

ELEMENTAL MINERALS RECEIVES A NON-BINDING PROPOSAL ALLOWING ELEMENTAL TO PURSUE AN ACCELERATED STRATEGY IN RELATION TO ITS SINTOUKOLA POTASH PROJECTS

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DIRECTORS

Chairman: David Hathorn
Managing Director: Sean Bennett
Non-exec Director: Sam Middlemas
Non-exec Director: Leonard Math

ISSUED CAPITAL

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

Perth, Australia 26th November 2015 – Elemental Minerals Ltd (ASX ELM) ('Elemental' or 'the Company) announces receipt of a non-binding proposal from SUMMIT Private Equity ('SUMMIT') in connection with a proposed equity investment in the Company of at least US\$40m, at AUD\$0.20 per share, which is subject to several conditions including due diligence, documentation and internal approvals. The investment is intended to ensure that the Company is sufficiently funded through to the commencement of the construction of its flagship potash project, the Kola Sylvinite¹ Project, in the Republic of Congo (RoC). The Board of Elemental is in discussions with SUMMIT about the proposal and will revert to shareholders in due course.

SUMMIT and the Company are discussing a proposed new strategy, which includes partnering with a team of world-class, experienced, project engineers and project managers, including Vinci Construction Group, Technip France S.A., Egis Group, and Louis Dreyfus Armateurs (collectively known as "the Construction Consortium") and which may involve:

Creation of a Master Plan, which sets a comprehensive strategic overview of Elemental's Kola, Dougou and Yangala projects, in order to evaluate how best to incorporate these projects within the overall development of Sintoukola.

Completing a comprehensive Definitive Feasibility Study for the Kola Mine ("DFS"), inclusive of pre-engineering works, enabling the Construction Consortium to produce an open-book, fixed price, binding Engineering, Procurement and Construction ("EPC") offer.

Concluding a binding EPC contract, early contractor involvement through DFS by the Construction Consortium results, within 3 months of completion of the DFS, in the submission by the Construction Consortium to the Company of a binding turn-key fixed priced EPC proposal for the build of the Kola Mine.

Enhancing the Company's financing capability, the credentials of the Construction Consortium (set out below), supported by significant financing from key strategic investors, enhances the ability of Elemental to finalise project financing and delivery in an accelerated timeline.

¹ Sylvinite: a rock comprising of the potash mineral sylvite (KCl) and other minerals such as halite (NaCl).



Accelerate towards Construction, where the above factors may allow the Company to target commencing the construction of the Kola Mine within 24 months.

Moving directly to planning for full scale construction of a 2 Mtpa MOP² operation, rather than a phased approach.

The Construction Consortium provides the Company the opportunity to access their combined individual and collective expertise in engineering, construction, procurement, transshipment and project management skills on mega projects. The non-binding Proposal envisages the Company appointing the Construction Consortium to lead the DFS, following which they will provide the Company on the basis of early contractor involvement, with a binding EPC proposal for the project build of Kola as well as Build, Own, Operate and Manage (“BOOM”) contract for a Transshipment Operation and Maintenance Contract.

The rationale for SUMMIT proposing the Construction Consortium is their:

- African expertise and relationships especially in the Republic of Congo,
- track record
- experience in mega project development, construction, and execution which contribute to creating confidence in terms of delivery and are critical factors when raising and finalising the debt financing for the mine build.

FINANCING

SUMMIT’s non-binding proposal proposes an equity investment of at least US\$40 million into the Company by way of new equity at AUD\$ 0.20 per new share, to be injected by SUMMIT Private Equity’s consortium of investors. The final amount of the equity investment will be agreed between the Company and the investors following further discussions.

The proposal contains other customary terms for a strategic investment of this nature including the investor having the right to appoint a director/s to the Board of Directors of the Company.

The proposal as received by the Company is non-binding and remains subject to the negotiation of its terms by the parties. It remains subject to a number of conditions within and outside the Company’s control, including due diligence, formal documentation, internal approvals by SUMMIT and various consortium members and approval by the Company’s Board and Shareholders. There is a risk that one or more of these conditions may not be satisfied, and investors are cautioned against making investment decisions having regard to this proposal.

The Company believes that the SUMMIT proposal may have merit and believes it is prudent to enter into further negotiations with SUMMIT to see if an agreement can be reached on the terms of the non-binding proposal. The Company will keep shareholders informed of any material developments as negotiations progress.

