

Prospectus

Elemental Minerals Limited

ABN 31 108 066 422

For a non-renounceable pro rata Offer to Eligible Shareholders of 1 New Share for every 6 Existing Shares held at an issue price of \$0.18 per New Share, with 3 free attaching New Options (exercisable at \$0.25 within 15 months from issue) for every 2 New Shares issued (**Offer**), to raise approximately \$9.47 million before issue costs.

ASX Code: ELM

The Offer is fully underwritten by Patersons Securities Limited. See section 8.4 for details of the Underwriting Agreement.

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Securities being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Securities offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notice

This Prospectus is dated 12 September 2014 and was lodged with ASIC on that date. Application has been made to ASX for quotation of the New Securities offered under this Prospectus on 9 September 2014.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company's website at www.elementalminerals.com or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalized Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalized Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.5 of this Prospectus for further information).

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

Disclaimer of representations

No person is authorized to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Please read the privacy information located in section 8.16 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries

If you have any questions please call the Company Secretary on +61 8 9322 2700 or Advanced Share Registry Services (**Share Registry**) on +61 8 9389 8033 at any time between 8.00am and 5.00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker or other professional adviser.

Key Investment Highlights and Risks

- Non-renounceable rights issue to raise up to \$9.47m, fully underwritten by Patersons Securities. Issue price at a 16% discount to the 7 day VWAP of A\$0.215 with 3 free attaching options (exercisable at \$0.25 within 15 months from issue) for every 2 New Shares subscribed for.
- Funds raised will be used as follows:
 - Continue current studies to reduce the initial capital requirement for the Kola Project by introducing a phased implementation approach are ongoing and planned for completion before the end of 2014.
 - Accelerate the search for a strategic partner to fund the DFS and implementation of the Kola Project.
 - Advance the Dougou carnallite deposit to scoping study level. The recently defined potash Mineral Resource is 1.29b tonnes grading 21.72% KCl. Coupled with the grade and low insoluble content, the apparent continuity of grade and thickness and the gentle dip of the seams at Dougou, may provide key advantages for extraction by solution mining.
 - Continue exploration at the Yangala sylvinite prospect which has potential to host very high-grade sylvinite Hangingwall Seam. ED_01 drilled close to the edge of Yangala in 2012, intersected Hangingwall Seam of thickness 4.47 metres, grading 57.66% KCl.
- KOLA PROJECT
 - World class very high grade deposit- Measured and Indicated Mineral Resource 573Mt @ 33% KCl
 - High quality shallow sylvinite, lowest quartile industry costs
 - PFS complete, mining licence awarded, ESIA approved
 - Project after-tax NPV10% of US\$2.97bn, IRR of 29%: 2012 PFS
 - 36km from the coast and close to Brazilian and Asian markets
- DOUGOU EXPLORATION
 - High grade intersection- drill hole ED-01 4.47m @ 57.7% KCl
 - Inferred Mineral Resource of 1.29 billion tonnes @ 21.72 % KCl
 - 15km from the coast
 - Less than 10% of 1408 km² licence explored
 - Target generation complete- 40kms zone still to be drilled
- KEY RISKS (see section 6 for details)
 - Requirement for further funds to successfully complete the current studies and obtain a project partner, and significant costs and risks to develop to production.
 - Project located in Central Africa and subject to risks of operating in West Africa.

Table of Contents

1	TIMETABLE TO THE OFFER	5
2	KEY OFFER TERMS AND CAPITAL STRUCTURE.....	5
3	CHAIRMAN'S LETTER	6
4	INVESTMENT OVERVIEW AND KEY RISKS	7
5	PURPOSE AND EFFECT OF THE OFFER.....	9
6	RISK FACTORS	12
7	ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS	17
8	DETAILS OF THE OFFER.....	21
9	RIGHTS AND LIABILITIES ATTACHING TO SHARES	27
10	ADDITIONAL INFORMATION.....	31
11	DIRECTORS' RESPONSIBILITY AND CONSENT	37
12	GLOSSARY	38

Corporate Directory

Directors

Mr Robert (Sam) Middlemas	(Non Exec. Chairman)
Mr John Sanders	(Managing Director)
Mr Leonard Math	(Non Exec. Director)

Registered Office

14 Emerald Terrace
West Perth WA 6005
Tel: +61 8 9322 2700
Fax: +61 8 9322 7211

Underwriter

Patersons Securities Limited
Level 23 Exchange Plaza
2 The Esplanade
Perth WA 6000

Website

www.elementalminerals.com

Joint Company Secretary

Mr Leonard Math
Mr Lawrence Davidson

Share Registry

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Tel: +61 8 9389 8033
Fax: +61 8 9262 3723

Solicitors to the Offer

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
West Perth WA 6005

Auditor*

Deloitte Touche Tohmatsu
Woodside Plaza, Level 14
240 St Georges Terrace
Perth WA 6000

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus

1 TIMETABLE TO THE OFFER

Lodgment Date	12 September 2014
Ex Date - Shares trade ex Entitlement	19 September 2014
Record date to determine Entitlement	23 September 2014
Prospectus with Entitlement and Acceptance Form dispatched	26 September 2014
Offer opens for receipt of Applications (Opening Date)	26 September 2014
Closing date for acceptances (Closing Date)	8 October 2014
Deferred settlement trading	9 October 2014
Issue of New Securities	15 October 2014
Normal trading of New Securities expected to commence	16 October 2014

Note:

The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the Closing Date. As such the date the New Shares are expected to commence trading on ASX may vary.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Shares currently on issue ¹	315,663,391
Options currently on issue ²	18,941,226
New Shares offered under this Prospectus ¹ at \$0.18 per New Share	52,610,565
New Options offered under this Prospectus (exercisable at \$0.25 within 15 months of issue) ³	78,915,847
Amount raised under this Prospectus (before costs) ¹	\$9,469,901

Note:

- 1 This assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.
- 2 See section 5.3 for the terms of the Company's Options currently on issue.
- 3 See section 9.2 for the terms of the New Options.

