

25 NOVEMBER 2011

MANANTIALES PHASE II DRILLING RESULTS

Highlights

- Expansion of the high-grade gold zone at Manantial vein system, remains open along strike and to depth
- Low-grade mineralisation intersected at shallow levels in La Puerta and Julietta Norte, requires deeper drilling to test full potential of those systems
- Phase III drilling being planned to continue defining the Manantial vein and test Manantial Este

Elementos Limited (ASX: ELT) (“Elementos” or the “Company”) is pleased to provide a comprehensive summary of the Phase II drilling program completed at the Manantiales gold-silver project in San Juan Province, Argentina.

The Phase II drilling program has successfully expanded the size of the high-grade gold system at Manantial vein:

- Minimum strike length extended to 180 metres in a north-south direction;
- Mineralisation extended down to 250 metres depth;
- A new zone of mineralisation positioned approximately 250 metres south of the main Manantial vein has been identified; and
- The system remains open along strike and to depth.

Phase II drilling confirmed high-grade gold mineralisation within a larger envelope of lower-grade gold mineralisation, see Figure 1. There is potential for the Manantial vein to support a larger epithermal system at depth, supported by:

- Geochemical evidence, such as the high gold-to-silver ratio;
- Geophysical anomalies extending to depth in the recent pole-dipole IP data;
- Geological evidence, such as high-level quartz-vein textures; and
- Lithological and structural interpretations indicating that the Manantial system is at a higher level than the adjoining Casposo mine.

Significant drilling results from the Phase II drilling program have included:

- MDH38 10.07 metres at 2.22 g/t Au and 5.9 g/t Ag from 189 metres
- Incl. 1.31 metres at 10.95 g/t Au and 13.64 g/t Ag from 190 metres
 - Incl. 0.56 metres at 14.2 g/t Au and 19 g/t Ag from 190 metres
- 2.90 metres at 2.26 g/t Au and 18.4 g/t Ag from 206 metres
- Incl. 0.96 metres at 5.29 g/t Au and 9 g/t Ag from 206 metres

- MDH51 6.6 metres at 2.07g/t Au and 8.7 g/t Ag from 190 metres
- Incl. 1.7 metres at 6.75 g/t Au and 21.8 g/t Ag from 191 metres
 - Incl. 0.65metres at 8.28 g/t Au and 27 g/t Ag from 191 metres
- MDH27 1.43 metres at 5.43 g/t Au and 8.8 g/t Ag from 144 metres
- Incl. 0.36 metres at 13.4 g/t Au and 36 g/t Ag from 145 metres
- MDH21A⁽¹⁾ 11.68 metres at 2.1g/t Au and 5.8 g/t Ag from 146 metres
- Incl. 1.19metres at 4.27g/t Au and 7.4 g/t Ag
 - Incl. 0.4metres at 9.92g/t Au and 15 g/t Ag
- 3.45 metres at 5.04 g/t Au and 11.75 g/t Ag
- Incl. 1.8metres at 8.95 g/t Au and 188.9 g/t Ag
 - Incl. 0.81metres at 10.4 g/t Au and 26 g/t Ag
- MDH221⁽¹⁾ 6.7 metres at 2.26g/t Au and 7.4 g/t Ag from 119 metres
- Incl. 1.25metres at 10.68 g/t Au and 23.6 g/t Ag
 - Incl. 0.75metres at 15.1g/t Au and 24 g/t Ag

Phase II Drilling Program

The Phase II drilling program comprised 33 diamond core holes totalling 5,599 metres, distributed at the following prospects:

- Manantial – 4,337 metres in 22 holes;
- Julieta Norte – 446 metres in 4 holes; and
- La Puerta – 816 metres in 7 holes.

Manantial Vein South Extension

At the Manantial vein, exploratory drilling has delineated a new mineralised zone positioned approximately 250 metres south of the main high-grade Manantial vein (see figure 1). The system was intercepted in holes MDH027, MDH042 and MDH052. This vein is located in the main Manantial geological structure and has no surface expression, confirming the possibility of finding hidden veins in the prospect. Further drilling will be required to test the vertical and strike extensions, and test a potential connection with the northern high-grade portion of the system.

