ELMORE LIMITED
AND CONTROLLED ENTITIES

ABN 32 057 140 922

Consolidated Interim Financial Report for the half-year ended 31 December 2022

CONTENTS

CORPORATE DIRECTORY

Directors	R Baskerville Chair D Mendelawitz Managing Director N Senapati Non-Executive Director T Webster Non-Executive Director A Haslam Non-Executive Director
Company Secretary	S P Henbury
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Share Registry	Automic Registry Services Level 2, 267 St Georges Terrace Perth WA 6000 Telephone: (08) 9324 2009
Auditors	Nexia Perth Audit Services Pty Ltd 3 /88 William Street Perth WA 6000
Stock Exchange Listing	Elmore Limited's shares and options listed on the Australian Securities Exchange Share Code: ELE

DIRECTORS' REPORT

Your directors present their report on the Group consisting of Elmore Limited ("**ELE", "Elmore", or "the Company"**), and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Elmore Limited during the whole of the half-year and up to the date of this report:

Russell Baskerville	Non-Executive Director /Chairman (Appointed Chair 18th January 2023)
David Mendelawitz	Managing Director (Resigned Chair 18th January 2023)
Nik Senapati	Non-Executive Director
Tim Webster	Non-Executive Director
Andy Haslam	Non-Executive Director

REVIEW OF OPERATIONS

KEY MILESTONES ACHIEVED OVER THE HALF-YEAR

Peko Project

- On 18 July 2022, Elmore has announced that it has executed an agreement with ICA Mining Pty Ltd ("ICA") to purchase the Northern Territory based Peko Magnetite, Copper, Cobalt, Gold and Bismuth project, along with all of the Companies related to the project, held by ICA ("**Peko**" or **"the Peko Project"**). Settlement of the agreement is expected in April 2023.
- Ore sales (offtake) agreement executed on 22 July 2022.
- Elmore achieved the major milestone of loading its first shipment of magnetite ore from Peko.
- The shipment held circa 22,500t of product and provided vital learnings to enable future shipments to carry the target of 30,000t of product.
- The product was paid for based on 65% PLATTS pricing and has subsequently been used to successfully make steel.
- Late in December 2022, operations were impacted by the "1 in 100 year" rainfall associated with Tropical Cyclone Ellie. Post half-year end, this has delayed the second shipment through the sheer amount of water restricting heavy vehicle movements on site and site access.
- During this forced shutdown period, the Group has taken the opportunity to complete further process plant ramp up steps and completed a range of plant optimisation initiatives to reach name plate production of 350k tonne per annum.
- NT based residents now represent around 90% of the operational staff on site and around 50% of the staff are Indigenous Australians.
- A new JORC compliant Inferred Resource was modelled and reported for the Peko Tailings Stockpile.
- Purchased and commenced deconstruction of plant and equipment that the company has secured to recover copper and cobalt from Peko.

Corporate

- In July 2022, the Company raised $4.35 million in a placement to sophisticated and leading institutional investors at $0.03 per share.
- Purchase of 100% of Peko Project negotiated during the half-year, with settlement expected in April 2023.
- Elmore extended the previously announced Avior funding facility by a further $1.5 million to assist in the ownership transition.
- Vendor Finance Agreement modified, so no penalty interest rate is payable with a maximum simple interest rate of 17.5% pa.

- Azure Capital were mandated to complete the refinancing with initial round of management presentations underway and due diligence and negotiations being undertaken with a range of interested reputable parties.
- In December 2022, the Company successfully completed a placement of 248,537,500 shares to raise $3,916,600.

OPERATIONS

PEKO PROJECT PROGRESS

During the half-year, production of magnetite continued at Peko and significant progress towards reaching steady state production at the target annualised rate was achieved.

- Magnetite (65% Fe) production ramp-up on track to achieve steady state production of approx. 350k tonnes per annum, once final long lead consumables arrive on site and de-bottlenecking/ optimisation can then be completed.
- First shipment landed in China with product quality confirmed and paid based on 65% PLATTS pricing.
- The next shipment for magnetite delivery was booked for loading mid to late January 2023. This has subsequently been delayed due to the impact of Cyclone Ellie and the Company has re-scheduled the second shipment to early April – when weather conditions are not impacting Peko operations. Following this, regular shipments are expected to commence supporting our production guidance of 350k tonne per annum.
- Copper/Cobalt processing plant acquired, planning and construction design finalised.
- Polaris Engineering appointed to manage relocation and re-assembly of Copper/Cobalt plant with payment for services to be funded from production.
- Cobalt production schedule being revised post impact of wet season.
- The Company has successfully completed a placement of 248,537,500 shares to raise $3,916,600 to ensure adequate funding during production ramp-up of both Magnetite and Copper/Cobalt through to positive free cash flow.

FIRST ORE ON SHIP

Elmore, through the stevedoring provided by Linx at the Port of Darwin, completed loading the first shipment of Magnetite product from Peko. The product has been purchased under the previously announced Ore Sales (offtake) Agreement by Royal Advance (HK) and was shipped to China. The product was successfully used to make steel.

The Group plans that future shipments will carry around 30,000 tonnes per vessel and is aiming to achieve a vessel approximately once per month once the ramp up is completed – initially targeted to be achieved by Q1 CY 2023, though post the reporting period has been rescheduled to Early April due to further significant weather events over Q1.

The final steps to achieve this target primarily involve the ramping up of rail manning and completion of spare parts/redundancy inventory on site to stabilise production.

NT based residents now represent around 90% of the operational staff on site and around 50% of the staff are Indigenous Australians.

First shipload of Magnetite Product in Darwin Port Shed ready for loading (shed roof is circa 15m high)

Peko's first shipment arriving in Darwin Port. Elmore loaded approximately 22,500 tonnes of product into this ship.

Magnetite Product loaded into Ship-loader

OPTIMISATION FOCUS

The main constraint on the plant in the second half of calendar year 2022 was the ceramic disk filters (CDFs). The Company has been operating on 1 of the 2 installed CDFs, whilst waiting on parts and programming to commission the second. The CDFs are required to dry the wet product to make it ready for export. Optimisation of the plant could also not be completed until the second CDF was commissioned, as bottlenecks could not be identified and resolved until the plant could run at the higher rate. The second CDF has now been commissioned and de-bottlenecking and optimisation has been progressing well.

