

ASX ANNOUNCEMENT

29 June 2017

\$2.0 MILLION CAPITAL RAISING TO ADVANCE THE CLEVELAND PROJECT

Highlights:

- **Cornerstone \$600,000 Placement to ASX-Listed Jervois Limited (JRV) and other sophisticated investors**
- **Rights Issue to raise an additional \$1,400,000**
- **Conversion of existing \$500,000 debt to equity**
- **Drilling program underway**

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to announce a capital raising of up to \$2.0 million to progress the development of the Cleveland Project, comprising:

- (a) a private placement to sophisticated investors raising \$600,000 before costs (**Placement**), including \$480,00 from ASX listed Jervois Limited; and
- (b) a non-renounceable rights issue to raise up to \$1,423,947 (before costs) (**Rights Issue**)

Money raised from the Placement and the Rights Issue is to be used for the purposes of:

- Completing a diamond drilling program targeting an increase in the Cleveland Open Cut Resource
- Metallurgical testing, geotechnical studies and environmental compliance studies on the proposed Cleveland open cut development;
- Reduction of debt via a debt conversion facility; and
- Corporate costs, working capital and costs of the issue.

The Company has recently completed a ground magnetic survey which identified a number of new exploration targets along strike from the historical workings and within the mine sequence to the north of the historical workings at the Cleveland mine.

The Company has previously received approval from Mineral Resources Tasmania ("MRT") to proceed with the drilling program at Cleveland. The Company plans to commence drilling in August 2017. Preparation of the drilling pads and tendering of contracts for the drilling program have commenced.

Elementos Chairman, Andy Greig, commented "We are very pleased to be progressing with this capital raising and to welcome Jervois Ltd as a shareholder. The Jervois Board has many years of experience in successfully investing in and developing resources projects through to production. The ELT team is looking forward to progressing the development of the Cleveland project now that funding has been secured".

About Jervois Limited: Jervois Limited is an ASX-listed (Code: JRV) resource exploration and development company established in 1962. The focus of the new Jervois Board is to drive growth by taking strategic holdings in promising resource projects with proven management capability while at the same time maturing its wholly owned assets.

The Placement

Under the terms of the Placement, 100,000,000 new shares will be issued at \$0.006 per share to sophisticated investors raising a total of \$600,000 before costs (**Placement**) including the issue of 100,000,000 attaching options having an exercise price of \$0.006 and an expiry date of 30 June 2018 (**Attaching Options**).

Junior exploration company, Jervois Mining Limited (ASX: JRV) (**Jervois**) has subscribed for \$480,000 under the Placement.

The shares and options issued under the Placement will be issued under the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A and no shareholder approvals are required. The Attaching Options issued under the placement will be unlisted options.

The Rights Issue

The Company will also undertake a non-renounceable rights issue to eligible shareholders, on the basis of 1 new fully paid ordinary share for every 4 shares held at an issue price of \$0.006 per share (**New Shares**), to raise up to \$1,423,947 (before costs) (**Rights Issue**) with the issue of 1 attaching option for each share applied for having an exercise price of \$0.006 and an expiry date of 30 June 2018 (the same terms as the Placement) (**Attaching Options**). Assuming no existing options on issue in the Company are exercised, approximately 237,324,456 New Shares and 237,324,456 Attaching Options will be offered under the Rights Issue.

The Rights Issue will be available to all registered shareholders who hold shares at 7.00pm Brisbane time on Thursday, 6 July 2017 (**Record Date**) with registered addresses in Australia and New Zealand (**Eligible Shareholders**).

Existing option holders need to exercise their options and be a registered holder of shares on the Record Date if they wish to participate in the Rights Issue.

In accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth) (**Corporations Act**), Elementos has considered the number of shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand and the size of the shareholdings held by those shareholders. Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand, the Company has formed the view that it is unreasonable to extend the Rights Issue to those shareholders.

The Company has received pre-commitments from all Placement participants and Mr Andrew Greig, a Director and the largest shareholder of the Company, to take up their entitlements under the Rights Issue, which will represent a total of 70,371,137 New Shares (and 70,371,137 Attaching Options) for a total of \$422,227.

