ELMORE

ACN 057 140 922

Annual Report

for the year ended
30 June 2023

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CORPORATE DIRECTORY

Directors	R Baskerville *Non-Executive Chairman* A Haslam *Managing Director* T Webster *Non-Executive Director* R. Bevan *Non-Executive Director*
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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 Australian Securities Exchange Share Code: ELE

Letter from the Chairman and CEO

Dear fellow Shareholders,

On behalf of Elmore's board of directors, we present to you Elmore's 2023 year financial report.

It has been a challenging year for the company and our shareholders, your board is acutely aware of the financial position of the company and the impact this has had on shareholder value. This has led to the board taking urgent action to set a foundation from which value can start to be restored.

Early in the year the company finalised its commitments to a number of material investments including the acquisition of the Peko magnetite, gold and polymetallic project which is now the company's flagship project and major undertaking. Subsequently it completed its investments in construction and commissioning of a magnetite processing plant and successfully produced and sold high-grade magnetite product to its offtake partner Royal Advance. The company also acquired a copper and cobalt processing plant and advanced plans to re-locate and construct the plant at the Peko project site.

Whilst operationally a considerable amount was achieved, a distinct lack of test work, planning, risk analysis and appropriate funding has resulted in inconsistent production, a range of operational challenges and significant financial strain on the company.

Late in the financial year and in recent months subsequent to year end the board has undertaken a number of critical financial transactions and operational investments to stabilize performance and set a foundation for value creation. These include:

Changes to the company's board and management including the appointment of myself as Non-Executive Chairman, Mr Andy Haslam a highly experienced mining engineer and public company CEO as Managing Director and CEO and the appointment of Mr Richard Bevan a highly experienced public company director and resources CEO as Non-Executive Director. Further strengthening of the company's board and management is currently underway.

Fundamental changes to the company's financial arrangements including the restructure of over $30m in vendor debt previously due between 30 June 2023 and 31 December 2023 now to be paid down as the company ships magnetite product over the coming 2 years. A US$5.5m loan provided by the company's offtake partner Royal Advance, also to be paid down through magnetite shipments, and the issue of approximately $16.5m in loan notes or creditor agreements to be converted to equity to provide critical processing plant upgrades, new equipment and urgent working capital.

Critical investment in the magnetite processing plant, mining and logistics infrastructure have been undertaking which is anticipated to support the company in achieving name plate production of approximately 30,000wmt of magnetite per month.

Whilst we are confident these actions have contributed materially to resetting the company there is still much to be done. We sincerely thank our staff, suppliers and shareholders for their patience and support through this process and look forward to the 2024 year.

Russell Baskerville
Non-Executive Chairman

Andy Haslam
Managing Director and CEO

DIRECTORS' REPORT

The Directors of Elmore Limited (the Company or Elmore) present their report on the consolidated entity (referred to hereafter as the Group), consisting of Elmore Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2023.

DIRECTORS

The following persons were Directors of Elmore Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Russell Baskerville	Chairman and Non-Executive Director (Appointed 18th January 2023)
David Mendelawitz	Managing Director/CEO (Resigned 15th November 2023)
Andy Haslam	Managing Director (Appointed Managing Director 15th November 2023)
Nik Senapati	Non-Executive Director (Resigned 30th June 2023)
Tim Webster	Non-Executive Director
Richard Bevan	Non-Executive Director (Appointed 3rd November 2023)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the assessment, development and processing of the Peko Project in Australia.

DIVIDENDS

The Directors do not recommend the payment of a dividend and no amounts have been paid or declared by way of dividend since the start of the financial year.

OPERATING AND FINANCIAL REVIEW

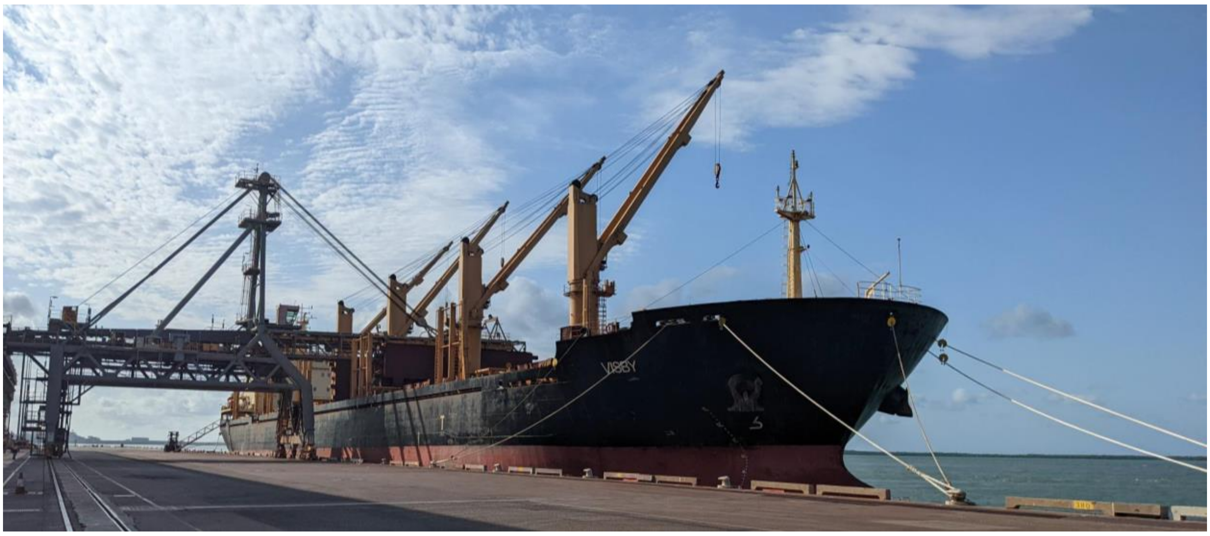
OPERATIONS

PEKO PROJECT PROGRESS

On 18 July 2022, Elmore 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"**) completion of the agreement occurred in April 2023.

On 21st July 2022, Elmore executed an Ore Sales (offtake) agreement with Royal Advance (Hong Kong) to supply magnetite product from the Peko project. The Group received its first payment from this offtake in August 2022.

Elmore achieved the major milestone of loading its first shipment of magnetite ore from Peko in October 2022. The product was purchased under Ore Sales (offtake) agreement by Royal Advance (HK) and was shipped to China. The shipment held circa 22,500wmt of product and provided vital learnings to enable future shipments to carry the target of 30,000wmt of product. The product was paid for based on 65% PLATTS pricing and was subsequently used to successfully make steel.



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

Late in December 2022, operations were impacted by the "1 in 100 year" rainfall associated with Tropical Cyclone Ellie. This 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 took the opportunity to complete further process plant ramp up steps and completed a range of plant enhancements to improve production volumes and operational consistency.

The main constraint on the plant has been the ceramic disk filters (CDFs) which are used to dry the company's magnetite product ready for shipping and export. Significant work has been undertaken to improve the performance of the CDF's which is now allowing for further plant optimisation to take place. This optimisation work is continuing to be undertaken and has been progressing well.

The other key areas of focus that have required work throughout the year to improve production rates included increasing the level of spare parts, testing and documenting plant operating procedures 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 improving operating procedures to address variations in material feed. Management have also spent time identifying critical spares, by monitoring wear and failure of plant components, identifying lead times for replacements and planning and budgeting to develop a maintenance schedule designed to maximise production uptime.

The second shipment of high-grade magnetite ore was dispatched from the Port of Darwin in April 2023. The shipment contained approximately 28,000 wet metric tonnes of magnetite received by the Company's offtake partner Royal Advance.

The Group has targeted 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. 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.

PEKO INFERRED RESOURCE

In an announcement on 13 September 2022, the Company released the revised JORC compliant model for the Peko tailings 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.

COPPER AND COBALT

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

Approximately half of the copper in the tailings and a third of the cobalt in the tailings 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.

The Group has 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.

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 subject to funding is confident it will be in 2024.

CORPORATE

CAPITAL RAISING

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

In December 2022, the Company successfully completed a placement of 248,537,500 shares to raise $3,916,600 ($0.016 per share) to professional, sophisticated and institutional investors.

PEKO PROJECT PURCHASE

During the 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**").

Purchase Price and Arrangements

The key terms of the contract that were:

- 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 terms of the Vendor Finance Agreement that were initially entered into were:

- 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 was not intended to be used as a means of paying off the purchase. The acceptance of a high interest rate was reflective of Elmore confidence in the re-financing and to encourage Elmore to re-finance the purchase.

Restructure of the Vendor Finance Agreement

On 4 December 2022, 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 were as follows:

- All previously agreed interest rates were replaced with one simple rate of 17.5% commencing on completion of the Peko Project Sale and Purchase Agreement.;
- All interest payments to 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.

The Vendor Finance Agreement was further restructured in October 2023, and is discussed further in "Events since the end of the financial year" on page 11.

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 4 Pty Ltd ("**Oz Professionals**") (including payment and acceptance of the "Initial Principal Payments") and the Peko Project Sale and Purchase Agreement.

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)[1] in a non-binding term sheet for a magnetite pre-payment ("**Pre-Payment**") in the form of a loan and life of mine magnetite offtake agreement, and A$12.5 million in binding commitments ("**Raising**"), which may be converted to ordinary shares, subject to regulatory and shareholder approvals. At the timing of lodging these reports, shareholder approvals had not been sought.

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.

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.

Subsequent to the year-end reporting period, the terms of the pre-payment arrangement and magnetite offtake agreement were renegotiated. The Raising terms and SPP terms have been updated and the company has raised additional capital convertible to equity on shareholder approval. Details of these changes can be found in "Events since the end of the financial year" on page 11.

[1] Converted at 0.677 AUD USD exchange rate.

GOING CONCERN

For the year ended 30 June 2023, the Group recorded a loss of $23,567,719 (2022: $11,942,630) and had net cash outflows from operating activities of $10,659,021 (2022: $6,308,349). At 30 June 2023, the Group had working capital deficit of $52,134,647 (2022: $5,818,555) and a closing cash balance of $2,094,243 (2022: $45,330) and a net liability position of $13,189,044 (2022: net asset position $1,935,606).

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.

The ability of the 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, the ability to repay the Borrowings as they fall due or renegotiate repayment terms or convert into equity.

The going concern of the Group, and its ability to realise its assets and discharge its liabilities in the normal course of business is fundamentally dependent on the Group successfully receiving shareholder approvals at the Company's annual general meeting, proposed to be held on 15 January 2024 for the conversion of debt or debt like instruments in the form of Loan Notes, Debt Conversion agreements and Bridge Loan conversion agreements as set out in the ASX announcement made on 22 June 2023 and on 6 November 2023 and detailed in the Company's notice of annual general meeting dated 31 July 2023 and currently submitted with ASX for review.

These conditions indicate the existence of a material uncertainty that cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may not be unable to realise its assets and discharge its liabilities in the normal course of business.

In addition to the above, in order to manage the Group's financial position and liquidity, the Group focused on the following action plans:

- Restructure the Group's material Current Liability of approximately $35 million owed to Oz Professionals as consideration of the purchase of the Peko Iron Project to a Non-Current Liability with the loan to be repaid through a proportion of cash flow received from magnetite sales.

Subsequent to the financial year end the Group has restructured this liability on the terms announced to ASX on 23 October 2023, and on 29 November 2023 executed binding documentation reflecting these terms, which essentially, amongst other criteria, converts $2.5 million into shares (subject to shareholder approval) and aligning the repayments with the planned magnetite shipments, starting on 1 January 2024 with a maturity date of 30 June 2025.

- Receiving shareholder approvals at the Company's annual general meeting, proposed to be held on 15 January 2024 for the conversion of debt or debt like instruments in the form of Loan Notes, Debt Conversion agreements and Bridge Loan conversion agreements with a total value of approximately $12.505 million as set out in the ASX announcement made on 22 June 2023 and on 6 November 2023 and detailed in the company's notice of annual general meeting dated 31 July 2023 and currently submitted with ASX for review.

- Securing a loan agreement with the Group's offtake partner Royal Advance (HK) Pty Ltd for an amount of US$5.5 million. Subsequent to the financial year-end the Group has executed binding documentation to effect this agreement as announced to the ASX on 23 October 2023 and on 1 December 2023 the Group executed binding documentation to satisfy the conditions subsequent to make all funding available within 14 days written notice.

- Entering into a long term (2 year) offtake agreement for the Group's magnetite iron ore product. Subsequent to the year-end reporting date the Group has executed binding documentation with Royal Advance (HK) Pty Ltd in line with the key terms announced to the ASX on 23 October 2023.

- Continue to increase the Peko magnetite iron ore production rates and frequency of magnetite iron ore shipments to generate positive operating 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. and

- 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.

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.