3 CHAIRMAN'S LETTER

Dear Eligible Shareholder,

On behalf of the Board, I have pleasure in presenting this Offer Document offering Eligible Shareholders the opportunity to participate in the fully underwritten 1 for 6 non-renounceable pro-rata entitlement offer at an issue price of \$0.18 per New Share with 3 free attaching new options (exercisable at \$0.25 within 15 months) for every 2 new shares issued to raise approximately A\$9.47 million (before costs). The issue price represents a 16% discount to the VWAP of the closing price on the ASX over the last 7 trading days prior to the announcement to ASX on 9 September 2014.

The net proceeds will enable the Company to continue current studies to reduce the initial capital requirement for the Kola Project by introducing a phased implementation approach, and hopefully attract a strategic partner into the project with financial resources to allow the financing and development of the project.

The funds will be used to advance the Dougou Carnallite Deposit (Dougou) to scoping study level. The recently defined potash Mineral Resource is 1.29 billion tonnes grading 21.72% KCl. coupled with the grade and low insoluble content, the apparent continuity of grade and thickness and the gentle dip of the seams at Dougou, may provide key advantages for extraction by solution mining. The Board is extremely excited with the Dougou's prospect.

The Company will also be focusing on exploring other areas within the license including the Yangala Sylvinite Prospect which has potential to host high-grade sylvinite Hangingwall Seam. ED_01 drilled close to the edge of Yangala in 2012, intersected Hangingwall Seam of thickness 4.47 metres, grading 57.66% KCl.

This Prospectus and personalised Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether to participate in this Offer. In particular Eligible Shareholders should consider the key risk factors outlined in section 6 of this Prospectus.

On behalf of your Board, I invite you to consider this investment opportunity and thank you for your ongoing support for the Company

Yours faithfully,



Sam Middlemas
Non-Executive Chairman

4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Securities.

Question	Response	Where to find more information										
What is being offered?	<p>1 New Share for every 6 Shares held on the Record Date at an issue price of \$0.18 with 3 free attaching New Options (exercisable at \$0.25 within 15 months) for every 2 New Shares issued.</p> <p>Assuming no Options are exercised prior to the Record Date), 52,610,565 New Shares will be issued.</p>	Section 5										
Is the Offer underwritten?	<p>The Offer is fully underwritten by Patersons Securities Limited.</p> <p>The underwriting is subject to certain usual terminating events.</p>	Section 8.2										
How will the proceeds of the Offer be used?	<p>The Company intends to use the funds raised from the Offer broadly as follows (A\$,000):</p> <table><tr><td>Drilling and exploration activities</td><td>4,560</td></tr><tr><td>Study related costs</td><td>550</td></tr><tr><td>In-country project operations</td><td>1,923</td></tr><tr><td>Corporate costs</td><td>1,755</td></tr><tr><td>Costs of the Offer</td><td>681</td></tr></table>	Drilling and exploration activities	4,560	Study related costs	550	In-country project operations	1,923	Corporate costs	1,755	Costs of the Offer	681	Sections 8.4 and 10.5
Drilling and exploration activities	4,560											
Study related costs	550											
In-country project operations	1,923											
Corporate costs	1,755											
Costs of the Offer	681											
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none">• Funding risks and capital risks - the Company's Sintoukola Project has further unfunded costs to complete a definitive feasibility study and significant costs to develop the project for production.• Production risks - Possible production is dependent upon successfully completing a definitive feasibility study and securing a project development partner.• The Company's project is in the Republic of Congo,	Section 6										

and is subject to risks in operating in Africa.

- As a junior explorer with no production or income, the Company is exposed to general commodity, market and economic condition risks.
- Exploration risks - Whilst the Dougou Deposit has inferred mineral resources and justifies further exploration, the Dougou Deposit carries exploration risk.

Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Securities.

What will be the effect on control of the Offer?	No person may acquire a relevant interest in 20% or more of the Company under the Offer.	Section 5.5
How do I apply for Shares under the Offer?	Applications can be made by Eligible Shareholders completing the personalized Entitlement and Acceptance Form and sending it to the Share Registry.	Section 7
How will the Shortfall Securities be allocated?	Any New Securities not applied for as Entitlement will, subject to the terms of the Underwriting Agreement be allocated at the Directors' discretion.	Section 8.7
How can I obtain further advice?	Contact the Company Secretary on +61 8 9322 2700 or the Share Registry on +61 8 9389 8033 at any time between 8.00am and 5.00pm (WST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.	