La Puerta Prospect

Initial drilling along 200 metres of the La Puerta vein has returned a limited number of low-grade narrow anomalies at shallow levels. This is in contrast to the high-grade saw blade channel sampling results at surface. This pattern was also encountered during early drilling at shallow levels in the Manantial vein and required subsequent deeper drilling to encounter the high-grade Manantial vein.

¹ Results announced 7th June 2011

Significant values included:

- MDH034: 0.67 metres at 3.1 g/t Au and 3 g/t Ag from 33.25 metres; and
- MDH039: 0.65 metres at 2.3 g/t Au and 54 g/t Ag from 39 metres.

Interpretation of the new drilling information in conjunction with further detailed mapping is being conducted to evaluate the area and develop an exploration strategy.

Julieta Norte

The focus of Phase II drilling at Julieta Norte was to test depth and strike extension of previously drilled holes including:

- MDH016: 1.02 metres at 4.4 g/t gold and 16 g/t silver from 30 metres; and
- MDH017: 0.75 metres at 4.8 g/t gold and 7 g/t silver from 63 metres.

The Phase II results included:

- MDH047: 1 metre at 4.4 g/t Au and 9 g/t Ag from 62 metres; and
- MDH046: 1.35 metres at 1.02 g/t Au and 4.4 g/t Ag from 57 metres.

The system appears to be plunging deeply to the north and any future drilling would focus on drilling the system at greater depths.

A second vein segment 500 metres north of MDH047 was tested with holes MDH048 and MDH049, with no significant results.

Drilling Strategy

Further drilling is being considered to test the strike and depth extensions of the Manantial vein, and a first-pass drilling program at Manantial Este.

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Elementos is an Australian, ASX-listed, exploration company, with a number of projects in Argentina and Australia, which offer an attractive investment environment. The properties are all in mineral rich, highly prospective provinces, with developed infrastructure nearby. Please visit us at www.elementos.com.au.

SAMPLE QUALITY CONTROL AND ASSURANCE

All sample widths presented are Intersection or Apparent Widths and may not represent the true widths of the mineralisation. Assay results presented are Certified Final Assays. A 0.5ppm gold cut-off grade was used at the beginning and end of the reported mineralised intersects. Low-grade zones less than two metres width within an intersection were included in the intersection. No upper cut-off was applied. The core was split equally using a diamond-blade saw. One half of the core was selected for sampling. Sample intervals were 1.0m or to geological criteria. Sample widths were limited at between 0.3 and 1.0m. No compositing of samples was used. Holes MDH001 and MDH002 are HQ3. Holes MDH034, 35, 36, 37, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51 and 52 are HQ. All other holes are NTW.



Samples were prepared at the Acme Analytical Laboratories ("AcmeLabs") preparation facility in Mendoza, Argentina and assayed by fire assay (50 gram charge) at the AcmeLabs laboratory in Chile and for ICP-MS 32 elements (15 grams charge) at the AcmeLabs laboratory in Vancouver, all ISO-9001:2000 certified laboratories.

Check assaying of all samples assaying greater than 1.0 g/t gold is completed by AcmeLabs. Samples returning greater than 10 g/t gold and/or greater than 100 g/t silver are assayed using gravimetric analyses. Standard, blank and duplicates samples are used throughout the sample sequence as checks for the diamond drilling reported in this release.

CORE LOGGING AND ORIENTATION

All diamond-core was logged for geological and geotechnical characteristics, core recovery, and orientated using the Ballmark system. Average recovery for the entire program was over 96% in both vein and wall rock. Downhole surveys were conducted using a Reflex single-shot camera at a maximum 50 metre spacing.