SIGNIFICANT BUSINESS RISK FACTORS

This section is a summary only and does not purport to list every risk that may be associated with the Group now or in the future and identifies some of the potential risks associated with the Group. An investment in the Company is subject to risks specific to the Company and its business activities and is also subject to general risks. The occurrence or consequences of some of the risks described in this section are partially or completely outside the control of the Company. The occurrence of any single risk, or a combination of these risks, may have a material adverse impact on the business, operations, reputation, financial position, performance and prospects of the Company. Accordingly, any investment in the Company is subject to significant risk and uncertainty and should be considered speculative.

The Capital Raising is not approved by Shareholders Approval in whole or part

Given the current financial circumstances of the Group, if Shareholder approval is not obtained for the issue of Shares and/or Options (as applicable) under the Placement, the Investor Loan Offer and the Debt Conversion Offer, the Group may face serious financial consequences, as follows:

(1) the Group will be required to repay the aggregate amounts of the Investor Loans (other than the June Investor Loan provided by Mr Russell Baskerville and Mr Richard Bevan, being a total of $8,220,000, by 31 January 2024. As at the date of this report, the Company does not have sufficient cash to make this repayment. The Company notes that it will only have 11 Business Days between the Meeting scheduled on 15 January 2024 and the repayment date of 31 January 2024, to source a total of $8,220,000 to repay the aggregate amounts of the Investor Loans (other than the June Investor Loan provided by Mr Russell Baskerville and Mr Richard Bevan. Repayment may be difficult and would place the Group in a precarious financial position.

(2) the existing $4.8 million in debt which is the subject of the Debt Conversion, will remain unpaid. This would place the Company in a precarious financial position, as it does not currently have the funds to make payment, and it would need to renegotiate the payment dates and seek alternative funding, which may be difficult to secure on acceptable terms or at all. With regard to Oz Professionals, the amount owing would be added to the balance due on 30 November 2025, and it would continue to accrue interest as per the terms of the vendor finance agreement previously announced by Elmore (refer to the Company's ASX announcement dated 23 October 2023). With regard to Polaris, the amounts would be due immediately, unless the deadline for payment can be renegotiated. As Polaris is also providing engineering services to Elmore, there is also a risk of those services being withdrawn if Shareholder approval is not obtained and Elmore cannot otherwise pay amounts due to Polaris.

(3) the Group will be required to repay the Bridge Loan, being a total of $1,812,500, by 2:00pm (Perth time) on 15 January 2024, being the day of the Meeting. As at the date of this report, the Group does not have sufficient cash to make this repayment. The Group notes that it will have less than 1 day from the time the Meeting is scheduled and the repayment date deadline to source a total of $1,812,500 to repay the Bridge Loan. Repayment may be difficult and would place the Group in a precarious financial position.

Future capital requirement

The future capital requirements of the Group will depend on many factors including its business development activities. The Group believes its available cash and the net proceeds of the upcoming fund raising including the Company's proposed share purchase plan, as outlined in the Subsequent Events, should be adequate to fund its business activities in the short term.

Although the Directors believe that the upcoming funding raising will yield sufficient funding for its business activities, the Group may require additional capital. No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities. This could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of securities in the future. The increase in the number of Shares issued and outstanding, and the possibility of sales of such shares, may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

Dependence on outside parties and contractual risks

The Group has and may continue to pursue a strategy that forms strategic business relationships with other organisations. There can be no assurance that the Group will be able to maintain relationships with or attract such organisations and to negotiate appropriate terms and conditions with these organisations. The Company's business relies on the involvement of a number of third parties. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's potential operations and performance. It is not possible for the Company to predict or protect itself against all such risks

Litigation risks

Peko Bull Claim

Elmore advised that it has been served with a statement of claim by Gibbins Investments Pty Ltd (**Gibbins**) in the Federal Court against Elmore and its related entities, Peko Bull Pty Ltd (**Peko Bul**l) and Sitzler Savage Pty Ltd (**Sitzler Savage**). Gibbins' complaints arise from its assertions that it is owed money (**periodic payments and royalties**) pursuant to a term sheet, that Peko Bull has repudiated agreements (which arose from agreements dated prior to Elmore's acquisition of Peko Bull in April 2023), and that it is entitled to call upon its security, being the shares in Sitzler Savage. Elmore is reviewing the statement of claim, taking legal advice on the claims made by Gibbins and intends to defend those claims. Elmore will update the market when it is in a position to do so after completing this process.

The claim made by Gibbins may result in litigation, and if proven, may impact adversely on the Group's operations, financial performance and financial position.

Roytech Global Claim

Elmore advises that it has been served with a statement of claim by Roytec Global in the District Court of Western Australia against Elmore and its subsidiary, Peko Iron. Roytec Global's complaints arise from its assertions that it is owed money pursuant to a novated supply agreement and a services agreement.

Elmore has engaged counsel and, together with its counsel, is reviewing the statement of claim and gathering background information. Subject to legal advice on the Roytec Global Claim, Elmore intends to defend the Roytec Global Claim.

Elmore will update the market as soon as it becomes aware of material information in relation to the Roytec Global Claim in accordance with its continuous disclosure obligations.

As a consequence of the Roytec Global Claim, Elmore is exposed to legal defence costs, and potential liabilities regarding the payments claimed.

Market Price for Elmore's products

Elmore is in the business of processing raw materials, currently from a tailings stack, to produce a range of saleable commodities. Currently Elmore's forecast cash flow is dependent on the sale of magnetite iron ore. There is no certainty as to the future price that Elmore will receive for the sale of its magnetite iron ore product. A downturn in the market pricing for magnetite iron ore and / or a reduction in the quantity of Elmore's magnetite iron ore product impacting the price it is able to realise for the sale of its magnetite iron ore product would have a material adverse impact on the current forecast cash flow and would place the Group in a precarious financial position.

Dependence on performance of Elmore's business operations

Elmore operates a business that is heavily reliant on the consistent performance of its tailings mining, processing plant performance and maintaining a consistent and predictable logistics operation to export its products. Failure in any of these aspects of Elmore's business operations will have an adverse impact on Elmore's cash flow forecast and would place the Group in a precarious financial position.

Geological Risk

The Group's principal business is the mining and processing of tailings at the Peko mine site to produce currently a saleable magnetite product for export. There has been limited geological test work undertaken on the tailings stack pile and no JORC resource is attributed to the magnetite iron content within the tailings stack. No assurance can be given to the recovery or product quality of magnetite generated through the processing of the tailings stack.

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.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

At reporting date, the Group incurred a total comprehensive loss after interest, taxation, depreciation, amortisation and impairment of $23.567 million (2022: $11.942 million).

Impacting the net loss of $23.567 million for the year were the following significant items:

- Depreciation costs of $2.386 million;
- Finance and administration costs of $6.751 million;
- Employees costs of $5.665 million;
- Operational expenses of $14.825 million; and
- Revenue from operations of $6.726 million.

STATEMENT OF FINANCIAL POSITION

Total assets at reporting date were $71.011 million. The following significant items impacted on assets:

- Right of use assets of $2.214 million;
- Peko Project of $56.596 million; and
- Property, plant and equipment of $8.788 million.

Total liabilities at reporting date were $84.200 million.

The net liability position of $13,189,043 (2022: net asset position $1,935,606).

Total equity attributable to shareholders decreased by $15.124 million to ($13.189 million).

STATEMENT OF CASH FLOW

Consolidated cash flows from operating activities resulted in a net cash outflow of $10.659 million, representing an increase of $5.028 million from the prior year primarily relating to increased payments to suppliers and employees with the increased activities at the Peko site.

Consolidated Net cash flows from investing activities resulted in a net cash outflow of $1.533 million due primarily to the purchase of plant and equipment and the funding of the Peko project.

Consolidated Net cash inflows from financing activities resulted in a net cash inflow of $14.918 million primarily due to proceeds received from capital raisings and borrowings.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than disclosed elsewhere in the annual report, there were no significant changes in the State of Affairs of the Group.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Magnetite Pre-Payment and Offtake Agreement

On 23 October 2023, the Company entered into binding agreements with Royal Advance which are for a Pre-Payment of up to US$11.0 million (circa A$17.3 million) and an offtake agreement for the supply of magnetite iron ore.

The key terms of the Pre-Payment are summarised below:

- The initial Pre-Payment advance is for US$5.5 million (circa A$8.7 million) which is available for drawdown in three tranches:
  - Tranche 1: US$2.0 million which was received on 20 October 2023
  - Tranche 2: US$1.5 million upon entry into the agreed security documents
  - Tranche 3: US$2.0 million on 14 days' notice of drawdown.
- An additional US$5.5m is uncommitted and can be advanced at the option of Royal Advance within 90 days of signing of the agreement ("**Pre-Payment Increase Option**").
- The advance will attract an interest rate of 9.00% per annum, paid quarterly.
- Term of 2 years from Tranche 1 drawdown. Elmore can pre-pay the principal outstanding of the Pre-Payment at any time, and any unpaid balance is due, with accrued interest, on the maturity date.
- Repayments are to be made by way of Royal Advance withholding a percentage of the amount payable by it for magnetite purchases under the Offtake Agreement. The percentage varies over time commencing at 6.0% and increasing to 12.0% after 1 April 2024, and if the Pre-Payment Increase Option is exercised, it will increase to 24.0%.
- Repayments are also subject to a bi-annual minimum amount of US$750,000 (or US$1.5 million upon exercise of the Pre-Payment Increase Option). Where the principal and interest paid in accordance with the Pre-Payment arrangement in any such bi-annual period is less than the minimum amount, a cash top-up will be required to meet this minimum repayment amount.
- The Pre-Payment is secured and Elmore is required to enter into the required security documents within 21 days of executing the Pre-Payment.

The key terms of the Offtake Agreement are summarised below:

- Royal Advance will purchase magnetite produced from the Project tailings operations for the term of the Pre-Payment advance.
- Beginning on 1 July 2024, Royal Advance will have the right to the magnetite offtake up to the first 110,000 wet metric tonnes ("**wmt**") for each 6-monthly period ("**Shipping Target**").
- In addition, subject to certain exceptions, Elmore has committed to deliver an amount equal to the Shipping Target, over 2 years. The exceptions include force majeure and the ability to suspend the operations where the reference iron ore price is below US$80 (circa A$126)[2] per tonne, among others. For the 6 months beginning 1 January 2024, the Shipping Target is reduced to 70,000 wmt, to allow for mine ramp up.
- Minimum shipment sizes are 30,000 wmt +/- 10% shipping tolerance. The Shipping Target (post ramp up) therefore envisages 7 or 8 shipments in a 12-month period.
- By mutual arrangement Elmore may sell magnetite product to Royal Advance in excess of the Shipping Target or sell to a third party.
- Pricing terms are confidential, but they are reflective of market terms using published indexes, with discounts applicable for product quality and impurities.

[2] Converted at 0.635 AUD:USD exchange rate.

Vendor Finance Restructure

On 23 October 2023, the Company entered into a term sheet signed with Oz Professionals which sets out key commercial terms to vary the existing vendor loan ("**Loan Variation**") and an amended gold royalty arrangement ("**Royalty Restructure**").

The terms of the Loan Variation are summarised below:

- The existing vendor loan balance will be split across two new loans:
  - **VF Loan 1**: US$5.5 million
  - **VF Loan 2**: The remainder of the vendor finance, estimated at approximately $24.8 million.
- Interest will be charged on the balance of each loan individually and will accrue at 9.00% and 12.00% on VF Loan 1 and VF loan 2 respectively (together, the "**VF Loans**"). Interest will be cash paid on a quarterly basis.
- As announced to the ASX on 22 June 2023, Oz Professionals will convert A$2.5 million of its debt into shares in Elmore once the necessary regulatory and shareholder approvals are obtained. The amount of which will be deducted from the balance of VF Loan 2. The balance of VF Loan 2 above has been derived by taking the total expected loan balance (including accrued interest) as at 31 October of approximately $36.0 million, and reducing it by the amounts to be applied to VF Loan 1 and equity conversion.
- Beginning 1 January 2023, repayments will apply to VF Loan 2 as a percentage of the value of magnetite shipments. Up until the Shipping Target, the percentage will initially be 6.5% and increase to 13.0% on 1 April 2023. If the Pre-Payment Increase Option is exercised, the percentage will decrease to 1.0%. 25.0% of the value of magnetite shipments above the Shipping Target will be used to repay VF Loan 2.
- The maturity date of the VF Loans is 30 November 2025. Elmore can pre-pay the principal outstanding at any time with any pre-payments to be first applied to VF Loan 2.
- The VF Loans will share security with the Pre-Payment.

