



ELEMENTAL MINERALS REVIEW OF OPERATIONS

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

Perth, Australia – 31 October 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 2.

HIGHLIGHTS

- The Summit transaction for US\$50m was signed on 1 September 2016.
- Continued Early Works on the Kola DFS with the completion of three trade-off studies and ongoing preparation for the upcoming fieldwork campaign. The plan remains to initiate the Kola DFS with the French Consortium in Q1 2017.
- The Dougou Environmental and Social Impact Assessment (ESIA) was completed and submitted to the national regulator on 30 August 2016.
- The Draft Mining Convention has been submitted to the Ministry of Mines on 3rd October 2016.
- A new exploration license has been applied for on 4th October 2016 in anticipation of the current exploration license expiring on January 2017.
- Rigs ready to commence a 3 hole programme at Kola as part of the DFS, and an 8-hole exploration programme at Dougou Extension (previously known as Yangala).

CORPORATE ACTIVITIES

Summit Transaction

During the Quarter, much of the Company's effort focused on finalising the Summit proposal to raise US\$50m which was signed on the 1st September 2016. Approval from shareholders was received on 20 October 2016 and completion is expected shortly.

DFS Contract

The DFS Proposal and contract have been circulated to SQM and SGRF and final negotiation with the French Consortium will take place by mid-November.

OPERATIONAL ACTIVITIES

Technical Studies

- Three early works studies were launched in the previous quarter in preparation for the start of the Kola DFS. The studies were completed with the following results:
 - The overland conveyor belt remains the preferred method for transporting ROM ore from Kola to Tchiboula. A slurry pumping system was considered as an alternative, but this shows no capex or opex advantages.
 - A decline excavated with a tunnel-boring machine (TBM) was compared to the vertical shaft system at Kola. The study showed, that whilst the decline shows some operational benefits, the vertical shaft remains the preferred option at Kola due to the increases in construction schedule and higher capex associated with the decline.
 - Large scale modularization will not be further considered for the processing plant at Tchiboula. The study showed that sufficient skills are available in-country and site logistics and constraints are favorable to support a stick-build approach to the plant.
- The Dougou ESIA was submitted to the regulator on 30 August 2016. Feedback from an inter-ministerial commission is expected in Q4 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 which has been approved by the Ministry of Mines and transmitted to the Government for final approval and issuance through Decree during the next Cabinet meeting.
- The Company has applied for a new exploration license on 4th October 2016 relating to the area north of the Kola mining license as well as has submitted the Dougou mining license application, in anticipation of the current exploration license expiring on January 2017. The Company will sign a new research mining convention with the Government upon the granting of the new exploration license (see Figure 1).
- The Company has submitted the draft mining convention on 4th of October 2016, governing both the Kola and the future Dougou mining licenses; negotiation with the Government commission is anticipated by mid-November.