5 PURPOSE AND EFFECT OF THE OFFER

5.1 Introduction

The Company is seeking to raise up to approximately \$9.47 million before issue costs under the non-renounceable pro rata offer to Eligible Shareholders at a price of \$0.18 per New Share on the basis of 1 New Share for every 6 Existing Shares held as at the Record Date with 3 free attaching New Options (exercisable at \$0.25 within 15 months) for every 2 New Shares issued.

Patersons has agreed to fully underwrite the Offer. See section 8.4 for details.

5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds	Full Subscription (A\$,000)
Drilling and exploration activities	4,560
Study related costs	550
In-country project operations	1,923
Corporate costs	1,755
Costs of the Offer ¹	681
Total	9,469

1 See section 10.5 for details of costs of the Offer.

This table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis.

Elemental anticipates that the proceeds from the Offer will be utilised by around October 2015 (depending upon how quickly it progresses the activities outlined above).

5.3 Effect of the Offer on the Company's securities

The effect of the Offer will, assuming that no Options are exercised and full subscription is as follows:

- (a) Cash reserves will increase by approximately A\$8,788,901 (after costs).
- (b) The number of Options on issue will increase from 18,941,226 to 97,857,073.
- (c) The number of Shares on issue will increase from 315,663,391 to 368,273,956.

Assuming that no Options are exercised prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

Shares	Number	%
Existing Shares	315,663,391	85.71
New Shares	52,610,565	14.29
Total Shares	368,273,956	100.00

Options ¹	Full Subscription
Options exercisable at \$1.07 each on or before 16/02/15	4,500,000
Options exercisable at \$1.07 each on or before 19/05/15	4,450,000
Options exercisable at \$1.09 each on or before 9/01/16	500,000
Options exercisable at \$1.29 each on or before 13/02/16	300,000
Options exercisable at \$1.12 each on or before 23/04/16	250,000
Options exercisable at \$1.18 each on or before 1/04/16	500,000
Options exercisable at \$0.90 each on or before 22/05/17	250,000
Options exercisable at \$0.33 each on or before 15/04/18	6,691,226
Options exercisable at \$0.33 each on or before 26/06/18	1,500,000
New Options to be issued under this Prospectus exercisable at \$0.25 each within 15 months of issue	78,915,847
Total Options	97,857,073

- 1 In accordance with the terms of the existing Options, the exercise price for certain existing Options may reduce in accordance with Listing Rule 6.22.2. The Company will announce the reduced exercise price following the Offer.

5.4 Statement of financial position

Set out in schedule 1 is the reviewed Consolidated Statement of Financial Position of the consolidated entity and the unaudited Consolidated Pro-Forma Statement of Financial Position, as at 30 June 2014 and on the basis of the following assumptions:

- (a) the Offer was effective on 30 June 2014;
- (b) full subscription of approximately \$9.47 million;
- (c) costs of the Offer of \$681,000;
- (d) no further Shares (including by way of exercise of Options) or Options are issued other than all New Securities offered under this Prospectus;

- (e) the placement of 10,600,000 shares at A\$0.25 each for a total amount of USD\$2,474,191 on the 22 July 2014.

The significant accounting policies upon which the Consolidated Statement of Financial Position and the Consolidated Pro-Forma Statement of Financial Position have been prepared are based upon the accounting policies contained in the annual financial report for year ended 31 December 2013.

5.5 Effect on control and potential dilution

(a) Underwriter

The Underwriter has advised the Company:

- (i) that neither it, nor any of its associates, currently has a relevant interest in any Shares, and will not, as a result of the Offer, have a voting power of 20% or more in the Company; and
- (ii) two existing substantial Shareholders (Harlequin Investments Limited and EMC Investments Limited) have each agreed to sub-underwrite the Offer for 5,000,000 and 10,000,000 New Shares respectively.

(b) Sub-underwriter

Premier Capital Managers Ltd has agreed to sub-underwrite the issue of 30,555,555 New Shares on a priority basis with a first right on any shortfall. If no Shareholder participates in the Offer, Premier Capital and their associates will have a relevant interest in 10.05% of Shares on issue.

No person may acquire a relevant interest in 20% or more of the Company as a result of the Offer.

5.6 Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming no further Shares are issued or Options exercised:

Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
Number	%		Number	%
20,000,000	6.34	3,333,333	20,000,000	5.43
10,000,000	3.17	1,666,666	10,000,000	2.72
5,000,000	1.58	833,333	5,000,000	1.36
2,000,000	0.63	333,333	2,000,000	0.54

6 RISK FACTORS

An investment in the New Securities the subject of this Prospectus is highly speculative as the Company is a resource exploration company. Please consider the risks described below and the information contained in other sections of this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the New Securities.

The following is a list of the material risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations.

6.1 Operational risks

(a) Financing risks and capital costs

The development of the Sintoukola Project, through firstly completing a definitive feasibility study and then developing the project to production, will require substantial capital commitments which Elemental does not yet have in place. Specifically, Elemental anticipates that the proceeds from the Offer will be utilised by around October 2015 (depending upon how quickly it progresses the activities outlined above), and that it will require further funds to complete a definitive feasibility study for its Sintoukola Project.

In September 2012 Elemental announced the results of a pre-feasibility study for the Sintoukola Project, including total initial capital costs of US\$1.85bn. Whilst the Company is currently undertaking studies which it hopes may reduce the estimated capital costs by aimed at reducing initial infrastructure capex by 30-40%, there is a risk that this may not be achievable. In any event, significant additional capital will be required to develop the project.