The terms of the Royalty Restructure are summarised below:

- Commencing on 1 January 2025, Elmore will pay a net smelter revenue royalty to Oz Professionals of 15.0% on gold and 10.0% on copper and cobalt.
- The royalty will apply to all gold, copper and cobalt revenues capped at 20,000 ounces of gold equivalent. The cap will be subject to an inflationary indexation adjustment based on the timing of royalty payments relative to a target schedule and a cash top-up obligation will apply to ensure Elmore meets the indexed cap by 30 June 2030.
- There will be no quarterly minimums.

This replaces the existing royalty of 25% of gold ounces produced, subject to a minimum payment of 900 ounces per quarter.

On 29 November 2023 the company executed binding documentation with Royal Advance to satisfy all conditions subsequent for completion of the Pre-Payment facility agreement and executed binding agreements with Oz Professionals in line with the terms of the Vendor Finance Restructure set out above.

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. The Company entered into binding agreements with Oz Professionals on 29 November 2023 and has settled the November Investor Loans on Tuesday 5 December 2023.

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.

Bridge Loan Conversion

The Bridge Loan was for a total of A$1.5 million, and 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.

It has been 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.

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 to be held in January 2024.

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.

INFORMATION ON DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are set out below, together with details of qualifications, experience and responsibilities.

R G Baskerville *Non-Executive Director/Chairman*
Appointed as Non-executive Director and Chairman 18th January 2023

Experience and expertise
Mr Baskerville 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 $100m plus corporate and government contracts.

During this period, the company developed operations across 3 countries, employing over 1,200 full time staff with run-rate revenue of approximately $250m 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 $233m, representing a 67% premium to its most recently traded share price by Capgemini, one of the largest consulting companies in the world.

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

Other current directorships
Empired Limited

Former directorships in last 3 years
None

Special responsibilities
Non-Executive Director and Chairman.

Interest in shares and options
62,968,035 shares in Elmore Ltd
3,333,333 unlisted options in Elmore Ltd

N Senapati. *Non-Executive Director*
Resigned as Non-executive Director 30 June 2023

Experience and expertise
Dr Senapati is the Honorary advisor to Federation of Indian Chambers of Commerce and Industry (FICCI) in Australia and is an advisor to Dua Associates and Consulting in New Delhi. Nik is also the President of the Australia India Business Council in Queensland. Until 2015 Nik was country head of Rio Tinto in India, a role that he held for almost 10 years.

Nik is a geologist and has spent over 35 years in the mining industry with roles in exploration, operations, strategy and external relations. He chaired the mining committee of Confederation of Indian Industry, was instrumental in establishing the Sustainable Mining Initiative for the Indian mining industry and initiated the Skills Council in the Mining Sector. Nik was educated in India, Australia and as a Rhodes Scholar in the UK.

INFORMATION ON DIRECTORS (Continued)

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
None

Interest in shares and options
5,000,000 shares in Elmore Ltd
2,000,000 unlisted options in Elmore Ltd

D Mendelawitz. ***Managing Director/Chairman***
Resigned Chair 18th January 2023
Resigned Managing Director 15th November 2023

Experience and expertise

David is an accomplished mining industry executive with extensive international experience in exploration, mining and commerce. He has a Bachelor of Science (Applied Geology) with Honours from W.A.'s Curtin university and a Graduate Diploma – Applied Finance and Investment (Mining Investment Analysis) from the WA Securities Institute. David most recently held the position of Managing Director at Cleveland Mining Company Limited (ASX: CDG), where he oversaw the funding, discovery, development and commencement of mining at the Crixas Project in Brazil.

Prior to founding Cleveland, David held the position of Head of Business Improvement at Fortescue Metals Group Ltd (ASX: FMG), where he played a key role in iron ore exploration, project construction, mine and infrastructure optimisation and expansion planning. During his 5 ½ years at Fortescue, David was initially the Exploration Manager for Eastern Tenements, overseeing field works which were part of the delineation of 2.8 billion tonnes of iron ore in 1 year. He then became the Registered Manager of Mining during the trial mining operations as part of the $140 million feasibility study conducted over the project.

David has built a strong track-record in delivering success both as a geologist and in senior management roles, having worked across a diverse range of assets in jurisdictions including Australia, Brazil, Papua New Guinea and the USA.

Other current directorships
None

Former directorships in last 3 years
Cleveland Mining Company Ltd

Special responsibilities
Managing Director

Interest in shares and options
15,000,000 shares in Elmore Ltd
Nil unlisted options in Elmore Ltd

INFORMATION ON DIRECTORS (Continued)

T Webster. ***Non-Executive Director***

Experience and expertise

Mr Webster is both a longstanding Top 20 Elmore shareholder and a highly experienced Engineer. Mr Webster is Perth based and is currently Project Delivery Manager with Wood, a company with +55,000 staff worldwide, across a broad range of industrial markets. He is currently involved in supporting the construction of the $1+ billion Kemerton Lithium Hydroxide plant. Previous to this role, Mr Webster was the EPC Project Director for the Amec FosterWheeler / CIVMEC joint venture at the Gold Roads / Goldfields JV Gruyere Project.

With over 30 years' experience in various industries at all levels including general operations management, project and construction management, and broader project engineering, Mr Webster has gained extensive experience across a wide range of industry sectors and the full spectrum of the supply chain.

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
None

Interest in shares and options
16,677,074 shares in Elmore Ltd
2,000,000 unlisted options in Elmore Ltd

A Haslam. ***Managing Director***
Appointed Managing Director 15 November 2023

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

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

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
None

Interest in shares and options
6,132,955l shares in Elmore Ltd
2,000,000 unlisted options in Elmore Ltd

INFORMATION ON DIRECTORS (Continued)

R. Bevan ***Non-Executive Director***
Appointed as Non-executive Director on 3 November 2023

Experience and expertise

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.

Other current directorships
Kili Resources Limited
Narryer Metals Limited
TG Metals Limited

Former directorships in last 3 years
Cassini Resources Limited

Special responsibilities
None

Interest in shares and options
8,361,364 shares in Elmore Ltd
Nil unlisted options in Elmore Ltd

COMPANY SECRETARY

The Company secretary is Mr Sean P Henbury. Mr Henbury was appointed to the position of the Company secretary in 2007, Mr Henbury (FCA, FITA) is a Chartered Accountant with over 23 years' experience in public practice with three of Perth's major Accounting firms.

Sean is a Director at Armada Accountants & Advisors with over 23 years' experience in public practice with four Perth Accounting firms. He has provided client support across a wide range of industries including mining, exploration, research and development, retail, construction and manufacturing. His primary areas of expertise include taxation consulting, taxation compliance, corporate restructuring, financial reporting, and Company secretarial requirements. He has been the company secretary of a number of publicly listed companies and is regularly called upon to advise Directors of their duties.

Sean is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Chartered Tax Adviser and Member of The Tax Institute, as well as a registered Tax Agent and a registered Self-Managed Superannuation Fund Auditor.

MEETINGS OF DIRECTORS

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2023, and the numbers of meetings attended by each director were:

Name	Board		Audit Committee		Remuneration Committee		Other (include details)	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R G Baskerville	7	7	-	-	-	-	-	-
N Senapati.	14	14	-	-	-	-	-	-
D Mendelawitz	14	14	-	-	-	-	-	-
T Webster	14	14	-	-	-	-	-	-
A Haslam	14	14	-	-	-	-	-	-

The audit committee and remuneration committee functions are performed by the full board. Please refer the Corporate Governance Statement section under the heading Principle 2: Structure the Board to add value.

REMUNERATION REPORT – AUDITED

This remuneration report sets out remuneration information for the Company's non-executive directors, executive director and other key management personnel.

Directors and executives disclosed in this report

Name	Position
Non-executive and executive directors – see page 14 to 17 above	

There were no other key management personnel of the Group during the year.

Remuneration Governance

Role of the remuneration committee

The remuneration committee is a committee of the board. It is primary responsible for making recommendation to the board on:

- non-executive director fees
- executive remuneration (directors and other executives), and
- the over-arching executive remuneration framework and incentive plan policies.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with long-term interests of the Company.

The Corporate Governance Statement provides further information on the role of this committee.

REMUNERATION REPORT – AUDITED (Continued)

Principles used to determine the nature and amount of remuneration

Non-Executive Director
Fees and payments to the non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Non-Executive Chairman fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Non-executive directors have received short-term incentive options but do not receive performance bonuses.

Directors' fees
The current base remuneration was last reviewed with effect from 1 July 2011. The Chairman currently receives a fixed fee for his services as a Non-executive Chairman.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum and was approved by shareholders at the annual general meeting on 30 November 2011.

The following non-executive director fees have applied to the respective financial years:

Name	2023 $	2022 $
Chairman	125,000	30,000
Other non-executive directors (in aggregate)	144,000	115,000

Retirement allowances for non-executive directors
No retirement benefits are provided.

Executive Directors
The Company had one Executive Director during the year, Mr David Mendelawitz.

The executive pay and reward framework has two components being base pay and benefits, including superannuation, and incentive share options granted. The Group does not offer any retirement benefits to Executive Directors.

Use of remuneration consultants
During the year 30 June 2023, the Group did not engage any remuneration consultants.

Voting and comments made at the company's 2021 Annual General Meeting
The Company received more than 97.21% of "yes" votes on its remuneration report for the 2022 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Relationship of Rewards and Performance
The value of incentive options, performance options /rights and performance bonuses can represent a significant portion of an executive's salary package. The ultimate value to the executives of and link to remuneration policies are the vesting conditions placed upon performance share options and bonuses and or the share price as the realised value arising from options issued is dependent upon an increase in the share price to above the exercise price of the options.

The details of the vesting conditions associated with performance shares are disclosed share-based compensation section of the remuneration report.

Group performance, shareholder wealth and Director and Executive remuneration
As the Group is not yet generating earnings nor paying dividends, the share price is the key measure of shareholder value. The table below shows the performance in share price over the year and previous 3 years.

REMUNERATION REPORT – AUDITED (Continued)

Year	30 June 2020 $	30 June 2021 $	30 June 2022 $	30 June 2023 $
Closing Share price	**0.069** (1)	**0.023**	**0.036**	**0.007**
% Change	**(-%)**	**(66%)**	**56%**	**(80%)**
Total Director & KMP Remuneration	461,508	619,057	844,441	679,373

(1) The closing share price used is the final price before the company requested a voluntary suspension on the trading of its securities on 12 December 2018.

The issuing of share options under Director and Employee share option plans helps align the Boards personal interests to that of the shareholders.

Details of Remuneration

Details of the remuneration of the directors and the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

2023	Short-term employee benefits			Post-employment benefits	Long-term Benefits		Share-based payments		Proportion of remuneration that is performance based
	Cash salary and fees	Expense Benefit	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total	
	$	$	$	$	$	$	$	$	%
R G Baskerville (1)	125,000	-	-	-	-	-	-	125,000	-
N Senapati	48,000	-	-	-	-	-	-	48,000	-
T Webster	48,000	-	-	-	-	-	-	48,000	-
A Haslam (2)	48,000	-	-	-	-	-	-	48,000	-
D Mendelawitz	325,000	-	25,000	34,125	-	-	26,248	410,373	-
	594,000	**-**	**25,000**	**34,125**	**-**	**-**	**26,248**	**679,373**	**-**

(1) Appointed as Non-Executive Director /Chairman on 18th January 2023. Pro-rata amount paid for the period and includes $100,000 in fees for corporate consulting for the period 1 April 2023 to 31 September 2023.

2022	Short-term employee benefits			Post-employment benefits	Long-term Benefits		Share-based payments		Proportion of remuneration that is performance based
	Cash salary and fees	Expense Benefit	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total	
	$	$	$	$	$	$	$	$	%
P I Richards (1)	30,000	-	-	-	-	-	-	30,000	-
N Senapati	48,000	-	-	-	-	-	-	48,000	-
T Webster	48,000	-	-	-	-	-	-	48,000	-
A Haslam (2)	19,000	-	-	-	-	-	43,189	62,189	69.45%
D Mendelawitz	325,000	-	25,000	32,500	-	-	273,752	656,252	41.71%
	470,000	**-**	**25,000**	**32,500**	**-**	**-**	**316,941**	**844,441**	**37.53%**

(2) Resigned as Non-Executive Director /Chairman on 23rd December 2021.Pro-rata amount paid for the period.
(3) Appointed as Non-Executive Director on 9th February 2022. Pro-rata amount paid for the period.

REMUNERATION REPORT – AUDITED (Continued)

Service agreements

Service contracts are entered into by the Group with all key executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses and entitlements to employee options, if applicable. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations.

The Company previously granted performance rights to Mr David Mendelawitz which have been issued under the Employee Share Plan and where agreed to at the Shareholder Meeting of 29 January 2021.

