

Elmore appoints new CEO and Non-Executive Director, and agrees A\$4.05 million funding

6 November 2023

Elmore Limited ("**Elmore**" or "the **Company**") is pleased to announce the appointment of new board and management roles:

- Managing Director and Chief Executive Officer, **Andy Haslam**; and
- Non-Executive Director, **Richard Bevan**.

The Company is also pleased to advise that it now has A\$4.05 million of available funding as a result of the following agreed binding commitments (together "the **November Raising**"):

- A\$2.24 million will be advanced by way of loans ("**November Investor Loans**") that will convert into ordinary shares in the Company at 0.50 cents per share ("**Offer Price**"); and
- A\$1.81 million of funds will be available to the Company as a result of the conversion of the A\$1.5 million bridge loan provided by Thorney Investment Group ("**Thorney**") announced 22 June 2023 ("**Bridge Loan**") to ordinary shares in the Company at the Offer Price ("**Bridge Conversion**"). The Bridge Loan was previously not convertible into shares but is now convertible into shares as a result of Thorney's agreement.

As part of the November Raising, investors will receive one (1) option to subscribe for an ordinary share in the Company, for every ten (10) shares subscribed, exercisable at 1.00 cent per share ("**Exercise Price**") within 18 months of the date of issue ("**Option**").

Conversion of the November Raising into shares in Elmore and the issuance of the Options is subject to the Company obtaining the requisite shareholder and regulatory (including ASX) approvals. The Company intends to seek the necessary shareholder approvals at its Annual General Meeting for the financial year ended 30 June 2023 ("**2023 AGM**") to be held on or by 15 January 2024.

New management and board member

Elmore is excited to announce the following board and management changes, which are expected to be complimented by additional key operations and technical hires shortly. The Company is confident that the new team have the necessary level of expertise and experience to unlock the potential of the Peko Mine.

Andy Haslam – Managing Director and Chief Executive Officer

Elmore is pleased to announce the appointment of Mr Haslam to the position of Managing Director and Chief Executive Officer.

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

Mr Richard Bevan
NON-EXECUTIVE DIRECTOR

Sean Henbury
COMPANY SECRETARY

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Mr Haslam brings more than 35 years of mining experience as both a mining contractor and mine owner-operator within Australian based companies. He is currently the General Manager of Thiess' WA, SA and NT mining operations.

Prior to Thiess, Mr Haslam was Managing Director and CEO of ASX listed Territory Resources, managing an iron ore mining operation in the Northern Territory where he presided over value accretion from approximately 4 cents per share to a 48 cents per share acquisition through a scheme of arrangement. Other career highlights include Managing Director of ASX listed Vital Metals Limited, Non-executive Director of BC Iron, Vimy Resources Limited and Chairman of Resource Development Group. He also spent time at Mineral Resources Limited as Executive General Manager for iron ore.

Mr Haslam has been responsible for large multi-metal open cut mining operations, process plant construction, complex mining logistics, construction of rail rolling stock and large mine operational improvement programs across a range of commodities including gold, iron ore, nickel, copper, uranium and tungsten.

Mr Haslam has extensive knowledge of Elmore's operations and his appointment as Managing Director and CEO will be effective on and from 1 December 2023.

Richard Bevan – Non-executive Director

Elmore is pleased to welcome Mr Bevan to the board as a Non-executive Director.

Mr Bevan has been involved in a range of businesses areas including construction and engineering, resources, healthcare and information services. He has extensive senior management experience having been the Managing Director, CEO and Chairperson of several listed and unlisted companies, including most recently being the founding Managing Director of Cassini Resources Limited (from March 2011 to October 2020).

In October 2020, Cassini Resources was acquired by OZ Minerals Limited via a scheme of arrangement.

Mr Bevan is currently Non-Executive Chair of Killi Resources Limited, Narryer Metals Limited and TG Metals Limited.

November Raising

November Investor Loans

The binding agreements for A\$2.24 million will be advanced by the subscribers (who are professional and sophisticated investors) via loans and then, subject to the Company obtaining the necessary shareholder and regulatory approvals, the loan amounts will be converted into shares at the Offer Price.

The November Investor Loan agreements will only settle upon the signing of binding documentation for the restructure of the vendor finance arrangement with the vendor of the Peko Iron Ore Project, Oz Professionals 4 Pty Ltd ("**Oz Pro**"). As announced on 23 October 2023, the Company has entered into a term sheet with Oz Pro in respect of this restructure. Settlement is anticipated to take place within the next two weeks.