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 Gustavo Delendatti, a member of the Australian Institute of Geoscientists. Mr Delendatti is a full-time employee of Elementos Limited 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 Delendatti consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Figure 1: Updated longitudinal section showing g/t gold x metre distribution along the main Manantial vein. The dotted white line corresponds to the lower limit of gold mineralisation intercepted in Phase I drilling 2010, showing the expansion of the high-grade gold zone during Phase II drilling.

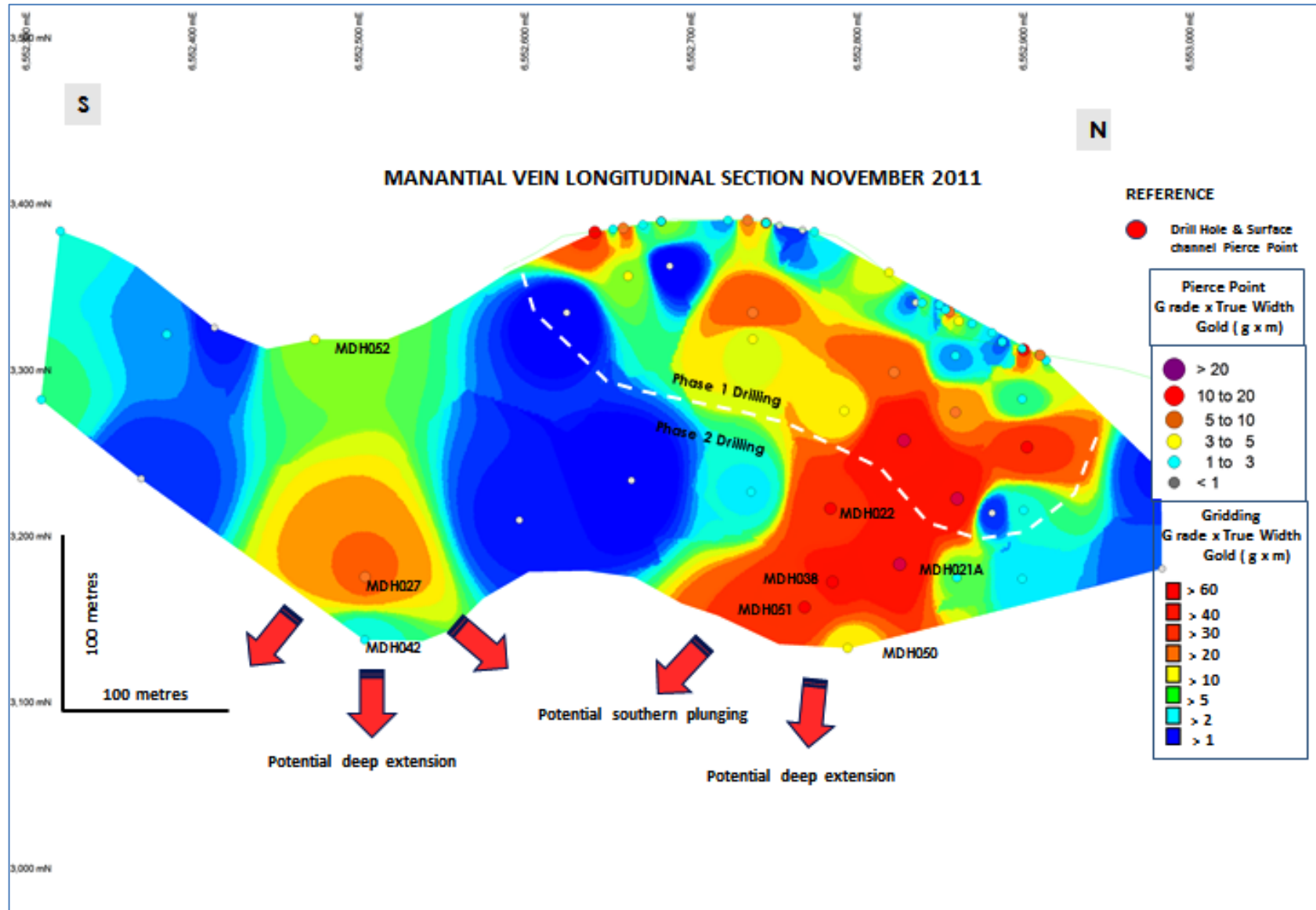


Table 1: Manantiales - summary of Phase II drilling intersections using 0.5 g/t gold cut-off grade

