

## Non-Binding Term Sheet Signed With The Shapoorji Pallonji Group To Make A Significant Investment Into Elemental Minerals And Provide Assistance With The Kola Potash Project Build Phase

### ELEMENTAL MINERALS LIMITED

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### DIRECTORS

Chairman: Tom Borman  
Managing Director: John Sanders  
Non-exec Director: Sam Middlemas  
Non-exec Director: Michael Golding  
Non-exec Director: Leonard Math

### ISSUED CAPITAL

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

**Perth, Australia, 26<sup>th</sup> October 2015 – Elemental Minerals Ltd.** (ASX: ELM) ('Elemental' or 'the Company') is pleased to announce that it has signed a non-binding term sheet with Shapoorji Pallonji Infrastructure Capital Company Pvt. Ltd (Shapoorji Pallonji) in connection a placement for the provision of the remaining funding required to complete the Kola Bankable Feasibility Study (BFS) and Dougou Pre-Feasibility Study (PFS) both of which are currently underway, and advance the Kola project to the start of construction (envisaged by Q2 2017).

### HIGHLIGHTS

- The Non-binding Term sheet provides for an equity injection of A\$ 19.3 million (approximately 101.6 million new shares at a subscription price of A\$ 0.19 per share) into the Company, and the provision of BFS and PFS support from Shapoorji personnel ('the Transaction').
- The Transaction is consistent with Elemental's strategy of partnering with a credible strategic partner(s) in the development of its portfolio of Potash projects, and delivers the following immediate benefits to the Company:
  - Provides the remaining funding required to complete the Kola BFS and Dougou PFS (both of which are currently underway), and advance the project to the start of construction (envisaged by Q2 2017);
  - Experienced Shapoorji EPC engineers are to be embedded into the Company's project teams to assist with the current studies, and thereafter, to prepare for the implementation of the Kola build phase; and
  - A partnership with a significant organisation that has access to the technical expertise and financial resources required to bring the Company's portfolio of Potash projects into production. The Shapoorji Group (<http://www.shapoorjipallonji150years.com>) has a 150 year track record in construction and infrastructure (including the development of conveying solutions, minerals projects, roads, ports and power plants), an annual turnover in excess of US\$ 3.3 billion, and a strong presence in Africa.



Shareholders should note that the Transaction is subject to conditions precedent customary for transactions of this nature including, successful completion of final due diligence, negotiation and execution of definitive transaction agreements, and receipt of all necessary internal and external approvals (including the approval of ELM shareholders which will be sought towards the end of this year), and there is no assurance that any transaction will materialise from this term sheet. Shareholders and Investors are therefore advised to exercise caution in their dealings in the Company's securities.

**Elemental's CEO John Sanders commented:**

*"We are extremely pleased to have attracted Shapoorji Pallonji as a potential strategic partner to the Company including the infrastructure build ability it brings to the Kola Project. This new partnership will allow the Company access to Shapoorji Pallonji's broad based infrastructure build experience and the skill-set associated with this aspect, which is an important element for the Company's development going forward. This new partnership if consummated, will signify another major milestone on the pathway to production at the high-grade Kola sylvinitic project and the development of the Sintoukola Licence into a regional player within the potash market".*

On the 21<sup>st</sup> October 2015 the Company and Shapoorji Pallonji Infrastructure Capital Company Pvt. Ltd, executed a non-binding Term Sheet that provides for an investment of AUD19.3m into the Company through a placement of 101.6m fully paid ordinary shares at AUD19c. per share. The total investment will equate to a 19.99% shareholding in the Company.

The process going forward will now be subject to final due diligence, agreeing definitive documentation, Shapoorji Pallonji investment committee approval and lastly the approval by the Company's shareholders for the issue of additional share capital to complete the transaction. The process is expected to take a maximum of 15 weeks to complete and shareholders will be kept informed going forward on the progress achieved. There is a risk that no final agreement will be consummated.

**About Elemental Minerals**

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 km<sup>2</sup> Sintoukola Permit (Figure 1).

