

31 July 2023

ELMORE LTD

ASX: ELE

"Unlocking Value by Providing  
Bespoke Equipment and  
Technical Expertise to the  
Mining Sector"

## BOARD/MANAGEMENT

Mr Russell Baskerville  
NON-EXECUTIVE CHAIRMAN

Mr David Mendelawitz  
MANAGING DIRECTOR

Mr Tim Webster  
NON-EXECUTIVE DIRECTOR

Mr Andy Haslam  
NON-EXECUTIVE DIRECTOR

Sean Henbury  
COMPANY SECRETARY

OFFICE  
Suite 4  
66 Belgravia Street  
BELMONT WA 6104

CONTACT DETAILS  
+61 (8) 6323 2310  
info@elmoreltd.com.au  
www.elmoreltd.com.au

## FY23 June Quarter Update

Elmore Limited ("**Elmore**" or "the **Company**") is pleased to provide an update on the Company's activities for the quarter ending 30 June 2023.

## Highlights

- Second shipment of high-grade magnetite iron ore sent to the Company's offtake partner in China
- Agreement announced for approximately A\$45 million in new funding during the quarter
- Production ongoing and ramping up with new equipment ordered
- Next shipment schedule for Late August 2023

## Operations

### Second Magnetite Shipment

The second shipment of high-grade magnetite ore from the Peko Magnetite and Poly-metallic project ("**Peko**") was dispatched from the Port of Darwin in April.

The shipment contained approximately 28,000 wet metric tonnes of magnetite received by the Company's offtake partner Royal Advance.

### Peko Production

After recovering from the effects of the wet season experienced in the March quarter Elmore has been focussed on improving its consistency and efficiency in its operations. Some periods of interruption have been experienced at site, largely caused by equipment unavailability or maintenance requirements.

Following a fund raising, Elmore has used some of the proceeds to procure additional equipment, including extra magnetic separation units and parts needed for the ceramic disk filters, which have at times been a production bottleneck.



The parts for the ceramic disk filter have now been delivered and installed, resulting in an immediate improvement in the production rate, providing the company significant comfort that the target production rate will be achieved. The new magnetic separators are now on site and are planned to be installed in the next few weeks.

During the quarter Elmore also took delivery of an excavator which has assisted with improving the consistency of feed to the plant.

The table below shows production results for the quarter:

| Month | Tonnes produced |
|-------|-----------------|
| April | 9,448           |
| May   | 6,505           |
| June  | 4,079           |

During June, as Elmore experienced some delays with completion of the Raising process, production was suspended for several weeks. The Company utilised this time to undertake critical repairs and maintenance.

Production has since recommenced, and the rail services are currently operating at 3 per week with the Company preparing to lift to 4 per week in the near-term. The Port of Darwin and the Company is working towards the next shipment being loaded in August 2023.

Elmore is expecting further improvements in its consistency and rate of production as its ramp up process continues. The key next steps are the installation of the magnetic separators and the closing of the Pre-Payment with Royal Advance, which will provide funding for further investments to be made.



*New High-Capacity Magnetic Separators on Site*

## Corporate

During the quarter Elmore achieved two major milestones:

- Practical Completion of the Purchase of Peko, as announced on 26 April 2023
- Agreement of terms for approximately A\$45.0 million in new funding, as announced on 22 June 2023

### Practical Completion of Purchase

Practical completion of the Peko Share Sale Agreement ("**SPA**") occurred on 12 April 2023 with all actions within the control of both Elmore and Oz professionals Pty Ltd ("**Vendor**") have since completed.

Whilst in practice Elmore had full decision-making authority, obligation to fund and entitlement to earnings since execution of the SPA, practical completion represents a significant milestone for the company as it confirms 100% ownership of the Peko project.

As announced on 22 June 2023, Elmore has negotiated an extension to the funding package with Oz Professionals. This included an agreement to pay A\$1.0 million to Oz Professionals, which was paid from the proceeds of the Raising described below.

