elemental minerals limited

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2015

CORPORATE DIRECTORY

This Interim Financial Report covers Elemental Minerals Limited ("the Company") and the entities that it controls ("the Group"). The Group's presentation currency is US ($).

Directors

Mr Thomas Borman (Non Executive Chairman)
Mr John Sanders (Managing Director)
Mr Sam Middlemas (Non Executive Director)
Mr Michael Golding Non Executive Director)
Mr Leonard Math (Non Executive Director)

Auditors

Deloitte Touche Tohmatsu
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Joint Company Secretary

Mr Leonard Math
Mr Lawrence Davidson (Chief Financial Officer)

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ASX Code: ELM, ELMO

Website

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TABLE OF CONTENTS

DIRECTORS' REPORT

The Board of Directors of Elemental Minerals Limited ("Elemental") presents herewith the interim financial report of Elemental Minerals Limited and its subsidiaries ("the Group") for the half-year ended 30 June 2015.

DIRECTORS

The names of the Directors of the Company in office during the half-year and as at the date of this report are:

Mr Thomas Borman	(Non Executive Chairman)
Mr John Sanders	(Managing Director)
Mr Sam Middlemas	(Non Executive Director)
Mr Michael Golding	(Non Executive Director)
Mr Leonard Math	(Non Executive Director)

Unless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.

PRINCIPAL ACTIVITY

The principal activity of the Company during the period was mineral resources exploration and project development at the Company's Sintoukola Potash Permit in the Republic of Congo (RoC).

HIGHLIGHTS

Corporate

- Completion of a private placement of A$4.98 million at AU$0.20 per share from existing shareholders on the 10th July 2015.

- Term sheets in place with potential strategic partners for near term investment and longer term MoP (Muriate of Potash) off-take.

Projects

- The Bankable Feasibility Study (BFS) for the high grade Kola sylvinite Project (Kola) was initiated and announced on the 8th August 2015, and is scheduled for completion in Q3 2016. Start of construction foreseen in Q2 2017.

- The Pre Feasibility Study (PFS) for the Dougou carnallitite Project (Dougou) and ESIA were initiated and announced on the 8th August 2015, and are scheduled to be completed in Q2 2016.

- Hatch, a global leader in Potash mine design and construction, were selected as the lead consultant for the Kola BFS and Dougou PFS.

- A Scoping Study was completed and announced for Dougou on the 17th February 2015 and included the following metrics: An unlevered, after-tax $NPV_{10\%}$ of US$880 million and IRR of 21.7% and Phase 1 project capital expenditure of US$430 million with a life of mine operating cost of US$68/t MoP.

- An updated and expanded Mineral Resource for Dougou was announced on 9th February 2015: A total resource of 3.06 billion tonnes grading 20.7% KCl (Table 1), including 875 Mt grading 24.6% KCl within the Hangingwall Seam.

- An Exploration Target of 235 to 470 million tonnes (Mt) grading 55 to 60% KCl was announced on 17th January 2015 for the Yangala sylvinite prospect (Yangala) which hosts sylvinite of the Hangingwall Seam (HWS).

- The government of the Republic of Congo (RoC) granted a renewal for the Sintoukola Exploration Permit by decree No. 2015-109 dated 13 January 2015. The permit includes the Dougou deposit and Yangala Prospect and is valid for a period of two years.

REVIEW AND RESULTS OF OPERATIONS

Operating Results

Net operating loss after tax for the half-year ended 30 June 2015 was US$1,198,438 (2014: US$2,156,913).

Kola BFS and Dougou PFS Field Work Preparation

The current studies will build on the Kola PFS and Phased Implementation Study (reported 20th October 2014), and the recently completed Scoping Study for Dougou (reported 17th February 2015). There will be an effort to further reduce the capital cost for Kola while maintaining operating costs that are expected to be the lowest globally. The Phased Implementation Study for Kola determined a Life of Mine (LOM) operating cost of US$90 per tonne of MoP. The Dougou Scoping Study estimated an LOM operating cost of US$68 per tonne MoP.

ELM is commencing a fieldwork campaign to support the Kola BFS and Dougou PFS. At Kola, a shaft site-specific geotech and hydrogeological test campaign will be conducted to refine the design of the shaft sinking methodology. Positive outcomes from this campaign could eliminate ground freezing requirements, further reducing the initial project capex requirement. At Dougou, an additional borehole will be drilled to recover carnallite core to be used in geotechnical, dissolution and metallurgical test work.

