

30 August 2023

Market Update Postponement of General Meeting

Further to its announcement on 29 August 2023, Elmore Limited ("**Elmore**" or "the **Company**") confirms the postponement of the general meeting of its shareholders that was scheduled for Wednesday, 30 August 2023 at 10.00am (AWST) at 18 Sangiorgio Court, Osborne Park.

Elmore's Board decided to postpone the general meeting to provide the Company with time to finalise negotiations in relation to the terms of the binding documentation for the US\$22.0 million Magnetite Pre-Payment and Offtake Arrangement announced on 22 June 2023 ("**Pre-Payment**").

Shareholders will be informed of the new date and time for the postponed general meeting by way of a separate announcement to ASX once the new date has been determined.

Elmore also provides an update on the Company's activities below.

Key highlights are:

- Peko mine site visit completed with executive members of Royal Advance (HK) Pty Ltd ("**Royal Advance**") in late July 2023;
- Elmore representatives travelled to China in mid-August to meet with Royal Advance to progress negotiations of the Pre-Payment;
- Royal Advance has confirmed it will buy the next magnetite shipment and a ship is currently being sourced for arrival in late September 2023; and
- The Company has purchased critical equipment required to improve production levels and reliability in its processing plant.



ELMORE LTD

ASX: ELE

"Unlocking Value by Providing Bespoke Equipment and Technical Expertise to the Mining Sector"

BOARD/MANAGEMENT

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Update on Royal Advance Offtake and Pre-Payment Agreement

- As disclosed in the Company's FY23 June Quarter Update announced to ASX on 31 July 2023, Royal Advance completed a site visit in late July 2023 and provided very positive feedback to the Company.
- In mid-August, Elmore representatives travelled to China for meetings to further discuss the proposed Pre-Payment with Royal Advance and their joint venture partners. Since the visit, discussions on the draft transaction documents have been progressing positively, with high levels of engagement and constructive discussions between the parties.
- At this stage, Elmore expects that the key transaction terms will remain broadly consistent with the terms which were announced on 22 June 2023, other than:
 - It is proposed a related entity of Royal Advance will act as the counterparty in the agreements; and
 - Royal Advance and their joint venture partners have proposed that the related entity would also invest in the shares of the Company, details of which are being finalised, and which would be subject to shareholder approval.
- Given the level of engagement and collaborative work being undertaken by both parties, Elmore is currently optimistic that a mutually beneficial commercial outcome can be achieved. However, there is still a level of uncertainty as to whether a binding agreement will be reached, and whether the terms will reflect those noted above given ongoing negotiations, while progressing well, are yet to be finalised.

Processing Plant and Operations

- Following settlement of the \$6.2 million in investor loans ("**Investor Loans**") and the \$1.5 million bridge loan from Thorney Investment Group ("**Bridge Loan**") as part of the funding activities announced on 22 June 2023, as outlined in the use of funds table in that announcement, the Company purchased some critical equipment required to improve production levels and reliability in its processing plant.
- The first of the major items, being new ultrasonics for the ceramic disk filters, arrived in late July and were successfully installed shortly after, which improved daily production volumes.
- The second set of major items required to achieve a production rate consistent with Elmore's long-term objective to bring production into line with the plant's original design capacity of 1,000 tonnes per day are new magnetic separators. The Company has successfully sourced, acquired and completed the required modifications to the magnetic separators. These are now located onsite at Tennant Creek. A shut down and installation is currently planned to take place once the Pre-Payment funds are available to the Company. In addition the plant requires a range of minor items such as spare parts and some new components.
- During the period from 25 July 2023 to 6 August 2023, production operations ran consistently with processing facilities achieving an average rate of approximately 600

tonnes per day over a 13-day period. This is a pleasing result and higher than any other production achieved in the history of the Company over a period of similar length.

- For the 14 days since 6 August 2023, production decreased to approximately 220 tonnes per day on average, predominantly due to downtime while maintenance and repairs were carried out. For the last 7 days production has been back to approximately 600 tonnes per day, on average.
- Elmore is encouraged that production results have been better since 25 July, however the plant's reliability and consistency remains affected by maintenance issues and the availability of parts. Following closing of the Pre-Payment, further investment in the processing plant is planned to enable the Company to improve the consistency of plant availability and improve its performance.

Mining and Logistics

- Settlement of the Investor Loans also allowed for the purchase of much needed mobile equipment and other logistics related heavy equipment. This equipment enabled significantly enhanced mining of the stockpile and consistent feed into the plant. It has also provided some redundancy when other equipment is unavailable and will support the ability to undertake critical site related works in the future.
- These activities all supported the re-commencement of rail services.
- In recent weeks, rail services have been suspended because of the availability of equipment required by the stevedoring contractor at the Darwin port affecting the services provided to Elmore. Elmore has been advised that the issue has been resolved and rail services are expected to recommence shortly.

Product, Product Quality and Shipment 3

- Elmore currently has approximately 13,600 tonnes of product at the Darwin port, 2,600 tonnes at the rail siding and 4,000 tonnes at site.
- Royal Advance, the Company's offtake partner, has confirmed that it will buy the next magnetite shipment. Now that the Company has visibility on the operation of rail and port services, it is booking a ship for late September to load approximately 30,000 tonnes of product.

Corporate

The Company's CFO, Simon Borck, has resigned but has offered to continue to work with Elmore on contract until a permanent replacement is appointed. The Company will keep the market informed of any material updates in relation to the appointment.

Timetable

As noted above, Elmore has postponed the general meeting of its shareholders until a new date has been determined and shareholders will be informed of the new date and time in due course.

Several other arrangements entered into by Elmore (or its subsidiary Peko Iron Project Pty Ltd (**Peko Iron**)), as announced on 22 June 2023, contained a repayment date of 31 August 2023, including:

- Elmore was required to make a \$15 million repayment against the vendor finance loan from Oz Professionals 4 Pty Ltd by 31 August;
- the Investor Loans were automatically convertible into shares 2 business days after the Company obtained shareholder approval, but were repayable in cash if that approval was not obtained by 31 August 2023; and
- the \$1.5 million Bridge Loan provided by Thorney Investment Group required Elmore to repay the Bridge Loan by 31 August 2023, if not repaid earlier from the placement proceeds.

Elmore has entered into arrangements to extend the repayment date for each of these through to 30 September 2023.

This release has been authorised by Elmore's Board of Directors

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ABOUT ELMORE

Elmore is an ASX listed contract mineral processing and development company which employs mobile plant and equipment, allowing the Company to generate meaningful financial returns via the development of niche orebodies and mining projects.

The Company has access to deep technical expertise, allowing Elmore to provide geological, metallurgical & process engineering, OH&S, mechanical and mining engineering consulting services and advice to the mining industry.

Elmore owns 100% of the NT-based Peko magnetite mining operation. Elmore acquired Peko after 12 months of work to design, build and commission the project's mining and processing operations as a contractor. Whilst Peko will initially focus on producing an iron magnetite product, the Elmore team plan to utilise wholly owned plant and equipment to produce copper, cobalt and gold from a tailings deposit at the Peko operations.