20 January 2010

MANANTIALES PROJECT ADVANCES TOWARDS DRILLING PHASE

Elementos Limited (ASX: ELT) is pleased to announce that progress has been made at the Manantiales epithermal-vein project in San Juan, Argentina. Since the completion of the Initial Public Offering, Elementos has lodged its Environmental Impact Assessment, signed an access agreement with Troy Resources and commenced phase one exploration activities.

Environmental Impact Assessment Lodged

The Environmental Impact Report – Exploration Stage ("EIS") for Manantiales was lodged on 14 December 2009. The Mining Code stipulates that the State Secretariat of Mines has 60 days to make an approval decision on the EIS.

Access Agreement with Troy Resources

Elementos has signed an access agreement with Troy Resources to facilitate entry to the Manantiales project. Troy is the owner of the surface land adjacent to Elementos' Manantiales project.

Key aspects of the agreement include:

- access to the Manantiales project utilising Troy's 21 kilometre access road from the Kamila deposit to the Julieta vein system which is adjacent to Elementos' Manantial vein target (see Figure 1);
- agreement for construction of internal access roads, drill pads and any facility related with the exploration activities of the Manantiales property; and
- sharing of maintenance costs on the Kamila to Julieta road.

The agreement has resulted in significant road construction cost saving to Elementos, and enabled immediate access to the project site.

Manantiales First Phase Exploration Program

The goal of the first phase exploration program is to generate drill targets through:

a) detailed mapping of the known vein systems in order to assess the distribution, structural control and the mineralized grade of the exposed veins;

b) identification of new vein structures or hidden extensions to known structures through trenching and a detailed ground magnetic survey; and

c) prospecting for new vein zones, including a district-scale soil and rock chip sampling program.

December 2009 site visit

The December site visit combined a comprehensive review of the historical exploration data with a field visit during December 2009. The field visit incorporated detailed mapping of the vein systems at Manantial in preparation for a first phase detailed sampling program.

The first sampling program will include mapping of the vein systems, localising historical saw blade channel sampling undertaken by Marifil and rock chip sampling by Silex. The sampling program is planned to check the previous sampling methodologies and includes twinning of previous sawn channel and rock chip samples and a comparison of gold grades generated from both sampling methodologies. Additionally, new vein zones will be sampled to provide an accurate and representative grade assessment of outcropping mineralization for drill targeting purposes.

Interpretation of vein systems in the Manantial area

During the December 2009 site visit, some new interpretations of the vein systems in the Manantial area were made. The most important quartz vein system due to its size, is north-south trending and dips 70 to 85 degrees to the east. Vein widths range between 1 to 5 metres (Photo 1). The most common vein textures are banding, including opaline and chalcedonic bands with a central suture of bladed texture calcite which in places has been replaced by silica (Photo 2; and vein breccias, comprising fragments of vein material hosted in iron oxide matrix), all textural indicators of boiling, transportation and precipitation of metals, potentially including gold-silver mineralisation.

Additionally, there are also narrow north-south quartz veins (0.3 to 0.5 metres width) parallel to the main system configured as a sheeted array. These may represent further mineralisation if mineralised and present in sufficient volume.

The main massive vein body mapped to date has an exposed length of nearly 275 metres north-south, however, vein occurrences can be mapped over another 800 metres along the trend. The mapping also demonstrated that the main vein system discussed above is sub-parallel to the Julieta vein, which is located some 1.7 kilometres east.

Photo 1: Elementos' South America Exploration Manager, Gustavo Delendatti, inspecting the main north-south trending vein at Manantial prospect

A second vein system (Photo 3) that trends N30E to N40E and is formed by both massive chalcedonic bodies (1 to 4 metres width) and narrow banded veins (0.3 to 0.5 metres in width) is generally sub-vertical. Some of the most outstanding gold grade veins (including the 9.01 g/t gold peak) come from these narrow north-east veins. This vein system seems to be controlled by a major structural trend which is visible in the satellite imagery.

The coincidence of these two orientations of mineralised veins signifies a tensional system with the potential to form multiple structures in either orientation and with large total volumes. This is a common feature in many larger vein deposits, such as Cerro Vanguardia.

