

# Elementos Limited

## Leveraging tin and growth

Elementos Ltd (ASX:ELT) is a pure tin exploration and development company with assets in Australia and Spain. The company has entered an appraisal and evaluation stage, with a Definitive Feasibility Study (DFS) and Optimisation Study under way at Oropesa (Spain), and has commenced extension drilling at Cleveland (Tasmania). ELT is targeting Oropesa as its first mining operation. DFS results will be to hand end of CY22 and, at current tin prices of nearly US\$45,000/t, the analyses should confirm an economically robust project. The project has been ascribed a JORC Resource of 16.62Mt @ 0.38% Sn (M+I). With significant progress expected at Oropesa in the next 12 months, the company is well placed to take advantage of the strength in metals markets driven by the post-COVID economic recovery and growth in renewable energy opportunities, particularly battery demand and emerging technologies. The near tripling of LME tin prices over the past 20 months is a powerful indicator of the demand pull and supply squeeze at play in the industry with the supply deficit forecast to continue over the remainder of the decade. With no direct ASX-listed comparatives, Elementos represents a leverage investment play in an often over-looked but critical metal with geopolitical importance and is well placed to front-run the race to develop new supply.

### Business model delivering results

Elementos is a tin-focussed junior developer and explorer with near-term project opportunities in Spain and Australia. The company's strategy is to identify and acquire high-value assets, in a pre-development stage, ideally at the bottom of the commodity cycle. The acquisition of the Oropesa Tin Project (Spain) is characteristic of the strategy, with the acquisition completed in Jan-2020 and defined geologically and economically at materially lower tin price assumptions.

### Delivering Oropesa

The critical focus of the company is to deliver the DFS on the Oropesa Tin Project, updating the economic analyses undertaken in May 2020. Initial results found the project strongly economic based on a proposed annual production rate of 2,440t Sn over 14 years at a price of US\$19,750/t. These inputs delivered financial metrics of a NPV<sub>8</sub> = US\$92mn and an IRR of over 25%. As part of the re-evaluation, the company is conducting an Optimisation Study to better define the project parameters accounting for the current operating environment, providing the new basis of design for the analysis. The results of the Optimisation Study are expected to be available by end of Q1 CY22 and we suggest a completed DFS sometime at the end of CY22.

### Elementos is the stand-out tin play on the bourse

There are a limited number of listed tin plays, and none with proven open-pit projects, so any peer comparisons should be treated within an indicative context only. The comparatives as noted are differentiated from ELT in that they are producers and not equivalent in investment terms. We would highlight the disparity in market cap (MLX \$490mn, ANW \$13mn), reflecting MLX's position as 50% owner of the Renison Tin Mine which represents ~85% of Australia's tin production. In that regard, Elementos is unique as a greenfields play in final feasibility and permitting, versus mature projects exploring for extension resources...we suggest the value play lies in the project definition phase.

#### Historical earnings and ratios (In A\$m unless otherwise stated)

Year end	Revenue	EBITDA adj.*	NPAT adj.	NPAT rep.	EPS adj. (c)	EPS rep. (c)
06/18a	0.0	(0.8)	(0.8)	(0.8)	(0.2)	(0.2)
06/19a	0.0	(2.0)	(2.0)	(2.0)	(0.3)	(0.3)
06/20a	0.0	(1.6)	(1.6)	(1.6)	(0.2)	(0.2)
06/21a	0.0	(1.6)	(1.7)	(1.6)	(0.1)	(0.1)

Source: Company data; \*EBITDA, NPAT and EPS adjusted for one-time, non-cash items

## Metals & Mining

11<sup>th</sup> March 2022

### Share details

ASX code	ELT
Share price	\$0.625
Market capitalisation	\$102.0M
Shares on issue	163.2M
Net cash at 31-Dec-2021	\$3.9M
Free float	54.49%

### Share Performance (12 months)



### Upside Case

- Continuing strength in tin prices
- Oropesa Feasibility results likely to deliver above-expectation economic outcomes
- Cleveland drilling adds material upside

### Downside Case

- Lower commodity prices
- Inflationary environment drives capital and operating costs for Oropesa above modelling
- Persisting COVID-related impacts on supply chain and development timeline

### Catalysts

- Delivery of DFS confirming economic support for Oropesa
- Positive results from Cleveland drilling

### Comparable Companies (Aust/NZ)

Metals X Limited (ASX:MLX), Australian Tin Mines (ASX:ANW)

### Board and Management

Andrew Greig	Non-Executive Chair
Joe David	Managing Director
Corey Nolan	Non-Executive Director
Brett Smith	Non-Executive Director
Calvin Treacy	Non-Executive Director

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# FINANCIAL SERVICES GUIDE

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**of**

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**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6<sup>th</sup> May 2021**

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- how we transact with you
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- complaint processes

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