

Elemental Commences Bankable Feasibility Study for the Kola Sylvinite Project and the Pre-Feasibility Study for the Dougou Carnallite Project- Hatch appointed as lead consultant

Perth, Australia, 12th August 2015 – Elemental Minerals Ltd. (ASX: ELM) ('Elemental' or 'the Company') is pleased to announce that it has appointed Hatch Goba (Hatch) to conduct the Bankable Feasibility Study (BFS) at its Kola sylvinite¹ project and the Pre Feasibility Study (PFS) at the Dougou carnallite² project. Kola and Dougou are high grade and large potash deposits within the Company's Sintoukola Permit in the Republic of Congo (RoC). In addition, the Company continues to advance its discussions with potential strategic partners and is now at term sheet stage with some of these.

Highlights

- Hatch, a global leader in Potash mine design and construction, have been selected as the lead consultant for the Kola Project BFS and Dougou Project PFS, and evidences the Company's commitment to carry out project work to the highest standard in order to produce robust studies.
- The Kola BFS is planned for completion in Q3 2016, with the start of construction foreseen in Q2 2017. The Dougou PFS and ESIA are both scheduled to be completed in Q2 2016.
- Mobilization of equipment and fieldwork has commenced:
 - Drilling of the Kola shaft barrel test-hole to start in October 2015
 - Dougou metallurgical test-work drilling to commence in September 2015.
 - SRK Cardiff has started the ESIA for the Dougou study.
- Term sheets are now in place with globally significant companies with interests in the fertilizer sector, pertaining to a sizeable investment into Elemental in the near term, and ultimate off-take of MoP³ once the projects are in production. It is anticipated that these negotiations will be successfully concluded by Q4 2015.
- Further capital cost savings are being targeted through further integration of BOOM⁴ partners (power supply, gas supply, marine facilities and transshipment, the overland conveyor belt, underground mining and the employee facilities) into the project operation and by adopting a "fit-for-purpose" design strategy.
- To date, both the Kola and Dougou economic models have been unlevered. The BFS for Kola will enable the incorporation of an appropriate level of debt into the project finance. This has the potential to significantly improve IRR for equity holders.

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ISSUED CAPITAL

(As at quarter-10 July 2015)
406.8m Ordinary Shares
ASX Code: ELM



Elemental's CEO John Sanders commented:

"The commencement of the BFS at Kola, our flagship project, marks the final phase of project development for the Company before construction, and is a major milestone achieved in what is clearly a difficult macro economic environment. We are delighted to have selected Hatch as our lead consultants for our projects, especially as they have a formidable track record in the design and construction of potash mining and infrastructure projects. Their comprehensive experience in the implementation of both potash projects and African pit-to-port mining projects should assist the Company to ensure that the studies are prepared to the highest quality from a bankable perspective. Fieldwork for the Kola and Dougou studies has also started.

"We expect the BFS for Kola to further highlight the exceptional quality of this sylvinitic project and its ability to support very attractive returns on investment and an operating cost that is unparalleled, underpinned by the quality, shallow depth and location of the deposit. Similarly, we anticipate excellent results from the PFS for Dougou, taking advantage of the low gas price in the RoC and the suitability of this deposit to solution mining. Kola and Dougou are planned to produce a combined total of 3.2 Mtpa in the long term and should be the leading projects in an emerging and important potash province. In addition we are progressing our strategic partnership discussions with various entities for off-take and sizeable investments in the Company, being at terms sheet stage with those that are more advanced"

Hatch Goba's regional director of Industrial Minerals, John Elder commented:

"Hatch Goba is pleased to be selected, to work with Elemental and lead the feasibility studies for these two promising projects using our global potash team and drawing on our African execution experience."

The current studies will build on the PFS⁵ and Phased Implementation Study⁶ for Kola, and the Scoping Study⁷ for Dougou. There will be an effort to further reduce the capital cost for Kola while maintaining operating costs that are expected to be the lowest globally. The Phased Implementation Study for Kola determined a Life of Mine (LOM) operating cost of US\$90 per tonne of MoP. The Dougou Scoping Study estimated an LOM operating cost of US\$68 per tonne MoP.

Both studies will incorporate BOOM infrastructure partners, thereby reducing the project startup capital. Expressions of interest in this regard have been received for the 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 Hatch project team. In addition, Hatch and Elemental have already identified opportunities for startup capex reduction by adopting a fit-for-purpose design strategy.

To date, both the Kola and Dougou economic models have been unlevered. The BFS for Kola will enable the incorporation of an appropriate level of debt into the project finance. This has the potential to significantly improve the IRR for equity holders.

Elemental will maintain a high standard of study work to produce robust and defensible cost estimates, production plans and implementation schedules. Hatch was selected following a rigorous four month selection process including the development of full and detailed scopes of work. Hatch has an enviable track record in designing and implementing mining, energy and infrastructure projects in Africa.

Hatch has extensive experience in potash projects across four continents having successfully executed major potash expansions, and Hatch is currently involved in the development of several additional major potash projects. Elemental will leverage off Hatch's wealth of knowledge and experience in the design and construction of some of the world's largest potash operations.

The Kola BFS is planned for completion in Q3 2016, with a subsequent front end engineering and design (FEED) period in parallel with project financing completed in Q2 2017. Construction is expected to start thereafter.