The shareholders of the Company voted to award Mr Mendelawitz up to 15,000,000 production incentive shares, 15,750,000 short term incentive shares and 16,250,000 long term incentive shares. Mr Mendelawitz's entitlement to the production incentive shares was subject to the Company commissioning a process plant being completed on time and on budget within 5 years of shareholder approval. These production incentive performance shares were put to shareholders at the 2020 AGM held on 29 January 2021, where they were passed by shareholders. During the year, the 15,000,000 production incentive shares were granted and a share-based payment expense of $273,752 has been recognised through profit and loss for the 30 June 2022 financial year. Due to the vesting conditions placed upon the STI and LTI performance rights, the short term incentive shares and the long term incentive shares have not at this time been issued to Mr Mendelawitz, and at this time no amount has been expensed in the full year financials in relation to these incentives as the probability of achieving the vesting conditions is deemed to be 0%.

Due to modification of the production incentive shares, the movement in the production incentive shares for the current year is shown below:

Grant Date	Expiry Date	Details	Balance at period end	Vested at year end
29 January 2021	31 December 2026	Production Incentive Shares	5,000,000	5,000,000
29 January 2021	31 December 2026	Production Incentive Shares	5,000,000	5,000,000
29 January 2021	31 December 2026	Production Incentive Shares	5,000,000	-

The performance rights were valued on the date of grant with the following factors and assumptions used to determine their fair value:

No. Granted	Exercise Price	Expected Vesting Period	Share price on Grant Date	Fair Value per Peformance Right	Total Fair Value
5,000,000	-	Immediate	$0.02	$0.02	$100,000
5,000,000	-	30 June 2022	$0.02	$0.02	$100,000
5,000,000	-	31 December 2022	$0.02	$0.02	$100,000

The share-based payment expense arising from the above performance rights is $273,752 and was brought to account in the year ended 30 June 2022.

Options

No options have been granted as part of remuneration arrangements during the year ended 30 June 2023 (2022: 2,000,000).

Performance Rights

The share-based payment expense arising from previously issued performance rights to David Mendelawitz is $26,248 for the year ended 30 June 2023. The performance rights were converted to shares on 23 December 2022.

Share-based compensation

There were Nil incentive options issued during the year as compensation to directors, refer to the note above.

REMUNERATION REPORT – AUDITED (Continued)

Shares provided on exercise of remuneration options
There were no ESOP options exercised during the year. Refer to the Key Management Personnel Share Holdings section of the remuneration report for details.

Employee share scheme
None of the directors of the Company, other key management personnel of the Group or the Group Company Secretary are eligible to participate in the Company's employee share scheme.

Key Management Personnel Option Holdings
Details of option holdings and rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

2023 Name	Balance at the start of the year	Granted	Exercised	Other Changes(1)	Balance at the end of the year	Vested and exercisable	Unvested
Non-executive Directors							
R G Baskerville	-	-	-	3,333,333	3,333,333	-	-
N Senapati	2,000,000	-	-	-	2,000,000	2,000,000	-
T Webster	2,000,000	-	-	-	2,000,000	2,000,000	-
A Haslam	2,000,000	-	-	-	2,000,000	-	2,000,000
Executive Director							
D Mendelawitz	-	-	-	-	-	-	-
Total	**6,000,000**	**-**	**-**	**3,333,333**	**9,333,333**	**4,000,000**	**2,000,000**

(1) Appointed as Non-Executive Director /Chairman on 18th January 2023.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. Options granted as part of remuneration have been valued using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk-free interest rate for the term of the option. Options granted under the plan carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used.

Key Management Personnel Share Holdings
The numbers of shares in the Company held during the financial year by each director of Elmore Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2023 Name	Balance at the start of the year	Granted	Received on exercise of options or rights (2)	Other changes (1)	Balance at the end of the year
Directors					
R G Baskerville	-	-	-	62,968,035	62,968,035
N Senapati	5,000,000	-	-	-	5,000,000
T Webster	16,677,074	-	-	-	16,677,074
A Haslam	6,132,955	-	-	-	6,132,955
Executive Director					
D Mendelawitz	-	-	15,000,000	-	15,000,000
Total	**27,810,029**	**-**	**15,000,000**	**62,968,035**	**105,778,064**

(1) Appointed as Non-Executive Director /Chairman on 18th January 2023.
(2) Converted Performance Rights.

REMUNERATION REPORT – AUDITED (Continued)

All equity transactions with Directors other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Key Management Personnel Performance Share Holdings
The numbers of performance shares in the Company held during the financial year by each director of Elmore Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2023 Name	Balance at the start of the year	Granted	Received on exercise of options or rights (1)	Other changes	Balance at the end of the year
Directors					
P I Richards	-	-	-	-	-
N Senapati	-	-	-	-	-
T Webster	-	-	-	-	-
A Haslam	-	-	-	-	-
Executive Director					
D Mendelawitz	15,000,000	-	(15,000,000)	-	-
Total	**15,000,000**	**-**	**(15,000,000)**	**-**	**-**

(1) Performance rights converted into shares.

Loans to Directors and Executives
There were no loans to Directors and key management personnel during the financial year ended 30 June 2023 (30 June 2022: $nil).

End of Audited Remuneration report.

SHARES UNDER OPTION/RIGHT

Unissued ordinary shares of the Company under option/right at that date of this report are as follows:

Date option/right granted	Expiry date	Issue price of shares	Number under option/right
02/03/2021	31/03/2024	$0.05	6,000,000
12/04/2021	02/03/2024	$0.03	10,500,000
09/02/2022	06/02/2025	$0.05	2,000,000
22/08/2022	21/08/2025	$0.06	29,000,000

INSURANCE OF OFFICERS

During the financial year, Elmore paid an insurance premium in respect of a contract insuring directors, secretaries and executive officers of the Company and its controlled entities against a liability incurred as director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of its controlled entities against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

Other than matters stated in "CONTINGENT LIABILITIES (note 21)", no person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that during the period, there has been no provision of non-audit services by the auditor and did not compromise the auditor independence requirements of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Elmore Resources with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within the annual report

AUDITOR

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

Russell Baskerville
Chairman
7 December 2023

Nexia Perth Audit Services Pty Ltd
Level 3, 88 William St
Perth WA 6000
GPO Box 2570
Perth WA 6001
E: info@nexiaperth.com.au
P: +61 8 9463 2463
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nexia.com.au

To the Board of Directors of Elmore Limited,

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

As lead auditor for the audit of the financial statements of Elmore Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

N.P.A.S.

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen
Director

Perth
7 December 2023

Advisory. Tax. Audit.

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value through entrepreneurism, innovation, development and exploration and provide accountability and control systems commensurate with risks involved.

Good corporate governance will evolve with the changing circumstances of a Company and must be tailored to meet these circumstances. IOR is a junior mining and exploration Company.

The Company's Board and management are committed to a high standard of corporate governance practices, ensuring that the Company complies with the Corporations Act 2001, Australian Securities Exchange (ASX) Listing Rules, Company Constitution and other applicable laws and regulations.

On 27 March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd Edition Recommendations). The Board has adopted the 3rd Edition Recommendations, has conducted an annual review of the Corporate Governance Statement, and approved the statement on 31 August 2018. The Corporate Governance Statement is available on Elmore's website at www.elmoreltd.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2023

	Note	2023 $	2022 (Restated) $
Revenue from continuing operations			
Revenue	4	6,725,691	854,758
Other income/(expense)	4	15,654	(17,299)
Employee benefits expense	4	(5,665,215)	(2,005,744)
Operational expenses	4	(14,825,867)	(6,597,232)
Depreciation of non-current assets	4	(1,462,631)	(793,327)
Impairment of property, plant & equipment	4	(923,124)	-
Corporate expenses	4	(534,427)	(308,421)
Finance & administration	4	(6,751,552)	(2,758,424)
Share based compensation	27	(146,248)	(316,941)
Loss from continuing operations before income tax		**(23,567,719)**	**(11,942,630)**
Income tax (expense)/benefit	5	-	-
Net Loss from continuing operations		**(23,567,719)**	**(11,942,630)**
Loss after tax for the year attributable to the owners of Elmore Limited		**(23,567,719)**	**(11,942,630)**

Other comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation foreign operations	-	-
Total comprehensive loss for the year attributable to the owners of Elmore Limited	**(23,567,719)**	**(11,942,630)**

Loss per share for the year from continuing operations attributable to the members of 'Elmore Ltd'	Note	2023 ¢	2022 (Restated) ¢
Basic loss per share	26	(1.92)	(1.58)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	2023 $	2022 (Restated) $
Assets			
Current Assets			
Cash and cash equivalents	6	2,094,243	45,330
Receivables and prepayments	7	904,730	531,795
Financial assets	10	200,000	200,000
Total current assets		**3,198,973**	**777,125**
Non-current assets			
Peko Project mine asset	11	56,596,105	-
Receivables and prepayments	7	213,612	240,550
Property, plant and equipment	9	8,788,436	7,736,126
Right of use assets	8	2,214,693	2,468,889
Total non-current assets		**67,812,846**	**10,445,565**
Total assets		**71,011,819**	**11,222,690**
Liabilities			
Current liabilities			
Trade and other payables	12	8,967,820	3,624,150
Provisions	13	420,140	199,943
Borrowings	14	44,965,231	1,773,379
Lease liabilities	15	980,429	998,208
Total current liabilities		**55,333,620**	**6,595,680**
Non-current liabilities			
Provisions	13	27,556,729	-
Borrowings	14	-	1,196,535
Lease liabilities	15	1,310,514	1,494,869
Total non-current liabilities		**28,867,243**	**2,691,404**
Total liabilities		**84,200,863**	**9,287,084**
Net assets		**(13,189,044)**	**1,935,606**
Equity			
Contributed equity	16	98,911,113	91,304,301
Other reserves	17	5,097,805	4,261,548
Capital and reserves attributable to owners of Elmore Limited		104,008,918	95,565,849
Accumulated losses	18	(117,197,962)	(93,630,243)
Total equity		**(13,189,044)**	**1,935,606**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Note	2023 $	2022 (Restated) $
Cash flows from operating activities			
Receipts from customers		6,717,089	414,592
Cash paid to suppliers and employees		(15,901,249)	(6,394,180)
Other income		260,666	70,786
Interest paid		(1,738,547)	(399,834)
Interest received		3,020	285
Net cash (outflow) from operating activities	25	**(10,659,021)**	(6,308,349)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,560,443)	(3,592,800)
Payment for security deposits		26,938	-
Proceeds from the sale of property, plant and equipment		999,800	-
Proceeds from sale of investments		-	71,760
Loans made		-	(158,288)
Net cash outflow from investing activities		**(1,533,706)**	(3,679,328)
Cash flows from financing activities			
Proceeds from issue of shares, net of share issue costs		8,255,600	6,895,185
Proceeds from borrowings		9,936,025	2,326,408
Lease payments		(1,377,444)	(1,274,704)
Repayment of borrowings		(1,895,246)	(23,005)
Net cash inflow from financing activities		**14,918,935**	7,923,884
Net increase/(decrease) in cash and cash equivalents		2,726,208	(2,063,792)
Cash and cash equivalents at beginning of year		45,330	2,109,122
Cash and cash equivalents at end of year	6	**2,094,243**	45,330

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

CONSOLIDATED	Share Capital	Asset Revolution reserve	Share based payments reserve	Convertible note reserve	Accumulated Losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2022	**91,304,301**	**1,185,000**	**3,076,548**	**-**	**(93,630,243)**	**1,935,606**
Other comprehensive income for the year						
Loss for the year	-	-	-	-	(23,567,719)	(23,567,719)
Total comprehensive income /(loss) for the year					(23,567,719)	(23,567,719)
Transactions with owners in their capacity as owners						
Contributions of equity	7,606,812	-	-	-	-	7,606,812
Convertible notes issued	-	-	-	151,808	-	151,808
Option based payments	-	-	684,449	-	-	684,449
Balance as at 30 June 2023	**98,911,113**	**1,185,000**	**3,760,997**	**151,808**	**(117,197,962)**	**(13,189,044)**

CONSOLIDATED	Share Capital	Asset Revolution reserve	Share based payments reserve	Convertible note reserve	Accumulated Losses (Restated)	Total Equity (Restated)
	$	$	$	$	$	$
Balance at 1 July 2021	**82,892,971**	**1,185,000**	**2,759,607**	**-**	**(81,687,613)**	**5,149,965**
Other comprehensive income for the year						
Loss for the year	-	-	-	-	(11,942,630)	(11,942,630)
Total comprehensive income /(loss) for the year (Restated)					(11,942,630)	(11,942,630)
Transactions with owners in their capacity as owners						
Contributions of equity	8,411,330	-	-	-	-	8,411,330
Option based payments	-	-	316,941	-	-	316,941
Balance as at 30 June 2022 (Restated)	**91,304,301**	**1,185,000**	**3,076,548**	**-**	**(93,630,243)**	**1,935,606**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Elmore Limited and its subsidiaries.

a) Basis of Preparation

These financial statements are general purpose financial statements which has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Elmore is a for-profit entity for the purpose of preparing the financial statements.

i) Compliance with IFRS
The consolidated financial statements of Elmore Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii) Historical cost convention
The financial report has also been prepared on a historical cost basis except for Mineral Processing Plant which is valued at fair value.

iii) Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note (1)(ee).

b) Going Concern

For the year ended 30 June 2023, the Group recorded a loss of $23,567,719 (2022: $11,942,630) and had net cash outflows from operating activities of $10,659,021 (2022: $6,308,349). At 30 June 2023, the Group had working capital deficit of $52,134,647 (2022: $5,818,555) and a closing cash balance of $2,094,243 (2022: $45,330) and a net liability position of $13,189,044 (2022: net asset position $1,935,606).