The Rights Offer will contain a debt conversion facility available to all shareholders and the commitment provided by Mr Andrew Greig is on the basis that he will use this debt

conversion facility to take up his entitlement under the Rights Issue. This will reduce the debt owed by the Company to Mr Greig by \$272,226. Mr Greig has also given a commitment to the Company to exercise the Attaching Options that he receives under the Rights Issue immediately after completion of the Rights Issue (to the maximum extent that he is able to do so without being in contravention of the takeover provisions of the Corporations Act) by converting further debt against the exercise price for those Attaching Options, reducing the debt owed to him by up to a further \$272,226.

If fully subscribed, the Rights Offer will raise approximately \$1,423,947, before the costs of the Rights Issue and deduction of debt conversion amounts. The funds raised from the Rights Issue, together with the funds from the Placement, will be used to

- Complete a diamond drilling programme targeting an increase in the Cleveland Open Cut Resource
- Metallurgical testing, geotechnical studies and environmental compliance studies on the proposed Cleveland open cut development
- reduction of the \$500,000 loan (plus accrued interest) to Mr Greig via the debt conversion facility making the Company debt free (upon the exercise of all Attaching Options by Mr Greig); and
- Corporate costs, working capital and costs of the issue.

A proposed timetable for the Rights Issue is set out in the table below:

Event	Date
Announcement of Rights Issue. Appendix 3B lodged with ASX	Thursday, 29 June 2017 (pre-market open)
Prospectus lodged with ASX	Monday, 3 July 2017
Notice of Rights Issue sent to option holders	Monday, 3 July 2017
Notice of Rights Issue sent to shareholders	Tuesday, 4 July 2017
Shares commence trading on an ex basis	Wednesday, 5 July 2017
Record Date for the Rights Issue (7.00pm Brisbane time)	Thursday, 6 July 2017
Despatch Prospectus to shareholders	Tuesday, 11 July 2017
Opening Date of Rights Issue (9.00am Brisbane time)	Tuesday, 11 July 2017
Closing Date of Rights Issue (5.00pm Brisbane time)	Wednesday, 2 August 2017
Shares commence trading on deferred settlement basis	Thursday, 3 August 2017
Advise ASX of any shortfall	Monday, 7 August 2017
Allotment of New Shares under Rights Issue	Wednesday, 9 August 2017
Despatch of holding statements for New Shares and deferred settlement trading ends	Wednesday, 9 August 2017
Normal trading of New Shares on ASX begins	Thursday, 10 August 2017

This timetable is indicative only and may be subject to change and subject to the requirements of the Corporations Act and the ASX Listing Rules.

The Rights Issue is being made in accordance with section 713 of the Corporations Act and full details of the Rights Issue will be set out in a Prospectus to be sent to all Eligible Shareholders on Thursday, 6 July 2017.

Further information (Rights Issue)

The Company anticipates that up to 237,324,456 New Shares will be issued (this number may have to be increased by 5,075,000 New Shares and Attaching Options if existing option holders exercise their options and are registered shareholders by the Record Date). The New Shares will be issued for \$0.006 each.

Upon completion of the Rights Issue, and assuming it is fully subscribed and that existing options are not exercised, the issued capital of Elementos will comprise approximately 1,186,622,279 shares and 357,624,456 unlisted options exercisable at between \$0.006 and \$0.03 each. If Mr Greig exercises all of the Attaching Options received by him under the Rights Issue then the issued capital of Elementos will comprise approximately 1,231,993,415 shares and 312,253,319 unlisted options.

The New Shares will rank equally in all respects with Elementos's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the entitlement will be rounded to the nearest whole number.

Trading in the New Shares is expected to commence on Thursday, 10 August 2017.

An Appendix 3B applying for quotation of the New Shares will be released to the ASX separately to this letter.

Elementos encourages all Eligible Shareholders to participate in the capital raising.

For more information, please contact:

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MINERAL RESOURCES AND ORE RESERVES

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

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

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 above

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

Underground Tungsten Mineral Resource (at 0.20% WO₃ cut-off) ¹

Category	Tonnage	WO ₃ Grade
Inferred	4 Mt	0.30%

Table subject to rounding errors; WO₃ = tungsten oxide

¹ 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.

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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.