² MOP: Muriate of Potash, the final product composed of a minimum of 95% KCl

SUMMARY

In summary the proposal is intended to:

- provide the Company with sufficient funds to advance the Kola Mine DFS on the basis of an upfront 2Mtpa mine build;
- deliver a binding fixed price EPC contract within 3 months of delivery of the DFS;
- enhance the ability of Elemental to finalise project financing and project delivery in an accelerated timeline;
- avoid excessive dilution of existing shareholders that arises through the numerous and successive capital raisings that would otherwise be necessary to advance the project to an advanced stage of development at potentially a higher overall development cost due to the phased approach.

BACKGROUND

About SUMMIT - www.summitpe.com

SUMMIT private equity is a private equity investment group providing distinct perspective on value creation.

The SUMMIT team brings together a blend of intellectual capital and experience across industries, geographies and market cycles, giving us exceptional insight into their client's needs, and an intuitive grasp of the right strategic solutions and innovative transaction structures. The potential investment will be completed through its listed SUMMIT Balanced Fund.

About VINCI GROUP - www.vinci-construction.com/en/group

A French concessions and construction company founded in 1899 as Société Générale d'Enterprises. It employs over 185,000 people and is the largest construction company in the world by revenue. Vinci is listed at Euronext's Paris stock exchange and is a member of the CAC 40 index. Its head office is in Paris. They have an extensive track-record in terms of all types of construction covering all aspects of the mine life cycle, including areas such as, mine access, water management, pipelines, energy, pits, tunnels, galleries and underground works, civil works, roadways and railway infrastructure, earthworks, jetties, quays and exploration to name a few.

Sogea Satom (www.sogea-satom.com) a wholly owned subsidiary of Vinci Group has been active in Africa for more than 90 years, operates in over 20 African countries employing in excess of 15,000 people, making it the foremost construction company in Africa with a definitive understanding of political climate and cultural nuances associated with working on the continent. Sogea Satom has operated in the Republic of Congo since 1963.

Total annual revenues for Vinci Group stand at more than €38.7 billion annually.

About TECHNIP S.A. - www.technip.com/en

Founded in 1958, as an engineering company, Technip today employs over 36,000 people and operates in 48 countries. Technip shares are listed on the NYSE Euronext Paris exchange and the USA over-the-counter (OTC) market as an American Depositary Receipt (ADR: TKPPY). Technip provides all or part of the services for basic and detail engineering, procurement,

construction and project management. They have an extensive track record in the implementation of large turnkey contracts and the arrangement of related international financing on behalf of their clients. They work with partners from all parts of the globe and implement a global procurement policy that enables Technip to obtain the most competitive prices on the international market. As such they are thus in a position to fulfill the expectations of operators wanting to entrust the largest possible range of services to a single contractor able to manage all aspects of a major project at optimized cost.

Total annual revenues stand at more than €10.7 billion.

About EGIS GROUP - www.egis-group.com

Egis, a subsidiary of the French “Caisse des Dépôts” and “Iosis Partenaires” (shareholding by executive partners and employees) on a 75%-25% basis, is a consulting and engineering group working in the fields of construction for transport, urban development, buildings, industry, water, the environment and energy. The group is also involved in project financing, tolling, road and airport operations. The new group results from the merger, on 1 January 2011, of Egis, a leader in infrastructure engineering and Iosis, a French leader in construction and civil nuclear engineering. Egis provides engineering services in the field of urban development, from buildings to transport infrastructure: hospitals, tertiary buildings, stadiums, museums, stations, airports, tramways; and major transport and civil engineering projects: high-speed railway lines, motorways, port terminals, civil nuclear engineering, etc.; as well as sectors such as water, the environment and landscaping. Egis has been present in the Republic of Congo since 2009.

Total annual revenues stand at more than €800 million per year.