The BFS on Kola will build on the excellent results of the Kola Phased Implementation Study. It is expected that the Kola BFS and Dougou PFS will confirm the ability of these projects to deliver lowest quartile operating costs and attractive investment returns (which may be enhanced through the judicious use of gearing), reflecting the high quality of the deposits, their location close to bulk export facility options, and the availability of low-cost energy in the RoC. The Mineral Resources for the both projects are provided in Table 1. Mineral Reserves for Kola are given in Table 2.

Table 1 Potash Mineral Resources

Potash Mineral Resources			
Potash Deposit	**Category**	**Million Tonnes**	**Grade KCl %**
Kola Sylvinite	Measured	264	33.75
	Indicated	309	32.61
	Inferred	475	32.48
	TOTAL	1,048	32.84
Kola Carnallitite	Measured	295	17.83
	Indicated	449	18.69
	Inferred	473	18.81
	TOTAL	1,217	18.53
Dougou Carnallitite	Measured	148	20.07
	Indicated	920	20.65
	Inferred	1,988	20.77
	TOTAL	3,056	20.70
TOTAL MINERAL RESOURCES	Measured	707	24.24
	Indicated	1,678	22.33
	Inferred	2,936	22.35
	TOTAL	5,321	22.59

Notes: *The Kola Mineral resources were estimated by CSA Global of Perth, and reported under the JORC Code 2004. Elemental is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 21th August titled "Elemental Announces Further Significant Mineral Resource Upgrade for Kola". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed. The Dougou Mineral Resource was completed by ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN") and reported in accordance with the JORC 2012 code in the ASX announcement dated 9 February 2015 titled "Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit". Table entries are rounded to the appropriate significant figure. A conversion factor of 1.5837 was used to convert K_2O to KCl. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.*

Table 2 Potash Mineral Reserves

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

Notes: *The Kola Sylvinite Mineral Reserves were determined by SRK Consulting and described in detail in the report titled 'NI 43-101 Technical Report for the Sintoukola Potash Project, Republic of Congo' dated 17 September 2012. Mineral Reserves have not changed since that date.*