### New Funding Arrangements

On 22 June 2023, the Company announced that it had agreed terms for circa A\$45.0 million in new funding. The funding includes US\$22.0 million (circa A\$32.5 million)<sup>1</sup> in a non-binding term sheet for a magnetite pre-payment ("**Pre-Payment**") and life of mine magnetite offtake, and A\$12.5 million in binding commitments ("**Raising**"), which may be converted to ordinary shares, subject to regulatory and shareholder approvals.

Settlement of the upfront net proceeds of the Investor Loans and Bridge Loan component of the Raising was received by the Company on 23 June 2023. Work is underway on the necessary documentation to complete the Raising, which will include a Short Form Prospectus and a Notice of General Meeting has been despatched, for a meeting to be held on 30 August 2023.

Elmore announced the terms of a share purchase plan ("**SPP**") on 28 July 2023 to enable eligible shareholders who did not participate in the Raising, to participate in an SPP on the equivalent terms to those offered in the Raising.

Documentation preparation has also commenced for the Pre-Payment and offtake arrangement with Royal Advance.

Royal Advance and their Chinese based Joint Venture Partners have completed a site visit and the Company is now working to agree and finalise the documentation and settle the funding.

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<sup>1</sup> Converted at 0.677 AUD USD exchange rate.





*Elmore's Managing Director Mr David Mendelawitz (second from right), Registered Mine Manager Ian Dawson (centre) with Royal Advance (end right) and Royal Advance's China based Partners at Peko for due diligence site inspection.*

#### **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 A\$88,968. This relates to salary and wages of the directors of A\$81,249 and superannuation paid of A\$7,719.

**-ENDS-**

This release has been authorised by Elmore's Board of Directors

**For further information please contact:**

David Mendelawitz, Managing Director

**Elmore Ltd**

**Phone:** +61 6323 2310

**Email:** [info@elmoreltd.com.au](mailto:info@elmoreltd.com.au)

**Website:** [elmoreltd.com.au](http://elmoreltd.com.au)

## ABOUT ELMORE

Elmore is an ASX listed contract mineral processing and development company which employs mobile plant and equipment, allowing the company to generate meaningful financial returns via the development of niche orebodies and mining projects.

The company has access to deep technical expertise, allowing Elmore to provide geological, metallurgical & process engineering, OH&S, mechanical and mining engineering consulting services and advice to the mining industry.

Elmore owns 100% of the NT-based Peko magnetite mining operation. Elmore acquired Peko after 12 months of work to design, build and commission the project's mining and processing operations as a contractor. Whilst Peko will initially focus on producing an iron magnetite product, the Elmore team plan to utilise wholly owned plant and equipment to produce copper, cobalt and gold from a tailings deposit at the Peko operations.

## 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")

30 June 2023

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| <b>1.</b>                            | <b>Cash flows from operating activities</b>           |                            |  |
| 1.1                                  | Receipts from customers                               | 2,872                      | 7,502                                  |
| 1.2                                  | Payments for  |                            |  |
|                                      | (a) exploration & evaluation (if expensed)            | -                          | -                                      |
|                                      | (b) development                                       | -                          | -                                      |
|                                      | (c) production  | (4,860)                    | (10,756)                               |
|                                      | (d) staff costs                                       | (1,573)                    | (6,306)                                |
|                                      | (e) administration and corporate costs                | (97)                       | (559)                                  |
| 1.3                                  | Dividends received (see note 3)                       | -                          | -                                      |
| 1.4                                  | Interest received                                     | 1                          | 4                                      |
| 1.5                                  | Interest and other costs of finance paid              | (271)                      | (1,101)                                |
| 1.6                                  | Income taxes paid                                     | -                          | -                                      |
| 1.7                                  | Government grants and tax incentives                  | -                          | -                                      |
| 1.8                                  | Other (provide details if material)                   | -                          | -                                      |
| <b>1.9</b>                           | <b>Net cash from / (used in) operating activities</b> | <b>(3,928)</b>             | <b>(11,216)</b>                        |