Elemental cannot give any assurance as to its ability to obtain additional financing. If financing is unavailable, it may cause delays or the indefinite postponement of the development or production of the Sintoukola Project.

(b) Economic and commodity risks

There is a risk of economic volatility arising out of movements in the price of commodities, geopolitical instability or natural disasters. Governments may have limited resources to respond to future economic crises and may implement interest rate increases to contain inflation. This may have a negative impact on Elemental's ability to obtain future equity or debt financing on favourable terms.

(c) Negative cash flow

As an advanced-stage exploration company with no source of operating cash flow, Elemental has not recorded any revenues from its operations. Elemental anticipates its negative operating cash flow will continue for the foreseeable future and does not expect to generate any profit until the Sintoukola Project enters into commercial production and is able to generate sufficient revenues to fund development operations.

(d) Mining and exploration risks

Elemental's exploration and development of the Sintoukola Project faces common risks for a company of this nature including:

- (i) Environmental geotechnical and hydro-geological conditions and undetected geological phenomena, such as the potential presence of aquifers, may impact on the efficiency of the Project's operations and its viability.
 - (ii) The pre-feasibility study for the Project was based upon certain assumptions with respect to development and operation which may not be achieved.
 - (iii) Construction may be delayed for a variety of reasons including equipment unavailability, engineering complexity, permitting or financing delays, adverse weather conditions or other unforeseen circumstances.
 - (iv) Portions of the Sintoukola Project may have been affected by post deposition faulting that may have caused ground water to access the mineralised horizons which may have impacted on the distribution and grade of mineralisation in the area. This would require a change in Elemental's exploration and development methods which may negatively impact the financial performance of the Sintoukola Project.
 - (v) Major weather events, particularly heavy rainfall during the Republic of Congo's wet season, may result in delays in development and construction of the plant, cost over-runs, and may limit future production.
 - (vi) Failure to secure the approval of Congolese authorities to proposed engineering solutions for the management of disposal of various wastes from the mining may affect the operational and financial viability of the project.
 - (vii) Exploration and development activities depend upon access to adequate infrastructure. Any inability to secure access to reliable roads, adequate water supply and power resources will affect capital and operating costs of the Sintoukola Project. Adverse weather conditions or any other interference in access to or maintenance of infrastructure may also have an adverse effect on Elemental's operations.
- (e) Land access and cultural heritage issues
- Elemental may experience delays in gaining access to privately owned freehold, communal, state or leasehold land. These delays may be caused by weather, deference to landholders' activities including harvesting, calving and mustering and other factors. Elemental has undertaken comprehensive research, investigations and enquiries to determine the extent to which the presence of any cultural heritage sites exist on the land covered by the Sintoukola exploration licence area that may result in delays to the proposed timelines and has formed the view that there is a low likelihood of such an occurrence, but it is possible that delays in proposed timelines may occur should such sites be found upon further investigation.
- (f) Reliance on key personnel
- Elemental's future success largely depends on attracting and retaining persons skilled in the acquisition, exploration and development of mining properties. As Elemental continues to grow, it will require additional key personnel with financial, administrative, geological and mining expertise as well as additional operations

staff. Elemental cannot guarantee that it will be successful in attracting, training and retaining appropriately qualified personnel with the skills necessary to meet its objectives which in turn may have an adverse impact on its business, financial condition and operations.

6.2 Risks relating to the potash industry

(a) Competition in the potash industry may adversely affect Elemental

Elemental competes with other mining companies in the potash industry, many of which have greater resources and experience in exploring for and mining potash, but also conduct refining and marketing operations on a worldwide basis. Such competition may affect Elemental to acquire desired properties, develop and integrate new technologies, recruit or retain qualified employees or acquire the capital necessary to fund operations and develop its properties. Any inability to compete with these companies for resources would have a material adverse effect on Elemental's business and operations.

(b) Demand for potash tends to be cyclical in nature

Potash demand is driven by a number of macroeconomic factors, including changes in global population, availability of arable land, changes in diet and income growth and tends to be cyclical in nature. During periods of increased demand, potash producers often expand and develop projects to capitalise on favourable potash prices, leading to an increased supply for potash products. This supply growth increases until supply exceeds demand which eventually puts downward pressure on potash prices. These variations in supply and demand may have a material adverse effect on Elemental's business, financial performance and operations.

(c) Volatility in the price of potash may adversely affect future revenues of Elemental

Potash prices can fluctuate widely and are affected by a number of factors beyond Elemental's control. Elemental's future economic viability, and the value of Shares, will be highly sensitive to changes in potash prices. Macroeconomic factors may also affect the price of potash, including interest rates, inflation, changes in the supply of potash, the strength of the US dollar (the currency in which potash prices are generally quoted) and competition from substitute fertilisers.

6.3 Risks relating to the Republic of Congo

(a) Foreign exchange risk

The Company's operations are largely undertaken in US dollars. Fluctuations in exchange rates, particularly between the US dollar and Australian dollar may have an impact on the Australian dollar amount of net income realised from future potash sales.

(b) Operational risks

Elemental's operations in the Republic of Congo are exposed to various levels of political, economic, natural and other man-made risks and uncertainties, including terrorism, hostagetaking, military repression, labour unrest, risks of war, expropriation and nationalisation, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies,

outbreaks of disease and other potentially endemic health issues in Elemental's workforce (including malaria and HIV/AIDS).