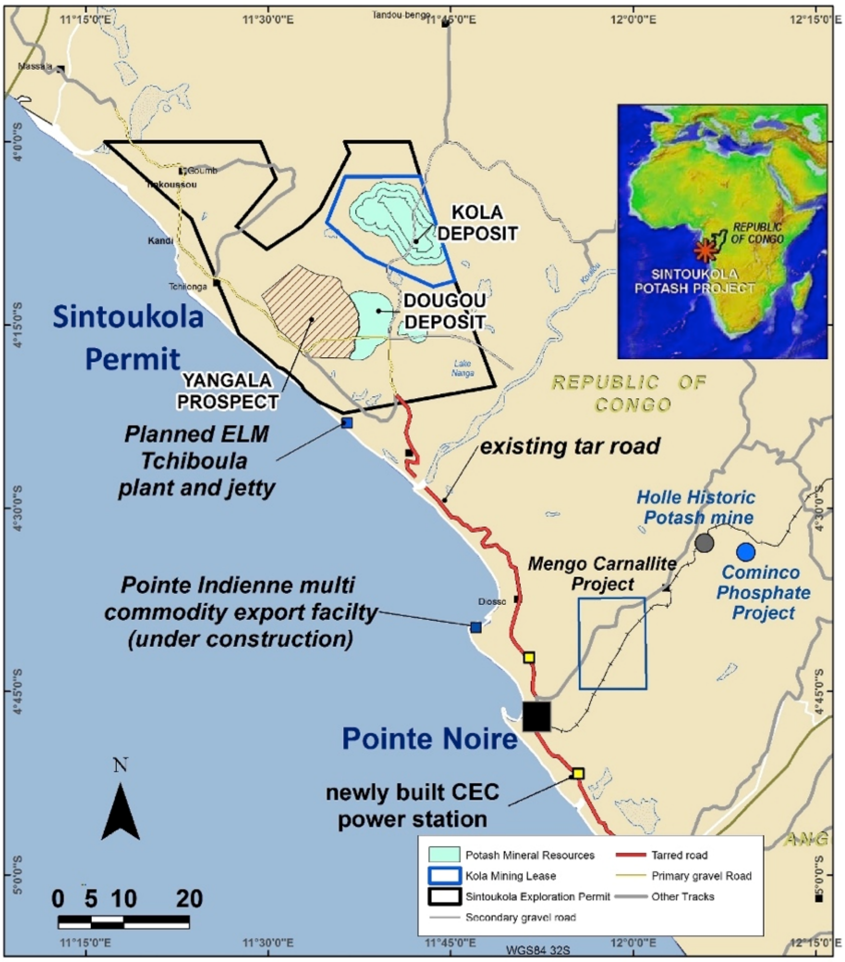

Figure 1. Location of the Sintoukola Project showing the Dougou, Kola and Yangala Projects, and available infrastructure

Dougou Carnallitite Deposit – Resource Update and Expansion

The Updated and Expanded Mineral Resource for the Dougou Deposit was announced on the 9th February 2015, completed by ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN), totalling 3.056 billion tonnes (Bt) grading 20.7% KCl (Table 1: Figure 2). Dougou is located between the Kola deposit and the coast, only 12 kilometres from the latter.

The Deposit is hosted by 4 continuous carnallitite layers between 400 to 600 metres below surface with an average combined thickness of 35 metres. This is potentially the highest grading carnallitite deposit globally, and includes 875 Mt grading 24.6% KCl within the Hangingwall Seam. The deposit seam geometries are flat or very gently dipping and the variation of grade and thickness is minimal. The insoluble and sulphate content is extremely low by global standards at less than 1% for the four potash seams combined. These deposit qualities are favourable for solution mining and underpin the results of the Scoping Study, discussed below.