The other key areas of focus that required work through the half-year to allow the plant to reach the target production rate were increasing the level of spare parts and plant operations procedure optimisation and the associated operator training. Being a bespoke plant, built with no redundancy or spare parts there has been a process to identify bottlenecks and improve operating procedures to address variations in material feed. Along with this is identification of critical spares, by monitoring wear and failure of plant components, identifying lead times for replacements and planning and budgeting to build the operations into a position that maintenance can be scheduled to optimise production.

PEKO INFERRED RESOURCE

In an announcement on 13 September 2022, the Company released the revised JORC compliant model for the Peko stockpile based on volumetric surveys undertaken prior to the commencement of processing by Elmore.

The Inferred resource covers total material in the stockpile, and specifies contained gold, copper and cobalt.

The results are aligned to the Group's previous expectations and will allow Elmore to provide further context to its operating plans and financial modelling.

Table 1: Total Inferred Resources of the Peko tailings; status as of 20 of August 2022.

Tonnage (Kt)	Grade			Contained metal		
	Au g/t	Cu %	Co %	GOLD (Koz)	COPPER (Kt)	COBALT (Kt)
3,615	**1.1**	**0.22**	**0.10**	**129**	**8.1**	**3.5**

Contained and recoverable magnetite volumes remain an estimate by the Company based on observations and recoveries in sampling and test-work prior to the commencement of the project. Though these estimates have been further validated by operational results, magnetite does not form part of this resource estimate.

OFFTAKE

In anticipation of settlement of the purchase of the Peko Project and associated tenements, Elmore executed an Ore Sales (offtake) agreement with Royal Advance (Hong Kong) to supply magnetite product from the Peko project.

The key terms of the agreement are:

- The sales price will be based on the PLATTS 65% Fe index price minus 1%.
- The price will be based on a Dry Metric Tonnes Unit base, i.e., pro-rata to the contained iron (meaning that higher grade product will sell for a higher price).
- Impurity variables are based on standard PLATTS impurity variables.
- The off-take will cover the first 2 shipments, with Peko having the option to extend to off-take out to 12 months. Royal Advance are interested in taking all of the product produced over the life of mine, though both parties are taking a conservative approach until steady state production and product quality are achieved.

Payment terms:

- 40% of sales price (based on 65% base product) received against lots of 7,500 tonnes being stored in Darwin Port, with these first payments relating to the first shipment now locked in at $US155.76 per tonne (corrected against market price on arrival in China).
- 55% of sales price received as product is loaded onto a ship in Darwin.
- Final 5% received (allowing for positive or negative corrections from base specification) after final product quality confirmed after shipment.

The Group received payments totalling $3.6 million (ex GST) from the offtake during the half-year.

COPPER AND COBALT

The Group is preparing to start extracting copper and cobalt from the tailings resource.

Approximately half of the copper in the stockpile and a third of the cobalt in the stockpile is water soluble, meaning that when the dry stacked material is loaded into the plant and mixed with water, these metals go into the process water.

Elmore has designed a process to remove the water-soluble metals through a chemical process. This process will produce two saleable products – Copper Carbonate and Cobalt Sulphide.

The remaining copper and cobalt will be stored as mineralised tailings. The Group believes that it can recover substantially more of the copper and cobalt after the water-soluble material has been recovered by oxidising the material whilst it is stored in tailings, before being re-feed into the plant. Elmore is currently completing the laboratory work to define the efficiency and economics of this process.

The Group identified and secured a process plant, based in Western Australia, that matches the process and scale required for Peko. The plant was recently put into care and maintenance after working for a relatively short period of time as a pilot plant recovering other similar commodities. This plant was built and run by several of Elmore's current key Management and Contractors, who have joined Elmore and are responsible for the design and management of copper and cobalt recovery and are thus both very familiar of the plants condition and operations.

The Group commenced dismantling the plant and equipment that it purchased for transport to Peko. All equipment needed for the next stage (soluble cobalt recovery) is now ready to move. Site works have been suspended as the Company waits for access roads to recover from the impact of Tropical Cyclone Ellie. The Company expects the works to recommence in April /May 2023.

Steps have been taken to reduce the re-construction period at the Peko Project, by utilising existing concrete pads, rather than building a new one. The Group is currently reviewing its target of first cobalt production, though is confident it will be in 2023.

Relocations activities are being undertaken by Polaris Engineering.

CORPORATE

CAPITAL RAISING

In July 2022, the Company raised $4.35 million (before costs) at an issue price of $0.03 per share via a strongly supported placement to sophisticated and professional investors.

In December 2022, the Company made a single tranche placement of new fully paid ordinary shares (New Shares) at $0.016 per share to professional, sophisticated and institutional investors to raise gross proceeds of A$3.92 million.

The allotment of the New Shares is not subject to shareholder approval and will fall within the Company's placement capacity under ASX Listing Rule 7.1/7.1A.

The Offer Price represents a:

- 11.1% discount to the Company's last traded price on the ASX on Thursday, 15 December 2022 (A$0.018);
- 19.6% discount to the 5-day VWAP (A$0.020); and
- 24.8% discount to the 15-day VWAP (A$0.021).

Funds will be applied towards:

- relocation of plant and equipment for copper cobalt processing at Peko project;
- down-payments on flotation equipment;
- working capital support until the next shipments of iron ore in the March quarter; and
- offer costs.

EXTENSION OF AVIOR FINANCE

During the half-year, Elmore extended the funding facility provided by Avior by a further $1.5 million (minus fees) provided in 2 tranches over 1 month. Terms were announced previously.

The extension was necessary to assist in the ownership transition, during which period the Group has been covering 100% of operating expenses of the Peko Project. Upon the effective purchase of 100% of the Peko Project, the Group will be entitled to 100% of the cash flows from the project.

PEKO PROJECT PURCHASE

During the half-year, Elmore executed agreements with ICA to purchase the Peko Project in the Northern Territory, plus all of the Companies related to the project held by the previous owners. The purchase agreements were finalised and were subject to shareholder approvals, any relevant Government Approvals and standard share transfer administration that is normal in such transactions. The Company held a General Meeting on 9 September 2022, where shareholder approval for the transaction was received ("**Peko Project Sale and Purchase Agreement**").

At half-year end the Group had not settled these contracts, with certain conditions to be finalised by April 2023.