The Dougou PFS and Environmental and Social Impact Assessment (ESIA) are both scheduled to be completed in Q2 2016, culminating in the application for a mining license. The study work begins at Dougou with the ESIA and drilling of hole for the retrieval of core for metallurgical testwork, then a drillhole at the planned production shaft at Kola, for hydrological and geotechnical testwork.

About Elemental Minerals and its potash projects

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. The Company has three projects at varying development stages; all within the 1067 km² Sintoukola Permit.

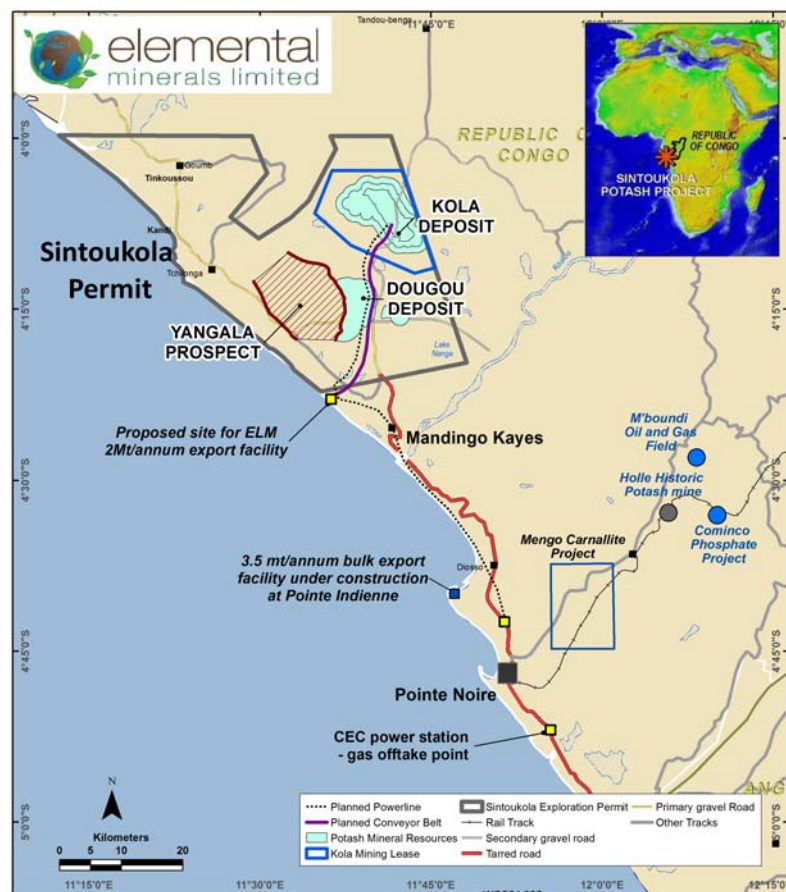


Figure 1: Location of the Kola and Dougou Projects within the Sintoukola Permit in relation to available infrastructure

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 methods.⁵ A Mining License and ESIA approval for Kola were granted in August 2013. The PFS was updated by the Phased Implementation Study⁶, which reduced the initial capital requirement for the project significantly while maintaining low operating costs (Life of Mine operating cost of US\$90 per tonne of MoP). The Kola BFS will be for a conventional underground mine with phased development planned to reach full scale (2 Mtpa MoP) by 2024.

The Dougou Deposit is 15 km southwest of Kola and is a very large carnallitic deposit with a Measured and Indicated Potash Mineral Resource⁸ of 1.1 billion tonnes grading 20.6% KCl. A Scoping Study⁷ on the deposit has been completed and confirmed that a low capital, low operating cost (Life of Mine operating cost of US\$68 per tonne MoP), quick to production carnallitic solution mine can be established at Dougou, taking advantage of the thickness (average combined 35 metres of potash) and availability of cheap energy in the RoC. The Dougou PFS will be for an initial 400 ktpa MoP solution mining operation scaleable to 800 ktpa and then 1.2 Mtpa MoP.

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 2015⁹.

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.



Underpinning Elementals projects is the exceptional quality potash: Left: Carnallitic intersection grading 24.65 % KCl (15.56 % K₂O) over 11.2 metres. Right: Sylvinitic intersection grading 59.48 % KCl (37.56 % K₂O) over 4.2 metres.

Explanation of Terms and References. All references are available on the Company's website

¹ Sylvinite: a rock comprising predominantly of the potash mineral sylvite (KCl) and halite (NaCl).

² Carnallite: a potash mineral with the formula $\text{KMgCl}_3 \cdot 6\text{H}_2\text{O}$.

³ MoP: Muriate of Potash, the final product, comprised of at least 95% KCl

⁴ BOOM: Operation of components of the project by a third party on a 'build-own-operate-maintain' basis

⁵ NI 43-101 Technical Report. PFS for the Kola Deposit, 17 September 2012 (SRK Consulting)

⁶ Announcement dated 23 October 2014: Results of the Kola Phased Implementation Update for the High grade Kola Sylvinite Project.

⁷ Announcement dated 17 February 2015: Results for the Dougou Potash Project Scoping Study

⁸ Announcement dated 9 February 2015: Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit.

⁹ Announcement dated 27 January 2015: Elemental Minerals Announces an Exploration Target for the High Grade Sylvinite Hangingwall Seam at the Yangala Prospect.

Forward-Looking Statements

This news release 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 news release 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 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.'