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.

The ability of the 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, the ability to repay the Borrowings as they fall due or renegotiate repayment terms or convert into equity.

The going concern of the Group, and its ability to realise its assets and discharge its liabilities in the normal course of business is fundamentally dependent on the Group successfully receiving shareholder approvals at the Company's annual general meeting, proposed to be held on 15 January 2024 for the conversion of debt or debt like instruments in the form of Loan Notes, Debt Conversion agreements and Bridge Loan conversion agreements as set out in the ASX announcement made on 22 June 2023 and on 6 November 2023 and detailed in the Company's notice of annual general meeting dated 31 July 2023 and currently submitted with ASX for review.

These conditions indicate the existence of a material uncertainty that cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may not be unable to realise its assets and discharge its liabilities in the normal course of business.

In addition to the above, in order to manage the Group's financial position and liquidity, the Group focused on the following action plans:

- Restructure the Group's material Current Liability of approximately $35 million owed to Oz Professionals as consideration of the purchase of the Peko Iron Project to a Non-Current Liability with the loan to be repaid through a proportion of cash flow received from magnetite sales.
- Subsequent to the financial year end the Group has restructured this liability on the terms announced to ASX on 23 October 2023, and on 29 November 2023 executed binding documentation reflecting these terms, which essentially, amongst other criteria, converts $2.5 million into shares (subject to shareholder approval) and aligning the repayments with the planned magnetite shipments, starting on 1 January 2024 with a maturity date of 30 June 2025.
- Receiving shareholder approvals at the Company's annual general meeting, proposed to be held on 15 January 2024 for the conversion of debt or debt like instruments in the form of Loan Notes, Debt Conversion agreements and Bridge Loan conversion agreements with a total value of approximately $12.505 million as set out in the ASX announcement made on 22 June 2023 and on 6 November 2023 and detailed in the company's notice of annual general meeting dated 31 July 2023 and currently submitted with ASX for review.
- Securing a loan agreement with the Group's offtake partner Royal Advance (HK) Pty Ltd for an amount of US$5.5 million. Subsequent to the financial year-end the Group has executed binding documentation to effect this agreement as announced to the ASX on 23 October 2023 and on 1 December 2023 the Group executed binding documentation to satisfy the conditions subsequent to make all funding available within 14 days written notice.
- Entering into a long term (2 year) offtake agreement for the Group's magnetite iron ore product. Subsequent to the year-end reporting date the Group has executed binding documentation with Royal Advance (HK) Pty Ltd in line with the key terms announced to the ASX on 23 October 2023.
- Continue to increase the Peko magnetite iron ore production rates and frequency of magnetite iron ore shipments to generate positive operating 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. and
- 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.

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.

c) Basis of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elmore Limited ("Company" or "parent entity") as at 30 June 2023 and the results of all subsidiaries for the year then ended. Elmore Limited and its subsidiaries together are referred to in this annual report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and the Board of Directors of IOR.

e) Foreign currency translation

i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in AUD, which is ELE's functional and presentation currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.
- income and expenses for each income statement and statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control; the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.
Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

g) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

j) Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

k) Property, Plant & Equipment

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation Rate
Plant and equipment	20%
Lab equipment	12.5%
Mineral Processing Plant	10-20%
Motor Vehicle	25%
Office equipment	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

From 1 July 2020, all Mineral Processing Plant is recognised at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the Asset Revaluation Reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Fair value involves significant judgement to estimate the value that the assets held by the Company could obtain from willing market participants. Refer to Note 9 for further details.

l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 7-30 day payment terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

m) Provisions

Provision for legal claims, and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

n) Employee benefits

i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee obligations are presented as payables.

ii) Other long-term employee benefit obligations
Liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salary and wage levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Share-based payments
Share-based compensation benefits are provided to employees via the Company Employee Option Plan. Information relating to the scheme is set out in note 27.

The fair value of options granted under the Company Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Employee Option Plan is administered by the Company Employee Share Trust. When the options are exercised, the trust transfers the appropriate number of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

Share-based compensation benefits are provided to employees via the issue of Performance Rights. Information relating to the rights is set out in Share-based compensation in the Remuneration report.

The assessed fair value at grant date of rights granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using the share price at grant date.

iv) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

o) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the equity proceeds.

Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

p) Earnings Per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of Elmore Limited, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

q) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

r) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

s) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments are comprised of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

t) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

u) Revenue Recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

v) Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

w) Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

x) Convertible Note Liability

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability, net of transaction costs, on the amortised cost basis until extinguished on conversion or redemption.

The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity. The carrying amount of the conversion option is not remeasured in the subsequent years.

y) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and the represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

z) Exploration, evaluation and development expenditure
Expenditure on acquisition, exploration and evaluation relating to an area of interest is capitalised and carried forward at cost where rights to tenure of the area of interest are current and:
i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or
ii) exploration and evaluation activities are continuing in an area of interest, but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the statement of comprehensive income or provided against.

Impairment
The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. An impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

aa) Mine properties and development
Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment
The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

bb) Rehabilitation costs
The Consolidated Entity is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities. The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

cc) Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 9 Financial Instruments ('AASB 9') either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of AASB 9, it is measured in accordance with the appropriate Australian accounting standard.

dd) Share-based payment transactions
The Consolidated Entity provides benefits to employees (including Directors) in the form of share[1]based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Consolidated Entity has one plan in place that provides these benefits. It is the Employee Share Option Plan ("ESOP") which provides benefits to all employees including Directors. The scheme has no direct performance requirements. The terms of the share options are as determined by the Board. Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited. Where a participant ceases employment after the vesting of their share options, the share options automatically lapse after one month of ceasing employment unless the Board decides otherwise at its discretion. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model. Further details of which are given in Note 27. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). At each subsequent reporting date until vesting, the cumulative charge to the statement of profit or loss and other comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period. The charge to the statement of profit or loss and other comprehensive income for the year is the cumulative amount as calculated above less the amounts already charged in previous years. There is a corresponding credit to equity. Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Consolidated Entity, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Consolidated Entity, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

ee) Critical accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial statements.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the

next annual reporting period but may impact profit or loss and equity. Refer to note 27 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment.

Property, plant and equipment
The Company measures its Mineral Processing Plant at fair value which is determined to be more relevant to the economic decision-making needs of the financial statement users. Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants. The Mineral Processing Plant was valued by reference to market information including transactions involving equipment of a similar nature. The Group engaged an independent valuation specialist to determine the fair value.

Royalty provision
The recognition of the royalty provision as part of the acquisition of the Peko Project. Provisions require significant estimates and assumptions such as the gold price, the USD exchange rate and the discount rate. These uncertainties may result in future actual royalties payable differing from the amounts currently provided. Refer to Note 13.

Convertible note
The convertible note is a hydrid financial instrument with an equity and derivative liability component. The derivative liability is initially measured at fair value. For further details refer to Note 14 (5) and 17.

ff) New accounting standards for application in future periods

There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future period and on foreseeable future transactions.

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise of cash and short-term deposits. The main purpose of these financial instruments is to provide finance for Group operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade payables, which arise directly from its operations.

The Group's activities expose it to a variety of financial risk, being market risk (including currency risk, interest rate risk and credit risk) and liquidity. Risk management is carried out by the Board of Directors, who regularly evaluates and agrees upon risk policy management and objectives. There are currently no other risk management policies in place.

The Group hold the following financial instruments:

	2023 $	2022 (Restated) $
Financial assets		
Current		
Cash and cash equivalents	2,094,243	45,330
Trade and other receivables	904,730	531,795
Financial Assets	200,000	200,000
	3,198,972	**777,125**
Non Current		
Trade and other receivables	213,612	240,550
	213,612	**240,550**

	2023 $	2022 (Restated) $
Financial liabilities		
Current		
Trade and other payables	8,967,820	3,624,150
Lease liabilities	980,429	998,208
Borrowings	44,965,231	1,773,349
	54,913,480	**6,395,707**
Non Current		
Lease liabilities	1,310,514	1,494,869
Provisions	27,556,729	1,196,535
	28,867,243	**2,691,404**

a) Market risk

i) Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in USD/AUD exchange rates.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated or linked to a currency that is not the entity's functional currency. The Group did not enter into any FX hedging agreements in relation to its transactions.

Certain operating and capital expenditure is linked to currencies other than the Company's functional currency.

No financial assets or liabilities are exposed to foreign exchange risk at the end of the reporting period.

ii) Cash flow and interest rate risk

The Group's interest rate risk arises from cash and cash equivalents. All borrowings that the Group has are fixed interest.

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

Floating interest rate	2023 $	2022 $
Cash and cash equivalents	2,094,243	45,330
Weighted average interest rate	0%	0%

b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions. Exposure to credit risk relating to financial assets arise from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the FOC has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Significant increase in credit risk for financial instruments
The Group evaluates and compares the risk of a default on a financial instrument at the reporting date with the risk of a default on the financial instrument at the date of initial recognition. To support the evaluation process, the Group takes into consideration both quantitative and qualitative information that is reasonable and justifiable, including past experience and prospective information that is publicly available. Prospective information taken into consideration includes the future volatility of the industries in which the Group's debtors are in, obtained from industry expert reports, financial news report, governmental bodies, as well as taking into consideration multiple external sources of current and future economic information to which the Group's core operations may relate.

Credit risk exposures
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level, given to parties securing the liabilities of certain subsidiaries.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 2(b).

2. FINANCIAL RISK MANAGEMENT (Continued)

The Group has a significant concentration of credit risk with a single counterparty. Details with respect to credit risk of trade and other receivables are provided in Note 7.

	2023 $	2022 $
Cash and cash equivalents – 'AA- 'S&P rating	2,094,243	45,330
Trade and other receivables	861,483	531,795
Financial assets	200,000	200,000

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Directors monitor the cash-burn rate of the Group on an on-going basis against forecast and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

Subject to the Going Concern Note contained within Note 1, as at the reporting date the Group had sufficient cash reserves to meet its requirements.

The financial liabilities of the Group at reporting date were trade payables, borrowings, lease liabilities, and derivative liabilities incurred in the normal course of the business. Trade payables and lease liabilities were non-interest bearing and were due within the normal 7-30 days terms of creditor payments. Borrowings were interest bearing as disclosed in note 14.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2023	Less than 6 months $	6-12 months $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
Non-derivatives							
Non-interest bearing	8,967,802	-	-	-	-	8,967,802	8,967,802
Lease liabilities	980,429	1,310,514	-	-	-	2,290,943	2,214,693
Interest bearing Borrowings	44,965,231	-	-	-	-	44,965,231	57,556,729
Provisions	-	-	27,556,729	-	-	27,556,729	-
Total non-derivatives	**54,913,462**	**1,310,514**	**27,556,729**	**-**	**-**	**83,780,705**	**68,739,224**

2. FINANCIAL RISK MANAGEMENT (Continued)

At 30 June 2022 (Restated)	Less than 6 months $	6-12 months $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
Non-derivatives							
Non-interest bearing	3,624,150	-	-	-	-	3,624,150	3,624,150
Lease liabilities	998,208	1,494,869	-	-	-	2,493,077	2,468,889
Interest bearing Borrowings	1,773,379	-	1,196,535	-	-	2,969,914	2,969,914
Total non-derivatives	**6,395,737**	**1,494,869**	**1,196,535**	**-**	**-**	**9,087,141**	**9,062,953**

d) Fair Values measurement

i Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision for trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The carrying value of the borrowings is equal to the fair value cash flows at the reporting date.

ii Fair value hierarchy

There were no transfers during the year.

Fair value hierarchy Level 1: the fair value of financial instruments traded in active markets is based on quoted market prices at the end of the market period.

Level 2: the fair value of financial instruments not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

iii Recognised fair value measurements

The following financial instruments are subject to recurring value measurements:

	2023 $	2022 $
Convertible loan (Level 3)	(6,053,192)	(242,075)
	(6,053,192)	(242,075)

3. SEGMENT INFORMATION

Description of the Segment

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 the assessment, development and processing of minerals projects 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. The revenue for current year is generated from the mining and processing of tailings at the Peko mine site.