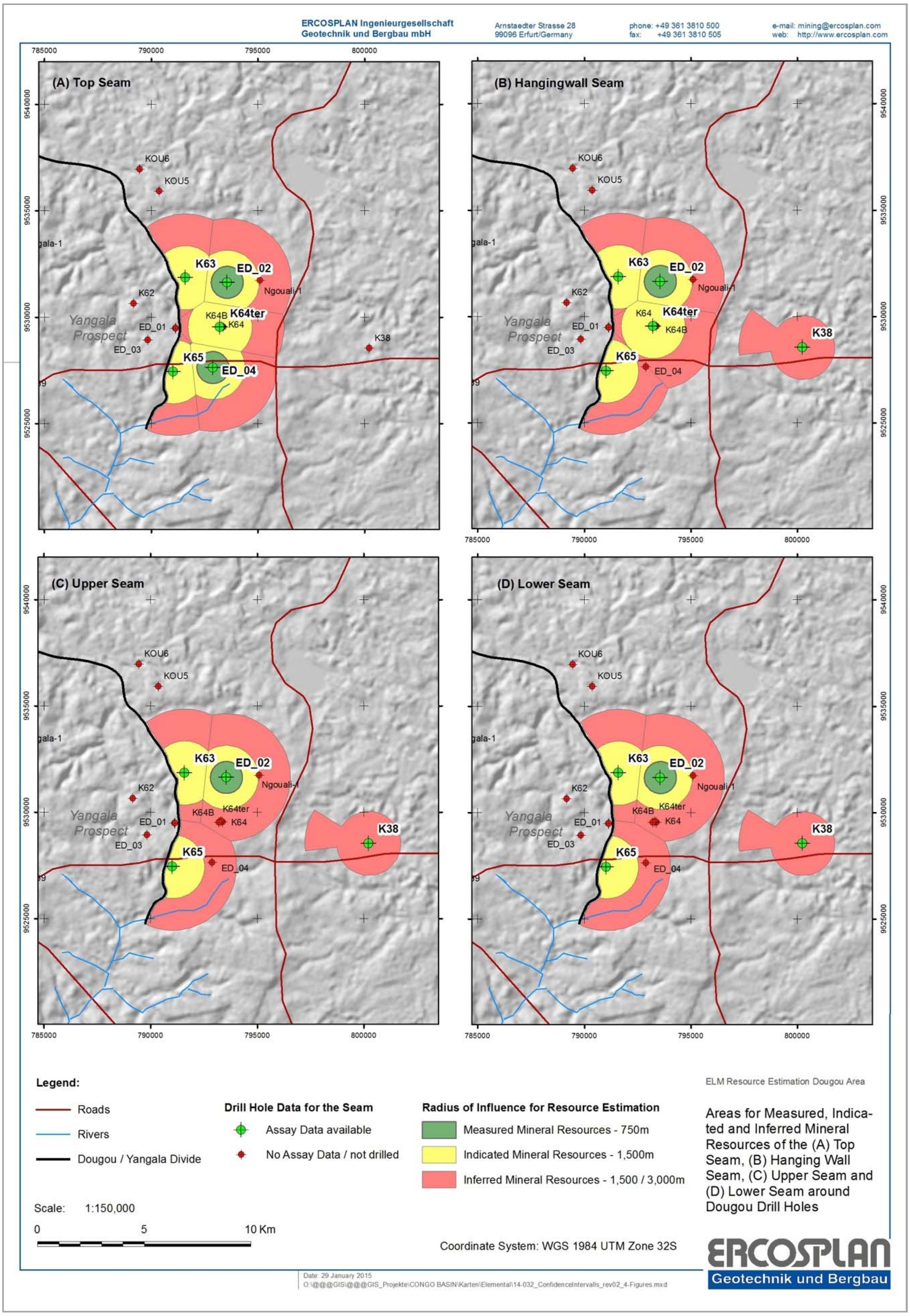

Figure 2. Map showing extent of the Measured, Indicated and Inferred Resources for each seam at the Dougou Deposit.

Dougou Carnallitite Deposit - Scoping Study Results

Elemental engaged ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH ('Ercosplan') to undertake a Scoping Study on a solution mine opportunity at the Dougou carnallitite deposit. Ercosplan is a German based consultancy firm with more than half a century of experience in process design and mining throughout the mineral salt industry. They have completed more than 500 projects including the Mengo Project in the ROC, which is currently under construction. Project development is planned in three phases with production increasing from 400ktpa for Phase 1 rising to 1200ktpa in phase 3:

Phase 1 will produce 400ktpa standard muriate of potash (MoP)
Phase 2 will produce 800ktpa: 67% granular and 33% standard MoP
Phase 3 will produce 1200ktpa : 89% granular and 11% standard MoP

Key results from the Scoping Study are presented in the table below:

Phase 1 MoP Production	400ktpa
Phase 1 capital Expenditure (Incl 20% contingency)	US$430m
Stage 1 to 3 Economics	
Average life of mine operating costs (3% contingency)	US$68/t MoP
Life of mine based on Measured and Indicated Minerals Resources	47 years
Internal Rate of Return (IRR)-unlevered	21.67%
After Tax NPV 10%	US$880m

- First production in 2019
- Phase 1 free cash flows (approximately US$100m/annum) potentially allow for the self-financing of Phase 2 and subsequent Phase 3 capital expenditures
- An unleveraged Phase 1 capex of US$430m is estimated and appropriate debt-equity ratios will be considered, further reducing the initial project equity requirements
- The 1.1 billion tonne Measured and Indicated Resource @ 20.6% KCl underpins a 47 year mine life

The Yangala Sylvinite Prospect - Exploration Target

Yangala is immediately west of Dougou. An Exploration Target was defined for Yangala of 235 to 470 Mt grading 55 to 60% KCl (reported 27th January 2015) hosted by the Hangingwall Seam (HWS). This seam is a candidate for the world's highest grading potash seam. As has been reported previously, Elemental have drilled two holes at Yangala, both intersecting the HWS: ED_01 (reported 4 September 2012) intersected 4.47 metres grading 57.66% KCl. Drillhole ED_03 positioned 1.4 kilometres west of ED_01 returned an intersection of 59.48 % KCl over a thickness of 4.21 metres (as reported 20th October 2014).

BOOM Initiatives

Elemental has previously reported that it is pursuing opportunities to outsource specific project infrastructure components in a Build-Own-Operate-Maintain (BOOM) business model. Previous Expressions of Interests (EOI's) had been received for the underground mining, the overland conveyor belt, and the marine transhipment, and these had been incorporated into the Phased Implementation Study. However, further ongoing engagements regarding the marine facilities; gas, power and steam supply; brine discharge; employee facilities and brine discharge have the potential to further reduce the project capex.

