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SOUTH AMERICA STRATEGY UPDATE

Highlights

- New acquisitions in Chile extend and diversify the Company's portfolio to advance through exploration and development
- Exploration has commenced at Mercedes and Tamaya in Chile
- Elementos will seek a joint venture partner to help advance its Santo Domingo project
- Drilling is on-going at Manantiales, evaluating the depth extension of the Manantial vein - new drill target at Manantial Este remains untested

Elementos Limited (ASX: ELT) ("Elementos" or the "Company") is pleased to provide an update on its strategy in South America following the announcement of the Company's two new projects in Chile.

Elementos has been pursuing new project opportunities in the Andes region of South America over the last eighteen months. The strategy has been aimed at extending the Company's portfolio to provide a number of projects at various stages throughout the discovery to development life cycle.

The Chilean acquisitions not only create diversification benefits, but deliver a number of additional advantages, including:

- Substantial land packages in close proximity to major copper-gold deposits and mines, with the potential to discover copper oxide and porphyry-style mineralisation;
- Excellent infrastructure, ensuring maximum investment in the ground;
- Benign work environments - low to moderate altitudes, relatively subdued topography, and stable climates - enabling year-round exploration;
- Politically stable, pro-mining jurisdiction;
- Short lead times to the delivery of exploration results; and
- Strong synergies with the Company's internal geological expertise and experience, especially in vein and porphyry-styles of mineralisation.

The Company remains committed to advancing and realising value from its projects in Argentina. The established team is actively advancing both the Manantiales and Santo Domingo projects, building on the success of recent exploration programs.

The following provides an overview of the current strategies at each of the Company's projects in the Andes region of South America.

Argentina projects

Santo Domingo

Since the Company's public flotation in December 2009, systematic exploration programs, including mapping, sampling and geophysics have been completed at Santo Domingo. This has resulted in the discovery of an extensive mineralised system, with a number of distinct styles and structures.

The main targets identified include the Yvette high-grade gold and silver-polymetallic shear zones and the large Divisoria gold-copper porphyry system. In addition, the Company has identified two other porphyry targets at El Arriero-El Arriero Extension and Alunita, which remain largely untested.

The Company believes that the two recent geophysical programs, in conjunction with the extensive investment in exploration over the last three years, have demonstrated that Santo Domingo has strong potential to host a world-class porphyry deposit.

Defining and ultimately developing any potential resources would require a substantial investment, including additional geophysics, deep drilling and infrastructure. Thus, the board considers that the best strategy is to seek a major joint venture partner, with the financial capacity to explore and develop a large porphyry target, to complement the Company's technical understanding of the project.

An Information Memorandum is being prepared, and the process of identifying potential partners has commenced.

Manantiales

The Phase II Extended diamond drilling program at the Manantial vein, comprising 600 metres in three holes, has progressed more slowly than anticipated, due to commissioning issues with the new drilling rig. The contractor is mobilising a replacement rig to complete the program.

Meanwhile, substantial progress has been made at Manantiales, discovering and defining prospects through mapping, surface sampling and geophysics. Drilling programs have recently been completed at Manantial, Julietta and La Puerta veins. The recent discovery through geophysics of the two-kilometre vein system at Manatial Este provides an additional promising target for a future drilling program.

The Company remains in a unique position at Manantiales to monetise its discoveries through possible standalone development or potentially in partnership with the adjacent Casposo operation.

Chile projects

Mercedes

The Company is making rapid progress at its recently acquired copper project. Mercedes comprises 8,589 ha of mining concessions and applications, plus 21,200 ha of exploration permits and applications. Mercedes is strategically located 60 kilometres east of the world-class Chiquicamata mining district. The area has excellent exploration, mining and development infrastructure.

The recently completed inaugural sampling program of exposed mineralisation and artisanal mines has demonstrated the high-grade copper potential of the project. More than 75% of the samples contained higher than 1% copper, over a 298 km² wide area, with grades up to 9.79%¹. Multi-element data suggests porphyry-style mineralisation may be present at the Elvira prospect.

The continuation of the surface sampling, the on-going geological mapping and the start of the airborne geophysical survey should provide an early indication of the size and extension of structures and bodies, as well as defining geological models for drill testing in the short-term.

Tamaya

The Company recently announced it has entered into an earn-in joint venture with HMC Gold SCM on the Tamaya copper project in Chile. Elementos can earn a 50% interest in the project by spending US\$7 million on exploration and development within three years.

Tamaya comprises 5,690 and 1,200 ha of mining concessions and exploration applications respectively. It is located in the Cerrillo Tamaya historic mining district, 55 kilometres south of the regional capital and port of Coquimbo. The district has excellent exploration, mining, and development infrastructure.

Historic mining apparently focused on high-grading the copper veins, with reported production of 2Mt @ 12% copper², potentially leaving significant volumes of lower-grade material. Exploration activities at Tamaya will test the remnants of the known mineralisation whilst exploring for new targets.

A ground magnetometry survey has commenced, in parallel with mapping and surface sampling programs.

Plans for 2012

The Company has now diversified its portfolio of projects in the Andes with its recent acquisitions of Tamaya and Mercedes in Chile. The strategy has delivered a balanced set of projects which it believes improves the prospects of identifying a project capable of development.

The Company has an aggressive exploration program for 2012, and a pipeline of news flow is expected to follow.

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¹ ASX Release: "Mercedes Demonstrates High-Grade Copper Potential", 15 February 2012.

² Based on non-JORC-compliant historical data.



Elementos is an Australian, ASX-listed, copper and gold exploration company, with projects in Argentina, Chile and Australia. The properties are all in mineral rich, highly prospective provinces, with developed infrastructure nearby.

Please visit us at www.elementos.com.au

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Alistair Grahame, a member of the Australian Institute of Geoscientists. Mr Grahame is a full-time employee of Elementos Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which it is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Grahame consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.