| HoleID | Prospect | Coordinates (GK/CI f2) ¹ | | Altitude, m | End of Hole | Collar Surveys ² | | Significant Intersections | | | | | |
|---------|-----------|-------------------------------------|------------|-------------|-------------|-----------------------------|-------------|---------------------------|--------|------------------------|---------------------|--------|------------------------------|
| | | Northing, m | Easting, m | | | Azimuth | Inclination | From, m | To, m | Length, m ³ | Au ppm ⁴ | Ag ppm | Core Recovery % ⁵ |
| MDH020 | Manantial | 2432209 | 6552902 | 3286 | 200.3 | 270 | -60 | 129 | 131.76 | 2.76 | 0.56 | 5.8 | 98.36 |
| MDH021A | Manantial | 2432220 | 6552827 | 3312 | 180.35 | 270 | -55 | 146.17 | 157.85 | 11.68 | 2.1 | 5.8 | 87.84 |
| | | | | | | | | 146.17 | 147.36 | 1.19 | 4.27 | 7.4 | 100 |
| | including | | | | | | | 146.96 | 147.36 | 0.4 | 9.92 | 15 | 100 |
| | including | | | | | | | 154.4 | 157.85 | 3.45 | 5.04 | 11.8 | 94.14 |
| | and | | | | | | | 156.05 | 157.85 | 1.8 | 8.95 | 18.9 | 98.42 |
| | and | | | | | | | 156.86 | 157.85 | 0.81 | 10.4 | 26 | 99.57 |
| MDH022 | Manantial | 2432200 | 6552787 | 3320 | 201.3 | 270 | -50 | 119 | 125.7 | 6.7 | 2.26 | 7.4 | 98.79 |
| | including | | | | | | | 122.5 | 125.7 | 3.2 | 4.438 | 12.1 | 98.41 |
| | and | | | | | | | 124.45 | 125.7 | 1.25 | 10.68 | 23.6 | 97.88 |
| | and | | | | | | | 124.95 | 125.7 | 0.75 | 15.1 | 24 | 97.13 |
| | | | | | | | | 146.6 | 147.8 | 1.25 | 2.28 | 6 | 88.66 |
| | | | | | | | | 154 | 155 | 1 | 1.37 | 4 | 95 |
| MDH023 | Manantial | 2432200 | 6552665 | 3320 | 221.6 | 270 | -55 | 129 | 131.76 | 2.76 | 0.56 | 5.8 | 93 |
| MDH024 | Manantial | 2432199 | 6552736 | 3340 | 203.8 | 270 | -50 | NSR | | | | | |
| MDH025 | Manantial | 2432208 | 6552860 | 3297 | 200 | 270 | -60 | 142.5 | 145.7 | 3.2 | 1.19 | 9.9 | 93.4 |
| | including | | | | | | | 144.55 | 145 | 0.45 | 5.348 | 27 | 95 |
| MDH026 | Manantial | 2432158 | 6552597 | 3329 | 151.95 | 270 | -60 | NSR | | | | | |
| MDH027 | Manantial | 2432176 | 6552508 | 3291 | 190.05 | 270 | -60 | 144 | 145.43 | 1.43 | 5.432 | 8.8 | 98.7 |
| | including | | | | | | | 145.07 | 145.43 | 0.36 | 13.4 | 23 | 100 |
| MDH028 | Manantial | 2432202 | 6552986 | 3263 | 150.95 | 270 | -60 | NSR | | | | | |
| MDH029 | Manantial | 2432098 | 6552376 | 3344 | 166.2 | 270 | -60 | NSR | | | | | |

