



ELEMENTAL MINERALS REVIEW OF OPERATIONS

FOR THE QUARTER ENDED 30 JUNE 2016

Perth, Australia – 1 August 2016 – Elemental Minerals Ltd. (ASX: ELEMENTAL) ("**Elemental**" or "**the Company**") is pleased to provide the following quarterly update on its corporate activities and activities at its Sintoukola Potash Project located in the Republic of Congo ("**RoC**")- Figure 1.

HIGHLIGHTS

- Completion of the Master Plan which provides a comprehensive strategic overview of Elemental's Kola, Dougou and Dougou Extension (previously referred to as Yangala) projects, and sets out planning considerations of common infrastructure works which could be utilised across all three projects
- Start of Early Works on the Kola DFS with the initiation of three work packages. The plan remains to initiate the Kola DFS in Q3 2016.
- The Dougou Environmental and Social Impact Assessment (ESIA) is continuing on schedule for submission to the national regulator in August 2016.
- Significant progress has been made on the 'Summit investment' details of which will be announced in due course.
- Mobilization to site of the drill contractor for Kola and Dougou Extension drill programs.

CORPORATE ACTIVITIES

During the Quarter, almost all of the Company's effort focused on making significant progress on the Summit investment¹, further details of which will be announced to shareholders in due course.

Lapsing of Options

The Company advises that 250,000 Unlisted Options exercisable at A\$1.12 expiring 23 April 2016 and 500,000 Unlisted Options exercisable at A\$1.18 expiring 1 April 2016 have lapsed.

¹ Announcement dated 26 November 2015

OPERATIONAL ACTIVITIES

Technical Studies

- The Company's engineering teams completed the Master Plan study, which provides a comprehensive strategic overview of Elemental's Kola and Dougou and Dougou Extension (previously referred to as Yangala) projects, and sets out planning considerations of common infrastructure works utilised across the different projects. These infrastructure synergies will provide a holistic design basis for the Kola Definitive Feasibility Study (DFS). The Master Plan was completed in mid-April 2016 and supports the Company's aim to produce in excess of 5Mtpa of MoP (Muriate of Potash) in the medium term from the project portfolio.
- Three early works studies have been launched in preparation for the start of the Kola DFS. These studies will ensure that the Kola DFS remains on schedule for a completion in 14 months from date of kick-off, which is expected in Q3 2016. The studies are focusing on construction modularization, run of mine ore transport and mine shaft access.
- The traffic survey and archaeological baseline study for the Dougou ESIA were performed in the quarter, which means that all baseline studies are now completed. Final reports are being drafted and the study remains on track for submission to the regulator in August 2016.
- The company continued preparation and clarification meetings with its engineering teams to ensure good alignment to facilitate a quick start to the DFS.

ROC Regulatory requirements

- The Company has submitted the Mining Permit application for the Dougou area to the Ministry of Mines on May 17th 2016 targeting the award in early 2017 following the submission of the ESIA in August 2016.

Field Work and Exploration Activity

KOLA SYLVINITE PROJECT

Processing of Elemental's 2010/2011 surface seismic data for the Kola deposit by DMT Petrologic GmbH (DMT) of Germany continues and has yielded excellent results so far. The work will be completed during Q3 2016. Improved resolution and depth conversion of the seismic data will translate into further gains in confidence of the updated resource model, which will be used for the Kola DFS.

Three sites have been selected for the drilling of 3 drillholes at Kola, to test specific settings with the aim of providing data to support an expansion of the resource in certain areas. All drilling equipment is on site and ready for start-up as soon as the Summit investment is complete.

DOUGOU EXTENSION PROSPECT (PREVIOUSLY REFERRED TO AS THE YANGALA SYLVINITE PROSPECT)

All drilling equipment is at site for the drilling of an additional 8 holes (minimum 4 000 m). This drilling is designed to follow up on Elementals two existing holes at this Prospect², testing the Exploration Target of 235 to 470 Mt grading 55 to 60% KCl, as announced in 2015³

(The reader is cautioned that an Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. There is no guarantee that further exploration will lead to the delineation of a Mineral Resource)