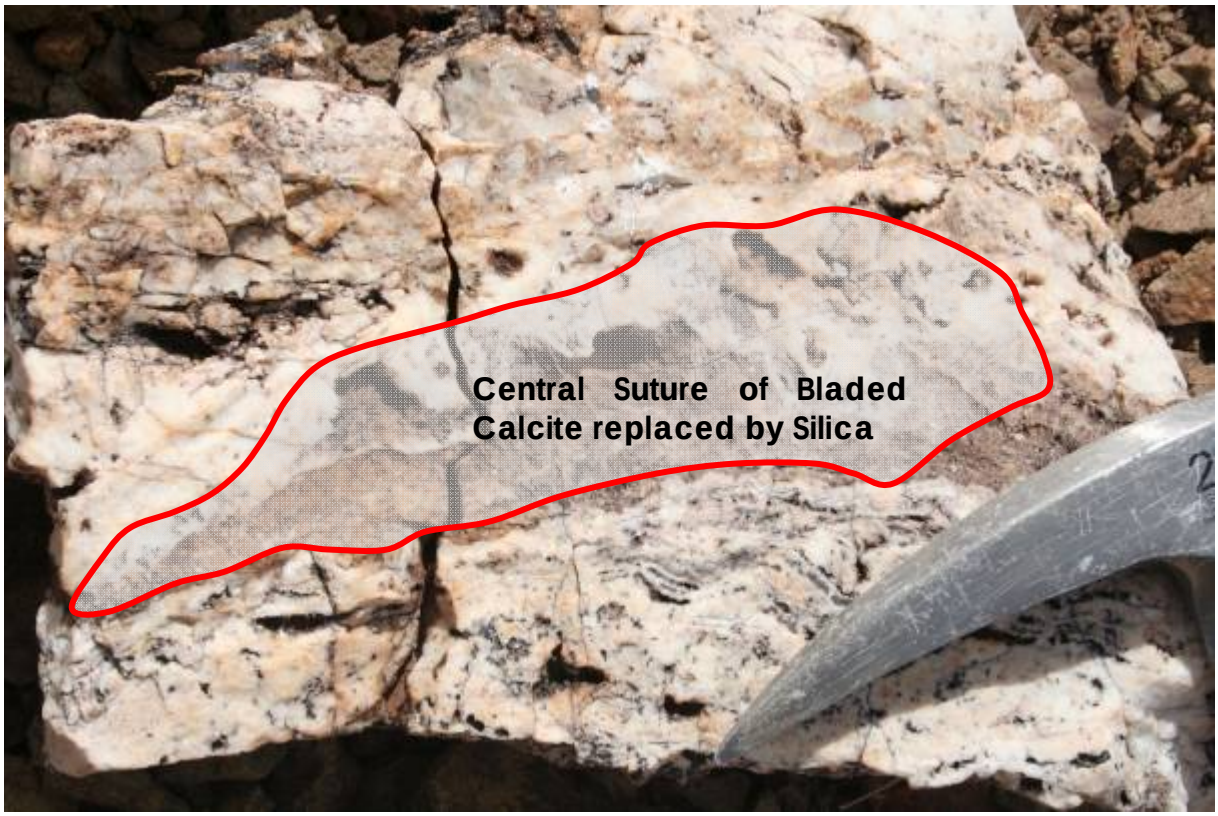

Photo 2: Banded vein texture with chalcedonic bands and central suture of bladed calcite replaced by silica

Exploration considerations

The Manantial vein target is not limited to the obvious traces of the north-south and north-east veins sampled to date. Based on the positioning of the main vein systems, a target zone of at least 2 kilometres north-south by 2 kilometres east-west will be evaluated initially. The first vein system to be extensively sampled is located in the western side of the main Manantial creek whereas the Julieta vein is placed in the east side, some 1.7 kilometres to the east.

The main zone to be tested is internally more complex and the potential of finding sub-parallel veins (photo 4) under overburden material, as well as extensions along strike of outcropping veins will be evaluated through trench sampling and detailed ground magnetic geophysics. If more veining is identified, including veinlets, then there is potential to develop a large-scale sheeted vein system that could be treated as disseminated mineralization.

Photo 3: North-east narrow vein that returned 9.01 g/t (sample located approximately where the hammer is). Note another north-east vein along strike, some 300 metres south-west as well as a north-south structure which is controlling the main Manantial north-south vein (coalescence point). Wall rock oxidation is conspicuous along both vein systems.