6.4 Legal risks

(a) Approvals, licenses and permit requirements

Various governmental approvals, licenses and permits are required in connection with the Sintoukola Project and Elemental's operations in the Republic of Congo. Specifically, the Sintoukola licence is due to expire on 27 November 2014. The licence holder has fully complied with all legal and regulatory requirements to have the licence renewed, and the Company has no reason to believe that the licence will not be renewed in accordance with its terms. The environmental compliance certificate for the Kola licence is due to expire on 13 October 2014. The environmental and social impact assessment and the new development work timeframe is due to be agreed as part of negotiations with the governmental commission to confirm the validity of the licence.

To the extent any such approvals are not obtained, Elemental may be restricted or prohibited from proceeding with planned exploration and development activities and the future operation of the Sintoukola Project.

(b) Regulatory risks

Elemental's exploration and development activities and future operations are subject to various Congolese laws and regulations. Whilst Elemental believes its activities comply with all applicable laws and regulations, these laws and regulations may be amended from time to time.

(c) Litigation

A former employee has commenced proceedings against the Company claiming amounts alleged to be due to him under the terms of his original employment contract. Whilst the Company does not believe it has any liability under the claim and is defending the proceedings, there is a risk that a judgment may be made against the Company.

6.5 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realize their investment.

(c) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

7.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all of your Entitlement (see section 7.2);
- (b) apply for Shortfall Securities (see section 7.3); and/or
- (c) allow all or part of your Entitlement to lapse (see section 7.4).

7.2 To subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Securities offered by this Prospectus before deciding to apply for New Securities. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for some or all of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Securities you are entitled to subscribe for.

7.3 To apply for Shortfall Securities

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Securities (being any Entitlements not applied for) regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.7 for details on how Shortfall Securities will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

7.4 Entitlements not taken up

If you are an Eligible Shareholder and do not wish to accept any of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Securities and your Entitlement will become available as Shortfall Securities.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

7.5 Payment methods

Cheque, bank draft or money order

The completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Elemental Minerals Limited' and crossed 'Not

Negotiable' for the appropriate application money in Australian dollars calculated at \$0.18 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Securities you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Securities as your cleared application money will pay for (and to have specified that number of New Securities in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following address by no later than 5.00 pm (WST) on the Closing Date:

By Hand To:	By Post To:
Elemental Minerals Limited	Elemental Minerals Limited
C/- Advanced Share Registry Services	C/- Advanced Share Registry Services
110 Stirling Highway	PO Box 1156
Nedlands WA 6009	Nedlands WA 6909

BPAY¹

Alternatively, if you are paying by BPAY, refer to your personalized instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5pm AEST (3pm WST) on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5pm AEST (3pm WST) on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognized as valid).

¹ ® Registered to BPAY Pty Ltd ABN 69 079 137 518

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

7.6 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application moneys, or by making a payment in respect of an Application by BPay, constitutes a binding application to acquire New Securities on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPay, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorize the Company and its respective officers or agents, to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Securities are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon issuing the New Securities.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application moneys is for the wrong amount, it may still be treated as a valid application for New Securities. The Directors' decision whether to treat an

acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application moneys.

8 DETAILS OF THE OFFER

8.1 Shares offered for subscription

By this Prospectus the Company offers 52,610,565 New Shares (assuming no Options are exercised before the Record Date) under a non-renounceable pro rata offer to Eligible Shareholders at a price of \$0.18 per New Share on the basis of 1 New Share for every 6 Existing Shares held as at the Record Date with 3 free attaching New Options (exercisable at \$0.25 within 15 months from issue) for every 2 New Shares issued to raise up to approximately \$9.47 million before issue costs (**Offer**). Fractional entitlements will be rounded up to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Securities are set out at section 7.

All New Shares offered under this Prospectus and all Shares issued upon the exercise of New Options will rank equally with Existing Shares. The rights and liabilities of the New Securities offered under this Prospectus are summarized in section 9.

8.2 Minimum Subscription

The Offer is fully underwritten and there is no minimum subscription.

8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

8.4 Lead manager and underwriting

Patersons has agreed to fully underwrite the Offer in accordance with the Underwriting Agreement.

The Underwriter will be paid:

- (a) \$60,000 corporate fee; and
- (b) 5% underwriting fee on the total amount offered (from which sub-underwriting fees will be paid); and
- (c) 1% management fee on the total amount raised.

The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Offer.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) the Company has (subject to certain limitations) agreed to indemnify the Underwriter, its officers, employees, officers and advisers from and against all losses suffered, incurred, paid or liable to be paid directly arising in connection with the Offer;

- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) as is normal for underwriting agreements of this nature, the Underwriter has a wide discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of the Shortfall Securities. The more significant terminating events are a fall in indices event allowing the Underwriter to terminate its obligations if the All Ordinaries Index falls a level that is 15% or more than the level at the close of business on the business day prior to the date of this Prospectus, the closing price of the Company's shares as quoted by ASX is less than the Offer price and where an adverse change occurs in respect of the Company or its assets which has a material adverse effect.

8.5 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 7pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

8.6 Rights trading

The Rights to New Securities are non-renounceable and cannot be traded.