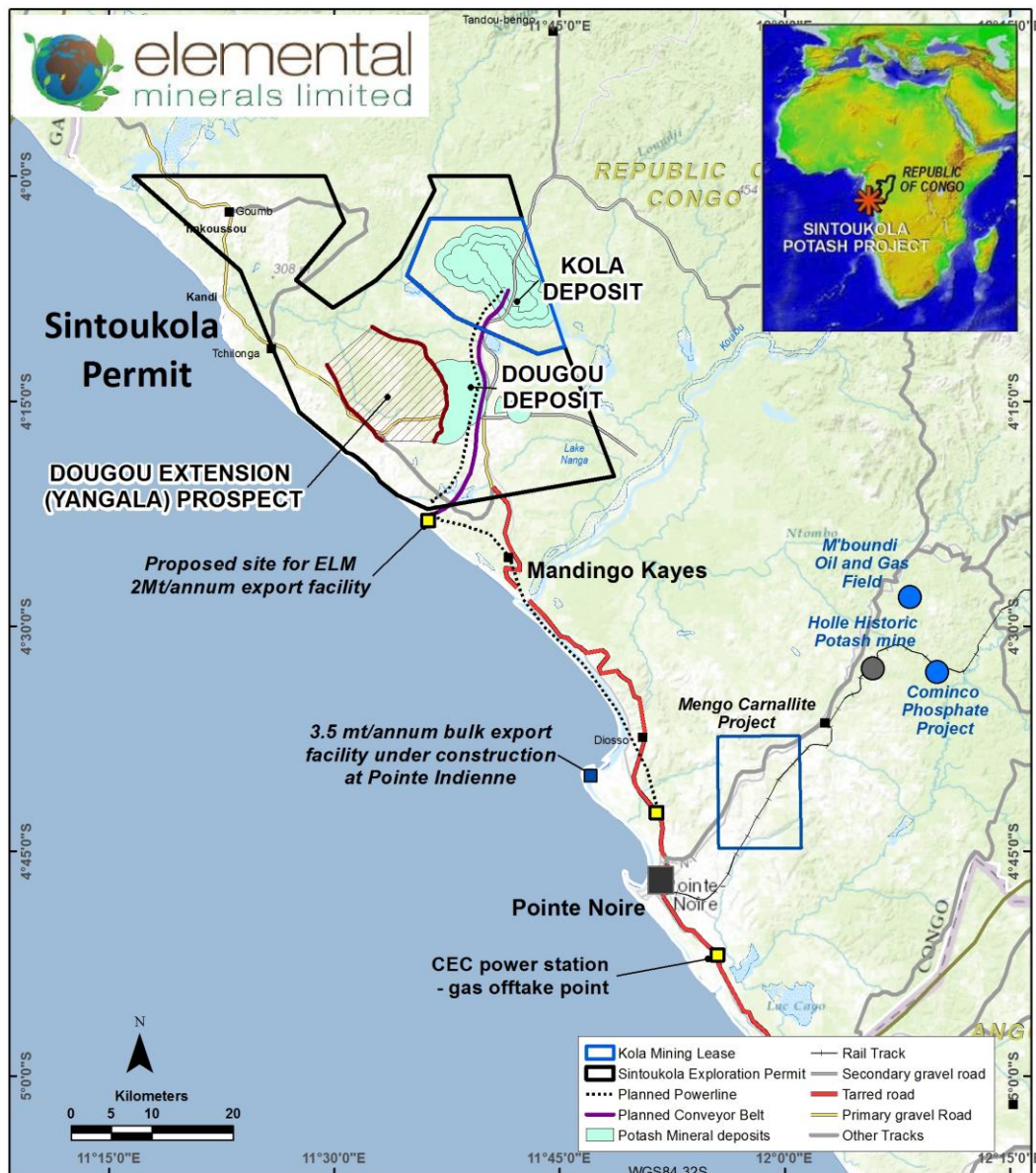


Figure 1. Location of the Sintoukola Project showing the Doukou, Kola and Doukou Extension (previously referred to as Yangala) Projects, and available infrastructure.

² Announcement dated 20 October 2014: Elemental Minerals Announces Exceptional Results from Doukou-Yangala Drilling

³ Announcement dated 27 January 2015: Elemental Minerals Announces an Exploration Target for the High Grade Sylvinitic Hangingwall Seam at the Yangala Prospect.

Table 1. Elemental Minerals' Potash Mineral Resources and Exploration Targets

	Category	Million Tonnes	Grade KCl %	Grade K ₂ O %
Kola Sylvinite Deposit	Measured	264	33.7	21.3
	Indicated	309	32.6	20.6
	Inferred	475	32.5	20.5
	TOTAL	1,048	32.8	20.7
Kola Carnallitite Deposit	Measured	295	17.8	11.3
	Indicated	449	18.7	11.8
	Inferred	473	18.8	11.9
	TOTAL	1,217	18.5	11.7
Dougou Carnallitite Deposit	Measured	148	20.1	12.7
	Indicated	920	20.7	13.0
	Inferred	1,988	20.8	13.1
	TOTAL	3,056	20.7	13.1
TOTAL MINERAL RESOURCES	Measured	707	24.2	15.3
	Indicated	1,678	22.3	14.1
	Inferred	2,936	22.3	14.1
	TOTAL	5,321	22.6	14.3
Dougou Extension Prospect (previously referred to as Yangala)	Exploration Target* (not a Mineral Resource)	235 to 470	55 to 60	35 to 38

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 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 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 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. *An Exploration Target is not a mineral resource, there being insufficient exploration data to support a resource model and estimate, and there is no guarantee that it will become a resource with additional exploration. For details the reader should refer to the announcement dated 27 January 2015: Elemental Minerals Announces an Exploration Target for the High Grade Sylvinite Hangingwall Seam at the Yangala Prospect

Table 2. Elemental Minerals' Potash Mineral Reserves

	Category	Million Tonnes	Grade KCl %
Kola Sylvinite	Proven	88	31.68
	Probable	64	31.69
	TOTAL	152	31.69

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. Mineral Reserves have not changed since that date. Mineral Reserves are not in addition to Mineral Resources but are determined from Mineral Resources by the application of modifying factors.

