



CONSOLIDATED ACTIVITIES REPORT

(a) Overview of Strategy

Elmore has developed a mobile mineral processing solution for smaller stranded mineral deposits that has opened up a sector of the mineral industry that has lain relatively dormant due to the prohibitive infrastructure costs associated with grinding and carbon-in-leach (CIL) processing methods.

One of the main points of difference that Elmore has over others in the mining sector is a patent-pending concrete footing system that enables large concrete footings to be freighted to projects and installed within a week of arriving. These footings can be removed at the end of a project and relocated to the next project along with all of the mobile processing equipment.

These footings allow for appropriate scaled equipment to be installed to obtain the economies of scale required to enable the viability of previously stranded projects. The mobile solution enables Elmore to amortise the capital cost of the infrastructure and equipment over more than one project, which enables Elmore to be able to offer a viable processing cost structure to its clients.

There are other environmental and project timing advantages that make Elmore's offering attractive to its clients, including the removal of inground concrete footings that traditionally remain on site or have to be removed at great cost. Equipment procurement lead times and infrastructure installation times, which are also heavily influenced by on site weather conditions, are ameliorated when a mobile footing solution is used.

Elmore has been establishing the business in the following order:

- (i) Establish Market**
 - (ii) Build Team**
 - (iii) Provide consulting services to support overheads**
 - (iv) Design Equipment**
 - (v) Purchase existing equipment to increase cash flow**
 - (vi) Conduct due diligence on a range of projects and negotiate contracts on acceptable projects**
 - (vii) Deploy full mobile gold process plant to demonstrate proof of concept and increase cash flows**
 - (viii) Deploy additional process plants to increase profits**
 - (ix) Invest in clients Companies or Projects when acceptable opportunities arise**
- Since re-focusing the Company in 2019, items (i) to (vi) have been successfully achieved. The Company is expecting to achieve (vii) in 2021 and (vii) in H2, 2022, (ix) has no set target date.



(b) New Proprietary Equipment

The Company has designed a system of modular (the **System**), reusable foundations to enable it to use large ball mills as part of its moveable processing equipment.

The System comprises of parts that can be transported using conventional road trailers and unloaded for assembly. The System allows for foundations of any size to be assembled without the need for large teams and concrete batch plants, and weather conditions have a reduced impact on curing time. Following completion of processing works the System may then be removed and sent for use at another site.

The Company has lodged a provisional patent as to the System.

(c) Crushing and Screening Plant

The Company owns a 5MTPA Crushing and Screening Plant which was a fixed plant but has recently been dismantled and is being converted into a mobile plant for great commerciality utility.

(d) Mineral Processing

The Company is a provider of mineral processing and consulting services. The Company's clients are small miners and explorers who might not otherwise have the capacity to economically exploit their respective tenement(s). The Company does not operate mining services on the tenement(s).

The Company has entered into the TM Agreement to provide processing services subject to the terms and conditions of the agreement.

(e) Peko Tailings Project (PT Project)

The Company entered into the Minerals Processing Agreement dated 9 January 2020 with ICA Mining Pty Ltd (ACN 629 874 246) (**Miner**) for a period of five years to oversee the

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construction (including project evaluation, design), operation and management of a magnetite process plant for iron ore in the Northern Territory of Australia.

The Peko Tailings Project site is located in the Northern Territory, as shown below in Figure 1.



Figure 1: Project location

Background

The PT Project area contains a stockpile of magnetite, gold, copper and cobalt tailings derived from 50 years of processing of ore from the Peko Mine.

The PT Project is located approximately 10 kilometres east of the town of Tennant Creek in the Northern Territory. Tennant Creek is located on the Stuart Highway about 1,000 kilometres from Darwin and 500 kilometres from Alice Springs at the junction of two large arterial roads, the Barkly Highway and the Stuart Highway. Access to the PT Project is via the Peko road to the old Peko Mine site. Historic gold mines Nobles Nob, Juno and Eldorado are all nearby.

Current Status of PT Project

The Company has completed the design and procurement and is awaiting commencement of construction of the processing plant.

