

MARKET UPDATE

Perth, Australia 2 August 2016 - The Board wishes to update shareholders about the status of the proposed investment in the Company by the Summit Consortium.

No investment has yet been agreed, but the Summit Consortium has agreed to pay the Company US\$300,000 to extend the current exclusivity arrangements it has with the Company to the end of August 2016, with the right, for an additional US\$400,000 fee, to extend exclusivity for a further month.

There remains a risk that no investment will be agreed with the Summit Consortium or that any proposed investment will not complete. Consequently, investors are cautioned against making investment decisions based on this proposal.

- ENDS -

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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.

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DIRECTORS

Chairman: David Hathorn
Managing Director: Sean Bennett
Non-exec Director: Jonathan Trollip
Non-exec Director: Leonard Math

ISSUED CAPITAL

(As at – 29 July 2016)
433.2m Ordinary Shares
ASX Code: ELM