8.7 Shortfall

Entitlements not taken up will become available as Shortfall Securities. The Directors reserve the right, to the extent New Securities are not subscribed for by the Underwriter or its nominees, to issue any Shortfall Securities at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities using the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Securities in circumstances which do not require the offer of Shortfall Securities or this Prospectus to be registered.

It is possible that there may be few or no Shortfall Securities available for issue, depending on the level of take up of Entitlements by Eligible Shareholders.

The Directors reserve the right at their absolute discretion to reject any application for Shortfall Securities and it is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

8.8 Offer outside Australia and New Zealand

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand.

8.9 Treatment of Overseas Shareholders

Given the small number of Shareholders with registered addresses outside Australia or New Zealand, and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to any Shareholder, as at the Record Date, whose registered address is not situated in those jurisdictions. The Prospectus will not be sent to those Shareholders.

New Zealand

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Securities.

Elsewhere

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Securities or the Offer or otherwise to permit an offering of the New Securities in any jurisdiction than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the *US Securities Act of 1933*, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

8.10 Beneficial holders, nominees, trustees and custodians

The foreign selling restrictions under the Offer summarized in section 8.8 of this Prospectus apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that applying for New Securities does not breach securities laws in the relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person,

that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

8.11 Issue of New Securities and application money

New Securities will be issued only after all application money has been received and ASX has granted permission for the New Securities to be quoted. It is expected that New Securities will be issued on 15 October 2014 and normal trading of the New Securities on ASX is expected to commence on 16 October 2014.

All application moneys will be deposited into a separate bank account of the Company and held in trust for Applicants until the New Securities are issued or application moneys returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

8.12 Quotation

The Company has applied to ASX for quotation of the New Securities offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Securities offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Securities offered by this Prospectus will be issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application moneys without interest.

A decision by ASX to grant official quotation of the New Securities is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Securities.

Quotation, if granted, of the New Securities offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Securities are dispatched.

8.13 Market prices of Existing Shares on ASX

The highest and lowest closing sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgment of this Prospectus with the ASIC, and the last market sale price on the date before the lodgment date of this Prospectus, are set out below.

3 month high	3 month low	Last market sale price
\$0.29 on 12 June 2014	\$0.16 on 10 September 2014	\$0.18 on 12 September 2014

8.14 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Securities issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Share Registry and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.15 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Securities under this Prospectus.

8.16 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.17 Enquiries

Any queries regarding the Offer should be directed to Mr Leonard Math, Non-executive Director and Company Secretary on +61 8 9322 2700.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on +61 8 9389 8033.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

9 RIGHTS AND LIABILITIES ATTACHING TO SHARES

9.1 Rights attaching to New Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the New Shares to be issued under this Prospectus are fully paid.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerized or electronic system established or recognized by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights

The Company has one class of shares on issue, ordinary shares, which rank equally in liquidation.

(g) Variation of rights

Subject to the Listing Rules, the rights attached to the Shares may be varied with the consent in writing of shareholders holding three-quarters of the Shares or by a special resolution passed at a separate meeting of the holders of the Shares in accordance with the Corporations Act

(h) Election of directors

There must be a minimum of 3 but not more than 10 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

The New Shares are fully paid ordinary shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the

Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.2 Terms of New Options

- (a) Each New Option entitles the holder to one Share.
- (b) The exercise price of the New Options is \$0.25 each.
- (c) The expiry date of the New Options is 15 months from issue.
- (d) The New Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per New Option.
- (e) The New Options are transferable.
- (f) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). New Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise must state the number of New Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (g) Otherwise than where notice is given under clause (f), within 15 Business Days after receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised by the Company, the Company will:
 - (i) allot and issue the Shares pursuant to the exercise of the Options; and
 - (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options
- (h) All Shares issued upon the exercise of the New Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for quotation of all Shares issued upon exercise of Options.
- (i) There are no participating rights or entitlements inherent in the New Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the New Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the New Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in such issues.
- (j) If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company ("Bonus Issue"), then upon exercise of his or her New Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued

to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.

- (k) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorized or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

10 ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities and to the Shares issued upon the exercise of New Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgment of the Company's annual financial statements of the Company for the financial year ended 31 December 2013 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial statements of the Company for the financial year ended 31 December 2013 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
- (ii) the half-year financial report lodged with ASIC by the Company for the half year ended 30 June 2014; and
- (iii) any continuous disclosure notices given by the Company after the lodgment of the financial statements referred to in paragraph (i) and before the lodgment of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since 2013 audited financial statements:

Date	Description of Announcement
12/09/2014	Half year Accounts
11/09/2014	Notice of General Meeting/Proxy Form
11/09/2014	Investor Presentation
09/09/14	Notice of Optionholders
09/09/14	Appendix 3B - Rights Issue
09/09/14	Fully Underwritten Non-Renounceable Rights Issue
05/09/14	Lapsing of Options
05/09/14	Trading Halt
07/08/14	Final Director's Interest Notice
07/08/14	Resignation of a Director
01/08/14	Quarterly Activities and Cashflow Report
24/07/14	Change in substantial holding
22/07/14	Cleansing Statement
22/07/14	Appendix 3B
22/07/14	Initial Director's Interest Notice
17/07/14	Appointment of New Managing Director

15/07/14	Commencement of Dougou Drilling
14/07/14	Elemental Secures Balance of Sintoukola Project
14/07/14	Change in substantial holding
09/07/14	Elemental announces maiden Resource - Dougou Deposit
03/07/14	Change of Director's Interest Notice

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Sam Middlemas	John Sanders	Leonard Math
Shares	288,961	1,052,451	-
Options	650,000	1,500,000	183,600
Entitlement			
Shares ¹	48,160	175,409	-
Options	72,240	263,114	-

¹ Mr Middlemas has agreed to sub-underwrite the Offer for \$150,000. The Underwriter will pay Mr Middlemas a fee of 2.5%.