Kola is a large sylvinitic<sup>1</sup> 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<sup>2</sup>. A Mining License and ESIA approval for Kola were granted in August 2013<sup>3</sup>. The 2012 PFS was updated by the Phased Implementation Study, which reduced the initial capital requirement for the project significantly while maintaining low operating costs.<sup>4</sup>

The Dougou Deposit is 15 km southwest of Kola and is a very large carnallite<sup>5</sup> deposit with a Measured and Indicated Potash Mineral Resource of 1.1 billion tonnes grading 20.6% KCl<sup>6</sup>. 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.<sup>7</sup>

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 in thickness grading between 57 and 60% KCl. An Exploration Target of 235 to 470 Mt grading 55 to 60 % KCl was announced on 27<sup>th</sup> January 2015.<sup>8</sup>

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.

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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](http://www.elementalminerals.com).

Table 1. Elemental Minerals' Potash Mineral Resources

	Potash Mineral Resources		
Potash Deposit	Category	Million Tonnes	Grade KCl %
Kola Sylvinite	Measured	264	33.75
	Indicated	309	32.61
	Inferred	475	32.48
	<b>TOTAL</b>	<b>1,048</b>	<b>32.84</b>
Kola Carnallitite	Measured	295	17.83
	Indicated	449	18.69
	Inferred	473	18.81
	<b>TOTAL</b>	<b>1,217</b>	<b>18.53</b>
Dougou Carnallitite	Measured	148	20.07
	Indicated	920	20.65
	Inferred	1,988	20.77
	<b>TOTAL</b>	<b>3,056</b>	<b>20.70</b>
TOTAL MINERAL RESOURCES	Measured	707	24.24
	Indicated	1,678	22.33
	Inferred	2,936	22.35
	<b>TOTAL</b>	<b>5,321</b>	<b>22.59</b>

**Notes:** The Kola Mineral 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 21<sup>st</sup> August 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 Ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN") and reported in accordance with the JORC code 2012 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 K<sub>2</sub>O 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.

### About Shapoorji Pallonji Infrastructure Capital Company Pvt Ltd & Shapoorji Pallonji Group

The infrastructure business is housed under Shapoorji Pallonji Infrastructure Capital Company Private Limited. It has successfully developed multiple road projects. It is setting up a multi-cargo, all-weather port at Gujarat (India) and has entered into a JV for setting up an LNG regasification terminal. It owns, operates and is developing Power Plants (across Thermal, Solar & Hydro technologies). With over 30,000 employees and presence in more than 20 sectors, the Shapoorji Pallonji Group has evolved and grown exponentially into multiple business segments with a progressive outlook and a thoroughly professional approach. The Group today has a strong presence in India and internationally including the Middle East and Africa. With a rich legacy of 150 years and a consistently superior track record, the Group remains committed towards excellence in each of its operations. The business interests cover construction (including residential, commercial, industrial and infrastructure), real estate, infrastructure owning & development, resources, biofuels, agriculture, water purification & treatment, electro-mechanical and MEP services, facades and interiors, engineering, textiles, business automation, FPSOs, shipping & logistics.