|           |   |   |         |
|-----------|---|---|---------|
| <b>2.</b> | <b>Cash flows from investing activities</b>   |   |         |
| 2.1       | Payments to acquire:                          |   |         |
|           | (a) entities                                  | - | -       |
|           | (b) tenements                                 | - | -       |
|           | (c) property, plant and equipment             | - | (1,726) |
|           | (d) exploration & evaluation (if capitalised) | - | -       |
|           | (e) investments                               | - | -       |
|           | (f) other non-current assets                  | - | -       |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|---|------------------------------------|---|
| 2.2   | Proceeds from the disposal of:                        |                                    |   |
|   | (a) entities  | -                                  | -   |
|   | (b) tenements   | -                                  | -   |
|   | (c) property, plant and equipment                     | -                                  | -   |
|   | (d) investments                                       | -                                  | -   |
|   | (e) other non-current assets                          | -                                  | -   |
| 2.3   | Cash flows from loans to other entities               | -                                  | -   |
| 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>-</b>                           | <b>(1,726)</b>                                  |

|             |   |              |               |
|-------------|---|--------------|---------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |              |               |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -            | 8,267         |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -            | -             |
| 3.3         | Proceeds from exercise of options   | -            | -             |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -            | (261)         |
| 3.5         | Proceeds from borrowings  | 8,755        | 11,805        |
| 3.6         | Repayment of borrowings   | (2,938)      | (4,279)       |
| 3.7         | Transaction costs related to loans and borrowings                                       | (481)        | (541)         |
| 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>5,336</b> | <b>14,991</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                             | 686     | 45       |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (3,928) | (11,216) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | -       | (1,726)  |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | 5,336   | 14,991   |

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

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (12 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|-------------------------------------|
| 4.5                                  | Effect of movement in exchange rates on cash held | -                          | -                                   |
| 4.6                                  | <b>Cash and cash equivalents at end of period</b> | <b>2,094</b>               | <b>2,094</b>                        |

| 5.  | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances  | 2,094                      | 686                         |
| 5.2 | Call deposits  | -                          | -                           |
| 5.3 | Bank overdrafts  | -                          | -                           |
| 5.4 | Other (provide details)  | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>2,094</b>               | <b>686</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

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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

**7. Financing facilities**

*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.*

|  | Total facility<br>amount at quarter<br>end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|---|---|
| 7.1 Loan facilities                        | -   | -   |
| 7.2 Credit standby arrangements            | -   | -   |
| 7.3 Other (please specify) – Asset finance | 3,811   | 3,811                                     |
| 7.4 <b>Total financing facilities</b>      | <b>3,811</b>  | <b>3,811</b>                              |

**7.5 Unused financing facilities available at quarter end**

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- 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)                     | (3,928)        |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d))                            | -              |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2)                                | (3,928)        |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6)                           | 2,094          |
| 8.5 Unused finance facilities available at quarter end (Item 7.5)                 | -              |
| 8.6 Total available funding (Item 8.4 + Item 8.5)                                 | 2,094          |
| 8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b> | -              |

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: Yes. One shipment was sent in the quarter ending 30 June and the same is expected in the current quarter ending 30 September. Investments are being made to ramp up the production rate at the Peko mine and increase the shipping rate in subsequent quarters.

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: Yes. As announced on 22 June 2023 the company has entered in a non binding term sheet with Royal Advance and is working to finalise this transaction, which would provide further funding. Also as announced on 28 July 2023 the company will undertake a share purchase plan (SPP). The company may also improve its working capital through the potential sale or refinancing of owned and unencumbered capital/heavy equipment or the potential to include additional funding in the refinancing initiative being led by Azure Capital. Steps are also being taken to improve the production rate (and cashflow) at the Peko mine.

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. Please refer to the responses to question 1 and 2.

## Compliance statement

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

Date: 31 July 2023

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

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

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**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.