

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

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## FY23 September Quarter Update

31 October 2023

Elmore Limited ("**Elmore**" or "the **Company**") is pleased to provide an update on the Company's activities for the quarter ending 31 October 2023.

## Highlights

- Elmore's third shipment of magnetite iron ore was successfully loaded and shipped to the Company's offtake partner Royal Advance (H.K.) Investment Pty Ltd. ("**Royal Advance**") in China following the end of the quarter
- The Company agreed a pre-payment advance ("**Advance**") against magnetite for up to US\$11.0m and a life-of-advance offtake agreement ("**Offtake Agreement**") with Royal Advance that completed shortly after the end of the quarter
- Elmore also signed a non-binding term sheet for the restructure of the finance arrangement with the vendor of the Peko Project ("**Project**"), Oz Professionals 4 Pty Ltd ("**Oz Pro**")
- Rail capacity was increased from 52 containers each carrying +25 tonnes of product to 64 containers per train
- The Company now has magnetite concentrate stockpiles remaining at the Project, rail terminal and port mineral shed
- The Company is now preparing to enter a shutdown period at site to install and refurbish magnetite processing equipment required to ramp up to core design capacity. All necessary equipment has either been purchased or identified for purchase by Elmore

## Operations

### Peko Production and Logistics

- During the quarter, magnetite production at the Project was adversely impacted by poor availability of a key contractor's material handling equipment at the Port of Darwin. For 6 weeks of the quarter, the Company was unable to send any product to Darwin because the magnetite container unloading equipment was damaged. However, by mid-August the equipment was replaced, and services restored to normal.



- During the quarter, the Company hit a magnetite production record high of 807 tonnes in a 24-hour shift, which represents approximately 80% of maximum plant capacity. The period of high production was unsustainable due to a lack of adequate parts and poor performance from the ceramic disk filters. The Company has been working on identifying and resolving these issues and others that have constrained production.
- The table below shows production results for the quarter:

Month	Tonnes produced
July	7,693
August	12,457
September	6,900

- Rail capacity was increased from 52 containers each carrying +25 tonnes of product to 64 containers per train during the period. This has required some modifications to material movement schedules, though has given the Company confidence that the intermodal rail network will be able to provide haulage beyond the target of 350,000 tonnes per annum. The Company is working on plans to expand to the maximum intermodal capacity available.
- After successful departure of the third magnetite shipment and receipt of the first tranche of funding from Royal Advance (see below), the Company has now entered a site shutdown period. The shutdown will provide the Company with time to install new capital items and refurbish existing plant, processes that have not been carried out due to a lack of funding. The Company is of the view that the modifications and upgrades should allow the plant to operate at improved production levels in a consistent and predictable manner.

### Third Magnetite Shipment

During the quarter, Elmore worked on building stockpiles at the Project, the rail siding and at Port of Darwin. Due to low production and logistical issues, the third shipment of magnetite ore was dispatched from the Port of Darwin following the end of the quarter, as announced to the ASX on 27 October 2023.

The shipment contained 30,000 wet metric tonnes of magnetite received by the Company's offtake partner Royal Advance.



**MV Ken Spirit holding circa 30,000 tonnes of magnetite concentrate**

## Corporate

### Update on Royal Advance Offtake Agreement and Funding Solution

- Elmore has been working with Royal Advance on a funding solution and magnetite offtake contract, for which a non-binding term sheet was signed and announced to the ASX on 22 June 2023.
- Royal Advance since completed a site visit in late July 2023 that was announced to ASX on 31 July 2023. The executives of Royal Advance provided very positive feedback to the Company.
- In mid-August, Elmore representatives travelled to China for meetings to further discuss the proposed Advance and Offtake Agreement with Royal Advance.
- Following the end of the September quarter, Elmore and Royal Advance entered into a binding agreement for an Advance of up to US\$11.0m and a life-of-advance magnetite Offtake Agreement, as was announced to the ASX on 23 October 2023. The Advance is to be made available in three tranches, the first of which has already been drawn for US\$2.0m.
- During the quarter, the Company also worked on restructuring the vendor finance package with Oz Pro. Shortly after the end of the quarter, Elmore and the Oz Pro signed a non-binding term sheet, as announced to the ASX on 23 October 2023. The term sheet specifies that the vendor loan will be varied to include a two-year term, significantly lower interest rates and a repayment schedule to complement the repayments to Royal Advance at a manageable level for the Company. The vendor gold royalty was also restructured so that the quarterly minimums were removed, releasing the company from the debt-like burden.

### Change of Directors

During the quarter Dr Nik Senapati resigned on 3 July 2023 and departed Elmore. The Managing Director, Mr David Mendelawitz resigned on 16 August 2023 and provided 3 months' notice to transition out of the role. Mr Mendelawitz has agreed to be retained under a consulting agreement to assist in the next stages of the Companies development.

## Information required by Listing Rule 5.3.5

During the quarter, the Company made the following payments to 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:

Russell Baskerville, Chairman

#### **Elmore Ltd**

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## 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 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	18	18
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	(386)	(386)
	(d) staff costs	(1,329)	(1,329)
	(e) administration and corporate costs	(364)	(364)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	(109)	(109)
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>(2,168)</b>	<b>(2,168)</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	(4)	(4)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	600	600
	(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>596</b>	<b>596</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(132)	(132)
3.7	Transaction costs related to loans and borrowings	(340)	(340)
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>(472)</b>	<b>(472)</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	2,094	2,094
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,168)	(2,168)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	596	596
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(472)	(472)

## 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 (3 months) \$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>50</b>	<b>50</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	50	2,094
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>50</b>	<b>2,094</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.</i>		
<i>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	3,811	3,811
7.4 <b>Total financing facilities</b>	3,811	3,811
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)	(2,168)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,168)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	50
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	50
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: No. As outlined in the quarterly update, the Company has shipped to offtake partner, with funds available prior to the end of the current quarter. Further the Company has entered a shutdown period.	
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. Whilst the company expects to manage its short-term working capital requirements within the operating cash flows generated as a result of improved production outlined in response 1 and improving production profile. The company has also improved its working capital through the entering into an offtake agreement with Royal Advance and other Funding Solutions. This are outlined in the quarterly report attached to this document.	
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 improved production and financing arrangements.	



## 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 October 2023

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.