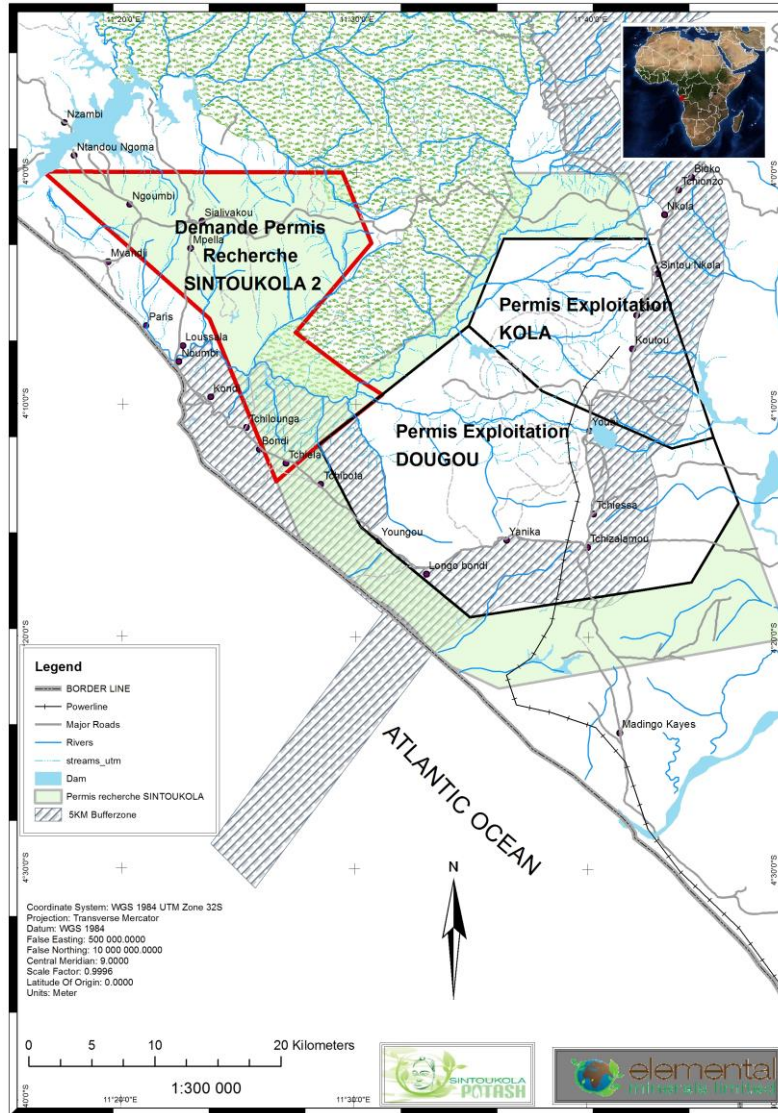


Figure 1. Location of the new exploration license area (in red) West of Kola and North of Dougou.

Field Work and Exploration Activity

KOLA SYLVINITE PROJECT

Access roads and drill pads have been cleared at the 3 drill-hole sites at Kola. The holes are designed to test specific settings with the aim of providing data to support an expansion of the resource. All drilling equipment is on site and ready for start-up as soon as the Summit transaction is concluded.

The processing by DMT Petrologie GmbH (DMT) of Germany of the 2010 and 2011 seismic data for Kola is nearing completion; final data handover will take place early November 2016. Improved resolution and depth conversion of the seismic data should translate into further gains in confidence of the updated resource model, which will be used for the Kola DFS.

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

The initial 4 holes of an 8 hole exploration programme have been laid out. The drilling is designed to test the Exploration Target of 235 to 470 Mt grading 55 to 60% KCl, announced in 2015¹. Elemental has drilled two holes at this Prospect, 1.4 km apart. ED_01 drilled in 2012 contained 4.47 metres grading 57.66 % KCl (36.41 % K₂O) from a depth of 421.93. ED_03 drilled in 2014 returned an intersection of 59.48 % KCl (37.56 % K₂O) over a thickness of 4.21 metres, from a depth of 398.95 metres². These intersections are among the highest grade globally for a potash seam of significant thickness.

(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)