The key terms of the November Investor Loans are summarised below:

- Interest free loans which are automatically convertible into shares in the Company, two (2) business days after the Company has obtained the relevant shareholder and regulatory approvals;
- Investors will also receive one (1) Option for every ten (10) shares subscribed in the November Investor Loans. The issue of the Options is subject to the Company obtaining the necessary shareholder and regulatory approvals; and
- The November Investor Loans will be unsecured and repayable in cash if by 31 January 2024, the Company has not obtained the relevant shareholder and regulatory approvals. If the relevant approvals are not obtained, an alternative source of funding would need to be sought prior to 31 January 2024. Further information will be contained in Elmore's notice of general meeting for the 2023 AGM in due course.

The full terms of the November Investor Loans are included in the Annexure to this announcement.

The allocation schedule for the November Raising is summarised below:

Investor name	Investors (#)	Investment (A\$)	% of Investment
Thorney Investment Group	1	1,812,500	44.7%
Euroz Hartleys Private Wealth Clients	14	1,240,000	30.6%
708 Capital	1	300,000	7.4%
Oracle	1	300,000	7.4%
Alto Capital	1	100,000	2.5%
Peloton Capital	1	300,000	7.4%
Total	19	4,052,500	100.0%

Bridge Conversion

As announced by Elmore to the ASX on 22 June 2023, Thorney provided the Bridge Loan to the Company. The Bridge Loan was for a total of A\$1.5 million and which has since accrued A\$312,500 in extension fees, such that a total of A\$1.81 million (approximately) is owed by Elmore under the Bridge Loan.

Thorney has agreed to convert the A\$1.81 million owing under the Bridge Loan into ordinary shares in the Company at the Offer Price and will receive one (1) Option for every ten (10) shares subscribed for.

The issuance of the shares and Options under the Bridge Conversion is subject to the Company obtaining the necessary shareholder and regulatory approvals. The Company intends to seek the necessary shareholder approvals at its 2023 AGM to be held on or by 15 January 2023.

Use of Funds

Elmore intends to use the proceeds of the November Raising as follows:

Item	A\$ Million
Purchase of capital items and processing equipment	0.80
Debt reduction	1.81
Working capital and transaction costs	1.44
Total	4.05

The funds from the November Raising will be applied in combination with the funds from the pre-payment advance (announced to the ASX on 23 October 2023) as they become available.

Re-Pricing of the June Raising

The raising that was announced by the Company on 22 June 2023 included investor loans, a debt conversion and a placement ("**June Raising**") which would convert to shares in Elmore at 0.75 cents per share, upon obtaining shareholder and regulatory approvals. Share subscriptions were to receive one (1) option for every ten (10) shares subscribed for, exercisable at 1.50 cents per share.

Due to the delays, the terms of the June Raising have been varied as follows:

- the conversion price has been re-priced to match the Offer Price of 0.50 cents per share;
- the Options exercise price has been re-priced to match the Exercise Price of 1.00 cent per share; and
- the maturity date of the investor loans has been extended to 31 January 2024.

The placement funds of A\$1.5 million will be settled upon shareholder approval at the Company's 2023 AGM.

Share Purchase Plan

To allow retail investors to participate in the proposed issuances of shares, the Company intends to offer a Share Purchase Plan ("**SPP**"). The Company will release further details regarding the SPP in due course.

Timetable

Elmore's target timetable is as follows:

Event	Indicative date
Settlement of Investor Loans	10 November 2023
Despatch of notice of general meeting for 2023 AGM	December 2023
SPP	December 2023
2023 AGM	on or before 15 January 2024

* These dates are indicative and subject to change.

The Company will seek the necessary shareholder approvals to issue the securities under the June Raising and the November Raising at the 2023 AGM.

The Company also intends to offer the securities to be issued under the June Raising and the November Raising pursuant to a prospectus to be lodged with the Australian Securities and Investments Commission, further details of which will be available in due course.

Pro Forma Capital Structure

The effect of the June Raising and November Raising on Elmore's capital structure is set out below.

Capital Structure	#	Shareholding %
Current		
Fully paid ordinary shares	1,399,383,826	26.7%
Unlisted options ¹	45,500,000	0.9%
June Raising		
Fully paid ordinary shares	2,606,900,000	49.8%
Unlisted options ²	290,690,000	5.6%
November Raising		
Fully paid ordinary shares	810,500,000	15.5%
Unlisted options ²	81,050,000	1.5%
Pro Forma		
Fully paid ordinary shares	4,816,783,826	92.0%
Unlisted options	417,240,000	8.0%
Total	5,234,023,825	100.0%

¹ Exercise prices of 2 to 3 cents per option and expiring in March 2024 and January 2025

² Exercise price of 1.0 cent per option and expiring 18 months from issue, approximately June 2025

The following outcomes have been prepared to illustrate the impact on the Company's capital structure:

- If shareholder approval is not given, there would be 1,399,383,826 shares on issue (i.e. the current amount)
- If shareholder approval is given, there would be 4,816,783,826 shares on issue, and 417,240,000 options to acquire shares on issue
- If shareholder approval is given and all options are exercised, there would be 5,234,023,825 shares on issue

Other Updates

The Company is continuing working on the following:

- preparing to lodge its FY23 full year audited accounts;
- preparing for the 2023 AGM, which the Company was granted an extension of time to hold from 30 November 2023 to 15 January 2024 (as announced to the ASX on 31 October 2023); and
- carefully managing cash reserves and preparing its plans for upgrading the Peko processing plant.