Purchase Price and Arrangements

The key points of the contract that was entered into is:

- Purchase price of $30 million, payable via the Vendor Finance Agreement ("**Vendor Finance Agreement**") (see below); and
- Elmore to guarantee the performance a pre-existing royalty agreement between the ICA group and ICAs retiring shareholders so that they will receive a total of 20,000 ounces of gold at the higher of 900 ounces per quarter, or 25% of production from commencement of production, which must occur within 3 years.

The key points of the Vendor Finance Agreement that was initially entered into was:

- 12-month term;
- Initial interest rate of 2.5%pa for 3 months (Initial Rate); and
- Rate increased to 17.5%pa for the next 3 months (Standard Rate) and 27.5% for final 6 months (Extended Rate).

The Vendor Financing Agreement was negotiated to allow Elmore to obtain financing without the risk of the deal metrics changing during the finance period. It is not intended to be used as a means of paying off the purchase. The acceptance of a high interest rate is reflective of Elmore confidence in the re-financing and to encourage Elmore to re-finance the purchase. However, the initial Vendor Finance Agreement was restricted.

Restructure of the Vendor Finance Agreement

During the half-year, the parties negotiated material changes to key terms of the Vendor Finance Agreement to reduce the cost and cash flow impact on Elmore whilst it ramps up project operations and completes the refinancing process. The material changes are as follows:

- All previously agreed interest rates have been replaced with one simple rate of 17.5% commencing on completion of the Peko Project Sale and Purchase Agreement (which remains subject to minor administrative items and the execution of a Priority Deed with Avior in relation to security interest);
- All interest payments will be capitalised to principal (no monthly interest payments made);
- Elmore will make a principal repayment of $250,000 at completion of the Sale and Purchase Agreement and then monthly principal repayments of $150,000 until refinancing is complete; and
- Term of the Vendor Finance Agreement will be extended to 31 December 2023 if required by Elmore, conditional on payment of $10 million against the principal being receipted by the Vendor prior to 30 June 2023.

At 31 December 2022, the Vendor Finance Agreement had not been settled, due to the priority deed between Avior and Oz Professionals still being under negotiation.

Notwithstanding the extension of the term of the Vendor Finance Agreement, Elmore is working hard to refinance the Vendor Finance Agreement as soon as possible. Key developments to date include:

- On 13 September 2022, Elmore executed a mandate with leading financial adviser Azure Capital to undertake an analysis of the company's refinancing options and to lead the refinancing process;
- The initial phase of this work included extensive project modelling to ensure positive project economics and consideration of different financing structures, aimed at optimising the outcome to the Group;
- During the half-year, Elmore has undertaken management presentations where it has received genuine interest from commodity traders, royalty and credit funds in participating in the re-financing; and
- Multiple parties are currently undertaking due diligence and the Group has a high level of confidence that it will be able to re-finance the Vendor Finance Agreement within the required timeframes as set out above.

Refer to subsequent events to the half year for further update.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis.

For the half-year ended 31 December 2022, the Group recorded a loss of $9,035,579 (31 December 2021: $3,047,776) and had net cash outflows from operating activities of $5,348,842 (31 December 2021: $1,782,984). At 31 December 2022, the Group had working capital deficit of $8,860,764 (30 June 2022: $7,015,090) and a closing cash balance of $1,733,541 (30 June 2022: $45,330).

The ability of this Group to continue as a going concern is dependent on the Group generating additional cash inflows by way of revenue from the Peko Iron Project and securing additional debt and/or equity funding to meet its working capital requirements in the next 12 months. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons. The Group expects to:

- Continue to increase the Peko magnetite iron ore production rates and frequency of magnetite iron ore shipments to generate positive cash flow from the Peko Iron Project on a profitable basis;
- Expand the processing capabilities of the current process infrastructure at the Peko project to include profitable recoveries of cobalt, copper and gold, with the production of saleable cobalt product planned by late 2023;
- Continue to use wholly owned and unencumbered existing capital equipment to secure equipment finance to fund working capital requirements;
- Raise additional finance from debt or equity if and when required, based on a recent successful track record of doing so, to contribute to the Group's working capital position in the near term;
- Continue to work closely with the Company's mandated investment bankers (Azure Capital) to raise additional funding of up to $30 million to complete the Peko Project purchase plus any additional capital requirements for project expansion through a range of debt and royalty financing facilities.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the consolidated interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

AUDITOR APPOINTED

At the AGM held on 30 November 2022, shareholders replaced the previous auditor BDO and considered and appointed a new auditor to the Company, being Nexia Perth Audit Services Pty Ltd.

EVENTS SUBSEQUENT TO THE HALF-YEAR

APPOINTMENT OF NON-EXECUTIVE CHAIRMAN

Post the end of the half-year, Elmore announced the appointment of Mr Russell Baskerville as non-executive Chairman on 18 January 2023.

Russell has over twenty years of experience as a corporate leader in consulting, entrepreneurial growth, corporate governance, capital markets and corporate transactions. Mr Baskerville was a founder, Managing Director and CEO of Empired Limited and over 15 years built the company into one of the largest and most respected digital services firms across Australia and New Zealand.

From a small office in Perth, Mr Baskerville guided the company through an IPO on the ASX, led multiple public capital raisings, negotiated and integrated multiple acquisitions and was a key leader in strategies to secure multiple $100 million plus corporate and government contracts.

During this half-year, the Group developed operations across 3 countries, employing over 1,200 full time staff with run-rate revenue of approximately $250 million per annum delivering services to some of the largest corporate and government organisations in the world. In late 2021, Empired Limited undertook a scheme of arrangement to effect a public company takeover for a value of $233 million, representing a 67% premium to its most recently traded share price by Capgemini, one of the largest consulting companies in the world.

Mr Baskerville brings extensive experience in leadership, entrepreneurial growth strategies, financial and performance improvement initiatives, corporate transactions and corporate governance.

SETTLEMENT OF THE PEKO PROJECT PURCHASE

On 6 April 2023, the Company and the Vendor of Peko had completed all necessary undertakings and actions to settle the Vendor Finance Agreement with Oz Professionals (including payment and acceptance of the “Initial Principal Payments”) and the Peko Project Sale and Purchase Agreement. The final outstanding item is the receipt of a “Stamped” Stamp Duty Assessment from the Northern Territory Government. As the Stamp Duty assessment is both outside the control of both the Company and the Vendor, and its receipt is only a matter of time and not subject to risk of receipt, the purchase of the Peko Project in the Northern Territory, plus all of the companies related to the project held by the previous owners has now been finalised.

