



ELEMENTAL MINERALS REVIEW OF OPERATIONS

FOR THE QUARTER ENDED 30 JUNE 2015

Perth, Australia – 29th July 2015 – Elemental Minerals Ltd. (ASX: ELM) ("Elemental" or "the Company") is pleased to provide the following quarterly update on its activities at its Sintoukola Potash Project located in the Republic of Congo ("RoC")- Figure 1.

HIGHLIGHTS

Corporate

- Completion of a private placement of A\$4.98 million at AU\$0.20 per share from existing shareholders on the 10th July 2015;
- Strong cash position of A\$8.57m as at 10th July 2015; and
- Advancing negotiations with potential strategic partners for near term investment and longer term MoP¹ off-take continuing.

Kola Sylvinite and Dougou Carnallite Projects

- Final preparations underway for the initiation of the Kola Bankable Feasibility Study (BFS) and the Dougou Pre-Feasibility Study (PFS);
- Announcement of the BFS/PFS study lead engineering consultant is imminent; and
- Further and successful engagement with BOOM² partners continued this quarter with expressions of interest received for over US\$300m of infrastructure within Phase 1 and Phase 2 of the Kola project.

Corporate

The company prepared for a private placement from existing shareholders late in the quarter and successfully completed this placement of A\$4.98 million at AU\$0.20 per share on the 10th July 2015. The proceeds from this raising are to be used in support of the planned Kola BFS and Dougou PFS respectively.

ELM is continuing with its discussions with globally significant companies, with interests in the fertilizer sector, pertaining to a sizable investment into ELM in the near term, and ultimate off-take of MoP once the project(s) are in production.

¹ MoP: Muriate of Potash

² BOOM (Build Own Operate Manage)

Kola BFS and Dougou PFS preparation

The Company completed its initial screening process for BFS/PFS engineering consultants this quarter. The shortlisted bidders are developing detailed scope of works in preparation for final adjudication and selection early in August 2015.

Both studies will incorporate further build-own-operate-maintain (BOOM) infrastructure proposals, thereby reducing the project startup capital. The Company has received further expressions of interest in this regard for the Kola power supply, gas supply, marine facilities and transshipment, the overland conveyor belt, underground mining and the employee facilities. These will be further developed to commercial terms during the Kola BFS in conjunction with the selected engineering company.

ELM will commence the BFS on its flagship Kola project, and will advance the project in accordance with the implementation strategy presented in the Phased Implementation Study, thereby improving and refining the capex, opex and production ramp up estimates to a level designed to facilitate debt finance structuring.