4. REVENUE AND EXPENSES

	2023 $	2022 (Restated) $
Loss before income tax includes the following items of revenue and expense:		
Other Income		
Interest income	3,020	285
Other income/(expense) (1)	12,634	(17,583)
	15,654	**(17,298)**
Revenue from continuing operations		
Revenue from contracts with customers (3)	6,725,691	854,758
	6,725,691	**854,758**
Expenses from continuing operations		
Operations (2)	(14,825,867)	(6,597,232)
Employee benefits	(5,665,215)	(2,005,744)
Depreciation	(1,462,631)	(793,327)
Impairment of property, plant & equipment	(923,124)	-
Corporate expenses	(534,427)	(308,421)
Finance & administration (4)	(6,751,552)	(2,758,424)
Share based payments	(146,248)	(316,941)
	(23,567,719)	**(11,942,630)**
Consolidated		
Goods transferred at a point in time	6,725,691	854,758
Services transferred over time	-	-

(1) Other income is made up of Government Covid support, Sub-licence fees, Loss on shares, Sale of scrap metal, Fuel tax credits and Insurance recoveries.
(2) The Company continued operations at the Peko Tails Project during the year.
(3) The Company received income the sale of ore processed on minerals projects in Australia.
(4) The finance and administration costs include interest, fees and charges credited to the loan accounts during the year..

5. INCOME TAX

	2022 $	2022 $
The major components of income tax are:		
Statement of profit or loss and other comprehensive income		
Current income tax	-	-
Deferred income tax	-	-
Income tax expense/(benefit) reported in the statement of profit or loss and other comprehensive income	-	-
(a) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	(23,567,719)	(11,942,630)
Tax at the Australian tax rate of 25% (2022: 25%)	**(5,891,930)**	**(2,985,658)**
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income:		
Others	94,171	120,387
Tax losses and timing differences not brought to account	(5,797,759)	(2,865,271)
Income tax expense /(benefit)	**-**	**-**
(b) Tax losses		
Unused tax losses for which no deferred tax assets has been recognised	54,200,780	49,396,649
Potential tax benefit at 25% (2022: 25%)	13,550,195	12,349,162
(c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	13,550,195	12,349,162
Other temporary differences	996,575	368,070
Deferred tax liabilities		
Other temporary differences (Interest income on inter-entity loans in foreign jurisdiction)	-	-
Net deferred tax assets not recognised	**14,546,770**	**12,717,232**

The deferred tax assets arising from these balances have not been recognised as an asset because recovery of tax losses is not probable at this point in time.

The potential tax benefit will only be obtained if the relevant Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and

(i) the relevant Company continues to comply with the conditions for deductibility imposed by the law; and
(ii) into changes in tax legislation adversely affect the relevant Company in realising the benefit.

6. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank and in hand	**2,094,243**	**45,330**

The Groups exposure to interest rate risk is disclosed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying value amount of cash and cash equivalents above.

7. TRADE AND OTHER RECEIVABLES

	2023 $	2022 (Restated) $
Current		
Trade receivables	21,887	-
Bridging Finance Receivable	50,000	-
Accrued Revenue	-	13,286
Prepayments (2)	246,356	126,176
GST refund	412,077	354,082
Other receivables (1)	174,410	38,251
	904,730	**531,795**
Non-current		
Security deposits	213,612	240,550
	213,612	**240,550**

(1) Other receivables generally arise from transactions outside the usual operating activities of the entity. The current balance primarily represents $37,500 acquired with the Peko Project and $124,409 payable upon conversion of the Bridge Loan via options. Refer Note 27.

(2) Prepayments relates to prepaid insurances.

8. 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.

i) AASB 16 related amounts recognised in the statement of financial position

Right of use assets

	2023 $	2022 (Restated) $
Leased building	268,792	268,792
Accumulated depreciation	(40,495)	-
	228,297	**268,792**
Leased plant and equipment	3,562,363	2,927,718
Accumulated depreciation	(1,575,967)	(727,621)
	1,986,396	**2,200,097**
Total Right of use asset	**2,214,693**	**2,468,889**

ii) AASB 16 related amounts recognised in the statement of profit and loss.

	2023 $	2022 (Restated) $
Depreciation charge related to right-of-use assets	1,385,558	753,454
Interest expense on lease liabilities	72,879	2,544

	2023 $	2022 $
Total cash outflows for leases	1,377,444	1,325,156

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $	Furniture and fixtures $	Computer equipment $	Peko Project Plant $	Total $
Year ended 30 June 2023					
Opening net book amount	7,723,373	3,345	9,408	-	7,736,126
Additions	2,562,018	-	-	923,124	3,485,142
Disposal/Written-off	(1,432,635)	-	-	-	(1,432,635)
Depreciation charge (note 4)	(69,790)	(2,038)	(5,245)	(923,124)	(1,000,197)
Closing net book amount	**8,782,966**	**1,307**	**4,163**	**-**	**8,788,436**
At 30 June 2023					
Cost or fair value	8,926,356	17,815	19,662	923,124	9,886,957
Accumulated depreciation	(143,390)	(16,508)	(15,498)	-	(175,396)
Impairment	-	-	-	(923,124)	(923,124)
Net book amount	**8,782,966**	**1,307**	**4,164**	**-**	**8,788,436**

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and equipment $	Furniture and fixtures $	Computer equipment $	Peko Project Plant $	Total $
Year ended 30 June 2022 (Restated)					
Opening net book amount	3,208,125	4,280	9,362	-	3,221,767
Additions	4,547,654	1,999	4,578	-	4,554,231
Disposal/Written-off	-	-	-	-	-
Depreciation charge (note 4)	(32,406)	(2,934)	(4,532)	-	(39,872)
Closing net book amount	**7,723,373**	**3,345**	**9,408**	**-**	**7,736,126**
At 30 June 2022 (Restated)					
Cost or fair value	7,796,973	17,815	19,662	-	7,834,450
Accumulated depreciation	(73,600)	(14,470)	(10,254)	-	(98,324)
Net book amount	**7,723,373**	**3,345**	**9,408**	**-**	**7,736,126**

During the year, Elmore executed agreements with Oz Professionals 4 Pty Ltd to purchase the Peko Project in the Northern Territory, which includes all of the Companies related to the project held by the previous owners. The purchase included plant and equipment held by the Companies related to the project. Refer to Note 11. This was fully impaired during the year.

In 2021 the Company ordered a ball mill from Christian Pfeiffr Group in Germany. An initial deposit of $442,260 was paid at that time. During the 2022 year the ball mill was received and the final payment of $988,800 was made. In March 2023, the ball mill was disposed of for $1,145,000.

10. FINANCIAL ASSETS

	2023 $	2022 (Restated) $
Current		
Loan to other corporations (1)	200,000	200,000
	200,000	**200,000**

(1) During the 2021 Financial year, the Company entered into 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.

As at the date of this report, this amount remained unpaid. Management is confident that this will recoverable (based on discussions with Territory Minerals management).

11. PEKO PROJECT MINE ASSET

	2023 $	2022 $
Acquisition of Peko Project	56,596,105	-
	56,596,105	**-**

During the year, Elmore executed agreements with Oz Professionals 4 Pty Ltd to purchase the Peko Project in the Northern Territory, which includes all of the Companies related to the project held by the previous owners. The Company held a General Meeting on 9 September 2022, where shareholder approval for the transaction was received ("**Peko Project Sale and Purchase Agreement**").

On 6 April 2023, the Company and the Vendor of the Peko Project 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.

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 Vendor Finance Agreement was amended subsequent to the year end.

The Companies acquired were:

- Peko Iron Project Pty Ltd
- Dhaab Mining Pty Ltd
- Frates Mining Pty Ltd
- Peko Gold Lending Pty Ltd
- ICA Mining Pty Ltd
- Peko Bull Pty Ltd
- Sitzler Savage Pty Ltd
- Peko Rehabilitation Project Pty Ltd

The acquisition of the Peko Project has been treated as an asset acquisition, rather than a business combination. This was on the grounds that the transaction met the "concentration test" within AASB 3 Business Combinations. The cost of the acquisition has therefore been allocated to the assets and liabilities acquired.

	$
<u>**Consideration to be paid**</u>	
Deferred cash consideration (12 Mth term)	30,000,000
Less cash acquired	-
Total cash consideration to be paid	**30,000,000**
20k oz. Gold Royalty Liability (Gross)	60,655,738
20k oz. Gold Royalty Liability (20% PV Discount)	(33,099,009)
20k oz. Gold Royalty Liability (Present Value)	***27,556,729***
Total consideration (cash & gold)	**57,556,729**

11. PEKO PROJECT MINE ASSET (Continued)

Oz Professionals Assets and Liabilities assumed at 6 April 2022	
Assets	
Other receivables and prepayments	37,500
Property, plant and equipment	923,124
Liabilities	
Other Liabilities assumed	-
Net assets acquired/(liabilities) assumed	**960,624**
Total FV of assets acquired allocated to Peko Asset	
Total consideration to be paid	57,556,729
Less: Net assets acquired/(liabilities) assumed	(960,624)
Total FV of assets acquired allocated to Peko Asset	**56,596,105**
Impact on statement of financial position from acquisition of Peko (Consolidated Entity)	
Asset - Peko Project	56,596,105
Asset - Other receivables and prepayments	37,500
Asset - Property, plant and equipment	923,124
Liability - 20k oz Gold Royalty Liability (Present Value)	(27,556,729)
Liability - OZ Professionals cash payable	(30,000,000)
Total	**-**

12. TRADE AND OTHER PAYABLES

	2023 $	2022 (Restated) $
Current		
Trade payables	7,482,221	3,100,483
Magnetite sale payable	792,503	-
Other payables	693,096	523,667
	8,967,820	**3,624,150**

Trade and other payables are non-interest bearing and generally settled on 7-180 day term. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Other payables represent salary and wages on costs, fringe benefits tax, payroll tax, insurance premium funding and accruals.

13. PROVISIONS

	2023 $	2022 (Restated) $
Current		
Annual leave (1)	420,140	199,943
	420,140	**199,943**
Non-Current		
Peko Gold Royalty Liability Assumed (Gross) (2)	60,655,738	--
Peko Gold Royalty Liability Assumed (PV Discount) (2)	(33,099,009)	-
Peko Gold Royalty Liability Assumed (Present Value)	27,556,729	-
	27,556,729	**-**

(1) The current portion for this provision includes the total amount for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

(2) On 18 July 2022, the Company entered into an agreement to purchase the Peko Project from Oz Professional 4 Pty Ltd. A key term of the contract is that 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.

Subsequent to year-end, the terms of the gold royalty arrangement were varied. Refer to Note 24.

14. BORROWINGS

	2023 $	2022 (Restated) $
Current		
Other financial liabilities	-	154,298
Borrowings – equipment finance	3,779	24,946
Borrowings – convertible note (1)	-	242,075
Borrowings – ICA creditors (2)	452,187	452,187
Borrowings – Avior Finance (3)	1,445,857	792,407
Borrowings – unsecured loan (4)	200,000	-
Borrowings – vendor finance (7)	30,900,091	-
Borrowings – investor loans (5)	10,410,892	-
Borrowings – bridge loan (6)	1,500,000	-
Borrowings – other	52,425	107,466
	44,965,231	**1,773,379**
Non-Current		
Borrowings – Avior Finance (3)	-	1,196,535
	-	**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 was:
- $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.
- Conversion rights subject to Shareholder approval.

$29,325 in interest was charged on this loan during the year.

14. BORROWINGS (Continued)

The total amount outstanding is to be repaid via the issue of shares as part of the Investor Loan facility, and the balance has been transferred to that account, refer to investor loans at point 5.

(2) As part of the Peko Iron Project earn-in-agreement which was signed in October 2021, Elmore has agreed to pay three nominated ICA's creditors $1,700,000 and waive $660,000 in management fees owing to Elmore in the year before.

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 agreements are:

- 6-month term, or such longer period as agreed by the parties.
- 10% interest rate.
- $1 per tonne royalty, pro-rata over a $6 million financing facility.
- If the outstanding amounts are repaid by January 30th, 2022, no royalty is payable. All relevant amounts where paid apart from those amounts in dispute at 30 June 2023. The amounts in dispute at 30 June 2023 have not been resolved subsequent to year end.

Post novation of the debts, the related equipment was transferred to Peko.

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

The terms of the Note 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. This loan has been repaid subsequent to year end on 5 December 2023.

(4) During the year ended 30 June 2023, 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

At the time of this report, this loan remained unpaid.