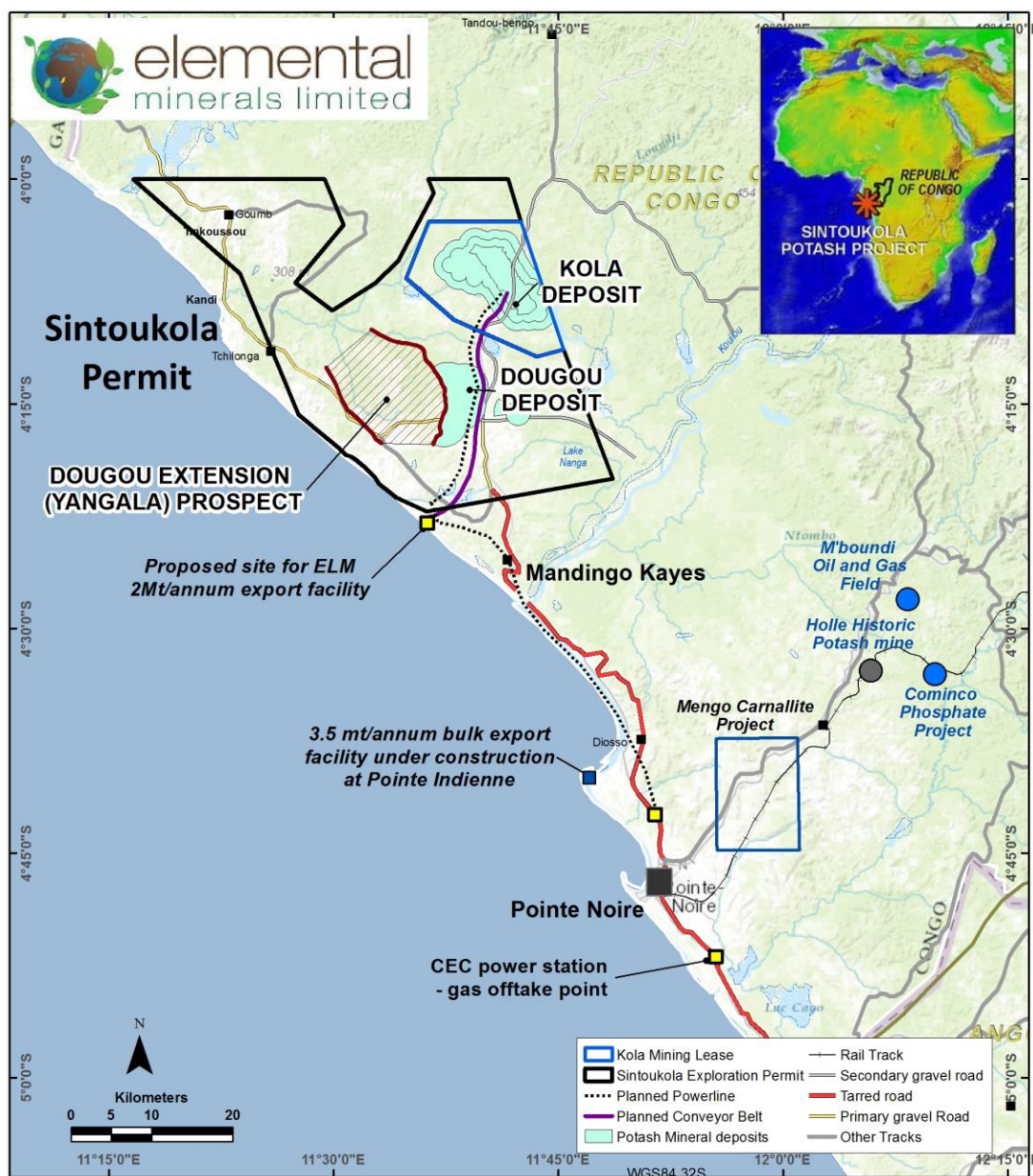


Figure 1. Location of the Sintoukola Project showing the Dougou, Kola and Dougou Extension (previously referred to as Yangala) Projects, and available infrastructure.

¹ Announcement dated 27 January 2015: Elemental Minerals Announces an Exploration Target for the High Grade Sylvinitic Hangingwall Seam at the Yangala Prospect.

² Announcements dated 4 September 2012 and 20 October 2014

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 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 2022. 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 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 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 carnallite⁷ 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 -

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 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, 01/05/13, 01/09/16

Name of entity

ELEMENTAL MINERALS LIMITED

ABN

31 108 066 422

Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(830)	(3,898)
(b) development	-	-
(c) production	-	-
(d) staff costs*	(23)	(68)
(e) administration and corporate costs	(411)	(1,582)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,264)	(5,544)

*Majority of staff costs are allocated in payments for exploration & evaluation

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	3,315
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Deposits received for share application	300	300
3.10	Net cash from / (used in) financing activities	300	3,615

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,522	2,429
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,264)	(5,544)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	3,615
4.5	Effect of movement in exchange rates on cash held	(3)	55
4.6	Cash and cash equivalents at end of period	555	555

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	555	1,522
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	555	1,522

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	95
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

All transactions involving Directors and associates were on normal commercial terms.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. Estimated cash outflows for next quarter	\$US'000
9.1 Exploration and evaluation	2,520
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	1,318
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	3,838

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 31 October 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.