CONVERSION OF UNSECURED LOAN

In January 2023 $250,000 unsecured loan to Procom Holdings Pty Ltd was settled via issue of 20 million ordinary shares and 3.33 million unlisted options expiring 31 January 2025.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30.

This report is made in accordance with a resolution of directors.

On behalf of the Directors

David Mendelawitz
Managing Director
Perth, 12 April 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2022

	Notes	31 Dec 2022 $	31 Dec 2021 $ Restated *
Revenue from continuing operations	3	2,901,787	126,750
Other income	3	16,340	26,317
Depreciation and amortisation		(824,449)	(91,306)
Employment benefits expenses		(2,632,441)	(989,928)
Finance and administration		(925,270)	(353,036)
Corporate expenses		(189,790)	(158,486)
Share-based payment expense	13	(146,248)	(212,922)
Operational expenses	4	(7,235,508)	(1,395,165)
Loss from continuing operations before income tax		**(9,035,579)**	**(3,047,776)**
Income tax expense		-	-
Loss from continuing operations after income tax		**(9,035,579)**	**(3,047,776)**
Other comprehensive income			
Items that may be reclassified to Profit or Loss			
Foreign currency translation		-	-
Other comprehensive income/(loss) for the half-year, net of tax		**-**	**-**
Total comprehensive loss for the half-year		**(9,035,579)**	**(3,047,776)**
Loss for the half-year is attributable to the owners of Elmore Limited		**(9,035,579)**	**(3,047,776)**
Total comprehensive loss for the half-year is attributable to the owners of Elmore Limited		**(9,035,579)**	**(3,047,776)**
Loss per share for the half-year attributable to the members of Elmore Limited			
Basic loss per share attributable to ordinary equity holders (cents) – diluted and undiluted		(0.85)	(0.44)

* Refer to Note 12 for detailed information on the restatement of comparatives

The above consolidated statement of profit or loss or other comprehensive income should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Financial Position
As at 31 December 2022

	Notes	31 Dec 2022 $	30 Jun 2022 $ Restated *
ASSETS			
Current assets			
Cash and cash equivalents		1,733,541	45,330
Receivables and prepayments	5	402,940	531,795
Financial assets	6	200,000	200,000
Total current assets		**2,336,481**	**777,125**
Non-current assets			
Receivables and prepayments	5	210,550	240,550
Property, plant and equipment		8,969,052	7,736,126
Right of use assets	7	1,940,910	2,468,889
Total non-current assets		**11,120,512**	**10,445,565**
Total Assets		**13,456,993**	**11,222,690**
LIABILITIES			
Current liabilities			
Trade and other payables		6,241,989	3,624,150
Provisions		329,041	199,943
Borrowings	8	3,375,328	1,773,379
Lease liabilities	9	776,614	998,208
Total current liabilities		**10,722,972**	**6,595,680**
Non-current liabilities			
Borrowings	8	474,273	1,196,535
Lease Liabilities	9	1,207,873	1,494,869
Total non-current liabilities		**1,682,146**	**2,691,404**
Total Liabilities		**12,405,118**	**9,287,084**
Net assets		**1,051,875**	**1,935,606**
EQUITY			
Share Capital	10	98,896,109	91,304,301
Reserves		4,821,588	4,261,548
Accumulated losses		(102,665,822)	(93,630,243)
Total equity		**1,051,875**	**1,935,606**

* Refer to Note 12 for detailed information on the restatement of comparatives

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2022

	Share Capital $	Accumulated Losses $	Share Based Payments Reserve $	Asset Revaluation Reserve $	Total Equity $
Balance at 1.7.2021	**82,892,971**	**(81,687,613)**	**2,759,607**	**1,185,000**	**5,149,965**
Total comprehensive loss for the half-year (Restated *)	-	(3,047,776)	-	-	(3,047,776)
Transactions with owners in their capacity as owners					
Share based payments	-	-	212,922	-	212,922
Contributions of equity, net of transaction costs	2,985,185	-	-	-	2,985,185
Balance at 31.12.2021	**85,878,156**	**(84,735,389)**	**2,972,529**	**1,185,000**	**5,300,296**
Balance at 1.7.2022 as previously reported	**91,304,301**	**(93,557,763)**	**3,076,548**	**1,185,000**	**2,008,086**
Restatements (Note 11)	-	(72,480)	-	-	(72,480)
Balance at 1.7.2022 as restated	**91,304,301**	**(93,630,243)**	**3,076,548**	**1,185,000**	**1,935,606**
Total comprehensive loss for the half-year	-	(9,035,579)	-	-	(9,035,579)
Transactions with owners in their capacity as owners					
Share based payments	-	-	560,040	-	560,040
Contributions of equity, net of transaction costs	7,591,808	-	-	-	7,591,808
Balance at 31.12.2022	**98,896,109**	**(102,665,822)**	**3,636,588**	**1,185,000**	**1,051,875**

* Refer to Note 12 for detailed information on the restatement of comparatives

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2022

	Half-Year 2022 $	Half-Year 2021 $ Restated *
Cash flows from to operating activities		
Receipts from customers	4,035,176	142,755
Payments to suppliers and employees	(9,012,209)	(1,924,547)
Other income	15,216	-
Interest expense	(388,148)	-
Interest earned	1,123	(1,192)
Net cash outflows from operating activities	**(5,348,842)**	**(1,782,984)**
Cash flows from investing activities		
Payments for property, plant and equipment	(1,279,174)	(2,554,731)
Loans made	(3,721)	-
Receipts from security deposits	30,000	71,760
Net cash outflows from investing activities	**(1,252,895)**	**(2,482,971)**
Cash flows from financing activities		
Proceeds from the issue of shares	8,151,848	2,985,185
Proceeds from borrowings	1,752,000	584,145
Repayments from borrowings	(1,613,900)	(139,861)
Net cash inflows from financing activities	**8,289,948**	**3,429,469**
Net cash increase /(decrease) in cash and cash equivalents	**1,688,211**	**(836,486)**
Cash and cash equivalents at the beginning of half-year	**45,330**	**2,109,122**
Cash and cash equivalents at the end of half-year	**1,733,541**	**1,272,636**

* Refer to Note 12 for detailed information on the restatement of comparatives

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Half-Year Ended 31 December 2022

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Elmore Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for those described in Note 1(b) below.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The accounting policies and methods of computation adopted in the preparation of this consolidated interim financial report for the half-year under review are consistent with those adopted in the annual financial statements for the year ended 30 June 2022.