About Elemental Minerals Projects and Tenement Details

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. The Company has three projects at varying development stages: SP has 100% ownership of the Kola Mining Lease within which the Company's lead project, the Kola deposit is located. SP also has 100% ownership of the 1067 km² Sintoukola Exploration Permit which contains the Dougou deposit and Dougou Extension Prospect (previously referred to as Yangala).

These projects are easily accessed, being located approximately 80km to the north of the city of Pointe Noire and 15 to 30km from the coast. The Projects have the potential to be among the world's lowest-cost potash producers and their location near the coast offers a transport cost advantage to key Brazilian and Asian fertilizer markets.

Kola is a large sylvinitic deposit, for which a Pre-Feasibility Study (PFS) defined Proven and Probable Reserves of 152 Mt of sylvinitic ore⁴ 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 2022. A Mining License and ESIA approval for Kola were granted in August 2013⁵.

The Dougou Deposit is 15 km southwest of Kola and is a very large carnallite 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 carnallite within 4 flat-lying seams⁶. A Scoping Study was completed by ERCOSPLAN of Germany in February 2015⁷. 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 carnallite⁸ solution mine can be established at Dougou, taking advantage of the deposit quality and availability of cheap energy in the RoC.

The Dougou Extension Prospect (previously referred to as Yangala) lies immediately west of Dougou. Here the Company has drilled two holes, both intersecting a flat-lying layer of thickness 4 to 4.5 metres with a grade of between 57 and 60% KCl. In 2015, Elemental announced an Exploration Target for this prospect of 235 to 470 million tonnes grading between 55 and 60 % KCl (refer to note below table 1 for the definition of Exploration Target).

For more information contact us or visit www.elementalminerals.com.

Contacts:

Sean Bennett	Leonard Math
Managing Director	Non-Executive Director
Tel: +27 11 469 9140	Tel: +61 8 9463 2463
sean.bennett@elementalminerals.com	leonard.math@elementalminerals.com

Johannesburg Office: +27 11 469 9140

www.elementalminerals.com

- ENDS -

⁴ NI 43-101 Technical Report. PFS for the Kola Deposit, 17 September 2012 (SRK Consulting)

⁵ Announcement dated 15 August 2013: Elemental Minerals Announces Award of Mining License for the Kola Potash Project.

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: Results for the Dougou Potash Project Scoping Study

⁸ Carnallite: a rock comprising of the potash mineral carnallite (KMgCl₃·6H₂O) and other minerals such as halite (NaCl).

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 described herein; 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 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 2016

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	- - - (501)	- - - (1,216)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (R & D Refund)	-	-
Net Operating Cash Flows	(500)	(1,213)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) exploration, development and evaluation (b) equity investments (c) other fixed assets	(2,055) - -	(3,067) - -
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	(2,055)	(3,067)
1.13 Total operating and investing cash flows (carried forward)	(2,555)	(4,280)

+ 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)	(2,555)	(4,280)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	3,315
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	-	3,315
	Net increase (decrease) in cash held	(2,555)	(965)
1.20	Cash at beginning of quarter/year to date	4,100	2,430
1.21	Exchange rate adjustments to item 1.20	(23)	57
1.22	Cash at end of quarter*	1,522	1,522

* AUD\$2.05m @ 0.74173

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	128
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

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

+ See chapter 19 for defined terms.

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	1 128.0
4.2 Development	-
4.3 Production	-
4.4 Administration	925.0
Total	2 053.0

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	1,522	4,100
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,522	4,100

+ 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	433,361,970	433,361,970	-	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>
	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	250,000 500,000		AUD\$1.12 AUD\$1.18	23/04/2016 01/04/2016
7.11	Performance Rights Issued under the Company's Performance Rights Plan	2,666,090 2,666,090 2,666,090 4,750,000 13,000,000 7,968,750	Class A Class B Class C		16/09/2017 16/09/2018 16/09/2019 06/12/2020 01/03/2021 01/03/2021
7.12	Issued during quarter	-	-		
7.13	Vested during the quarter	-	-		
7.14	Expired during the quarter	-	-		

+ See chapter 19 for defined terms.

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 2016

Print name: Leonard Math

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.

== == == == ==

+ See chapter 19 for defined terms.