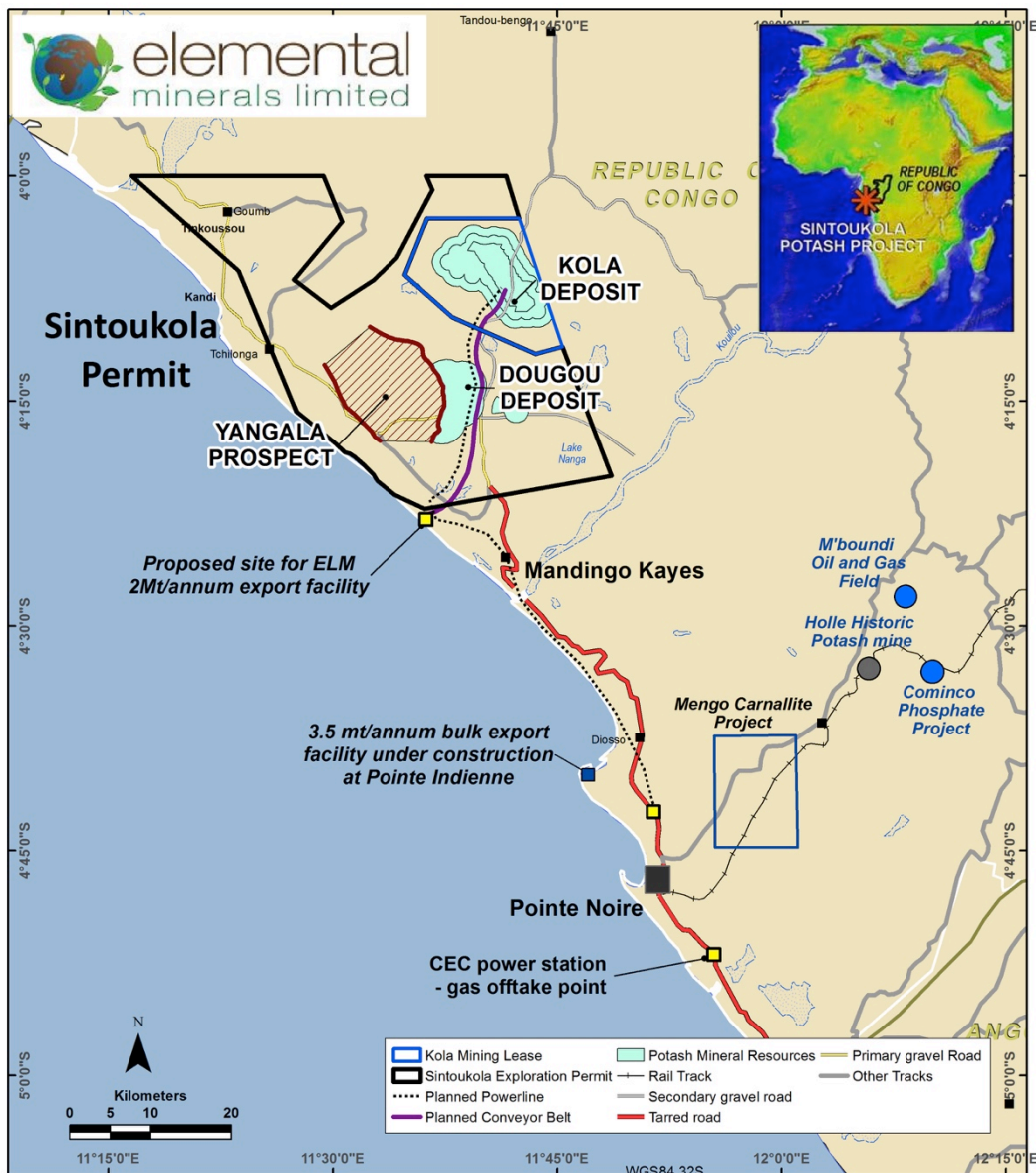


Figure 1: Location of the Kola and Dougou Projects within the Sintoukola Permit in relation to available infrastructure

### 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 and whilst there is a reasonable basis for making such statements regarding the proposed placement; 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.'

**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: NI 43-101 Technical Report. PFS for the Kola Deposit, 17 September 2012 (SRK Consulting)
  - 3: Announcement dated 15 August 2013: Elemental Minerals Announces Award of Mining License for the Sintoukola Potash Project.
  - 4: Announcement dated 23 October 2014: Elemental Minerals Announces Results of the Kola Phased Implementation Update for the High grade Kola Sylvinite
  - 5: Carnallite: a potash mineral with the formula  $KMgCl_3 \cdot 6H_2O$ . Carnallite refers to the rock type comprising predominantly of carnallite and halite (NaCl).
  - 6: Announcement dated 9 February 2015: Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit
  - 7: Announcement dated 17 February 2015: Elemental Minerals Announces results for the Dougou Potash Project Scoping Study
  8. Announcement dated 27 January 2015: Elemental Minerals Announces an Exploration Target for the High Grade Sylvinite Hangingwall Seam at the Yangala Prospect.
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