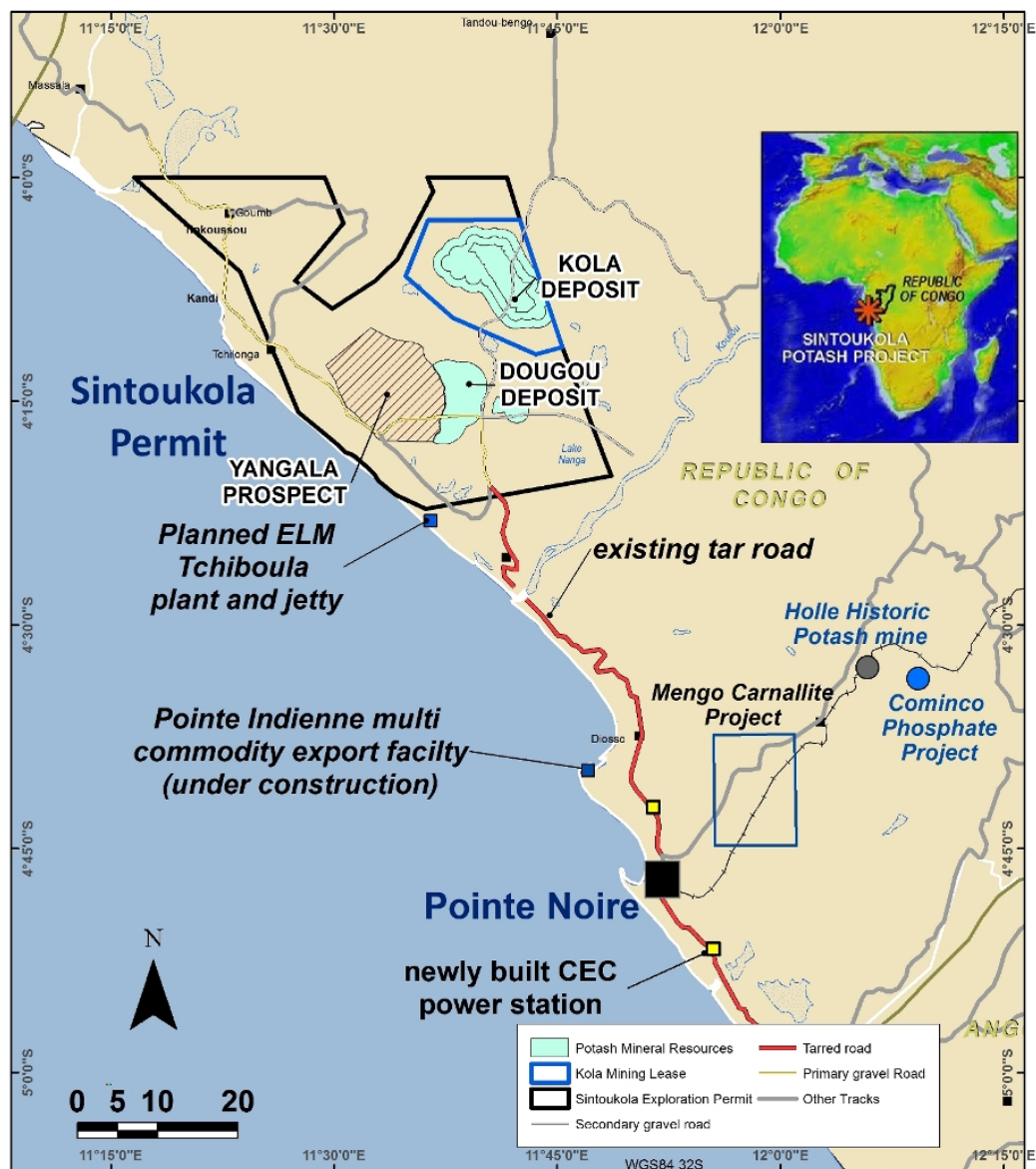


Figure 1. Location of the Sintoukola Project showing the Dougou, Kola and Yangala Projects, and available infrastructure.

In parallel with the contractor selection process, ELM is preparing for a fieldwork campaign to support these studies. At Kola, a shaft site-specific geotech and hydrogeological test campaign will be used to refine the design of the shaft sinking methodology. Positive outcomes from this campaign could eliminate ground freezing requirements, further reducing the initial project capex requirement. At Dougou, an additional borehole will be drilled to recover carnallite core to be used in geotechnical, dissolution and metallurgical test work.

The BFS on Kola will build on the excellent results of the Kola Deposit Phased Implementation Study³. It is expected that the Kola BFS and Dougou PFS will confirm the ability of these projects to deliver lowest quartile operating costs and attractive investment returns, reflecting the high quality of the deposits, their location close to bulk export facility options, and the availability of low-cost energy in the RoC. The Mineral Resources for the both projects are provided in Table 1.

Table 1. Elemental Minerals' Potash Resources

		Million tonnes	grade KCl %
Kola Sylvinite Deposit	Measured	264	33.75
	Indicated	309	32.61
	Inferred	475	32.48
	TOTAL	1048	32.84
		Million tonnes	grade KCl %
Dougou Carnallite Deposit	Measured	148	20.1
	Indicated	920	20.7
	Inferred	1988	20.8
	TOTAL	3056	20.7

The Kola potash resources were estimated by CSA Global of Perth, and reported under the JORC Code 2004. Elemental is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 21st August 2012 titled "Elemental Announces Further Significant Mineral Resource Upgrade for Kola". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed. The Dougou Mineral Resource was completed by ERCOSPLAN Ingenieuresellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN") and reported in accordance with the JORC 2012 code in the ASX announcement dated 9 February 2015 titled "Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit". Table entries are rounded to the appropriate significant figure. A conversion factor of 1.5837 was used to convert K₂O to KCl. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.

BOOM Initiatives

Elemental has previously reported that it is pursuing opportunities to outsource specific project infrastructure components in a Build-Own-Operate-Maintain (BOOM) business model. Previous Expressions of Interests (EOI's) have been received for the underground mining, the overland conveyor belt, and the marine transshipment, and these had been incorporated into the Phased Implementation Study. However, further ongoing engagements regarding the marine facilities; gas, power and steam supply; brine discharge; employee facilities and brine discharge have the potential to further reduce the project capex.

During this quarter, ELM received an EOI from a construction company to BOOM all of the infrastructure items listed above. This could potentially reduce the combined Kola Phase 1 and Phase 2 project capex requirements by more than US\$300m. A site visit is scheduled prior to further discussions and the outcome of these negotiations and discussions with other partners will be incorporated into the relevant studies.

³ Announcement dated 23 October 2014: 'Elemental Minerals Announces Results of the Kola Phased Implementation Update for the High grade Kola Sylvinite Project.'

Strategic Direction

Elemental continues to pursue its strategy of advancing both its lead project Kola and the Dougou project. The Kola BFS is planned for completion in Q3 2016, with the start of construction foreseen in Q2 2017. The Dougou PFS and ESIA (environmental and social impact assessment) are both scheduled to be completed in Q2 2016.

ELM is also in negotiations with globally significant companies, with interests in the fertilizer sector, pertaining to a sizable investment into ELM in the near term, and ultimate off-take of MoP once the project(s) are in production. It is anticipated that these negotiations will be successfully concluded by the end of 2015.

About Elemental Minerals and Tenement Details

Elemental Minerals Limited (ASX: ELM) is an advanced stage mineral exploration and development company whose primary asset is the 97%-owned Sintoukola Potash Permit in the Republic of Congo. ELM has three projects at varying development stages and all within the 1408 km² Sintoukola Permit.

