



ASX: ELE

## QUARTERLY ACTIVITIES REPORT

29 April 2022

Elmore Limited is pleased to provide its quarterly activities report for the period ended 31 March 2022.

### OPERATIONS

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

#### KEY MILESTONES ACHIEVED OVER THE QUARTER

##### Peko Project

- Stage 1 of Peko Magnetite Process plant construction completed with magnetite material introduced into the plant
- Peko Magnetite plant commissioned
- All logistics components in place
- First product moved to Darwin Port
- Connection to scheme water to allow commercial production to begin

##### Peko Project Financing

- Funds raised through note supported by major shareholders

##### Ball mill purchase

- Ball mill re-financed and shipped to Australia and arrived post the end of the quarter.

##### Territory Minerals Project

- Processing and Management contract expansion agreed during the quarter and finalised post the end of the quarter
- Under the agreement Elmore will design, permit, provide processing equipment and funds in exchange for 50% of profits from the circa 250k ounce Northcote project
- Elmore will manage all mining, processing and product sales for the project
- Elmore will have a first right of refusal over Territory's other projects in the area. These projects have a defined mineralisation similar in total to Northcote.

##### Corporate

- Mr Andy Haslam joins Elmore's Board as a Non-executive Director

# ELMORE

## PEKO PROJECT PROGRESS

During the March quarter, the Company reached a several significant milestones on the Peko project, including completing construction of the magnetite process plant, commissioning the plant, dispatching trial train loads of magnetite to Darwin and commencement of plant optimisation.

Following the end of the quarter the Company commenced commercial production by connecting to scheme supplied water, piped from the Tennant Creek bore field to exchange from using water that was brought to site in trucks to commission the plant. The scheme water is delivered to site via an existing buried 200mm buried PVC pipeline. Subsequent to the water supply being turned on by Northern Territory Power and Water, the line has required significant attention to rectify major leaks and damage to deliver a steady state water supply. Operations are currently being ramped up through optimisation of plant, operator training and preparing for the commencement of continuous, 24 hour per day operations.



*Process water tanks, mixing tanks, cyclone and magnetic separator tower in the background*

# ELMORE



*Plant front end fully commissioned*



*First magnetite product produced out of commissioned magnetic separators*



# ELMORE



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



*Containers of Magnetite being loaded onto truck for transport to rail siding approx. 20km away*

## **OFFTAKE**

The project has attracted very strong interest from steel mills and traders seeking to purchase the product from Peko. Elmore is now working with several steel mills to determine whom will be the best off-take partner, based on price, payment terms and bono fides. This process will be completed shortly to align with booking the first shipments of product.

# ELMORE



*First train ready for departure*



*Magnetite product in Darwin Port Minerals Shed*

## **OTHER MINERALS**

During the quarter Elmore completed test work and desktop studies to determine the optimal processes for recovering gold, copper and cobalt from the tailings. Previously the company was focused on only the magnetite and gold. Following the work that has been done, Elmore now expects that it may be in a position to recover copper and cobalt in the near to mid-term, prior to focusing on gold.



# ELMORE

## **BALL MILL PURCHASE**

Elmore's new ball mill has been manufactured and commenced being shipped to Australia (and arrived after the end of the quarter). The mill has been manufactured by the Christian Pfeiffer Group in Europe and China specifically for Elmore's requirements.

The mill will be assembled in Western Australia and be equipped as a skid mounted mill to be used on Elmore's proprietary modular foundations.

The mill is planned to be used in conjunction with Elmore's currently owned mobile crushing and screening plant in the Territory Minerals gold and antimony projects in Far North Queensland next year.

With a power rating of 1.15 mW, to the best of Elmore's knowledge this will be the biggest moveable ball mill in the world. Part of the proceeds of this raise will be used to make the final payment on the mill and bring it to Australia.

