



MARKET UPDATE

January 18th, 2021

KEY POINTS

- Minerals processing contract executed to process gold and antimony ore in Queensland
- Peko (Tenant Creek, NT) contract preparing for construction phase to commence
- Mobile plant currently crushing and screening industrial sands and aggregate near Darwin
- Due diligence and commercial agreements progressing on a number of projects
- Significant progress made towards re-instatement of trading of shares on the ASX

Elmore Ltd (ASX: ELE, "the Company") is pleased to provide an update on the Company's progress.

MINERALS PROCESSING CONTRACT EXECUTED TO PROCESS GOLD AND ANTIMONY ORE IN QUEENSLAND

Elmore has executed a contract with Territory Minerals Trading Ltd ("Territory") to process gold and antimony ore from Territory's suite of gold and antimony projects in the Hodgkinson Basin, far north Queensland.

The projects are located in two main regions:

- Tregoora Project is centred 130 km north west from Cairns and 100 km west-northwest from Mareeba and covers approximately 305 square kilometres.
- Northcote Project is centred 25 km west of Mareeba, 100 km west from Cairns and approximately 80km south of the Tregoora Project. The tenements cover approximately 203 square kilometres and more than 40 strike kilometres of mineralised structures have been found to exist within the Northcote Project region.

The process flow will include:

2 stage Crushing – Grinding – Gravity Separation – Flotation – Leaching of concentrates

Key Terms

- 30-month contract with significant potential to extend
- 36,000 tonnes per month minimum contracted rate
- \$40 per tonne charge rate
- Production royalty to be paid to Elmore equal to 8% of any gold recovered above 1.5 grams per tonne in-feed.

For the protection of both parties, the contract has a number of conditions precedent that must be satisfied before Elmore will commence ordering, constructing and delivering the major plant. This has been designed and scheduled in a way that provides Elmore with the greatest chance of utilising equipment finance facilities rather than equity funds to purchase any new equipment required to meet the contract.

ELMORE

Conditions Precedent
Territory Minerals procuring the issue of all Permits on terms reasonably acceptable to the Processor;
Entry by Territory into a general security agreement ("GSA") on terms reasonably prescribed by the Processor's solicitors, granting the Processor a security over all of Territory's present and after acquired property as security for the performance of Territory's obligations under this Agreement. The GSA must make provision by which the Processor agrees to negotiate in good faith to allow the grant of a further security or securities to one or more parties providing funds to Territory for the purposes of acquiring plant or tenements ("Assets") where such Assets are intended to be used solely or primarily for the purposes of this Agreement.
the creation and joint approval of a project implementation schedule with all major milestones and documents leading to production, including, amongst other items, licensing, completion of a mutually agreed mine plan combined with sufficient drilling and metallurgical test-work to accurately represent the proposed mine plan, process flow design, procurement, construction and commissioning of process plant and commencement of processing. Each party agrees to negotiate the terms of any further schedule or agreement required by this clause 2.1 (c) in good faith and not to unreasonably withhold or delay consent thereto;
execution Territory of an agreement with a Mining Contractor on terms absolutely acceptable to Territory
Territory raising such working capital (by way of debt, equity or both) as it considers necessary to fund its obligations under this Agreement

Target commencement of production is H1 2022 with 6 to 7 month lead time for long lead new plant items.

PEKO (TENANT CREEK, NT) CONTRACT PREPARING FOR CONSTRUCTION PHASE TO COMMENCE

Design and procurement of the Peko magnetite process plant in Tenant Creek, Northern Territory for ICA Mining has been completed to a level that construction can commence.

Equipment procured for the plant is progressively arriving or completing refurbishment, and Elmore is awaiting approvals and site access to begin. Construction completion, commissioning and first ore is still on schedule within H1, 2021.

MOBILE PLANT CURRENTLY CRUSHING AND SCREENING INDUSTRIAL SANDS AND AGGREGATE NEAR DARWIN

Elmore has mobilised the Company's 2 MTPA mobile crushing and screening plant to an industrial sands project within the outer suburbs of Darwin, Northern Territory.

The plant is currently crushing re-cycled concrete and other material for the purpose of generating both industrial sands and aggregates, and to re-habilitate the site.

ELMORE

The length of the project is not yet established, as both the final products and, more importantly, the performance of screening sands during the current heavy wet season is currently being determined by Elmore.

The plant is being hired on a basis of \$50,000 per week plus all operating costs, with the current assessment period being a contra against transportation and storage charges accrued by the owner of the project after they assisted Elmore with transportation of the large processing plant owned by Elmore from Frances Creek to Darwin and Perth.

The project has potential for up to 6 months processing work if continued after the assessment period which will conclude in the coming days.



Elmore mobile crushing and screening plant operating near Darwin

DUE DILIGENCE AND COMMERCIAL AGREEMENTS PROGRESSING ON A NUMBER OF PROJECTS

Elmore is advanced on both due diligence and commercial negotiation on several Australian based projects, including gold, iron ore and graphite, with the most advanced being an immediate term, multi-site gold project in Western Australia requiring a similar process and scale to that contracted by Territory Minerals as noted earlier in this announcement.

More information will be provided if and when individual projects are finalised with executed contracts.



SIGNIFICANT PROGRESS MADE TOWARDS RE-INSTATEMENT OF TRADING OF SHARES ON THE ASX

Elmore is continuing to progress finalising milestones to enable the Company to request that the ASX re-instate trading of the Company's shares. The ASX has set a deadline of March 11th, 2021 for Elmore to have completed the work required to satisfy the ASX that the Elmore meets the listing requirements.

To satisfy the requirements of the ASX, amongst other items, the major requirements will include raising additional capital and issuing a full form prospectus.

The Company is finalising the amount of funds required and the terms of the raise. The Board of Directors believe that although this raise will have a dilutionary effect on existing shareholders, post this process the Company will be 100% clean and ready to service its exciting new direction which the Board believes will provide a strong basis for shareholder returns beyond that which could be achieved without issuing more shares. It must also be recognised that without raising further funds to meet the ASX's minimum working capital requirements that the Company will be de-listed from the ASX and shareholders will not have the convenience of the trading platform to be able to trade shares in the future.

The Company encourages existing shareholders who wish to participate in an equity raise to contact the Company, where they will be provided with the prospectus and term sheet once available.

MANAGING DIRECTORS COMMENT

Elmore's Managing Director Mr David Mendelawitz commented:

"We are almost there.

We now have cleaned up all material legacy issues, finished and been paid for our first complete minerals processing contract, working on a couple of great long-term contracts, built a fantastic team, relocated all of the expensive and sought-after major plant items from France Creek and witnessed significant interest in our contract mobile gold processing strategy which is now turning into a pipeline of projects.

Over the next 2 months we will raise capital in the best way that we can to satisfy both existing shareholders and new investors, so that we can have the greatest chance of both re-instatement of trading on the ASX and making a strong company with high returns to all shareholders over the medium to long-term.

I'd like to thank all shareholders for the patience and support and hope that they share our confidence and excitement in the progress that has been made and the opportunities in front of us."

-END-