



ASX Code – ELM

**QUARTERLY ACTIVITY REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2008**

Potash Project

As reported in the September quarterly the Company has identified and is presently in advanced negotiations in respect of a potash project. Significant milestones have been reached in the process and the Board had expected the process to be finalised in the 4th quarter 2008. However, present economic conditions have slowed the process and the board now hopes to have the process finalised in early 2009.

Forrestania Project, Western Australia

The Forrestania Project is located approximately 150km east of Hyden proximal to the Lake Johnston greenstone belt in Western Australia. The Magnetite Island iron prospect consists of three parallel iron formations which strike NNW and dip to the east. A detailed ground magnetic survey over the area has been modeled and demonstrates the iron formations to range from 30m to 55m in thickness with strike lengths of 2,000m. The geophysical modeling mentions that the magnetic body could consist of 20% - 40% magnetite. Petrographic studies on the iron formation concluded that “prospects for a viable magnetic separation are excellent and further investigation is strongly recommended”. Surface rock chip sampling has returned from 34.5%-55.5% Fe.

The Company has completed a gravity survey over the main magnetite lenses and is reviewing the data.

Other

In response to lack of resolution from the DRC government and present market conditions the board has withdrawn from the MIBA joint venture and has relinquished its wholly owned exploration licences in the DRC.

This allows the company to focus on the potash project.

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For further information in respect of the Company's activities, please contact:

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Scientific or technical information in this news release has been prepared under the supervision of Mr Greg Smith, a director of the Company and a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Smith has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he 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" (the JORC Code). Mr Smith consents to the inclusion in this report of the Information, in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

ELEMENTAL MINERALS LIMITED

ABN

31 108 066 422

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(249)	(453)
(b) development	-	-
(c) production	-	-
(d) administration	(138)	(295)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – GST	(5)	(5)
Net Operating Cash Flows	(384)	(732)
Cash flows related to investing activities		
1.8 Payment for purchase or renewal of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(2)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	25	54
1.10 Loans to other entities	-	-
1.11 Loans from other entities	-	-
1.12 Other	-	-
Net investing cash flows	25	52
1.13 Total operating and investing cash flows (carried forward)	(359)	(680)

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1.13	Total operating and investing cash flows (brought forward)	(359)	(680)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue expenses	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(359)	(680)
1.20	Cash at beginning of quarter/year to date	693	1,014
1.21	Exchange rate adjustments to item 1.20	1	1
1.22	Cash at end of quarter	335	335

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	38
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to Directors and associates are on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	70
4.2 Development	-
Total	70

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	35	93
5.2 Deposits at call	300	600
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	335	693

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Kasai Gold, DRC PR718-720, 722-724, 726-729, 731, 731, 734, 984, 1286, 1287 Musefu Gold Project, DRC PE365, 368, PE385	-	100%	Nil
6.2 Interests in mining tenements acquired or increased	-	-	-	-

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

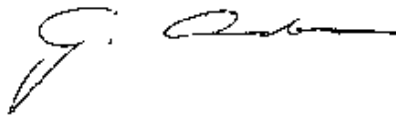
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	55,537,085	55,537,085		
7.4 Changes during quarter				
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	36,603,515	36,603,515	20 cents	31/01/2009
	3,000,000	-	50 cents	31/08/2009
	1,350,000	-	50 cents	30/09/2009
	200,000	-	20 cents	30/09/2010
	6,000,000	-	20 cents	31/12/2011
7.8 Issued during quarter	6,000,0000	-	20 cents	31/12/2011
7.9 Exercised during quarter				
7.10 Cancelled/Expired during quarter				
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

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Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: Company Secretary

Date: 30 January 2009

Print name: GRAHAM ANDERSON

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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