(5) In June 2023, the Company raised $11.505 million in funding via Investor Loans. Of this total, $6.205 million was advanced by investors upfront by way of loans, which, if shareholder and regulatory (including ASX) approvals are obtained, will convert, into shares in the Company at 0.75 cents per share. The remaining $4.8 million was settled via the conversion of existing debts owed by Elmore into equity at the Offer Price. The remaining $4.8 million was made up of $2.5 million owed to Oz Professional 4 Pty Ltd (refer to point 7) and $2.3 million owed to Polaris Engineering (refer to point 1).

The key terms of the loan agreements are:

- Interest free loans, which are automatically convertible into shares in the Company, on the same terms as the Placement 2 business days after the Company has obtained the relevant shareholder and regulatory approvals.
- One (1) option for every ten (10) shares issued with exercisable at 1.5 cents per share within 18 months of the date of issue.
- The Investor Loans will be unsecured and repayable in cash if by 31 August 2023, the Company has not obtained the relevant shareholder and regulatory approvals for the Raising. Elmore notes that if the relevant shareholder and regulatory approvals are not obtained, Elmore would likely source the funds required to repay the Investor Loans from the Pre-Payment amount with Royal Advance, or if it has not closed by 31 August 2023, an alternative source of funding would need to be sought prior to 31 August 2023.

14. BORROWINGS (Continued)

Subsequent to year-end, due to delays the terms of the investor loans 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 $6.205 million portion of the loan is a hybrid financial instrument with an equity and derivative liability component. The derivative liability is initially measured at fair value. The derivative liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the convertible note. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders equity in other reserves and is not subsequently remeasured.

The convertible note is presented in the balance sheet as follows:

	2023 $	2022 (Restated) $
Face value of notes issued	6,205,000	-
Value of conversion rights (refer to note 17)	(151,808)	-
Current liability	**6,053,192**	**-**

Aside from amounts disclosed above as measured at fair value, borrowings are classified as loans and are initially recognised at fair value net of transaction costs incurred. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the liabilities using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised.

The Group incurred $442,300 in costs associated with raising this loan. This amount has offset the loan and will be amortised over the life of the loan.

(6) To allow early access to the Placement funds, an investor will provide a separate bridging loan of $1.5 million ("**Bridge Loan**"). The key terms of the Bridge Loan include:

- Advance of $1.5 million, repayable upon settlement of the Placement or by 31 August 2023.
- Interest free, with a fee payable including the issue of 30 million options with an exercise price of 0.75 cents per option and an expiry date of 18 months from the date of issue.
- The issue of the options is subject to shareholder and regulatory approval, which will need to be obtained prior to 31 August 2023. If such approvals are not obtained, the Company is not obliged to issue the options.
- Subsequent, to the year end the agreement was extended until shareholder approval is obtained in January 2024 via an agreement between the parties.

(7) On 18 July 2022, the Company entered into an agreement to purchase the Peko Project from Oz Professional 4 Pty Ltd. The purchase was funded by a Vendor Finance Agreement. The key terms of the agreement were:

- An initial value of $30 million;
- 12-month term;
- Initial interest rate of 2.5% pa for 3 months (Initial Rate);
- Rate increased to 17.5%pa after the initial 3 months;
- All Interest payments will be capitalised to principal.

In June 2023, the Company and Oz Professionals 4 Pty Ltd restructured the vendor finance repayment terms such that $1.0 million will be paid from the Investor Loans and $15.0 million is payable on the earlier of the closing of the Pre-Payment or 31 August 2023.

Subsequent to year-end, the terms of the Vendor Finance Agreement were varied.

As part of the new funding arrangements entered into in June 2023, Oz Pro agreed to accept shares in lieu of repayment of $2.5 million as part of the Debt Conversion. The Debt Conversion is subject to shareholder approval. The outstanding balance has been reduced by $2.5 million, and this amount has been transferred to the Investor Loan. Refer to Note 14(5). The repayments of the majority of the balance will align with the planned magnetite shipments, starting on 1 January 2024 with a maturity date of 30 June 2025 (Refer to note 24).

15. LEASE LIABILITIES

	2023 $	2022 (Restated) $
Current		
Lease liabilities	980,429	998,208
	980,429	**998,208**
Non-current		
Lease liabilities	1,310,514	1.494.869
	1,310,514	**1,494,869**

Refer to Note 8 for Right of Use Assets.

16. CONTRIBUTED EQUITY

	2023 $	2022 $
Share capital		
Fully paid ordinary share capital	98,405,106	90,798,294
Option reserve included in share capital	506,007	506,007
	98,911,113	**91,304,301**

	2023 No.	2022 No.
Share capital		
Fully paid ordinary share capital	1,399,383,826	830,713,642
	1,399,383,826	**830,713,642**

Movements in ordinary share capital:

Details	2023 Number of shares	Issue price	2023 $
Opening balance	830,713,642		90,798,294
Issue of Shares – issued in relation to February and April 2022 Convertible Notes (1)	133,073,864	$0.02	-
Issue of shares – issued at $0.03 (2)	145,000,000	$0.030	4,350,000
Issue of shares – issued at $0.016 (3)	248,537,500	$0.016	3,916,600
Issue of shares – share based payments (4)	22,058,820	$0.000	-
Issue of shares - conversion of unsecured loan (5)	20,000,000	$0.013	250,000
Balance as at 30 June 2023	**1,399,383,826**		**99,314,894**
Less equity raising cost for the period (6)	-		(909,788)
Balance as at 30 June 2023	**1,399,383,826**		**98,405,106**

(1) Shareholder approval for the conversion of Convertible Notes was granted on 29 June 2022. The notes converted into 133,073,864 ordinary shares on 15 July 2022. Refer to points (9) and (10) below.

(2) The company raised $4.350 million for 145,000,000 shares under existing approval to existing significant shareholders.

16. CONTRIBUTED EQUITY (Continued)

(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 year.
(5) 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.
(6) 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 27.

Details	2022 Number of shares	Issue price	2022 $
Opening balance	668,113,642		82,386,964
Issue of Shares – issued at $0.02 (7)	150,000,000	$0.02	3,000,000
Issue of Shares – issued at $0.029 (8)	12,600,000	$0.110	1,383,582
Issue of Shares – issued in relation to February Convertible Note (9)	63,636,364	$0.022	1,400,000
Issue of Shares – issued in relation to April Convertible Note (9)	-		2,657,563
Balance as at 30 June 2022	**830,713,642**		**90,828,109**
Less equity raising cost for the period	-		(29,815)
Balance as at 30 June 2022	**830,713,642**		**90,798,294**

(7) The company raised $3 million for 150,000,000 shares under existing approval to significant shareholders.
(8) On 10 March 2022, the company issued 12,600,000 shares to Convertible Note holders in satisfaction of interest to be paid at 20% upfront.
(9) Refer to Note 14: Borrowings for further details on Convertible Note. Shareholder approval for the conversion of the Note was granted on 29th June 2022. This note converted into 63,636,364 ordinary shares subsequent to the year end on 15th July 2022.
(10) Refer to Note 14: Borrowings for further details on Convertible Note. Shareholder approval for the conversion of the Note was granted on 29th June 2022. This note converted into 69,437,500 ordinary shares subsequent to the year end on 15th July 2022.

Ordinary shares
Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

Capital Risk Management
The Group considers its capital to comprise its ordinary share capital, share premium and accumulated losses.

The Group's objective when managing capital is to safeguard the ability to continue as a going concern and to provide returns for shareholders and benefits for other stakeholders and to maintain capital structure to reduce the cost of capital.

The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios as the Group has not derived any income from operations and there are no debt facilities in place with such covenants.

16. CONTRIBUTED EQUITY (Continued)

Options Reserve

	2023 $	2022 $
Options reserve	**506,007**	**506,007**
Movement:		
Balance at beginning of the financial year	506,007	506,007
Fair value options expense	-	
Balance at the end of the financial year	**506,007**	**506,007**

The options reserve records items recognised as expenses on valuation of option based payments.

17. OTHER RESERVES

	2023 $	2022 $
Share based payment reserve	3,760,997	3,076,548
Asset revaluation reserve	1,185,000	1,185,000
Convertible note reserve	151,808	-
	5,097,805	**4,261,548**
Movement:		
Share Based Payment Reserve		
Balance at beginning of the financial year	3,076,548	2,759,607
Fair value option expense	684,449	316,941
Balance at the end of the financial year	**3,760,997**	**3,076,548**
Asset Revaluation Reserve		
Balance at beginning of the financial year	1,185,000	1,185,000
Revaluation	-	-
Balance at the end of the financial year	**1,185,000**	**1,185,000**
Convertible Note Reserve		
Balance at beginning of the financial year	-	-
Convertible note issued	151,808	-
Balance at the end of the financial year	**151,808**	**-**

Share Based Payment Reserve

The share-based payment reserve records items recognised as expenses on valuation of employee and consultant share options.

Asset Revaluation Reserve

The asset revaluation reserve Is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

Convertible Note Reserve

The other reserve covers the equity component of the issued convertible notes. The liability component is reflected in Borrowings. For the year ended 30 June 2023 the equity component of convertible notes issued was $151,808 (2022: $nil).

17. OTHER RESERVES (Continued)

The $6.205 million portion of the loan is a hybrid financial instrument with an equity and derivative liability component. The derivative liability is initially measured at fair value. The derivative liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the convertible note. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders equity in other reserves and is not subsequently remeasured.

The convertible note is presented in the balance sheet as follows:

	2023 $	2022 (Restated) $
Face value of notes issued	6,205,000	-
Value of conversion rights (refer to note 14(5))	(151,808)	-
Current liability	**6,053,192**	**-**

Aside from amounts disclosed above as measured at fair value, borrowings are classified as loans and are initially recognised at fair value net of transaction costs incurred. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the liabilities using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised.

18. ACCUMULATED LOSSES

	2023 $	2022 (Restated) $
Balance at beginning of the financial year	(93,630,243)	(81,687,613)
Loss after related income tax	(23,567,719)	(11,942,630)
Balance at the end of the financial year	**(117,197,962)**	**(93,630,243)**

19. DIVIDENDS

No dividends have been declared or paid during the year.

20. AUDITORS' REMUNERATION

	2023 $	2022 $
Amounts paid/payable for audit and for review of the financial statements for the entity or any entity in the Group		
- BDO Audit (WA) Pty Ltd	44,328	129,834
- Nexia Perth Audit Services Pty Ltd	217,074	-
Total auditor's remuneration	**261,402**	**129,834**

21. CONTINGENT LIABILITIES

Peko Bull Claim

Elmore advised that it has been served with a statement of claim by Gibbins Investments Pty Ltd (**Gibbins**) in the Federal Court against Elmore and its related entities, Peko Bull Pty Ltd (**Peko Bull**) and Sitzler Savage Pty Ltd (**Sitzler Savage**). Gibbins' complaints arise from its assertions that it is owed money (**periodic payments and royalties**) pursuant to a term sheet, that Peko Bull has repudiated agreements (which arose from agreements dated prior to Elmore's acquisition of Peko Bull in January 2023), and that it is entitled to call upon its security, being the shares in Sitzler Savage. Elmore is reviewing the statement of claim, taking legal advice on the claims made by Gibbins and intends to defend those claims. Elmore will update the market when it is in a position to do so after completing this process.

The claim made by Gibbins may result in litigation, and if proven, may impact adversely on the Company's operations, financial performance and financial position.

Roytech Global Claim

Elmore advises that it has been served with a statement of claim by Roytec Global in the District Court of Western Australia against Elmore and its subsidiary, Peko Iron. Roytec Global's complaints arise from its assertions that it is owed money pursuant to a novated supply agreement and a services agreement.

Elmore has engaged counsel and, together with its counsel, is reviewing the statement of claim and gathering background information. Subject to legal advice on the Roytec Global Claim, Elmore intends to defend the Roytec Global Claim.

Elmore will update the market as soon as it becomes aware of material information in relation to the Roytec Global Claim in accordance with its continuous disclosure obligations.

As a consequence of the Roytec Global Claim, Elmore is exposed to legal defence costs, and potential liabilities regarding the payments claimed.

There are no other contingent liabilities as at 30 June 2023 (30 June 2022: nil).

22. RELATED PARTY TRANSACTIONS

Related Party Information

(a) Parent Entity

The parent entity within the Group is Elmore Limited.

(b) Subsidiaries

Interest in subsidiaries is set out in Note 23.

(c) Key management personnel compensation

	2023 $	2022 $
Short-term employee benefits	619,000	495,000
Post-employment benefits	34,125	32,500
Share-based payments	26,248	316,941
	679,373	**844,441**

Further information regarding the identity of key management personnel and their compensation can be found in the Remuneration Report – Audited contained in the Directors' Report which forms part of this Annual Report.

(d) Transactions with other related parties during the year

There were no loans provided to key management personnel during the year.

There were no transactions with related parties during the year other than disclosed above.