| | | | | | | | | | | | | | |
|-----------|-----------|---------|---------|------|--------|-----|-----|--------|--------|-------|-------|-------|------|
| MDH030 | Manantial | 2432092 | 6552319 | 3372 | 185 | 285 | -50 | 118.67 | 122.05 | 3.38 | 0.834 | 2.9 | 97.6 |
| MDH031 | Manantial | 2432072 | 6552379 | 3347 | 102.65 | 290 | -55 | 41 | 44 | 3.00 | 0.501 | 2.7 | 93.2 |
| MDH032 | Manantial | 2432175 | 6552883 | 3294 | 180.1 | 270 | -60 | 92 | 93.1 | 1.1 | 1.485 | 8 | 95.5 |
| MDH033 | Manantial | 2432141 | 6552793 | 3341 | 132.85 | 270 | -60 | 73.94 | 78 | 4.06 | 1.18 | 7.7 | 97.6 |
| including | | | | | | | | 74.94 | 76.36 | 1.42 | 1.469 | 9 | 97.8 |
| | | | | | | | | 105.25 | 107.14 | 1.89 | 0.67 | 30.7 | 93.7 |
| including | | | | | | | | 105.25 | 105.68 | 0.43 | 2.312 | 124 | 94.1 |
| MDH034 | La Puerta | 2438144 | 6552260 | 2708 | 143.1 | 180 | -55 | 33.25 | 33.92 | 0.67 | 3.113 | 3 | 98.5 |
| | | | | | | | | 42.75 | 43.25 | 0.50 | 1.051 | 2 | 99.5 |
| MDH035 | La Puerta | 2438107 | 6552250 | 2719 | 134 | 180 | -50 | NSR | | | | | |
| MDH036 | La Puerta | 2438147 | 6552235 | 2712 | 61 | 180 | -50 | 28.65 | 29.5 | 0.85 | 0.7 | 2 | 91.6 |
| including | | | | | | | | 29.05 | 29.5 | 0.45 | 0.917 | 2 | 92.1 |
| MDH037 | La Puerta | 2438072 | 6552249 | 2723 | 131.8 | 180 | -50 | 46.86 | 48.05 | 1.19 | 1.12 | 18 | 92.6 |
| including | | | | | | | | 46.86 | 47.28 | 0.42 | 2.733 | 38 | 93.1 |
| MDH038 | Manantial | 2432260 | 6552791 | 3320 | 237.65 | 270 | -60 | 188.79 | 198.86 | 10.07 | 2.22 | 5.92 | 95.6 |
| including | | | | | | | | 188.79 | 193.85 | 5.06 | 3.65 | 7.12 | 95.9 |
| including | | | | | | | | 189.69 | 193.07 | 3.38 | 4.61 | 6.66 | 97.2 |
| including | | | | | | | | 189.69 | 191 | 1.31 | 10.95 | 13.64 | 97.3 |
| including | | | | | | | | 189.69 | 190.25 | 0.56 | 14.2 | 19 | 98.1 |
| including | | | | | | | | 192.55 | 193.07 | 0.52 | 8.28 | 13 | 96.3 |
| | | | | | | | | 195.65 | 198.86 | 3.21 | 1.01 | 4.43 | 94.2 |
| | | | | | | | | 205.92 | 208.82 | 2.9 | 2.26 | 18.38 | 94.4 |
| | | | | | | | | 205.92 | 206.88 | 0.96 | 5.29 | 9 | 95.6 |
| | | | | | | | | 214 | 215 | 1 | 1.72 | 5 | 98.1 |
| MDH039 | La Puerta | 2438006 | 6552234 | 2714 | 101.2 | 150 | -50 | 40.5 | 41.15 | 0.65 | 2.303 | 54 | 97.8 |
| MDH040 | La Puerta | 2437974 | 6552212 | 2710 | 95.3 | 150 | -50 | NSR | | | | | |
| MDH041 | La Puerta | 2437987 | 6552255 | 2707 | 150 | 150 | -50 | NSR | | | | | |
| MDH042 | Manantial | 2432221 | 6552513 | 3280 | 243.5 | 270 | -50 | 175.35 | 177.15 | 1.8 | 1 | 4 | 92 |
| MDH043 | Manantial | 2432100 | 6553180 | 3213 | 198.6 | 250 | -55 | NSR | | | | | |