(a) Going Concern

The consolidated financial statements have been prepared on a going concern basis.
For the half-year ended 31 December 2022, the Group recorded a loss of $9,035,579 (31 December 2021: $3,047,776) and had net cash outflows from operating activities of $5,348,842 (31 December 2021: $1,782,984). At 31 December 2022, the Group had working capital deficit of $8,860,764 (30 June 2022: $7,015,090) and a closing cash balance of $1,733,541 (30 June 2022: $45,330).

The ability of this Group to continue as a going concern is dependent on the Group generating additional cash inflows by way of revenue from the Peko Iron Project and securing additional debt and/or equity funding to meet its working capital requirements in the next 12 months. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons. The Group expects to:

- Continue to increase the Peko magnetite iron ore production rates and frequency of magnetite iron ore shipments to generate positive cash flow from the Peko Iron Project on a profitable basis;
- Expand the processing capabilities of the current process infrastructure at the Peko project to include profitable recoveries of cobalt, copper and gold, with the production of saleable cobalt product planned by late 2023;
- Continue to use wholly owned and unencumbered existing capital equipment to secure equipment finance to fund working capital requirements;
- Raise additional finance from debt or equity if and when required, based on a recent successful track record of doing so, to contribute to the Group's working capital position in the near term;
- Continue to work closely with the Company's mandated investment bankers (Azure Capital) to raise additional funding of up to $30 million to complete the Peko Project purchase plus any additional capital requirements for project expansion through a range of debt and royalty financing facilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the consolidated interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

(b) Changes in Accounting Policies

Adoption of new and amended Accounting Standards

Standards and Interpretations applicable to 31 December 2022

In the half-year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2022.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2022.

As a result of this review the Directors have determined that there are no new and revised Standards and Interpretations that may have a material effect on the application in future periods and therefore, no material change is necessary to Group accounting policies.

2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

For management purposes, the Group is organised into one main operating segment, which involves mineral processing in Australia. Discrete financial information is reported to the Board (Chief Operating Decision Makers) as one segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

3. REVENUE

	31 Dec 2022 $	31 Dec 2021 $
Revenue from contracts with customers*	2,901,787	126,750
Other income	16,340	26,317
	2,918,127	**153,067**

*During the half-year payments of $3.6 million was received for magnetite sales, of which $622,087 related to contract liabilities which is included in trade and other payables.

4. EXPENSES

	31 Dec 2022 $	31 Dec 2021 Restated* $
Operational expenses	7,235,508	1,395,165
	7,235,508	**1,395,165**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

5. RECEIVABLES AND PREPAYMENTS

	31 Dec 2022 $	30 Jun 2022 Restated* $
Current		
Trade receivables	26,984	-
Accrued revenue	-	13,286
Prepayments	73,177	126,176
Other receivables and prepayments (1)	302,779	392,333
	402,940	**531,795**
Non-Current		
Security deposits	210,550	240,550
	210,550	**240,550**

(1) Other receivables generally arise from transactions outside the usual operating activities of the entity. The current balance primarily represents the receivables relating to good and services tax of $260,807, and sundry debtors of $40,472.

6. FINANCIAL ASSETS

	31 Dec 2022 $	30 Jun 2022 Restated* $
Current		
Loan – Territory Minerals (1)	200,000	200,000
	200,000	**200,000**

(1) The Company has a loan facility agreement with Territory Minerals Limited. The key terms of the agreement are:

- Commencement date: 14 May 2021
- Principle sum: $200,000
- Approved Purposes: Drilling and exploring
- Interest rate: Nil
- Fixed term: 30 June 2023
- The loan is on a limited recourse basis and convertible into shares in Territory Minerals Limited at $0.10 per share.

7. RIGHT TO USE ASSETS

The Group's lease portfolio includes buildings, plant and equipment. These leases have an average of 12 months as their lease term.

	31 Dec 2022 $	30 Jun 2022 Restated* $
Non-current		
Leased building	268,792	268,792
Accumulated depreciation	(17,138)	-
	251,654	**268,792**
Lease plant and equipment	3,117,951	2,927,718
Accumulated depreciation	(1,428,695)	(727,621)
	1,689,256	**2,200,097**
	1,940,910	**2,468,889**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

8. BORROWINGS

	31 Dec 2022 $	30 Jun 2022 Restated $*
Current		
Other financial liabilities	192,469	154,298
Borrowings – equipment finance	13,443	24,946
Borrowings – convertible note (1)	242,075	242,075
Borrowings – ICA creditors (2)	452,187	452,187
Borrowings – Avior finance (3)	1,469,523	792,407
Borrowings – unsecured loan (4)	250,000	-
Borrowings – unsecured loan (5)	500,000	-
Borrowings – unsecured loan (6)	200,000	-
Borrowings – other	55,631	107,466
	3,375,328	**1.773.379**
Non-current		
Borrowings – Avior finance (3)	474,273	1,196,535
	474,273	**1,196,535**

(1) During the year ended 30 June 2022, the Company issued a convertible note to Polaris Engineering:

The key terms of the Convertible note issued 28th April 2022 are:

- $230,000 raised;
- 2-year term;
- 20% interest rate;
- 3 months interest and establishment fee (equivalent to 10%) paid upfront in shares at a $0.04 share price; and
- Conversion rights subject to Shareholder approval. The Company expects shareholder approval to be sought at the next meeting of shareholders.

(2) As part of the Peko Iron Project earn-in-agreement, Elmore has agreed to pay three nominated ICA's creditors $1,700,000 and waive $660,000 in management fees owing to Elmore. At half-year end, the Company was in negotiations with certain creditors regarding the services that they provided.

These ICA creditors have all entered into novation deeds which transfer their debts from ICA into a short-term fund agreement with Elmore, satisfying the agreement between Elmore and ICA. The key terms of the funding agreement are:

- 6-month term;
- 10% interest rate;
- $1 per tonne royalty, pro-rata over a $6 million financing facility; and
- If the outstanding amounts are repaid by 30 January, 2022, no royalty is payable.

