

ELEMENTAL RECEIVES NON-BINDING AND CONDITIONAL EXPRESSION OF INTEREST

ELEMENTAL MINERALS LIMITED

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DIRECTORS

Chairman: David Hathorn
Managing Director: Sean Bennett
Non-exec Director: Sam Middlemas
Non-exec Director: Leonard Math

ISSUED CAPITAL

(As at – 12 Feb 2016)
410.2m Ordinary Shares
ASX Code: ELM

Perth, Australia, 12 February 2016 – Elemental Minerals Ltd. (ASX: ELM) ('Elemental' or 'the Company') advises that the Company has received an unsolicited, non-binding, incomplete and conditional expression of interest from Dingyi Group Investment Limited ("Dingyi") to acquire by way of an off-market takeover the fully paid ordinary shares of Elemental at a cash consideration of A\$0.30 per share. The acquiring entity will be an entity jointly formed by Dingyi, Guangzhou R&F Properties Company Limited ("R&F") and / or its associates.

The proposal is subject to the following pre-conditions:

- i) Completion of satisfactory confirmatory due diligence;
- ii) The negotiation and execution of pricing and definitive documentation; and
- iii) No material change to Elemental's number of issued shares.

As announced on 11 January 2016, Elemental has signed a non-binding term sheet and entered into exclusivity with SUMMIT Private Equity ("SUMMIT") in connection with a proposed equity investment in the Company that will see it sufficiently funded through to the commencement of the construction of its flagship potash project, the Kola Sylvinite Project ("Kola") in the Republic of Congo ('RoC').

The non-binding term sheet provides for a minimum equity injection of US\$50 million at a subscription price of A\$0.20 per share into the Company. This cash injection would allow the Company to pursue a new strategy accelerating the development of its various Potash projects.

A previous off-market bid by Dingyi in 2013-2014 lapsed after the Hong Kong Stock Exchange ("SEHK") determined the bid to be a reverse take-over and that Elemental did not meet the (then) new listing requirements for mineral assets under Chapter 18 of the SEHK Listing Rules. Dingyi have not provided Elemental with sufficient comfort that this is no longer the case.

As the proposal from Dingyi has no guarantee of completing and the consideration is significantly below both the fundamental value of the Company and the value that could be created under the Summit proposal, the Board has rejected Dingyi's proposal and has advised Dingyi that Elemental cannot have any discussions due to the current exclusivity with SUMMIT.

The Summit process is progressing well and the Board hopes to be able to provide a more detailed update to shareholders in the near future.



Contact

Elemental Minerals

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About Elemental Minerals Limited

Elemental Minerals Limited (ASX: ELM) is an advanced stage mineral exploration and development company whose primary asset is 97%-owned Sintoukola Potash SARL (SP) in the RoC. SP holds 100% ownership of the Sintoukola Exploration Permit and 100% of the Kola Mining Lease, within which the Kola, Dougou and Yangala Projects are located.

These properties are easily accessed, being located approximately 80km to the north of the city of Pointe Noire. The Projects have the potential to be among the world's lowest-cost potash producers and their location near the Congolese coast of Central West Africa offers a transport cost advantage to key Brazilian and Asian fertilizer markets. The three projects are at varying stages of development; the Kola sylvinitic Project is the Company's lead project.

Kola is a large sylvinitic deposit, for which a Pre-Feasibility Study (PFS) defined Proven and Probable Reserves of 152 Mt of sylvinitic ore¹ with an average grade of 31.7% KCl to be mined by conventional underground methods (at a depth of between 200 and 300 m), for a full scale production of 2 Mtpa Muriate of Potash (MoP) by 2024. A Mining License and ESIA approval for Kola were granted in August 2013².

The Dougou Deposit is 15 km southwest of Kola and is a very large carnallitic deposit with a Measured and Indicated Potash Mineral Resource of 1.1 billion tonnes grading 20.6% KCl (at a depth of between 400 and 600 metres) hosted by 35-40 metres of carnallitic within 4 flat-lying seams³. A Scoping Study was completed by ERCOSPLAN of Germany in February 2015⁴. This Study indicates that a low capital cost, low operating cost (Life of Mine operating cost of US\$68 per tonne MOP), quick to production carnallitic⁵ solution mine can be established at Dougou, taking advantage of the deposit quality and availability of cheap energy in the RoC.

The Yangala Sylvinitic Prospect lies immediately west of Dougou. At Yangala, the Company has drilled two holes, both intersecting a flat-lying layer of over 4 to 4.5 metres thickness with a grade of between 57 and 60% KCl, a candidate for the world's highest grading potash seam⁶. An Exploration Target of 235 to 470 Mt grading 55 to 60 % KCl was announced on 27th January 2015⁷.