| | | | | | | | | | | | | | |
|----------------|---------------|---------|---------|------|-------|-----|-----|--------|--------|------|-------|-------|------|
| MDH044 | Manantial | 2432266 | 6552828 | 3322 | 250 | 270 | -55 | 213.65 | 215 | 1.35 | 1.685 | 16 | 94.3 |
| MDH045 | Manantial | 2432110 | 6552370 | 3343 | 180 | 285 | -65 | 126.1 | 126.95 | 0.85 | 0.92 | 4.9 | 97.6 |
| including | | | | | | | | 126.1 | 126.5 | 0.40 | 1.419 | 6 | 97.1 |
| MDH046 | Julieta North | 2433793 | 6551865 | 3361 | 101.3 | 40 | -70 | 56.6 | 57.95 | 1.35 | 1.015 | 4.4 | 94.4 |
| including | | | | | | | | 56.6 | 57.25 | 0.65 | 1.631 | 7 | 95.3 |
| MDH047 | Julieta North | 2433686 | 6551945 | 3362 | 104.3 | 50 | -60 | 62.4 | 63.4 | 1.00 | 4.39 | 9 | 92.3 |
| MDH048 | Julieta North | 2433225 | 6552471 | 3407 | 67.3 | 345 | -60 | NSR | | | | | |
| MDH049 | Julieta North | 2433246 | 6552405 | 3433 | 173.5 | 345 | -60 | NSR | | | | | |
| MDH050 | Manantial | 2432277 | 6552791 | 3327 | 278.5 | 268 | -58 | 226.75 | 229.05 | 2.3 | 1.93 | 34.4 | 98.4 |
| including | | | | | | | | 227.5 | 228.25 | 0.75 | 2.539 | 27 | 98.6 |
| | | | | | | | | 237.6 | 241.45 | 3.85 | 1.07 | 4.5 | 94.6 |
| including | | | | | | | | 240.47 | 241.45 | 0.98 | 1.971 | 6.1 | 95 |
| MDH051 | Manantial | 2432259 | 6552771 | 3319 | 238.8 | 268 | -50 | 189.7 | 196.3 | 6.6 | 2.074 | 8.7 | 97.6 |
| including | | | | | | | | 190.6 | 192.3 | 1.7 | 6.754 | 21.78 | 98.1 |
| which includes | | | | | | | | 191.1 | 191.75 | 0.65 | 8.284 | 27 | 96.9 |
| MDH052 | Manantial | 2432059 | 6552474 | 3324 | 137.4 | 270 | -50 | 7 | 8.4 | 1.40 | 2.2 | 14.4 | 94.2 |
| including | | | | | | | | 8 | 8.4 | 0.40 | 4.667 | 19 | 96.6 |

- Notes:
- ¹ All coordinates are reported in Gauss Krugger, Campo Inchauspe, Band 2 and surveyed by a qualified surveyor using a Differential GPS.
 - ² All Azimuths are reported in degrees relative to Magnetic North. Orientation data presented in Table 1 represents collar data.
 - ³ All sample widths are Intersection or Apparent Widths and may not represent the true widths of the mineralisation.
 - ⁴ Assay results presented are Certified Final Assays. A 0.5ppm gold cut-off grade was used at the beginning and end of the reported mineralised intersects. Low-grade zones less than two metres width within an intersection were included in the intersection. No upper cut-off was applied.
 - ⁵ Core recoveries presented are for the mineralised intervals only and are not representative of the entire drill hole.

NSR: No Significant Results. Assay results for holes MDH005 and MDH011 pending. These are low priority holes due to a lack of visible mineralisation.