ASX ANNOUNCEMENT
FOR IMMEDIATE RELEASE

08th October 2015

BURRAGA COPPER PROJECT METALLURGICAL TEST-WORK RESULTS

Elysium Resources Limited ("Elysium" or "Company") (ASX:EYM) is pleased to announce the results of the metallurgical test-work for the in-situ mineralisation at the Burraga Copper Project (Lloyds) in NSW carried out at the Bureau Veritas laboratory in Adelaide. These results are integral in the process design to be commenced (see ASX announcement September 9th).

Highlights

- **Greater than 95% copper recovery achieved with primary in-situ material.**
- **Work indices lower than the average for primary in-situ copper mineralisation.**
- **Test-work for all potential primary ore types now complete.**

An extensive metallurgical test work program was completed on samples of diamond core drilled specifically for the collection of metallurgical samples. The samples consisted of one fresh bulk sample and 10 smaller variability samples representing variances in location, grade and oxidation state. Copper exists as chalcopyrite within the fresh ore alongside pyrite, galena, sphalerite, at times arsenopyrite, and minor levels of silver, gold and indium.

The comminution results showed that the ore will be easily crushed and ground to the desired size range in a conventional crushing and ball mill circuit. A Bond mill work index of 11.1 kwh/t was obtained for the bulk sample and ranged from 10.3 to 13.2 kwh/t for the fresh variability samples, which is lower than the average for copper ores.

Flotation response of all the fresh ore samples was excellent with high copper recovery and low reagent consumption at an optimised grind of P_{80}=125mm. A six stage locked cycle test on the bulk sample resulted in +95% recovery while maintaining a copper concentrate grade of 25%. Depression of pyrite using SMBS during rougher flotation was required to reduce pyrite contamination in the concentrate. Although not present in the bulk sample flotation concentrate, varying levels of zinc and lead contamination occurred in the fresh variability sample concentrates.

The transition ore samples tested gave low recoveries across a range of head grades when using Controlled Potential Sulphidisation (CPS) for the recovery of oxide copper minerals. While the near surface transition material accounts for only around 10% of the in-situ resource being considered for mining, further test-work will be considered to allow this material to be processed alongside the in-situ primary material, tailings and slag dumps.

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Precious metals were upgraded to the concentrate.

Material handling with regard to thickening, filtration and pumping holds no concern.

This now completes the metallurgical test-work as planned for the in-situ primary mineralisation, with the tailings and slag metallurgical test-work completed in previous years. Studies will now commence on a plant design to determine the suitability of blending the different potential ore sources economically. Along with potential further test-work on the transition material, options will be considered to blend the transition mineralisation with the other potential ore sources where test-work results have shown the metallurgical response to be acceptable (slag) to excellent (in-situ primary mineralisation). Once complete the pit optimisation and design work can be finalised.

About the Burraga Copper Project

As announced on 9th April 2014, the Company engaged Endure Environmental to carry out an Environmental Impact Study ("EIS"), pivotal to gaining the necessary permits to commence production at the historical Lloyds Mine near the township of Burraga in NSW. The decision to progress towards production is based on the preliminary findings of the 2011 prefeasibility study ("PFS") which is available for reading on the Company's website. The findings suggested an economically viable operation was plausible within a relatively short period and at a relatively low upfront capital investment. The operation is anticipated to yield a cash-flow to allow Elysium to explore the attractive upside potential across its entire tenement holding.

The Lloyds Copper Mine produced 19,443 tons of Copper from 469,626 tons of ore implying a recovered grade of 4.14% Cu, between 1880 and 1920, then intermittently up to 1961. As a result of mining at the Lloyds Mine, and to a lesser extent at nearby mines, there now exists a tailings dump and two slag dumps of up to 350 Kt. The tailings resource now contains a drill proven 280Kt @ 1.2% Cu (see Company website for detail). Metallurgical testing of the tailings confirms a greater than 70% recovery rate from re-processing of the tailings and greater than 50% from re-processing the slag can be expected. The PFS assesses the commercial potential of reprocessing the tailings, slag and hard rock resources from the surface of Lloyds Mine, and concluded that such a project, subject to further testing and financial investigation, is financially and commercially viable with start-up capital expenditure estimated at $10.8 million, generating a net profit of $75 million over 4.4 years of operation.

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For and on behalf of the Board of Directors

Mark Ohlsson,
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JORC Compliance Statement

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore reserves is based on information reviewed or compiled by Neb Zurkic BAppSc(Geol), MSc(Min & Energy Economics), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and a Registered Professional Geoscientist with the Australian Institute of Geoscientists. Mr. Zurkic is employed by Zurkic Mining Consultants Pty Ltd. Mr. Zurkic has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr. Zurkic consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. Zurkic Mining Consultants Pty Ltd, which is owned and controlled by Mr. Zurkic, owns shares in Elysium Resources Limited and provides consulting services as required to both companies.

Exploration Targets

References to Exploration Targets or Targets in this document are in accordance with guidelines of the JORC Code (2012). As such it is important to note that the reported Targets are based on existing data, historical production and geology models. Any references to grade and quantity are conceptual in nature. Exploration carried out to date is insufficient to be able to estimate and report mineral resources in accordance with the JORC Code (2012). It is uncertain if further exploration will result in the determination of a Mineral Resource.

Reserves and Project Development

The information in this announcement that relates to Ore Reserves or Project Development is based on information reviewed or compiled by Dean Pontin BAppSc (Surv), Grad Dip (Mining), a Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Pontin is employed by Lesmau Pty Ltd. Mr. Pontin has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr. Pontin consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. Lesmau Pty Ltd, which is owned and controlled by Mr. Pontin, owns shares in Elysium Resources.