Remuneration paid to Directors in the two years prior to the date of this Prospectus		
	2012	2013
Sam Middlemas	US\$103,060	US\$95,292
John Sanders ¹	-	-
Leonard Math ²	US\$107,390	US\$112,931

Notes:

- 1 Mr Sanders' remuneration is US\$156,000 per annum.
- 2 Mr Leonard Math is an employee of GDA Corporate. The fees paid in 2012 and 2013 relates to services provided GDA Corporate ("GDA") which has been engaged to provide accounting, administrative and company secretarial services on commercial terms.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Kings Park Corporate Lawyers have acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$15,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Kings Park Corporate Lawyers has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus

Patersons is the Underwriter to the Offer and will be paid such fees as are outlined in section 8.4. Patersons has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorized the issue of this Prospectus;
- (c) has not made any express or implied representation or warranty in relation to the Company, this Prospectus or the Offer;
- (d) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- (e) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name.

Name	Role
Kings Park Corporate Lawyers	Lawyers
Advanced Share Registry Services	Share Registry
Patersons Securities Limited	Underwriter
Deloitte Touche Tohmatsu	Auditor

10.5 Expenses of the Offer

The total expenses of the Offer (exclusive of GST) are estimated to be \$681,000, consisting of the following:

Cost	Full Subscription (A\$)
Lead manager, corporate and underwriter's fee	628,000

Legal fees	15,000
ASX fees	19,000
ASIC, printing, share registry and other expenses	19,000
Total	681,000

These expenses have or will be paid by the Company.

10.6 Litigation

As at the date of this Prospectus and other than as disclosed in section 6.4(c), the Company is not involved in any other legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

10.7 Competent Person Statement

The information in the Key Investment Highlights and Risks section and the chairman's letter of this Prospectus that relates to the Dougou Carnallitite Deposit and Yangala Sylviniti Prospect is based on information previously compiled ("Elemental Minerals announces maiden Mineral Resource for the Dougou Deposit" dated 9th of July 2014) by the Company's Competent Person Mr. Andrew Pedley, which can be downloaded from the Company's website.

11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 12 September 2014



.....
Signed for and on behalf of
Elemental Minerals Limited by
Leonard Math

12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time.
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Securities pursuant to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	the board of Directors.
Closing Date	the date set out in section 1.
Company or Elemental	Elemental Minerals Limited (ACN 108 066 422).
Constitution	the constitution of the Company.
Corporations Act	the Corporations Act 2001 (Cth).
Deeds	the indemnity, insurance and access deeds between the Company and each of the Directors.
Director	a director of the Company.
Eligible Shareholders	has the meaning in section 8.5.
Entitlement and Acceptance Form	the personalized entitlement and acceptance form attached to this Prospectus.
Entitlement or Right	a Shareholder's entitlement to subscribe for New Securities offered by this Prospectus.
Ex Date	the date set out in section 1.
Existing Share	a Share issued as at 5.00pm WST on the Record Date.
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Listing Rules	the listing rules of the ASX.

New Options	Options (exercisable at \$0.25 within 15 months of issue) and otherwise on the terms set out in section 9.2, and offered pursuant to this Prospectus.
New Securities	New Shares and New Options.
New Shares	Shares offered pursuant to this Prospectus.
Offer	an invitation made in this Prospectus to subscribe for New Securities.
Official List	the official list of the ASX.
Option	an option to be issued a Share.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Share	a fully paid ordinary share in the Company.
Share Registry	Advanced Share Registry Ltd (ABN 14 127 175 946).
Shareholder	the registered holder of Shares in the Company.
Shortfall	will occur if the Company does not hold successful valid Applications for all the New Securities offered by the Company under this Prospectus by the Closing Date.
Shortfall Securities	New Securities for which valid Applications have not been received by the Closing Date.
Underwriter or Patersons	Patersons Securities Limited (ABN 69 008 896 311)
Underwriting Agreement	the underwriting agreement between the Company and the Underwriter executed on 9 September 2014.
US person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	the United States Securities Act of 1933, as amended.
VWAP	Volume weighted average price.
WST	Western Standard Time, Western Australia.

SCHEDULE 1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 30 June 2014	Adjustment	Unaudited pro forma Full Subscription
	US\$*	US\$*	US\$*
Current Assets			
Cash and cash equivalents	3,185,945	7,997,900 ¹	11,183,845
Trade and other receivables	393,666		393,666
Total Current Assets	3,579,611		11,577,511
Non-Current Assets			
Property, plant and equipment	588,655		588,655
Exploration and evaluation expenditure	105,217,374		105,217,374
Total Non-Current Assets	105,806,029		105,806,029
TOTAL ASSETS	109,385,640		117,383,540
Current Liabilities			
Trade and other payables	561,148		561,148
Share application funds	2,474,191	(2,474,191)	-
Total Current Liability	3,035,339		561,148
TOTAL LIABILITIES	3,035,339		561,148
NET ASSETS	106,350,301		116,822,392
EQUITY			
Issued Capital	142,463,948	10,472,091*	152,936,039
Reserves - Options and other	28,927,839		28,927,839
Accumulated losses	(65,042,943)		(65,042,943)
Parent entity interest	106,348,844		116,820,935
Non-controlling interest	1,457		1,457
TOTAL EQUITY	106,350,301		116,822,392

*Based on AUD-USD Exchange Rate of 0.91

¹ A\$9.47 million less issue costs of A\$681,000 converted from AUD to USD based on AUD-USD Exchange Rate of 0.91.