During this half year ELM received an EOI from a construction company to BOOM all of the infrastructure items listed above. This could potentially reduce the combined Kola Phase 1 and Phase 2 project capex requirements by more than US$300m. A site visit is scheduled prior to further discussions and the outcome of these negotiations and discussions with other partners will be incorporated into the relevant studies.

Corporate

The Company convened a shareholders General Meeting on the 11th March 2015 to seek shareholder approval for five resolutions including the approval of a Performance Rights Plan, termination benefits under this Performance Rights Plan and for the issue of performance rights to directors. These resolutions were passed by the required majority.

The company prepared for a private placement from existing shareholders late in the reporting period, and successfully completed a placement of A$4.98 million at AU$0.20 per share on the 10th July 2015. The proceeds from this raising are being used to support of the planned Kola BFS and Dougou PFS respectively.

ELM has term sheets in place with globally significant companies, with interests in the fertilizer sector, pertaining to a sizable investment into ELM in the near term, and ultimate off-take of MoP once the project(s) are in production.

Strategic Direction

Elemental continues to pursue its two pronged strategy in order to advance Kola and the two earlier stage Dougou and Yangala projects. Firstly and as reported in Q4 2014, the Kola Project Phased Implementation Study successfully reduced the initial capital expenditure requirements for the project, and secondly, the Dougou Scoping Study indicates the potential for a low capital, low operating cost, quick to production carnallite solution mine could be established on the deposit. The Company has now initiated the BFS for Kola and the PFS for the Dougou project, both of which will include the aforementioned improvements in capital cost reduction.

Forward-Looking Statements

This report contains statements that are "forward-looking". Generally, the words "expect," “potential”, "intend," "estimate," "will" and similar expressions identify forward-looking statements. By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results, performance or achievements, to differ materially from those expressed or implied in any of our forward-looking statements, which are not guarantees of future performance. Statements in this report regarding the Company's business or proposed business, which are not historical facts, are "forward looking" statements that involve risks and uncertainties, such as resource estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.
Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.

Competent Person Statement

The information relating to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves, and the results of economic studies, is extracted from previous reports, as referred to herein, and available to view on the Company’s website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.’

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditor Deloitte Touche Tohmatsu to provide the directors of Elemental Minerals Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 10.

Signed in accordance with a resolution of Directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors

Robert Samuel Middlemas
Director
8 September 2015

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Elemental Minerals Limited
14 Emerald Terrance
WEST PERTH WA 6005

8 September 2015

Dear Board of Directors

Elemental Minerals Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Elemental Minerals Limited.

As lead audit partner for the review of the financial statements of Elemental Minerals Limited for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants

DIRECTORS' DECLARATION

The Directors of Elemental Minerals Limited declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Board of Directors,

Robert Samuel Middlemas
Director
8 September 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Notes	Half-Year Ended 30 June 2015 US$	30 June 2014 US$
Continuing Operations			
Other Income		13,363	95,555
		13,363	95,555
Expenses			
Directors remuneration		(184,273)	(155,812)
Share based payments		(365,003)	(1,129,208)
Consultants, Salaries and employee benefits		(239,330)	(335,553)
Administration expenses		(307,690)	(814,315)
Net realised gain/(loss) on foreign exchange		(115,505)	35,702
Finance costs		-	(265,471)
Loss before income tax expense		(1,198,438)	(2,569,102)
Income tax benefit/(expense)	8	-	412,189
Loss for the period from continuing operations		(1,198,438)	(2,156,913)
Other Comprehensive Income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Net foreign currency translation differences		(35,868)	(557,400)
Other comprehensive income for the period, net of income tax		(35,868)	(557,400)
Total Comprehensive Income for the period		(1,234,306)	(2,714,313)
Loss attributable to:			
Owners of the Company		(1,234,306)	(2,714,313)
Non-controlling interests		-	-
		(1,234,306)	(2,714,313)
Total comprehensive income attributable to:			
Owners of the Company		(1,233,272)	(2,675,753)
Non-controlling interests		(1,034)	(38,560)
		(1,234,306)	(2,714,313)
Earnings per share from continuing operations			
Basic loss per share (cents per share)		(0.31)	(0.71)
Diluted loss per share (cents per share)		(0.31)	(0.71)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	30 June 2015 US$	31 Dec 2014 US$
ASSETS			
Current Assets			
Cash and cash equivalents		3,242,151	5,894,073
Trade and other receivables		241,402	386,709
Total Current Assets		3,483,553	6,280,782
Non-Current Assets			
Property, plant and equipment		549,601	663,768
Exploration and evaluation expenditure	5	110,947,934	109,123,597
Total Non-current Assets		111,497,535	109,787,365
TOTAL ASSETS		114,981,088	116,068,147
LIABILITIES			
Current Liabilities			
Trade and other payables		220,495	438,251
Total Current Liabilities		220,495	438,251
TOTAL LIABILITIES		220,495	438,251
NET ASSETS		114,760,593	115,629,896
EQUITY			
Contributed equity	6	150,933,803	150,933,803
Reserves		33,743,050	33,412,881
Accumulated losses		(69,926,804)	(68,728,366)
Equity attributable to owners of the Company		114,750,049	115,618,318
Non-controlling interests		10,544	11,578
TOTAL EQUITY		114,760,593	115,629,896

