



February 21st, 2022

Market Update

KEY POINTS

- Funds raised through note supported by major shareholders and Elmore's new Non-executive Director Mr Andy Haslam
 - Plant commissioning near completion
 - Rail line now re-opened to port after being closed due to flood damage in South Australia
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Elmore Ltd (ELE: ASX or Elmore) is pleased to provide an update on the development of the Peko Project and funding initiatives.

Fund Raising

Elmore has previously announced that as part of its project finance package that the Company was seeking to re-finance the nearly purchased ball mill with a debt facility. Whilst this remains a potential option, the Company made the decision that progress was not at a speed that could be relied on to ensure that the Company can bring Peko online without the risk of suffering any delays related to finance. To avoid such risks the Company has issued a facility ("Note") to several large shareholders and new sophisticated investors to raise \$1.2m. Mr Andy Haslam, Elmore's new Non-Executive Director has contributed \$100,000 to the Note.

The terms of the Note are:

- 12-month term
- 20% interest paid upfront in shares at \$0.022 share price (20% discount to the 15-day VWAP)
- Note repaid in full on maturity
- Convertible into ordinary shares at \$0.022 share price
- Conversion rights subject to Shareholder approval

The entirety of Mr Haslam's Note will be subject to Shareholder approval.

Elmore will issue a Notice of Meeting to call an Extraordinary General Meeting in the near future to seek Shareholder for the elements of this note and any other outstanding matter requiring approval.

Peko Project Update

Following the announcement on February 9th notifying the market of the completion of the construction and introduction of ore into the plant, the Company has been rapidly completing the commissioning punch list, including meeting the milestone of the production of the first magnetite product from the magnetic separation section of plant. The Company is expecting

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to finish final commissioning of the plant in the coming days and is working closely with the logistics providers to prepare for the first movements of product.



Plant front end fully commissioned

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Magnetite rich slurry in commissioned primary mixing tank

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First magnetite product produced out of commissioned magnetic separators.



Commissioning of final stage of plant (dewatering ceramic disc filters) near completed

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The Adelaide to Darwin rail line has now been re-opened after being closed due to flood damage in South Australia. OneRail, Linx and Darwin ports are working closely together to finalise operating interface procedures to allow for the commencement of product movement.



*150 half height sea containers on-site ready to transport product to port
(Product will be tipped out of containers into port shed and returned to site)*

Managing Director's Comments

Elmore's Managing Director Mr David Mendelawitz commented, *"It's been great to have the continued support of our shareholder base and the addition of new investors to be able to implement funding initiatives as we have just completed.*

As we are now in the final steps of commencing the export and sale of product, other funding options through sale of ore and more conventional debt facilities will be available to us for both the expansion of Peko and supporting other business activities going forwards. Magnetite concentrate is in high demand and prices are still strong, and we are making great progress on our strategy to start producing copper, cobalt and gold from Peko.

We have completed detailed studies and modelling of the operations financial outlook and are now working to align the modelling with the JORC resource statements produced by others on Peko's copper, cobalt, gold and bismuth content and the magnetite content which has not been modelled to JORC 2012 standards due to the link that needs to be made to the recoveries from the installed plant. Once this has been completed to standards acceptable to the ASX, the Company will be able to present the now prepared Discount Cashflow Analysis model."

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