¹ NI 43-101 Technical Report. PFS for the Kola Deposit, 17 September 2012 (SRK Consulting)

² Announcement dated 15 August 2013: Elemental Minerals Announces Award of Mining License for the Kola Potash Project.

³ Announcement dated 9 February 2015: Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit.

⁴ Announcement dated 17 February 2015: Results for the Dougou Potash Project Scoping Study

⁵ Carnallitic: a rock comprising of the potash mineral carnallite (KMgCl₃·6H₂O) and other minerals such as halite (NaCl).

⁶ Announcement dated 20 October 2014: Elemental Minerals Announces results for the Phase 1B drilling programme in the Dougou-Yangala area (part of the Sintoukola Potash Project) in the Republic of Congo (RoC).

⁷ Announcement dated 27 January 2015: Elemental Minerals Announces an Exploration Target for the High Grade Sylvinitic Hangingwall Seam at the Yangala Prospect.

Elemental's management team has a record of bringing quality African mineral projects to production. For more information contact us or visit www.elementalminerals.com.

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

Table 1. Elemental Minerals' potash Resources

Notes: The Kola Mineral resources were estimated by CSA Global of Perth, and reported under the JORC Code 2004. Elemental is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 21st August 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 Ingenieuresellschaft 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 K₂O to KCl. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.

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

Table 2. Elemental Minerals' potash Ore Reserves

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 and have not changed since then.

Forward-Looking Statements

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

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.

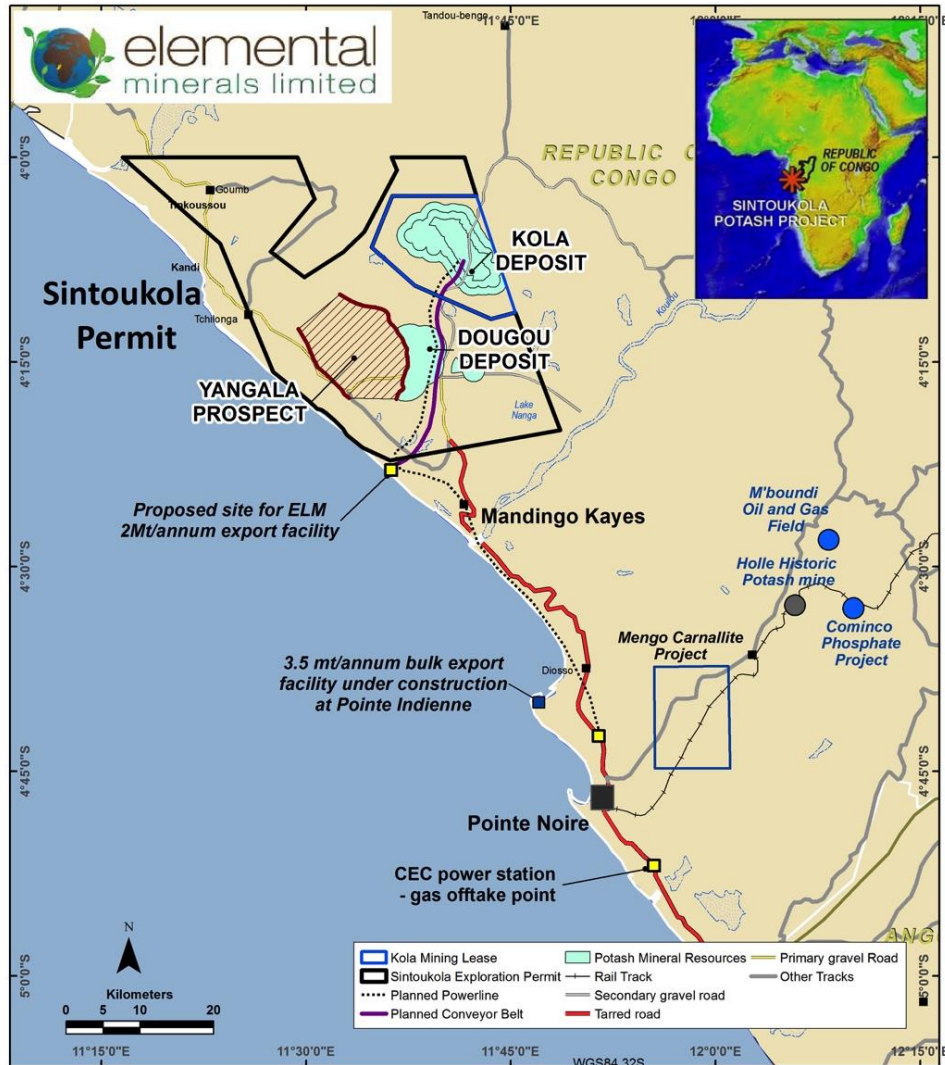


Figure 1: Location of the Kola and Dougou Projects within the Sintoukola Permit in relation to available infrastructure