About LOUIS DREYFUS ARMATEURS - www.lda.fr/home-139

Louis Dreyfus Armateurs Group a family owned business founded in 1851 is a French company involved in maritime transportation and services offering a worldwide presence with around 1,600 seagoing and office-based personnel. Although being clearly separate entities the LDA Group has shareholders in common with Louis Dreyfus Commodities, a global conglomerate company that is involved in agriculture, oil, energy and commodities (global processing, trading and merchandising). Able to offer its dry bulk chain customers a full range of services, LDA is a leading global player in transport and logistics. As an inventive port operator, LDA Group is a valued partner for logistics innovation worldwide. Thanks to strategic diversification conducted since the late 1990s into high added value maritime activities, LDA now also offers its clients tailor-made industrial maritime solutions. LDA is a fully integrated ship-owner, offering all the services from ship design to the maritime operations by its own crewmembers.

Louis Dreyfus Armateurs is a non-listed company.

About TRX - www.trxinvest.com

The activities of what is now TRX began in 1985 in Rio de Janeiro and has evolved over the last 30 years into a global advisory boutique which provides independent, conflict free services in the development, financing and management of major infrastructure projects, from their conception, design and construction into their financing and operating phases. TRX also provides strategic advice for corporate clients relating to project finance, M&A, raising capital and restructuring issues.

TRX now operates 6 offices distributed in the Americas and Europe. Their services are provided by 80 globally distributed associates, which individually and collectively offer relevant technical, commercial, legal and financial expertise. TRX's team not only draws upon a diverse range of backgrounds but also brings together deep and diversified networks of trusted and long-standing relationships. TRX has strategically developed its team to address the growing needs of its clients to now

become a unique and trusted advisor to whom all stakeholders now turn to for efficient, goal oriented and successful advice and for access to a privileged and essential network of key partners.

The scale, reputation, expertise and network of TRX in Brazil are unmatched and provide a strategic advantage in that we are involved at the outset of projects and transactions. Our international clients, including promoters, financiers, engineers and constructors all value this highly competitive advantage. This remains the benchmark and heritage on which TRX's global growth is founded.

About Elemental Minerals Limited

Elemental Minerals Limited (ASX: ELM) is an advanced stage mineral exploration and development company whose primary asset is 97%-owned Sintoukola Potash SARL (SP) in the RoC. SP holds 100% ownership of the Sintoukola Exploration Permit and 100% of the Kola Mining Lease, within which the Kola, Dougou and Yangala Projects are located.

These properties are easily accessed, being located approximately 80km to the north of the city of Pointe Noire. The 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. The three projects are at varying stages of development; the Kola sylvinitic Project is the Company's lead project.

Kola is a large sylvinitic deposit, for which a Pre-Feasibility Study (PFS) defined Proven and Probable Reserves of 152 Mt of sylvinitic ore³ with an average grade of 31.7% KCl to be mined by conventional underground methods (at a depth of between 200 and 300 m), for a full scale production of 2 Mtpa Muriate of Potash (MoP) by 2024. A Mining License and ESIA approval for Kola were granted in August 2013⁴.

The Dougou Deposit is 15 km southwest of Kola and is a very large carnallitic deposit with a Measured and Indicated Potash Mineral Resource of 1.1 billion tonnes grading 20.6% KCl (at a depth of between 400 and 600 metres) hosted by 35-40 metres of carnallitic within 4 flat-lying seams⁵. A Scoping Study was completed by ERCOSPLAN of Germany in February 2015⁶. This Study indicates that a low capital cost, low operating cost (Life of Mine operating cost of US\$68 per tonne MOP), quick to production carnallitic⁷ solution mine can be established at Dougou, taking advantage of the deposit quality and availability of cheap energy in the RoC.

The Yangala Sylvinitic Prospect lies immediately west of Dougou. At Yangala, the Company has drilled two holes, both intersecting a flat-lying layer of over 4 to 4.5 metres thickness with a grade of between 57 and 60% KCl, a candidate for the world's highest grading potash seam⁸. An Exploration Target of 235 to 470 Mt grading 55 to 60 % KCl was announced on 27th January 2015⁹.

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.

³ NI 43-101 Technical Report. PFS for the Kola Deposit, 17 September 2012 (SRK Consulting)

⁴ Announcement dated 15 August 2013: Elemental Minerals Announces Award of Mining License for the Kola Potash Project.

⁵ Announcement dated 9 February 2015: Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit.

⁶ Announcement dated 17 February 2015: Results for the Dougou Potash Project Scoping Study

⁷ Carnallitic: a rock comprising of the potash mineral carnallite (KMgCl₃·6H₂O) and other minerals such as halite (NaCl).