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Contributed Equity US$	Accumulated Losses US$	Option Reserve US$	Foreign Currency Translation Reserve US$	Non-Controlling Interest US$	Total Equity US$
Balance at 1 Jan 2015	150,933,803	(68,728,366)	31,186,476	2,226,405	11,578	115,629,896
Loss for the period	-	(1,198,438)	-	-	-	(1,198,438)
Other comprehensive income	-	-	-	(34,834)	(1,034)	(35,868)
Total comprehensive income	-	(1,198,438)	-	(34,834)	(1,034)	(1,234,306)
Transactions with owners in their capacity as owners:						
Share based payments	-	-	365,003	-	-	365,003
Balance at 30 June 2015	**150,933,803**	**(69,926,804)**	**31,551,479**	**2,191,571**	**10,544**	**114,760,593**
Balance at 1 Jan 2014	142,042,802	(62,886,030)	25,917,078	2,400,393	40,017	107,514,260
Loss for the period	-	(2,156,913)	-	-	-	(2,156,913)
Other comprehensive income	-	-	-	(518,840)	(38,560)	(557,400)
Total comprehensive income	-	(2,156,913)	-	(518,840)	(38,560)	(2,714,313)
Transactions with owners in their capacity as owners:						
Issue of shares, net of transaction costs	421,146	-	-	-	-	421,146
Share based payments	-	-	1,129,208	-	-	1,129,208
Balance at 30 June 2014	**142,463,948**	**(65,042,943)**	**27,046,286**	**1,881,553**	**1,457**	**106,350,301**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 US$	30 June 2014 US$
Cash flows from operating activities			
Payments to suppliers		(794,936)	(1,214,806)
Interest received		13,363	95,555
Research and Development refund		-	412,189
Net cash flows used in operating activities		(781,573)	(707,062)
Cash flows from investing activities			
Payments for exploration and evaluation tenements		(1,718,977)	(3,125,319)
Net cash flows used in investing activities		(1,718,977)	(3,125,319)
Cash flows from financing activities			
Proceeds from issue of shares, net of share issue costs		-	2,895,337
Interest paid		-	(265,471)
Receipts from borrowings (convertible notes)		-	8,803,980
Payments to borrowings (convertible notes)		-	(9,414,569)
Net cash flows generated from financing activities		-	2,019,277
Net decrease in cash and cash equivalents		(2,500,550)	(1,813,104)
Cash and cash equivalents at beginning of period		5,894,073	4,910,157
Foreign currency differences		(151,372)	88,892
Cash and cash equivalents at end of period		3,242,151	3,185,945

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

1. REPORTING ENTITY

Elemental Minerals Limited ("the Company") is a company domiciled in Australia and is listed on the Australian Securities Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial reports.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in US dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 financial report for the year ended 31 December 2014, except for the impact of the standards and interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability [if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these condensed consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015 (Continued)

Going concern

The Group incurred an operating loss after tax of US$1,198,438 (2014: US$2,156,913) and experienced net cash outflows from operating and investing activities of US$2,500,550 (2014: US$3,832,381) for the half year ended 30 June 2015. Cash and cash equivalents totaled US$3,242,151 as at 30 June 2015.