The Company will keep the market informed and provide any material updates in relation to the above matters.

Commenting on the arrangement Chairman Russell Baskerville said:

"Elmore is thrilled with the renewal of the board and management. Adding two industry experts like Andy and Richard to the team represents a turning point for the Company and a huge step towards unlocking the potential of the Peko Project.

The focus of the Company is now to make the key investments in plant and capital items to optimise the magnetite operation and expand into the production of copper and cobalt.

The funds raised will assist in providing the foundations for the new management team to drive these expansions and improvements at Peko."

Advisers

Azure Capital is acting as Elmore's financial adviser.

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

Russell Baskerville, Chairman

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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 Northern Territory-based Peko Mine. Elmore acquired the Peko Mine 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.

Annexure - Summary of key terms of November Investor Loans

Key Term	Description
Borrower	Elmore Limited ACN 057 140 922
Lenders	Various institutional and sophisticated (high net worth) investors.
Advance (Loan Amount)	AUD2,240,000 in aggregate from all Lenders.
Security	The Investor Loans are unsecured.
Fees	No fees associated with the Investor Loans.
Availability Period	From date of the Investor Loan agreements to Termination Date.
Termination Date	31 January 2024
Interest	No interest is associated with the Investor Loans.
Repayment of Principal	<p>Amounts due and payable under the Investor Loans are to be repaid in cash on the Termination Date, unless the Borrower obtains all the requisite conversion and options approvals (including shareholder approval) (Conversion and Options Approvals) on or before the Termination Date, in which case the Advances will be converted into fully paid ordinary shares in the Borrower in accordance with the following formula (Conversion Shares):</p> $x = \frac{P}{CP}$ <p>where,</p> <p>x is the number of shares in the Borrower to be issued;</p> <p>P is the aggregate proceeds of the Advance to be converted; and</p> <p>CP is the conversion price of \$0.005.</p>
Options	If all of the Conversion and Options Approvals are obtained on or before the Termination Date, the relevant Lender will receive 1 option for every 10 Conversion Shares. Each option entitles that Lender to subscribe for 1 fully paid ordinary share in the Borrower at an exercise price of \$0.010, subject to the terms and conditions set out in the Investor Loan.
Use of Funds	<p>The aggregate proceeds of all investor loans will be applied as follows:</p> <ol style="list-style-type: none"> 1. A\$800,000 towards the purchase of capital items and processing equipment; and 2. A\$1,440,000 towards working capital purposes and transaction costs.
Representations and Warranties	<p>Standard representations and warranties typical of loans of this type:</p> <ol style="list-style-type: none"> a) status; b) binding obligations;

	<ul style="list-style-type: none"> c) non-conflict with other obligations; d) power and authority; e) pari passu ranking; and f) compliance with laws.
Undertakings	<p>Standard undertakings typical of loans of this type:</p> <ul style="list-style-type: none"> a) status; b) authorisations; c) Disposals (no Borrower disposals other than under any offtake agreement, made in ordinary course of business, of assets in exchange for assets of comparable value, obsolete or redundant vehicles or equipment); d) No merger; e) No substantial change in business; f) Financial Indebtedness (Borrower shall not incur Financial Indebtedness other than): <ul style="list-style-type: none"> (i) a prepayment facility up to an amount of US\$11,000,000; (ii) a facility of up to A\$10,000,000 with the NT Jobs Fund to be used to specific capital investments and plant expansions; (iii) any trade or similar facilities provided on a non-recourse basis; (iv) under equipment lease and hire purchase contracts where recourse is limited solely to the assets themselves; (v) Financial Indebtedness arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates where that foreign exchange exposure arises in the ordinary course of trade but not a foreign exchange transaction for investment or speculative purposes; (vi) any facility incurred solely for the purpose of refinancing the Advance; and (vii) incurred with consent of the Lender.
Events of Default	<p>Usual Events of Default typical of this type of loan agreement:</p> <ul style="list-style-type: none"> a) Non-payment b) Other Obligations c) Misrepresentation d) Insolvency (Borrower or any member of the Borrower's group) e) Cross Default f) Unlawfulness g) Cessation of Business