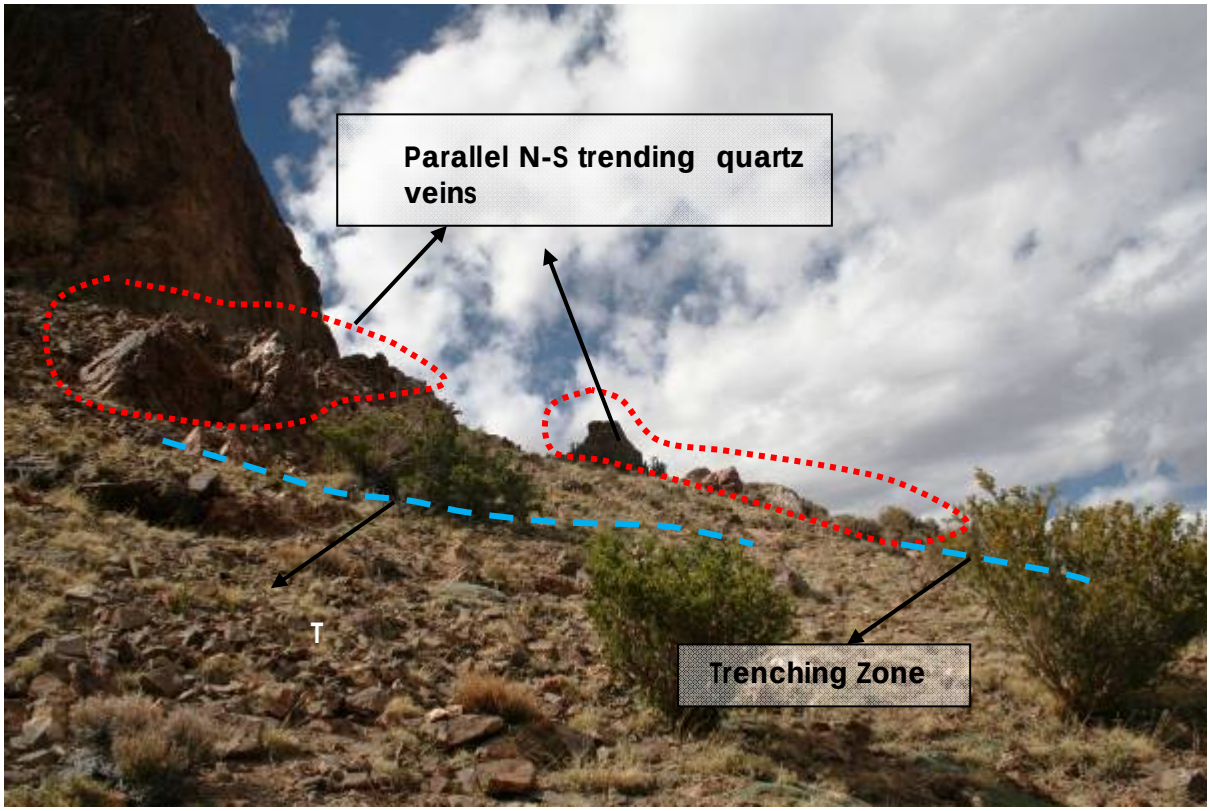

Photo 4: Two outcrops of the Manantial north-south trending vein looking to the north, separated some 20 metres. Note the talus material between veins which is amenable for trenching looking for sub-parallel narrow veins as well as the zone located east of the vein placed in the right side.

Third quarter exploration activities

Based on the new understanding of the vein systems in the Manantial area, exploration activities for the first quarter 2010 will incorporate the following key activities:

- on-going detailed mapping of vein systems in order to assess the distribution of the main veins in the Manantial and La Puerta zone areas, and identify further vein systems;
- sampling of veins, either through saw blade channel or conventional rock chip sampling;
- trenching (manually), oriented east-west in order to test the potential of sheeted veining parallel to the north-south and north-east vein systems;
- ground magnetic geophysics in order to target hidden veins and to follow extensions along strike of visible veins;
- interpretation of geochemical data (including comparison with previous sampling) in conjunction with textural and wall rock mapping is warranted aiming to identify the exposed epithermal level;
- structural mapping aimed at recognising intersections that could potentially host ore shoots as well as potential post-mineral block movements; and
- preparation for drilling of the main target vein systems identified through systematic ground mapping and sampling once the EIS is approved.

For more information, please contact:

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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 with low sovereign risk. The properties are all in mineral rich, highly prospective provinces, with developed infrastructure nearby.

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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 Neil Stuart a fellow of the Australasian Institute of Mining and Metallurgy. Mr Stuart is a Director 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 they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Stuart 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: Tenure map outlining location of target vein areas and project access