Kola is a large sylvinitic deposit, for which a Pre-Feasibility Study (PFS) defined Proven and Probable Reserves of 152 Mt of sylvinitic ore with an average grade of 31.7% KCl to be mined by conventional underground methods⁴. A Mining License and ESIA approval for Kola were granted in August 2013. The PFS was updated by the Phased Implementation Study, which reduced the initial capital requirement for the project significantly while maintaining low operating costs.⁵

The Dougou Deposit is 15 km southwest of Kola and is a very large carnallite deposit with a Measured and Indicated Potash Mineral Resource⁶ of 1.1 billion tonnes grading 20.6% KCl. A Scoping Study on the deposit has been completed and confirmed that a low capital, low operating cost, quick to production carnallite solution mine can be established at Dougou.

The Yangala sylvinitic Prospect is immediately west of Dougou. At Yangala the Company has drilled two boreholes, both intersecting a potash seam of over 4m grading between 57 and 60% KCl. An Exploration Target of 235 to 470 Mt grading 55 to 60 % KCl was announced on 27th January 2015.⁷

Elemental's RoC Projects have the potential to be among the world's lowest-cost potash producers and their location near the Congolese coast of Central West Africa offers a transport cost advantage to key Brazilian and Asian fertilizer markets. Elemental's management team has a record of bringing quality African mineral projects to production. For more information contact us or visit www.elementalminerals.com.

⁴ NI 43-101 Technical Report, 17 September 2012 (SRK Consulting report available on Company website). ⁵ Announcement dated 23 October 2014: 'Elemental Minerals Announces Results of the Kola Phased Implementation Update for the High grade Kola Sylvinitic Project.'

⁶ Announcement dated 9 February 2015: 'Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit'. ⁷ Announcement dated 27 January 2015: 'Elemental Minerals Announces an Exploration Target for the High Grade Sylvinitic Hangingwall Seam at the Yangala Prospect'.

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Forward-Looking Statements

This report contains statements that are "forward-looking". Generally, the words "expect," "potential", "intend," "estimate," "will" and similar expressions identify forward-looking statements. By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results, performance or achievements, to differ materially from those expressed or implied in any of our forward-looking statements, which are not guarantees of future performance. Statements in this report regarding the Company's business or proposed business, which are not historical facts, are "forward looking" statements that involve risks and uncertainties, such as resource estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.

Competent Person Statement

The information relating to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves, and the results of economic studies, is extracted from previous reports, as referred to in footnotes herein, and available to view on the Company's website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements 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 changed. 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Elemental Minerals Limited

ABN

31 108 066 422

Quarter ended ("current quarter")

30 JUNE 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$USD'000	Year to date (6 months) \$USD'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	- - - (405)	- - - (754)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (R & D Refund)	-	-
Net Operating Cash Flows	(404)	(736)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) exploration, development and evaluation (b) equity investments (c) other fixed assets	(1,236) - -	(2,006) - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1,236)	(2,006)
1.13 Total operating and investing cash flows (carried forward)	(1,640)	(2,742)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,640)	(2,742)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Repayment of borrowings	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of convertible notes	-	-
1.18	Interest paid on convertible notes	-	-
1.19	Proceeds from convertible notes	-	-
1.20	Cost of Capital raising	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,640)	(2,742)
1.20	Cash at beginning of quarter/year to date	4,591	5,810
1.21	Exchange rate adjustments to item 1.20	2	(115)
1.22	Cash at end of quarter*	2,953	2,953

* AUD\$ 3.848m @ 1.3033

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$USD'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	125
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to Directors and associates are on normal commercial terms:

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$USD'000	Amount used \$USD'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$USD'000
4.1 Exploration and evaluation	516.9
4.2 Development	-
4.3 Production	-
4.4 Administration	771.6
Total	1 288.5

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$USD'000	Previous quarter \$USD'000
5.1 Cash on hand and at bank	2,953	4,591
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,953	4,591

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	-	-	-	-
7.2	-	-	-	-
7.3	381,850,877	381,850,877	-	Fully Paid
7.4	-	-	-	-
7.5	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	78,915,929	78,915,929		AUD\$0.25	15/01/2016
	500,000	-		AUD\$1.09	09/01/2016
	300,000	-		AUD\$1.29	13/02/2016
	250,000	-		AUD\$1.12	23/04/2016
	500,000	-		AUD\$1.18	01/04/2016
	250,000	-		AUD\$0.90	22/05/2017
	6,691,226	-		AUD\$0.33	15/04/2018
	1,500,000	-		AUD\$0.33	26/06/2018
7.8	Issued during quarter				
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	4,450,000	-	AUD\$1.07	19/05/2015
7.11	Performance Rights Issued under the Company's Performance Rights Plan	3,500,000 3,500,000 3,500,000	Class A Class B Class C		11/03/2017 11/03/2018 11/03/2019
7.12	Issued during quarter				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: 

(Director & Company secretary)

Date: 29 July 2015

Print name: Leonard Math

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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