Post novation of the debts, the related equipment were transferred to Peko, and will allow Elmore to refinance these debts, rather than relying on those Creditors to act as funders.

(3) The Company re-financed the nearly purchased ball mill with a debt facility. This was completed via a funding facility provided by Avior Capital Partners.

The terms of the facility are:
- $1,200,000 face value
- 24-month term, with the final repayment being made on 1 February 2024.
- 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

The Company extended the funding facility provided by Avior by a further $1.5 million provided in 2 tranches over 1 month. This extended the final repayment date to 24 May 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

(4) During the half-year ended 31 December 2022, the Company entered into an unsecured loan agreement with Procom Holdings Pty Ltd*.

The key terms of the loan agreement are:
- Commencement date: 25 November 2022
- Principle sum: $250,000
- Interest rate: Nil
- Fixed term: 1 December 2023

*Procom Holdings Pty Ltd is a related entity to Russel Baskerville.

(5) During the half-year ended 31 December 2022, the Company received an unsecured loan of $500,000 on 25 November 2022 from Polaris Engineering Pty Ltd which is interest free and repayable on demand.

(6) During the half-year ended 31 December 2022, the Company entered into an unsecured loan agreement with JED International Pty Ltd.

The key terms of the loan agreement are:
- Commencement date: 1 July 2022
- Principle sum: $200,000
- Interest rate: Nil
- Fixed term: 30 June 2023

9. LEASE LIABILITES

	31 Dec 2022	30 Jun 2022 Restated*
Current	**$**	**$**
Lease liabilities	776,614	998,208
Non-current		
Lease liabilities	1,207,873	1,494,869
	1,984,487	**2,493,077**

In October 2020 and January 2021, the Group entered into seven finance leases with an independent third party. At the end of these initial leases in October 2021, the finance company sold the equipment under lease and the Group purchased them. In October 2022, the Group entered into a similar arrangement whereby the finance company again sold the equipment under the lease and the Group purchased them. The purchase price on this occasion was $505,450.

The Group immediately entered into seven new leases with the same finance company for the same equipment. The Group disposed of the seven separate pieces of equipment for $757,450 in cash. The net amount of cash received by the Group from the finance company was the difference between the sale price and the purchase price.

These transactions have been determined to be sale and leasebacks. A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. Any profit from the sale and leaseback is recognised as a financial liability that is repaid over the lease term. The value recognised for this financial liability was $252,000 on initial recognition and as at 31 December 2022 is $192,469.

The term of the seven new leases is 12 months. An incremental borrowing rate of 9.00% has been used in the calculation of the lease liabilities and interest expense.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

10. SHARE CAPITAL

	31 Dec 2022 No. of Shares	30 June 2022 No. of Shares	31 Dec 2022 $	30 June 2022 $
Opening balance – 1 July	830,713,642	668,113,642	91,304,301	82,386,964
Issue of shares – issued at $0.02	-	150,000,000	-	3,000,000
Issue of shares – issued at $0.029	-	12,600,000	-	365,000
Issue of Shares – issued in relation to February and April 2022 Convertible Notes (1)	133,073,864	-	-	5,076,145
Issue of shares – issued at $0.03 (2)	145,000,000	-	4,350,000	-
Issue of shares – issued at $0.016 (3)	248,537,500	-	3,916,600	-
Issue of shares – share based payments (4)	22,058,820	-	-	-
Less: equity raising costs (5)	-	-	(674,792)	(29,815)
Less: option reserve included in share capital	-	-	-	(506,007)
Closing balance	**1,379,383,826**	**830,713,642**	**98,896,109**	**91,304,301**

(1) Shareholder approval for the conversion of Convertible Notes was granted on 29 June 2022. The notes converted into 133,073,864 ordinary shares subsequent to the year end on 15 July 2022.
(2) The company raised $4.350 million for 145,000,000 shares under existing approval to existing significant shareholders.
(3) The company raised $3.916 million for 248,537,500 shares under existing approval to existing significant shareholders.
(4) The company issued 15,000,000 to key personnel and 7,058,820 employees during the half-year.
(5) Included within equity raising costs, the company issued 29,000,000 broker options with an exercise price of $0.06 and a three year term on 22 August 2022. Refer to Note 13.

11. OTHER RESERVES

	31 Dec 2022 $	30 Jun 2022 $
Share based payment reserve	3,636,588	3,076,548
Asset Revaluation Reserve	1,185,000	1,185,000
	4,821,588	**4,261,548**
Movement:		
Share Based Payment Reserve:		
Balance at the beginning of the half-year	3,076,548	2,759,607
Fair value option expense	560,040	316,941
Balance at the end of the half-year	**3,636,588**	**3,076,548**
Asset Revaluation Reserve		
Balance at beginning of the half-year	1,185,000	1,185,000
Revaluation	-	-
Balance at the end of the half-year	**1,185,000**	**1,185,000**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

12. RESTATEMENT OF COMPARITIVES

During the half-year, the Group has identified a number of errors that have been corrected by restating each of the affected financial statement line items for prior periods. There was no impact on the opening balances (1 July 2021) of the Consolidated Statement of Financial Position for the comparative period presented, being the half-year ended 31 December 2021. The nature of each adjustment is presented in the table below:

Consolidated statement of profit or loss and other comprehensive income

	31 December 2021 Previously Reported $	Peko Iron (i) $	Leases (ii) $	Total Adjustment $	31 December 2021 Restated $
Depreciation & amortisation	(190,268)	(53,533)	152,495	98,962	(91,306)
Finance & administration	(327,940)	(14,436)	(10,660)	(25,096)	(353,036)
Operational expenses	(1,409,441)	14,276	-	14,276	(1,395,165)
Loss from continuing operations before income tax	**(3,135,919)**	**(53,693)**	**141,835**	**88,142**	**(3,047,776)**
Income tax expense	-	-	-	-	-
Loss from continuing operations after income tax	**(3,135,919)**	**(53,693)**	**141,835**	**88,142**	**(3,047,776)**
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half-year	**(3,135,919)**	**(53,693)**	**141,835**	**88,142**	**(3,047,776)**
Basic loss per share attributable to ordinary equity holders (cents)	(0.38)				(0.44)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

