

31 July 2014

QUARTERLY REPORT JUNE 2014

Highlights

- \$2.1M capital raising program commenced, including \$0.58M private placement and \$1.52M partially underwritten renounceable rights issue
- Acquisition of 100% of the Cleveland project
- Significant Exploration Target defined at the Cleveland tin and copper project
- Cleveland Tailings JORC Mineral Resource estimate upgraded to Indicated category
- Selwyn Range Joint Venture established

Elementos Limited (ASX: ELT) (“Elementos” or the “Company”) activities this quarter have concentrated on the technical evaluation of the Cleveland project. The focus is on delivering a low cost strategy for developing the tailings reprocessing plant prior to re-opening the underground mine. Using the information gathered from the technical evaluation, the board has been able to map the development program for the next twelve months.

The Company’s Managing Director, Calvin Treacy, attended the ITRI International Tin conference in Penang, Malaysia during the quarter, and met with industry players. The conference featured presentations from Yunnan Tin, Minsur, German Federal Institute for Geosciences and Natural Resources, and other industry participants. The general consensus from within the conference was that demand for tin will continue to grow in line with the global economy, but tin supply faces the challenges of declining grades and resource depletion, with few new viable projects in the short to medium term pipeline. These factors combined support the positive outlook for future tin prices. The conference was also an excellent forum to continue the development of strategic relationships with established industry participants.

Capital Raising

During the quarter, the Company completed a private placement to Sophisticated Investors raising \$0.58M, and commenced a 1 for 5 rights issue at 1.2 cents per share to raise \$1.52M, of which \$0.52M was underwritten. The rights issue has been well supported by current shareholders raising \$1M, and the shortfall placement is currently being finalised.

Cleveland Acquisition EL7/2005

The Company renegotiated the terms for the acquisition of the remaining 50% interest in the Cleveland project during the quarter. The acquisition was completed in early July 2014, with a cash payment of \$0.15M and the issue of 29M Elementos shares.

With the acquisition finalised, the Company now enters the next phase of development, with 100% ownership of the Cleveland Mine, strong cash reserves and no future payment obligations.

Cleveland Tin Project, Tasmania

Cleveland remains the focus of the Company, with the project continuing to meet expectations in terms of development potential and exploration opportunities for tin, copper, tungsten, lead, zinc and silver.

Cleveland Tin and Copper Exploration Target¹

During the quarter, the Company released an Exploration Target for the Cleveland tin and copper deposit. The tonnage and grade ranges are tabulated below and the full details of the estimates are outlined in Annexure A.

Low Tonnage Estimate	High Tonnage Estimate	Tin Grade Range Estimate	Contained Tin Low Estimate (t)	Contained Tin High Estimate (t)	Copper Grade Range Estimate (Rounded)	Contained Copper Low Estimate (t)	Contained Copper High Estimate (t)
3,000,000	16,000,000	0.6-0.7%	20,000	110,000	0.2-0.2%	10,000	30,000

It is important to note that while this estimate is based on extensions of currently known tin-copper lenses, both along strike and down dip, the potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. It is also important to note the Exploration Target has been defined based on exploration results and historical mining information.

The Exploration Target was estimated by extending the boundaries of the known mineralisation and assessing the factors listed below:

- Thicknesses of the known tin-copper lenses in the existing JORC Mineral Resources;
- Interpretations and extrapolations of the geology and mineralisation of the known tin-copper lenses;
- An assessment of the historical drilling results; and
- Historical resource and mining information.

A range of volumes of the potential mineralised areas were estimated based on the above information, and the grade was estimated based on the known grade ranges of the existing resource.

For further information please refer to Annexure A for details and the ASX announcement “Cleveland Tin and Copper Exploration Target Defined” released on 2 April 2014.

Cleveland Tailings Resource Upgrade¹

During the quarter, the Company released an upgraded Mineral Resource in accordance with JORC (2012) for the Cleveland Tailings project. Independent geological consultants MiningOne reviewed the Cleveland Tailings Mineral Resource, and the Mineral Resource was upgraded from the Inferred to Indicated Category.

A summary of the upgraded Mineral Resource is tabulated below:

Cleveland Tin and Copper Tailings Mineral Resource			
17 June 2014			
0% Sn Cut-Off			
Category	Tonnage	% Sn as Cassiterite	% Cu
Indicated	3,850,000	0.30	0.13
Total	3,850,000	0.30	0.13

Table A – June 2014 JORC Mineral Resource Estimate for Cleveland Tin and Copper Tailings Resource

Selwyn Range Project, Queensland, Australia

During the quarter, the Company signed a binding term sheet for an earn-in joint venture with Below Ground Technology Pty Ltd (“BGT”), to explore for copper and gold at the Selwyn Range project. The terms of the joint venture are:

- The right to earn 51% of the project by investing \$0.6M over 3 years; and
- The option to increase its interest by a further 19%, by investing an additional \$0.6M over a further 2 years.