The directors have prepared a cash flow forecast for the period ending 30 September 2016, which indicates the Group will have sufficient cash flow to meet working capital requirements through to 30 September 2016 including corporate costs, exploration expenditure, Definitive Feasibility Study (“DFS”) costs related to the Kola Project and Pre-Feasibility Study (“PFS”) costs related to the Dougou Project, which has been based on the following assumptions:

a) The completion of a capital raising, generating approximately $17m by January 2016 through the use of various capital raising initiatives. The directors continue to advance discussions with potential strategic partners, and are now at a term sheet stage with some of these partners. The final form and structure of any capital raising will require shareholder approval; and
b) Managing costs to coincide with the capital raising activity outlined above to ensure all obligations can be met.

The Directors are confident that at least one of these capital raising initiatives will be successful, building upon the Company’s ability to raise capital in the past, and the recent raising of A$4.98M during difficult market conditions. The financial report has therefore been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that there are reasonable grounds to believe that the operational and financial plans in place are achievable and accordingly that the Group will be able to continue as a going concern and meet its obligations as and when they fall due.

Should the Directors not be successful in achieving the matters set out above, there is a material uncertainty whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015 (Continued)

Application of new and revised Accounting Standards

The Group has adopted all of the new and revised standards and interpretation issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current half year.

There are no new and revised standards and amendments thereof and interpretations effective for the current reporting period that are considered to have a material effect to the Company.

The adoption of all the new and revised standards and interpretation has not resulted in any changes to the Group's accounting policy and has no effect on the amounts reported for the current or prior half years.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The Group's functional currency is the currency of the primary economic environment in which the entity operates. The functional and presentation currency is US dollars.

4. SEGMENT REPORTING

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of directors, which is responsible for allocating resources and assessing performance of the operating segments.

The Group operates in one segment, being mineral exploration in Central Africa.

5. RECONCILIATION OF CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2015 US$	31 December 2014 US$
Opening Balance	109,123,597	101,639,595
Capitalised during the period(net of exchange differences)	1,824,337	7,484,002
Closing Balance	**110,947,934**	**109,123,597**

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation, or alternatively, the sale of, the respective areas of interest.

6. CONTRIBUTED EQUITY

381,850,877 Fully Paid Ordinary Shares (31 Dec 2014: 381,850,877)	150,933,803	150,933,803
	150,933,803	**150,933,803**

a) Movement in share capital

There was no movement in share capital during the half year ended 30 June 2015.

7. RESERVES

a) Reserves

Share based payments reserve	31,551,479	31,186,476
Foreign currency translation reserve	2,191,571	2,226,405
	33,743,050	33,412,881

Date	Details	Number of Options	Number of Rights	US$
1 Jan 2015	**Opening Balance**	**97,857,155**	**-**	**31,186,476**
17 Feb 2015	Lapsing of options	(4,500,000)	-	-
11 Mar 2015	Grant of performance rights (Note 9)	-	10,500,000	210,601
20 May 2015	Lapsing of options	(4,450,000)	-	-
30 June 2015	Recognition of share based payments	-	-	154,402
30 June 2015	**Closing Balance**	**88,907,155**	**10,500,000**	**31,551,479**

8. INCOME TAX BENEFIT

	Half Year Ended 30 June 2015 US$	Half Year Ended 30 June 2014 US$
Research and Development Tax Refund	-	412,189
	-	412,189

9. SHARE BASED PAYMENTS

During the period, the following performance rights were issued under the Company's Performance Rights Plan.

	Class A Performance Rights	Class B Performance Rights	Class C Performance Rights	Total Performance Rights
T Borman	1,500,000	1,500,000	1,500,000	**4,500,000**
J Sanders	1,000,000	1,000,000	1,000,000	**3,000,000**
M Golding	1,000,000	1,000,000	1,000,000	**3,000,000**

The Performance Rights were issued subject to the Plan Rules. The Performance Rights issued have been classified as Class A, Class B and Class C Performance Rights and each class' vesting conditions is as follows:-

Class A Performance Rights

Performance Rights will vest as one Share for each Performance Right subject to the satisfaction of the following performance criteria within 24 months from the date of issue:-

- the Company's market capitalisation averaging over a period of 30 consecutive days of trading a daily average of not less than $80 million; and
- completing 12 months of continuous service with the Company.

Class B Performance Rights

Performance Rights will vest as one Share for each Performance Right subject to the satisfaction of the following performance criteria within 36 months from the date of issue:

- the Company's market capitalisation averaging over a period of 30 consecutive days of trading a daily average of not less than $100 million; and
- completing 24 months of continuous service with the Company.