Consolidated statement of financial position

	30 June 2022 Previously Reported $	Peko Iron (i) $	Leases (ii) $	Total Adjustment $	30 June 2022 Restated $
ASSETS					
Non-current assets					
Other receivables and prepayments	113,800	126,750	-	126,750	240,550
Property, plant and equipment	7,425,233	310,893	-	310,893	7,736,126
Right of use assets	559,525	1,888,183	21,181	1,909,364	2,468,889
Total non-current assets*	**8,098,558**	**2,325,826**	**21,181**	**2,347,007**	**10,445,565**
Total Assets	**8,875,683**	**2,325,826**	**21,181**	**2,347,007**	**11,222,690**
LIABILITIES					
Current liabilities					
Trade and other payables	2,737,979	886,171	-	886,171	3,624,150
Provisions	177,462	22,481	-	22,481	199,943
Borrowings	2,815,616	-	154,298	154,298	2,969,914
Lease liabilities	1,136,539	666,703	(805,034)	(138,331)	998,208
Total current liabilities*	**6,867,596**	**1,575,355**	**(650,736)**	**924,619**	**7,792,215**
Lease liabilities	-	1,261,062	233,807	1,494,869	1,494,869
Total noncurrent liabilities*	**-**	**1,261,062**	**233,807**	**1,494,869**	**1,494,869**
Total Liabilities	**6,867,596**	**2,836,417**	**(416,929)**	**2,419,488**	**9,287,084**
Net assets	**2,008,087**	**(510,591)**	**438,110**	**(72,480)**	**1,935,606**
EQUITY					
Accumulated losses	(93,557,763)	(510,591)	438,110	(72,480)	(93,630,243)
Total equity	**2,008,087**	**(510,591)**	**438,110**	**(72,480)**	**1,935,606**

*The above is different to statement of financial position due to reclassifications of loans and borrowings from current to non-current in line with their respective repayment terms.

(i) Peko Iron

Prior to the 2021/2022 Financial Year, Elmore had a service contract with ICA Mining Pty Ltd (ICA) in which Elmore provided a range of consulting services, including design, procurement and the construction management of a magnetite processing plant to be owned by ICA and known as the Peko Tailings Project.

On 13 June 2021, the Director of ICA appointed Mr Sule Arnautovic of Hall Chadwick as an Administrator in accordance with Section 436A of the Corporations Act 2001. On 15 June 2021, Messrs Rajiv Goyal and Andrew McCabe of Wexted Advisors were appointed Receivers and Managers of ICA Mining Ltd by the secured creditor of ICA being Peko Gold Lending Pty Limited (“PGL”). The effect of the appointment of the Receivers and Managers was that they were in control of the business and assets of ICA.

On 8 July 2021 the Administrator provided a report to creditors, which included Elmore. The report included details of ICA’s business, property, affairs, and financial circumstances to provide creditors with sufficient information for them to make an informed decision about the future of ICA. This included details of the proposed Pooled Deed of Company Arrangement (“DOCA”) put forward by the Company’s secured creditor.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

The second creditors meeting was held on 16 July 2021, at this meeting creditors voted to accept the proposal to execute the DOCA.

Following the second creditors meeting and the signing of the DOCA, Elmore executed a Binding Heads of Agreement with Peko Gold Lending Pty Ltd ("PGL"), ICA's secured creditor and the successful DOCA proponent. The agreement tasked Elmore with completing the construction of the magnetite process plant and operating the plant, mine and also controlling the logistics and product sales of the magnetite, in exchange for an increased management fee, direct equity in the project and management rights.

A new company, Peko Iron Project Pty Ltd (**Peko Iron**) was incorporated to cover all assets and rights required to exploit the magnetite resources contained in the Project. Elmore owned 100% of Peko Iron.

On 21 August 2021, Elmore entered into three agreements with ICA and other related parties via Peko Iron to formalise the terms outlined in the HOA, being:

(a) Mining Licence Agreement;
(b) Share Subscription Agreement; and
(c) Shareholders and Management Agreement. (jointly referred to as ("**the Three Agreements**")

Key features of the Three Agreements are as follows:

(a) The Board composition of Peko Iron comprised one director nominated by ICA and two directors from Elmore;
(b) Elmore initially owning 100% of Peko Iron ;
(c) Upon successful commissioning of the Peko plant, 75% of the ordinary shares of Peko Iron were to be transferred to ICA, or an entity nominated by ICA;
(d) Elmore, or an entity nominated by Elmore, shall hold 25% of the ordinary shares of Peko Iron;
(e) Peko Iron is regulated by the Shareholders' Agreement;
(f) ICA assigned the existing Northern Territory Government performance bond of $400,000 to Peko Iron; and
(g) Whilst Elmore is responsible for all day-to-day management and accounting of the Peko Iron, there must be unanimous consent of all 3 directors in relation to decisions about the relevant activities of Peko Iron as set out in Clause 8 of the Shareholders Agreement.

The shares in Peko Iron where never transferred from Elmore to ICA, and instead on 18 July 2022 the parties entered into agreements for Elmore to purchase the Peko Project and all of the Companies related to the project. At 31 December 2022, these agreements had not been settled.

In both the 31 December 2021 and 30 June 2022 financial statements, Elmore failed to disclose Peko Iron Project Pty Ltd as a member of its consolidated group.

It was considered whether Elmore had joint control over Peko Iron as a result of entering into the Three Agreements with ICA on 21 August 2021. However following an assessment of the criteria of AASB 10: *Consolidated Financial Statements*, it was determined that, among other factors, including:

- the fact that the 75% Peko Iron shares were not transferred to ICA;
- Elmore effectively controlling Peko Iron;
- Other conditions of the Three Agreements not being met; and
- the intention of Elmore to acquire the Peko Project and for ICA to walk away;

that control existed and in accordance with AASB 10 as well as the Group's accounting policies, Elmore controlled Peko Iron and hence should have been consolidated. This impacted the 30 June 202 as well as the 31 December 2021 comparative periods as per the table above. Note that Peko Iron is not to be confused with the Peko Project, which is in the process of being acquired by the Group (refer note 18 Subsequent events).