Fee Structure:

The initial phase has been completed and payment received in full. Payment consisted of consulting fees varying between \$150,000 and \$200,000 per month.

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As from 1 November 2020, the Miner is to bear all costs plus pay a production royalty equal to:

- \$100,000 management fee per month;
- \$2 per tonne concentrate removed from site; plus
- Target production rate is 42,000 tonnes per month,

for the management of processing activities. Presently no production is yet occurring and so the Company is receiving only the management fee. Production is expected to commence in the first half of 2021.

(f) Territory Minerals

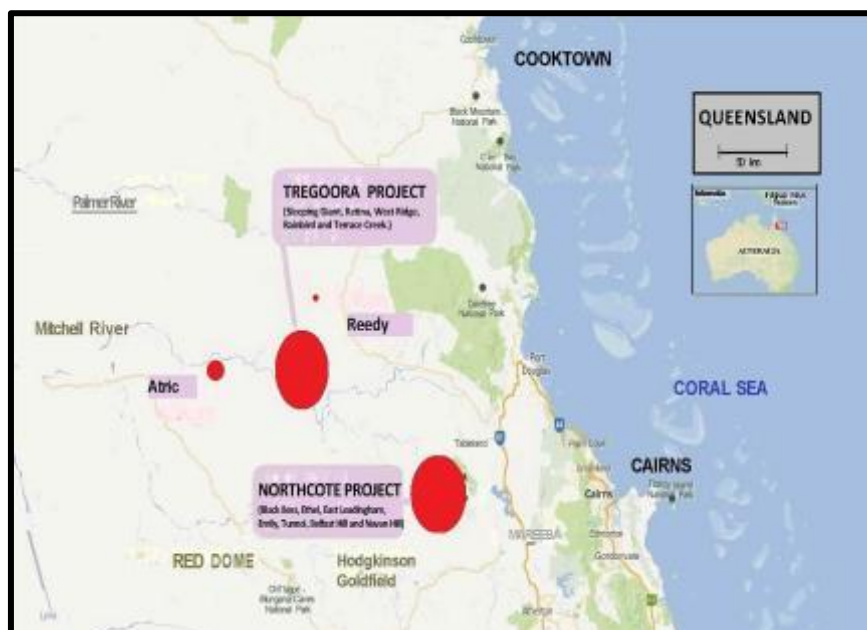
The Company entered into the Minerals Processing Agreement dated 15th January 2021 with Territory Minerals Trading Ltd (ACN 121 200 299) (Miner) for a period of 30 months from commencement, to provide gold and antimony processing services to TM.

Background

TM has a number of gold (+/- antimony) projects in Far North Queensland, Australia in Hodgkinson Basin. The Project contains two main locations.

Tregoora Project area, which is centred 130 km north west from Cairns and 100 km west-northwest from Mareeba and covers approximately 305 square kilometres, Queensland.

Northcote Project area, which is centred 25 km west of Mareeba, 100 km west from Cairns and approximately 80km south of the Tregoora area. The tenements cover approximately 203 square kilometres.





Territory Minerals Deposit Location

Project/Contract terms

Elmore has been contracted to provide a turn-key processing solution for gold ore mined by Territory Minerals. The contract is subject to certain material conditions precedent that the parties are obliged to use best endeavours to satisfy. Those conditions are:

1. Territory must obtain all necessary approvals and licenses on or before 15 January 2022;
2. Both parties must agree on a project implementation schedule on or before 15 October 2021;
3. Territory must appoint a mining contractor on or before 15 January 2022;
4. Territory must raise sufficient working capital to support the contract on or before 15 January 2022.

Contract term: 30 months from commencement of processing

Project Status

Elmore has begun to carry out preliminary assessment and design of the processing plant with the intention of being ready to start production in April 2022.

Fee Structure

This contract is based on a \$40/tonne processing cost plus a royalty to be paid to Elmore equal to 8% of any gold recovered above 1.5 grams per tonne in-feed. The Company is required to provide capacity to process not less than 36,000 tonnes per month.

No revenue will be generated unless and until the conditions precedent listed above have been satisfied or waived.