Once BGT earns a 70% interest, each party can either contribute or dilute according to an agreed formula and work program. If either party achieves a 90% interest in the project, the other party’s 10% interest immediately converts to a 2% NSR.

The agreement is subject to the finalisation of a full joint venture agreement.

Millenium Project, Queensland, Australia

During the quarter, Chinalco Yunnan Copper Resources Ltd (“CYU”) the Company’s joint venture partner at Millenium, undertook a drilling program of four RC holes. Please refer to the CYU ASX announcement on 5 June 2014 titled “New Copper/Gold Discovery at Jubilee Prospect” for the assay results.

A deep-penetrating induced polarisation geophysical survey will be undertaken by CYU later in the year to map the mineralisation and provide targets for further drilling at Millenium.

¹ Previous Disclosure 2012 JORC Code - This information on the Cleveland Tin and Copper project is extracted from the reports titled “Cleveland Tailings Resource Upgrade” created on 17th of June 2014 and “Cleveland Tin and Copper Exploration Target Defined” released on 2 April 2014. Both are available to view on the Elementos website (www.elementos.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changes. The Company confirms that the form and context in which the Competent Person’s Findings are presented have not been materially modified from the original market announcement.



Santo Domingo, Argentina

During the quarter, there were no exploration activities at Santo Domingo. Joint Venture negotiations continue.

Tamaya, Chile

During the quarter, the second year anniversary of the earn-in joint venture agreement occurred. The Company elected not to meet a 5,000 metre drilling commitment as part of the earn-in joint venture (earning 50% interest in the project by spending US\$7m over 3 years). As the joint venture requirements were not met, the earn-in agreement lapsed. The Company no longer has any rights to this project.

Cash Resources

At the end of the period, the Company had cash resources of \$0.68M. At the completion of the capital raising program, the Company anticipates cash resources of approximately \$1.75M.

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Elementos is an Australian, ASX-listed, diversified metals company, including Cleveland, an advanced stage tin-copper and tungsten project in Tasmania, together with a number of prospective copper and gold assets in South America and Australia. Please visit us at www.elementos.com.au

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
Santo Domingo	1124-493-G-07	497	Nil - earning	Argentina
	1124-094-G-09	511	Nil - earning	Argentina
	1124-133-G-09	1458	Nil - earning	Argentina
	1124-454-G-09	500	Nil - earning	Argentina
	1124-643-G-10	1940	Nil - earning	Argentina
	1124-368-G-06	2158	Nil – earning	Argentina
	1124-385-G-06	4995	Nil – earning	Argentina
	1124-494-G-07	900	Nil – earning(i)	Argentina
	1124-495-G-07	1338	Nil – earning(i)	Argentina
	1124-496-G-07	900	Nil – earning(i)	Argentina
	1124-497-G-07	900	Nil – earning(i)	Argentina
	1124-498-G-07	900	Nil – earning(i)	Argentina
	1124-499-G-07	900	Nil – earning(i)	Argentina
	1124-500-G-07	900	Nil – earning(i)	Argentina
	1124-265-G-08	2616	Nil – earning(i)	Argentina
	1124-336-G-08	368	Nil – earning(i)	Argentina
	1124-633-G-10	1179	Nil – earning(i)	Argentina
	1124-022-G-11	1500	Nil – earning(i)	Argentina
	1124-131-O-09	4953	Nil – earning(i)	Argentina
	1124-132-O-09	9203	Nil – earning(i)	Argentina
Millenium	ML 2512	4	Nil - earning	Queensland
	ML 2761	20	Nil - earning	Queensland
	ML 2762	16	Nil - earning	Queensland
	ML 7506	50	Nil - earning	Queensland
	ML 7507	45	Nil - earning	Queensland
	EPM 18402	5146	100%	Queensland
	EPM 18773	3859	100%	Queensland
	EPM 18793	2251	100%	Queensland
	EPM 18982	4184	100%	Queensland
	EPM 19014	6111	100%	Queensland
Selwyn Range	EPM 19036	3216	100%	Queensland
	EPM 19371	3860	100%	Queensland
	EPM 19375	6400	100%	Queensland
Cleveland	EPM 19426	643	100%	Queensland
	EL7/2005	1798	100%	Tasmania
	EL9/2006	4195	100%	Tasmania
	EL15/2011	3358	100%	Tasmania

(i) Tenements/Cateos in process of being granted/transferred

During the quarter, the remaining 50% interest in EL7/2005 was acquired:

Tenement Name	Tenement Number	Area (Hectares)	Elementos Interest	Location of Tenement
Cleveland	EL7/2005	1798	100%	Australia

During the quarter, the following tenements were disposed of:

Tenement Name	Tenement Number	Area (Hectares)	Elementos Interest	Location of Tenements
Tamaya	Adrianita 1 a 35	175	Nil – earning	Chile
	Aurora 1 a 20	100	Nil – earning	Chile
	Camposanto 8 a 17	41	Nil – earning	Chile
	Cerrillos Primera	5	Nil – earning	Chile
	Chepillo 1 a 4	19	Nil – earning	Chile
	Guias Altas	4	Nil – earning	Chile
	La Borracho 1 a 3	15	Nil – earning	Chile
	La Lusitania 1 a 5	25	Nil – earning	Chile
	La Sol 1 a 4	13	Nil – earning	Chile
	Lecaros 1 a 120	600	Nil – earning	Chile
	Margarita 1 a 7	35	Nil – earning	Chile
	Olga 1 a 20	100	Nil – earning	Chile
	San Cristobal 1 a 30	150	Nil – earning	Chile
	Suerte 10-15, 25-30	50	Nil – earning	Chile
	Tacora 1 a 65	606	Nil – earning	Chile
	Tuhumco 1 al 40	400	Nil – earning	Chile
	Talabre 1 al 25	250	Nil – earning	Chile
	Talcan 1 al 18	168	Nil – earning	Chile
	Talpuna 1 al 34	284	Nil – earning	Chile
	Tamarugo 1 al 44	409	Nil – earning	Chile
	Tamaya 1 a 120	600	Nil – earning	Chile
	Tanume 1 al 28	244	Nil – earning	Chile
	Tatio 1 al 19	176	Nil – earning	Chile
	Temo 1 al 2	9	Nil – earning	Chile
	Ticalhue 1 al 17	102	Nil – earning	Chile
	Tignamar 1 al 26	254	Nil – earning	Chile
	Tipay 1 al 14	125	Nil – earning	Chile
	Tocomar 1 al 20	200	Nil – earning	Chile
	Toconce 1 al 18	180	Nil – earning	Chile
	Tolas 1 al 14	140	Nil – earning	Chile
	Tolten 1 al 17	149	Nil – earning	Chile
	Torca 1 al 5	42	Nil – earning	Chile
	Cerrillos 1	300	Nil – earning	Chile
	Cerrillos 2	200	Nil – earning	Chile
	Cerrillos 3	100	Nil – earning	Chile
	Cerrillos 4	300	Nil – earning	Chile
	Cerrillos 5	300	Nil – earning	Chile
	Cerrillos 6	300	Nil – earning	Chile

ANNEXURE A

EXPLORATION TARGET - SUMMARY OF RELEVANT EXPLORATION DATA

Table 1: Hall's A Line Intersections

	Hole No	Depth From	Depth To	Down-Hole Length	% Tin	% Copper
Hall's A Line	C1255	639.7m	654.3m	14.6m	1.68	0.18
	C1554	99.4m	109.9m	10.5m	1.95	0.26
	C1574	75.0m	89.6m	14.6m	0.71	0.07

Table 2: Hall's C Line Intersections

	Hole No	Depth From	Depth To	Down-Hole Length	% Tin	% Copper
Hall's C Line	C1526	307.9m	318.9m	11.0m	0.55	0.11
	C1580	278.0m	309.0m	31.0m	0.59	0.12

Table 3: Khaki Line Intersections

	Hole No	Depth From	Depth To	Down-Hole Length	% Tin	% Copper
Khaki Line	C0969	683.3m	697.2m	13.9m	0.29	0.12
	C1615	112.5m	157.5m	45.0m	0.44	0.11
	C2004	85.9m	100.3m	14.4m	1.48	0.13

Table 4: Mined Resources, Currently Defined Resources and the Exploration Target

	Mined 1968-1986	Current Total Indicated plus Inferred Mineral Resource (0.35% Tin Cut-Off)	Exploration Target
Tonnage (Mt)	5.7	7.4	3-16
Tin grade (%)	0.74	0.65	0.6-0.7
Contained tin (t)	42,000	48,000	20,000-110,000

Table 5: Exploration Target Summary - Lens by Lens

Lens	Low Tonnage	High Tonnage	Low Tin (%)	Low Copper (%)	High Tin (%)	High Copper (%)	Tin Low Est (t)	Copper Low Est (t)	Tin High Est (t)	Copper High Est (t)
Khaki	529,000	2,644,000	0.6	0.2	0.7	0.2	3,200	1,100	18,500	5,300
Henry's	107,000	533,000	0.6	0.2	0.7	0.2	600	200	3,700	1,100
B South / Hall's B1	584,000	2,918,000	0.6	0.2	0.7	0.2	3,500	1,200	20,400	5,800
Battery	309,000	1,544,000	0.6	0.2	0.7	0.2	1,900	600	10,800	3,100
Hall's A1	134,000	672,000	0.6	0.2	0.7	0.2	800	300	4,700	1,300
Hall's B3	452,000	2,260,000	0.6	0.2	0.7	0.2	2,700	900	15,800	4,500
Hall's C3	1,082,000	5,410,000	0.6	0.2	0.7	0.2	6,500	2,200	37,900	10,800
Total	3,000,000#	16,000,000#					20,000+	10,000+	110,000+	30,000+

Rounded to the nearest million tonnes

+ Rounded to the nearest ten thousand tonnes