18 September 2014

Dear Shareholder,

NON-RENOUNCEABLE RIGHTS ISSUE

On 9 September 2014 Elemental Minerals Limited (**Company**) announced a fully underwritten non-renounceable pro rata offer to shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**) of 1 new share for every 6 existing shares held as at 7:00pm (AEST) on 23 September 2014 (**Record Date**), at an issue price of $0.18 per new share with 3 free attaching options (exercisable at $0.25 within 15 months of issue) for every 2 new shares issued under the Prospectus (**Rights Issue**). Pursuant to the Rights Issue, the Company may raise approximately $9.47 million (before costs).

A prospectus for the Rights Issue was lodged with ASIC on 12 September 2014 and will be sent to Eligible Shareholders after the Record Date.

The proposed use of funds is as follows:

Use of funds[1]	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	681
Total	9,469

1 This table is a statement of current intentions. The Board reserves the right to vary the way funds are applied.

The capital structure of the Company before and after completion of the Rights Issue is set out below:

	Shares	Options
Securities on issue as at Record Date[1]	315,663,391	18,941,226
Securities offered under this Rights Issue	52,610,565	78,915,847
Total securities on issue following Rights Issue	368,273,956	97,857,073

1 This assumes no share will be issued or options exercised before the Record Date.

Elemental Minerals Ltd
ABN 31 108 066 422
14 Emerald Terrace,
West Perth, WA 6005
P: +61 8 9322 2700
P: +61 8 9322 7211

The Company expects the Rights Issue to be conducted in accordance with the following timetable:

Event	Date[1]
Prospectus lodged with ASIC	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	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

1 The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the new securities are expected to commence trading on ASX may vary.

The new shares issued pursuant to the Rights Issue and the underlying shares of the new options when exercised will rank equally with existing fully paid ordinary shares in the Company. Application has been made for the quotation of the new securities.

The new securities under the Rights Issue will not be offered to shareholders outside Australia and New Zealand.

Eligible Shareholders should consider the prospectus carefully in deciding whether to acquire new securities offered under the Rights Issue, and will need to complete the personalised entitlement and acceptance form accompanying the prospectus to take up their entitlements. Eligible Shareholders may also apply for additional securities in excess of their entitlement.

The Rights Issue is fully underwritten by Patersons Securities Limited, who will be paid a corporate advisory fee of $60,000, a management fee of 1% of the total amount raised under the Rights Issue, an underwriting fee of 5% on the underwritten amount.

Should you have any questions regarding the Rights Issue you may contact the Company on +61 8 9322 2700 or consult your stockbroker or professional adviser. A copy of the prospectus may be viewed on the ASX Limited website at www.asx.com.au, or alternatively at the Company's website at www.elementalminerals.com.

We look forward to your participation in the Rights Issue.

Yours sincerely

LEONARD MATH
Director & Joint Company Secretary

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