⁸ Announcement dated 20 October 2014: Elemental Minerals Announces results for the Phase 1B drilling programme in the Dougou-Yangala area (part of the Sintoukola Potash Project) in the Republic of Congo (RoC).

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

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

Table 1. Elemental Minerals' potash Resources

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 21st 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 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.

| Category | Million Tonnes | Grade KCl % |
|--------------|----------------|--------------|
| Proven | 88 | 31.68 |
| Probable | 64 | 31.69 |
| TOTAL | 152 | 31.69 |

Table 2. Elemental Minerals' potash Ore Reserves

Notes: The Kola Sylvinite Mineral Reserves were determined by SRK Consulting and described in detail in the report titled 'NI 43-101 Technical Report for the Sintoukola Potash Project, Republic of Congo' dated 17 September 2012 and have not changed since then.

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.

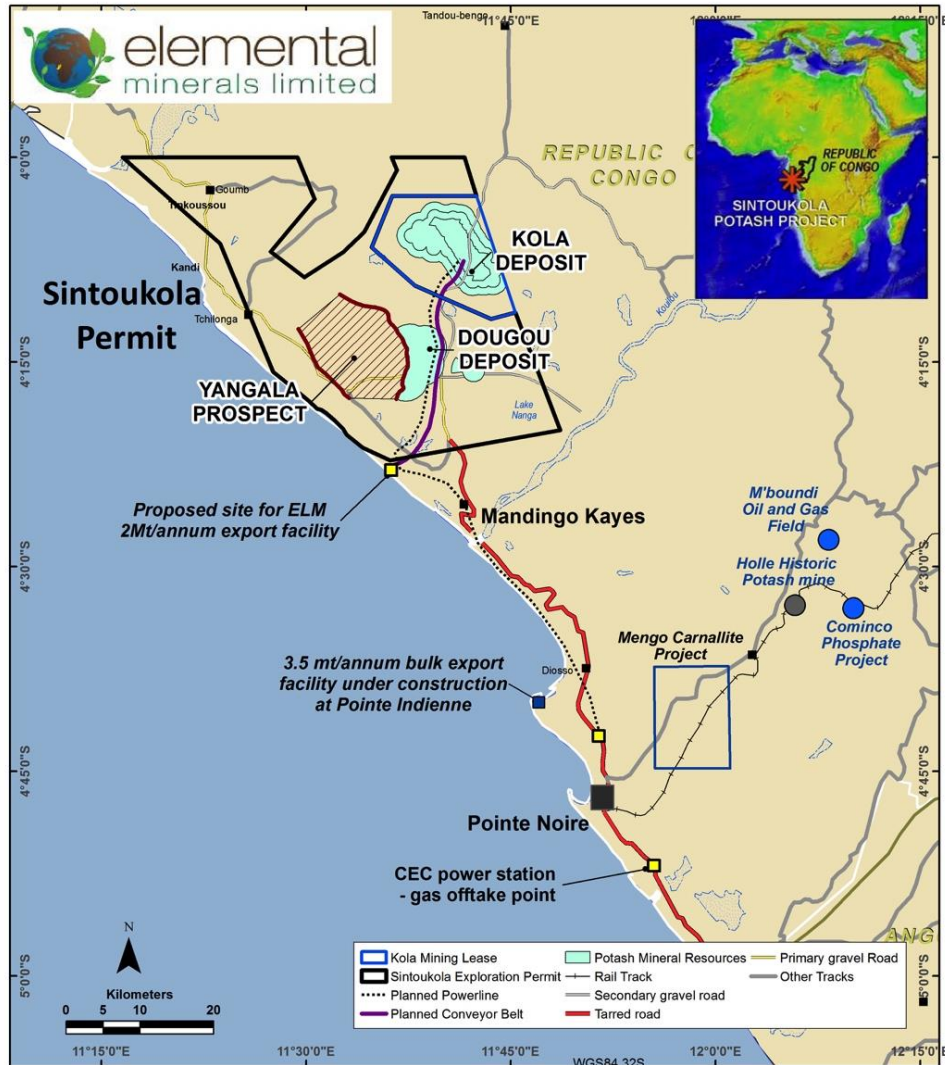


Figure 1: Location of the Kola and Dougou Projects within the Sintoukola Permit in relation to available infrastructure