(ii) Lease accounting

In October 2020 and January 2021, the Group entered into seven finance leases with an independent third party. The Group never owned this equipment prior to entering into the leases. At the end of these initial leases in October 2021, the finance company sold the equipment under lease and the Group purchased it. The Group immediately entered into seven new leases with the same finance company for

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

the same equipment. the Group disposed of the seven separate pieces of equipment for cash. The net amount of cash received by the Group from the finance company was the difference between the sale price and the purchase price.

Following a review of the accounting treatment, it was determined that this transaction represents a sale and lease back arrangement and as such the amounts received are to be recognised as a financial liability under IFRS 9 *Financial Instruments* or IFRS 16 *Lease Liabilities*.

As such, the Group incorrectly accounted for this transaction resulting in an overstatement of the Right of Use Asset and the Lease Liability following the incorrect application of IFRS 16. This resulted in an overstatement of the subsequent amortisation in the June 2022 financial statements.

13. SHARE-BASED PAYMENTS

The fair value of options and performance rights granted to directors and employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employee becomes unconditionally entitled to the rights or options, from the grant date. The amount recognised as an expense is adjusted to reflect the actual number of share options or performance rights that vest, except for those that fail to vest due to conditions not being met.

Options
No options have been granted as part of remuneration arrangements during the half-year ended 31 December 2022 (31 December 2021: Nil).

On 22 August 2022, the Company raised $4,350,000 via a placement of 145,000,000 shares at $0.03 per share. Shaw and Partners Limited and Euroz Hartley's Limited acted as Joint Lead Managers to the Placement.

The Joint Lead Managers where paid a Placement Fee of 1 option for every 5 shares issued. The options have an exercise price of $0.06 per share with a 3 year term.

The options have been valued using the Black-Scholes option pricing model as the fair value of the services received can't be reliably measured using another method. The Black Scholes inputs and valuations were as follows:

Options	
Number of options	29,000,000
Valuation date	22 August 2022
Underlying spot price AUD $	$0.031
Exercise price AUD $	$0.06
Expected volatility	93%
Expiry date	21 August 2025
Expected dividend yield	Nil
Risk free rate	3.22%
Valuation per option AUD $	$0.0143

The entire value has been recognised in the half-year ended 31 December 2022. As a result an equity raising cost of $413,792 in relation to the options to be issued has been recognised.

Performance Rights

The share-based payment expense arising from previously issued performance rights to David Mendelawitz is $26,248 for the half-year ended 31 December 2022. The performance rights were converted to shares on 23 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

Shares

On 22 December 2022, the Company issued 22,058,820 ordinary shares to employees under the Company's Employee Share Plan. The share-based payment expense arising from the above shares is $120,000 for the half-year ended 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

14. DIVIDENDS

No dividends have been declared or paid since the start of the financial period, and none are recommended.

15. CONTINGENCIES

There has been no change in contingencies since the 30 June 2022 reporting period until the end of this half-year.

16. COMMITMENTS

There are no changes to the commitments since the 30 June 2022 reporting period..

17. RELATED PARTY TRANSACTIONS

There has been no change in related party or key management personnel transactions during the half-year.

18. EVENTS OCCURING AFTER REPORTING DATE

APPOINTMENT OF NON-EXECUTIVE CHAIRMAN

Post the end of the half-year, Elmore announced the appointment of Mr Russell Baskerville as non-executive Chairman.

Russell has over twenty years of experience as a corporate leader in consulting, entrepreneurial growth, corporate governance, capital markets and corporate transactions. Mr Baskerville was a founder, Managing Director and CEO of Empired Limited and over 15 years built the company into one of the largest and most respected digital services firms across Australia and New Zealand.

From a small office in Perth, Mr Baskerville guided the company through an IPO on the ASX, led multiple public capital raisings, negotiated and integrated multiple acquisitions and was a key leader in strategies to secure multiple $100 million plus corporate and government contracts.

During this half-year, the Group developed operations across 3 countries, employing over 1,200 full time staff with run-rate revenue of approximately $250 million per annum delivering services to some of the largest corporate and government organisations in the world. In late 2021, Empired Limited undertook a scheme of arrangement to effect a public company takeover for a value of $233 million, representing a 67% premium to its most recently traded share price by Capgemini, one of the largest consulting companies in the world.

Mr Baskerville brings extensive experience in leadership, entrepreneurial growth strategies, financial and performance improvement initiatives, corporate transactions and corporate governance.

SETTLEMENT OF THE PEKO PROJECT PURCHASE

On 6 April 2023, the Company and the Vendor of Peko had completed all necessary undertakings and actions to settle the Vendor Finance Agreement with Oz Professionals (including payment and acceptance of the "Initial Principal Payments") and the Share Purchase Agreements. The final outstanding item is the receipt of a "Stamped" Stamp Duty Assessment from the Northern Territory

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022 (Continued)

Government. As the Stamp Duty assessment is both outside the control of both the Company and the Vendor, and its receipt is only a matter of time and not subject to risk of receipt, the purchase of the Peko Project in the Northern Territory, plus all of the companies related to the project held by the previous owners has now been finalised.

CONVERSION OF UNSECURED LOAN

On 13 January 2023 $250,000 unsecured loan to Procom Holdings Pty Ltd was settled via issue of 20 million ordinary shares and 3.33 million unlisted options expiring 31 January 2025.

DIRECTORS' DECLARATION
31 December 2022

1. In the opinion of the Directors of Elmore Limited and its controlled entities ('the Group'):

(a) the financial statements and notes set out on pages 12 to 27 are in accordance with the Corporations Act 2001, including:

(i) Complying with Accounting Standards, AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and.

(b) Subject to the matters highlighted in Note 1(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

David Mendelawitz
Director

Perth, 12 April 2023

Nexia Australia

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

To the Board of Directors of Elmore Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2022 there have been:

- no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(i) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely

NPAS

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen
Director

Perth, Western Australia
12 April 2023

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Nexia Australia

Independent Auditor's Review Report to the members of Elmore Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the interim financial report of Elmore Limited ("the Company") and its controlled entity ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of the Group does not comply with the Corporations Act 2001 including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the interim financial report, which indicates that the Group incurred a net loss of $9,035,579 (2021: $3,047,776) during the half-year ended 31 December 2022 and cash outflow from operating activities of $5,348,842 (2021: $1,782,984). As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

NPAS

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen
Director

Perth, Western Australia
12 April 2023