ELEMENTAL MINERALS LIMITED
ACN 108 066 422

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

The offer is being made under the prospectus dated 12 September 2014 (**Prospectus**). The Prospectus contains information about investing in the New Securities. Before applying for New Securities, you should carefully read the Prospectus. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus.

Non-renounceable entitlement offer of 52,610,565 new ordinary shares in Elemental Minerals Limited (**New Shares**) at an issue price of A\$0.18 per New Share on the basis of 1 New Share for every 6 existing shares held at 23 September 2014 with 3 free attaching options (exercisable at A\$0.25 within 15 months of issue) (**New Options**) for every 2 New Shares issued, to raise about A\$9.47 million (before offer costs) (**Offer**).

NON-RENOUNCEABLE ENTITLEMENT OFFER CLOSING 5.00PM (AEST) ON WEDNESDAY, 8 OCTOBER 2014

To the Directors

ELEMENTAL MINERALS LIMITED

1. I/We the above mentioned, being registered on 23 September 2014 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned securities in accordance with the enclosed Prospectus;
2. I/We hereby authorise you to place my/our name(s) on the registers of shareholders and option holders in respect of the number of New Securities allotted to me/us and;
3. I/We agree to be bound by the Constitution of the Company.


ENTITLEMENT			
Number of New Shares applied for <i>(being not more than the Entitlement shown above)</i>	Number of additional New Shares applied for	Total New Shares applied for	Amount enclosed at A\$0.18 per New Shares
			A\$

METHOD OF ACCEPTANCE

You can apply for New Securities and make your payment utilising either cheque/bank draft or BPAY® (further details overleaf). Please indicate which payment option you have chosen by marking the relevant box below.

<input type="checkbox"/>	Please enter cheque or bank draft details	Drawer	Bank	Branch	Amount
					\$

OR

<input type="checkbox"/>		You can pay by BPAY®. If you choose to pay by BPAY®, you do not need to return this Entitlement and Acceptance Form. Please refer overleaf for details.
--------------------------	---	---

My/Our contact details in the case of enquiry are:

Name:

Telephone: (.....).....

Email:

NOTE: Cheques should be made payable to "**ELEMENTAL MINERALS LIMITED**", crossed "NOT NEGOTIABLE" and forwarded to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia 6909 to arrive no later than **5.00pm (AEST) on Wednesday, 8 October 2014**.

PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of New Shares, which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. The price payable on acceptance of each New Share is A\$0.18.
4. Please complete the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for New Shares by utilising the payment options detailed below. There is no requirement to return this Form if you are paying by BPAY®.

By making your payment using either BPAY or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the **Elemental Minerals Limited** Offer as outlined on this Entitlement and Acceptance Form and within the accompanying Prospectus.

Your cheque, bank draft or money order should be made payable to **"ELEMENTAL MINERALS LIMITED"** in Australian currency and crossed "Not Negotiable". Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please complete cheque/bank draft details overleaf and ensure that you submit the correct amount as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s)/bank draft(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your application will be rejected.

If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of New Shares you are entitled to apply on this form. The excess money will be considered as your payment for an Application for additional securities under the Shortfall Offer.

Contact Details

Please enter your contact details where requested overleaf. These details will only be used in the event that the Share Registry has a query regarding this Entitlement and Acceptance Form.

Lodgement of Application

If you are applying for New Shares and your payment is being made by BPAY®, you do not need to return this Entitlement and Acceptance Form however you are encouraged to return it to the Share Registry for reconciliation purposes – in that case you can post or send by facsimile (details below). Your payment must be received by no later than 5.00pm (AEST) on Wednesday, 8 October 2014. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

If you are paying by cheque/bank draft, your Application must be received by the Share Registry by no later than 5.00pm (AEST) on Wednesday, 8 October 2014. You should allow sufficient time for this to occur. Please return your Entitlement and Acceptance Form with cheque/bank draft attached.

Neither the Share Registry nor the Company accepts any responsibility if you lodge the Entitlement and Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by the Share Registry, as registrar for the securities' issuer, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to the Share Registry's related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by the Share Registry, or you would like to correct information that is inaccurate, incorrect or out of date, please contact the Share Registry. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the securities' issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting the Share Registry, using the details provided on this form.

If you have any enquiries concerning this Entitlement and Acceptance Form, please contact the Share Registry on telephone +61 8 9389 8033 or fax +61 8 9262 3723.



Telephone & Internet Banking – BPAY®

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au.

By Mail

Elemental Minerals Limited
c/- Advanced Share Registry Ltd
PO Box 1156
Nedlands WA 6909

Hand Delivered

or 110 Stirling Highway
Nedlands WA 6009