Class C Performance Rights

Performance Rights will vest as one Share for each Performance Right subject to the satisfaction of the following performance criteria within 48 months from the date of issue:

- the Company's market capitalisation averaging over a period of 30 consecutive days of trading a daily average of not less than $120 million; and
- completing 36 months of continuous service with the Company.

None of the options have any voting rights, any entitlement to dividends or any entitlement to the proceeds of liquidation in the event of a winding up.

The fair value of the performance rights granted is estimated as at the grant date using the monte-carlo pricing model taking into account the terms and conditions upon which the instruments were granted.

Fair value of performance rights granted during the period:
The input used in the measurement of the fair value at grant date of the performance rights were as follows:

Input into the model	Class A	Class B	Class C
Grant Date Share Price	A$0.25	A$0.25	A$0.25
Expected Volatility	80%	80%	80%
Rights Life	2 years	3 years	4 years
Grant date fair value	A$0.136	A$0.137	A$0.139

Share options and performance rights exercised during the period

There were no share options or performance rights exercised during the period ended 30 June 2015.

10. COMMITMENTS

In order to maintain current rights of tenure to exploration and mining licences, the Group is required to meet certain minimum expenditure requirements.

The Group has satisfied the minimum exploration expenditure requirements to maintain its rights to tenure in relation to the Sintoukola project.

The Sintoukola permit requires that the Pre-Feasibility Study to be completed by January 2017 and the Kola Mining license requires the Bankable Feasibility Study to be completed by end of year 2016.

If the Company decides to relinquish certain licences and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

11. RELATED PARTY TRANSACTIONS

The company paid US$27,770 (30 June 2014: US$46,736) to Sparkling Investments Pty Ltd for Mr Sam Middlemas director's fees. Mr Sam Middlemas is a director of and has a beneficial interest in Sparkling Investments Pty Ltd.

The company paid US$24,133 (30 June 2014: US$9,401) to GDA Corporate for Mr Leonard Math director's fees. GDA Corporate ("GDA") has also been engaged to provide accounting, administrative and company secretarial services on commercial terms. Total amounts paid to GDA were US$39,807 during the reporting period (30 June 2014: US$46,931). Mr Leonard Math is an employee of GDA Corporate.

Loans to key management personnel and their related parties
There were no loans outstanding at the reporting date to key management personnel and their related parties.

Other transactions with the company
No director has entered into a material contract (apart from employment) with the company since the incorporation of the company and there were no material contracts involving directors' interests at the half-year end.

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

12. DIVIDENDS

No dividends have been paid or provided for during the half-year.

13. CONTINGENT LIABILITIES

The Company and its subsidiaries have finalised discussions with the Ministry of Mines and Geology in connection with Sintoukola Potash's exemption from withholding tax pursuant to Section 185 TER of the General Tax Code. An amendment of the Mining Research Convention, confirming the exemption, was executed on 20th March 2015 by the Ministry of Mines and Geology. There are no other material contingent liabilities since the last reporting balance date.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 June 2015, the Group had no financial assets and financial liabilities measured at fair value on a recurring basis.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

15. SUBSEQUENT EVENTS AFTER BALANCE DATE

Subsequent to 30 June 2015, the Company successfully raised A$4.98M (US$3.7M) through the issue of 24,925,000 shares at A$0.20 each.

In August, the Company announced the commencement of the Bankable Feasibility Study for the Kola Sylvinite Project and the Pre-Feasibility Study for the Dougou Carnallite Project. Hatch has been appointed as the lead consultant for the studies.

There are no other significant events that have occurred since reporting date requiring separate disclosure.

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Independent Auditor's Review Report to the Members of Elemental Minerals Limited

We have reviewed the accompanying half-year financial report of Elemental Minerals Limited, which comprises the condensed statement of financial position as at 30 June 2015, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 11 to 23.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Elemental Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elemental Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Elemental Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the half year financial statements, which indicates that the consolidated entity incurred a loss of $US1,198,438 (2014: $US2,156,913) and experienced net cash outflows from operating and investing activities of $US2,500,550 (2014: $US3,832,381) for the half year ended 30 June 2015. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the ordinary course of business.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants
Perth, 8 September 2015