterly dip. No exploration drilling has been recorded as having been carried out on or near any of these new magnetic anomalies. The magnetic anomalies potentially extend to the east beyond

the current boundaries of the recently completed ground magnetic survey. Elementos holds the tenure to this prospective region under EL7/2005.

Exploration Drilling

Approval has been received from Mineral Resources Tasmania (MRT) of an exploration works programme within EL7/2005, the Cleveland Project, to carry out the first phase of an exploration drilling programme to target increased open pit resources. The approval is for a 16 hole diamond drilling programme to test for infill, depth and along strike extensions to the known near surface mineralisation at Cleveland. The location of the proposed drilling programme can be seen in Figure 3.

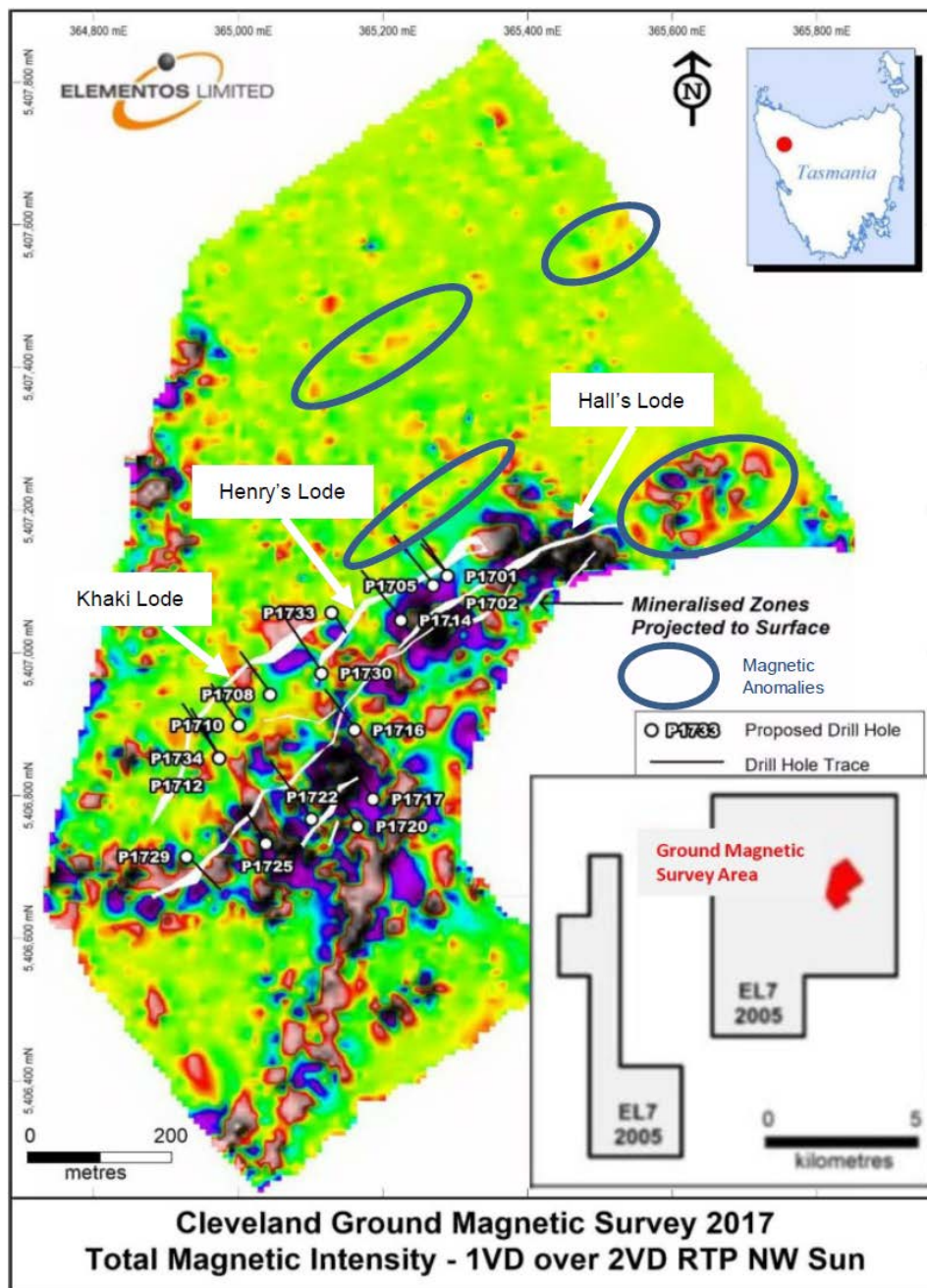


Figure 3. Processed magnetic data showing magnetic anomalies and 1st phase infill exploration drilling plan

Permitting

The Cleveland environmental permitting process and Mining License Application are progressing.

The Tasmanian Government is very supportive and working with the Company to progress the Cleveland Project towards development. Several key government stakeholder meetings were held with the Company during the reporting period.

Selwyn Range Project, Queensland, Australia

The Company has relinquished the three Selwyn tenements. Security deposits have been refunded in full for all the tenements.

Exploration Tenements

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

Tenement Name	Tenement Number	Area (km ²)	Elementos Interest	Tenement Location
Cleveland	EL7/2005	55	100%	Tasmania

No new tenements were acquired during the quarter.

CORPORATE

The Company continues to be encouraged by the LME tin price, being US\$19,500 per tonne at the time of reporting.

The company continues to review new business development opportunities as they arise.

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

The management and board of the Company are actively investigating funding options to enable the Company to complete the exploration drilling and project development programme as planned. Advanced negotiations are continuing with a number of International and Australian parties to secure funding for the company's activities.

Capital structure

At the end of the quarter, there were 849,297,823 fully paid ordinary shares and 20.3 million unlisted options on issue.

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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 following announcements:

- "Cleveland Tailings Ore Reserve" released on the 3 August 2015;
- "Cleveland JORC Resource Significantly Expanded" announced to the ASX on 5 March 2014; and
- "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.

MINERAL RESOURCES AND ORE RESERVES

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

NOTE: this Open Pit Tin-Copper Mineral Resource is a sub-set of the Total Tin-Copper Mineral Resource noted below

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	0.80 Mt	0.81%	6,500t	0.27	2,300t
Inferred	0.01 Mt	0.99%	140t	0.34	50t

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

Total Tin-Copper Mineral Resource (at 0.35% Sn cut-off)

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Indicated	5.00 Mt	0.69%	34,500t	0.28%	14,000t
Inferred	2.44 Mt	0.56%	13,700t	0.19%	4,600t

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

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

Category	Tonnage	Sn Grade	Contained Sn	Cu Grade	Contained Cu
Probable	3.7 Mt	0.29%	11,000t	0.13%	5,000t

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

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

Category	Tonnage	WO ₃ Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO₃ = tungsten oxide

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.