## **TERRITORY MINERALS**

During the quarter Elmore negotiated an expanded scope of engagement with Territory Minerals, which was subsequently executed post the end of the quarter. Details of the agreement were announced on April 20<sup>th</sup>, though in summary are:

The key points of the new contract are:

- Elmore will fund and manage all remaining elements required to design and license the Northcote Gold and Antimony Project, West of Cairns.
- Elmore will provide, at no cost though retain ownership of, a moveable processing plant.
- Elmore will provide up to \$2 million working capital after licencing has been finalised and the plant is established (this funding is not needed now).
- Elmore will manage all mining, processing, and product sales.
- Operating costs will be recovered and then all free-cash will be divided 50/50 between Elmore and Territory.
- Elmore will have a first right of refusal over Territory's other current project.

## **CORPORATE**

### **APPOINTMENT OF NEW NON-EXECUTIVE DIRECTOR**

Mr Andy Haslam joined the Board of Elmore as a Non-Executive Director.

Mr Haslam has more than 35 years of mining experience as both a mining contractor and as a mine owner with Australian based companies. He has worked with AWP Contractors, HWE Mining, Minerals Resources and Thiess. He has previously been CEO of ASX listed companies Vital Metals and Territory Resources, non-executive director of BC Iron, Vimy Resources and Chairman of Resource Development Group.

# ELMORE

As a contractor and consultant, Mr Haslam has been responsible for large multi metal open cut mining operations, process plant construction, complex mining logistics, construction of rail rolling stock and large mine operational improvement programs across a range of commodities including gold, iron ore, nickel, copper, uranium and Tungsten. He is based in Perth and currently the General Manager Mining, WA/ SA for Theiss.

Andy joins the Board as Elmore transitions from a small-scale processing contractor into a mine operator with oversight over mining, processing, logistics and all associated technical and administrative functions.

## **FUND RAISING**

To assist in project funding the Company has issued a facility ("Note") to several large shareholders and new sophisticated investors to raise \$1.2m.

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

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.

## **BALL MILL RE-FINANCED**

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. This has now been completed via a funding facility provided by Avior Capital Partners.

The terms of the Note are:

- \$AU1,200,000 face value
- 24-month term
- 15% interest
- Note repaid over 24 equal payments
- 10% initiation fee and exit fees
- Up to 20% of exit fee can be taken as shares priced at \$0.025 share price (max 2,000,000 shares)
- Secured by way of General Security Agreement and specific security agreement over ball mill

## **Information required by Listing Rule 5.3.5**

During the quarter, the Company made the following payments to the related parties and their associates in item 6 of the Appendix 5B totalling \$88,968. This relates to salary and wages of the directors of \$81,249 and superannuation paid of \$7,719.

**-ENDS-**

# ELMORE

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**For more information:**

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**-END-**



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Elmore Limited

ABN

32 057 140 922

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	44
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	(1,028)	(2,469)
(d) staff costs	(481)	(1,371)
(e) administration and corporate costs	(42)	(565)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(16)	(17)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,567)</b>	<b>(4,377)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1,580)	(2,391)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	72
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(700)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,580)</b>	<b>(3,019)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,000
3.2	Proceeds from issue of convertible debt securities	1,200	1,200
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(15)
3.5	Proceeds from borrowings	1,200	1,778
3.6	Repayment of borrowings	(188)	(339)
3.7	Transaction costs related to loans and borrowings	(120)	(120)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,092</b>	<b>5,504</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,273	2,109
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,567)	(4,377)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,580)	(3,019)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,092	5,504

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>218</b>	<b>218</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	218	1,273
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>218</b>	<b>1,273</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

89

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify) – Asset finance	1,778	1,778
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,567)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,567)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	218
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	218
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	1
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: The March quarter operating cash flow was extraordinary due to the finalisation of activities at the Peko site. Payments from Peko expected in the June quarter with production also commencing.	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Payments expected to be received from Peko in the June quarter with the commencement of production. Further funding from the issue of notes past quarter end	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes, due to a return to normal operating cash outflows, payment of Peko debtors and the issue of further notes past quarter end.	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 March 2022.....

Authorised by: By the board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.