23. SUBSIDIARIES

Entity	Country of Incorporation	2023 %	2022 %
Peko Iron Project Pty Ltd	Australia	100	100
Dhaab Mining Pty Ltd	Australia	100	-
Frates Mining Pty Ltd	Australia	100	-
Peko Gold Lending Pty Ltd	Australia	100	-
ICA Mining Pty Ltd	Australia	100	-
Peko Bull Pty Ltd	Australia	99	-
Sitzler Savage Pty Ltd	Australia	99	-
Peko Rehabilitation Project Pty Ltd	Australia	99	-

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Magnetite Pre-Payment and Offtake Agreement

On 23 October, the Company entered into binding agreements with Royal Advance which are for a Pre-Payment of up to US$11.0 million (circa A$17.3 million) and an offtake agreement for the supply of magnetite iron ore.

The key terms of the Pre-Payment are summarised below:

- The initial Pre-Payment advance is for US$5.5 million (circa A$8.7 million) which is available for drawdown in three tranches:
  - Tranche 1: US$2.0 million which was received on 20 October 2023
  - Tranche 2: US$1.5 million upon entry into the agreed security documents
  - Tranche 3: US$2.0 million on 14 days' notice of drawdown.
- An additional US$5.5m is uncommitted and can be advanced at the option of Royal Advance within 90 days of signing of the agreement ("**Pre-Payment Increase Option**").
- The advance will attract an interest rate of 9.00% per annum, paid quarterly.
- Term of 2 years from Tranche 1 drawdown. Elmore can pre-pay the principal outstanding of the Pre-Payment at any time, and any unpaid balance is due, with accrued interest, on the maturity date.
- Repayments are to be made by way of Royal Advance withholding a percentage of the amount payable by it for magnetite purchases under the Offtake Agreement. The percentage varies over time commencing at 6.0% and increasing to 12.0% after 1 April 2024, and if the Pre-Payment Increase Option is exercised, it will increase to 24.0%.
- Repayments are also subject to a bi-annual minimum amount of US$750,000 (or US$1.5 million upon exercise of the Pre-Payment Increase Option). Where the principal and interest paid in accordance with the Pre-Payment arrangement in any such bi-annual period is less than the minimum amount, a cash top-up will be required to meet this minimum repayment amount.
- The Pre-Payment is secured and Elmore is required to enter into the required security documents within 21 days of executing the Pre-Payment.

The key terms of the Offtake Agreement are summarised below:

- Royal Advance will purchase magnetite produced from the Project tailings operations for the term of the Pre-Payment advance.
- Beginning on 1 July 2024, Royal Advance will have the right to the magnetite offtake up to the first 110,000 wet metric tonnes ("**wmt**") for each 6-monthly period ("**Shipping Target**").

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

- In addition, subject to certain exceptions, Elmore has committed to deliver an amount equal to the Shipping Target, over 2 years. The exceptions include force majeure and the ability to suspend the operations where the reference iron ore price is below US$80 (circa A$126)[3] per tonne, among others. For the 6 months beginning 1 January 2024, the Shipping Target is reduced to 70,000 wmt, to allow for mine ramp up.
- Minimum shipment sizes are 30,000 wmt +/- 10% shipping tolerance. The Shipping Target (post ramp up) therefore envisages 7 or 8 shipments in a 12-month period.
- By mutual arrangement Elmore may sell magnetite product to Royal Advance in excess of the Shipping Target or sell to a third party.
- Pricing terms are confidential, but they are reflective of market terms using published indexes, with discounts applicable for product quality and impurities.

Vendor Finance Restructure

On 23 October 2023, the Company entered into a term sheet signed with Oz Pro which sets out key commercial terms to vary the existing vendor loan ("**Loan Variation**") and an amended gold royalty arrangement ("**Royalty Restructure**").

The terms of the Loan Variation are summarised below:

- The existing vendor loan balance will be split across two new loans:
  - **VF Loan 1**: US$5.5 million
  - **VF Loan 2**: The remainder of the vendor finance, estimated at approximately $24.8 million.
- Interest will be charged on the balance of each loan individually and will accrue at 9.00% and 12.00% on VF Loan 1 and VF loan 2 respectively (together, the "**VF Loans**"). Interest will be cash paid on a quarterly basis.
- As announced to the ASX on 22 June 2023, Oz Pro will convert A$2.5 million of its debt into shares in Elmore once the necessary regulatory and shareholder approvals are obtained. The amount of which will be deducted from the balance of VF Loan 2. The balance of VF Loan 2 above has been derived by taking the total expected loan balance (including accrued interest) as at 31 October of approximately $36.0 million, and reducing it by the amounts to be applied to VF Loan 1 and equity conversion.
- Beginning 1 January 2024, repayments will apply to VF Loan 2 as a percentage of the value of magnetite shipments. Up until the Shipping Target, the percentage will initially be 6.5% and increase to 13.0% on 1 April 2023. If the Pre-Payment Increase Option is exercised, the percentage will decrease to 1.0%. 25.0% of the value of magnetite shipments above the Shipping Target will be used to repay VF Loan 2.
- The maturity date of the VF Loans is 30 November 2025. Elmore can pre-pay the principal outstanding at any time with any pre-payments to be first applied to VF Loan 2.
- The VF Loans will share security with the Pre-Payment.

The terms of the Royalty Restructure are summarised below:

- Commencing on 1 January 2025, Elmore will pay a net smelter revenue royalty to Oz Pro of 15.0% on gold and 10.0% on copper and cobalt.
- The royalty will apply to all gold, copper and cobalt revenues capped at 20,000 ounces of gold equivalent. The cap will be subject to an inflationary indexation adjustment based on the timing of royalty payments relative to a target schedule and a cash top-up obligation will apply to ensure Elmore meets the indexed cap by 30 June 2030.
- There will be no quarterly minimums.

This replaces the existing royalty of 25% of gold ounces produced, subject to a minimum payment of 900 ounces per quarter.

[3] Converted at 0.635 AUD:USD exchange rate.

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

On 29 November 2023 the company executed binding documentation with Royal Advance to satisfy all conditions subsequent for completion of the Pre-Payment facility agreement and executed binding agreements with Oz Professionals in line with the terms of the Vendor Finance Restructure set out above.

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. The Company entered into binding agreements with Oz Professionals on 29 November 2023 and is planning to settle the November Investor Loans on or around Tuesday 5 December 2023.

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 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.

Bridge Loan Conversion

The Bridge Loan was for a total of $1.5 million, and has since accrued $312,500 in extension fees, such that a total of $1.81 million (approximately) is owed by Elmore under the Bridge Loan.

It has been agreed to convert the $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 2024.

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

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 $1.5 million will be settled upon shareholder approval at the Company's 2023 AGM to be held in January 2024.

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.

25. CASH FLOW INFORMATION

(a) Reconciliation of loss after income tax to net cash flow from operating activities

	2023 $	2022 (restated) $
Operating loss after tax	(23,567,719)	(11,942,630)
Adjustment for;		
Depreciation and amortisation	2,385,755	793,326
Loss on disposal of plant and equipment	431,261	-
Equity-settled share based payments	146,248	316,941
Right to use asset interest	72,879	125,858
Finance costs	4,652,944	1,532,420
Lease paid	(183,230)	244,940
Expected credit losses	-	-
Bridge loan receivable	50,000	-
Debtors transferred to plant and equipment		-
Changes in assets / liabilities		
- (increase) /decrease in other receivables	(162,355)	(547,102)
- (decrease) /increase in provisions	220,197	114,323
- decrease /(increase) in other financial assets	-	88,370
- (decrease) /increase in trade and other payables	5,294,999	2,965,205
Net cash flow used in operating activities	**(10,659,021)**	**(6,308,349)**

Non-cash finance costs included interest, and fees and charges credited to the loan accounts during the year.

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year other than:

i) Acquisition of Peko Project Mine Asset – refer Note 11

26. LOSS PER SHARE

Basic loss per share

	2023 ¢	2022 (Restated) ¢
Continuing operations	(1.92)	(1.58)
Total continuing and discontinued operation	(1.92)	(1.58)

Diluted loss per share not disclosed as it does not increase loss per share.

Loss for the year attributable to the ordinary equity holders of the Company used in calculating basic loss per share

	2023 $	2022 (Restated) ¢
Loss from continuing operation for the year	**(23,567,719)**	**(11,942,630)**
Loss from total continuing and discontinued operation for the year	**(23,567,719)**	**(11,942,630)**

Weighted average number of shares used as the denominator

	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	1,228,011,058	755,769,187

27. SHARE-BASED PAYMENTS

Set out below are summaries of options granted:

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number *	Forfeited / lapsed during the year Number	Vested and Exercisable at end of year Number	Not Vested and Exercisable at end of year Number
2023								
02/03/2021	31/03/2023	$0.05	6,000,000	-	-	6,000,000	-	-
12/04/2021	02/03/2024	$0.03	10,500,000	-	-	-	10,500,000	-
09/02/2022	06/02/2025	$0.05	2,000,000 i	-	-	-	2,000,000	-
22/08/2022	21/08/2025	$0.06	-	29,000,000 ii	-	-	29,000,000	-
Total			**18,500,000**	**29,000,000**	**-**	**6,000,000**	**41,500,000**	**-**
Weighted average exercise price			$0.04	$0.06	-	$0.05	$0.05	-

i. 2,000,000 options were agreed in 2022 and formerly approved in 2023, $43,189 was recognised as a share-based payment expense in 2022.

ii. 29,000,000 options were issued were issued to the joint lead managers of a placement in 2023. As a result an equity raising cost of $413,792 in relation to the options to be issued has been recognised.

27. SHARE-BASED PAYMENTS (Continued)

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number *	Forfeited / lapsed during the year Number	Vested and Exercisable at end of year Number	Not Vested and Exercisable at end of year Number
2022								
02/03/2021	31/03/2023	$0.05	6,000,000	-	-	-	6,000,000	-
12/04/2021	02/03/2024	$0.03	10,500,000	-	-	-	10,500,000	-
09/02/2022	06/02/2025	$0.05	-	2,000,000 (3)	-	-		2,000,000
Total			**16,500,000**	**2,000,000**	**-**	**-**	**16,500,000**	**2,000,000**
Weighted average exercise price			$0.037	$0.05	-	-	$0.037	$0.05

iii. 2,000,000 options were agreed in 2022, but have not yet been approved. $43,189 was recognised as a share-based payment expense in 2022.

Weighted average contractual life of share options outstanding at the end of the period was 2.5 years (2022: 2.5 year).

Share-based payments recognised during the financial year:	2023 $	2022 $
Options issued – senior management options fair value expense	-	43,189
Options issued – broker options fair value equity raising cost	413,792	-
Performance rights issued - senior management performance rights fair value expense	26,248	273,752
Shares issued – senior management shares fair value expense	120,000	-
Options issued – options issued in relation to Bridge Loan	124,409	-
TOTAL	**684,449**	**316,941**

Options

No options have been granted as part of remuneration arrangements during the year ended 30 June 2023 (2022: 2,000,000).

Broker Options

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 $	$0.031
Exercise price $	$0.06
Expected volatility	93%
Expiry date	21 August 2025
Expected dividend yield	Nil
Risk free rate	3.22%
Valuation per option $	$0.0143

27. SHARE-BASED PAYMENTS (Continued)

The entire value has been recognised in the year ended 30 June 2023. As a result an equity raising cost of $413,792 in relation to the options to be issued has been recognised.

Conversion Options

On 22 June 2023, Elmore raised $1,5 million via a separate bridging loan of $1.5 million ("**Bridge Loan**"). Refer to note 14. The key terms of the Bridge Loan include a fee payable including the issue of 30 million options with an exercise price of 0.75 cents per option and an expiry date of 18 months from the date of issue.

The issue of the options is subject to shareholder and regulatory approval, which will need to be obtained prior to 31 August 2023. If such approvals are not obtained, the Company is not obliged to issue the options.

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	30,000,000
Valuation date	16 June 2023
Underlying spot price $	$0.008
Exercise price $	$0.075
Expected volatility	105%
Expiry date	14 December 2024
Expected dividend yield	Nil
Risk free rate	4.281%
Valuation per option $	$0.0041

Accordingly $124,409 has been recognised in the year ended 30 June 2023 as a prepaid facility fee been recognised of $124,409 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 year ended 30 June 2023. The performance rights were converted to shares on 23 December 2022.

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 year ended 30 June 2023.

28. PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of Financial Position	2023 $	2023 $
Current assets	16,334,814	777,125
Total Assets	26,203,509	8,098,557
Current Liabilities	21,324,122	6,867,596
Total Liabilities	21,324,122	6,867,596
Shareholders' Equity		
Share Capital	98,911,113	91,304,301
Reserves	5,097,805	4,261,548
Accumulated losses	(91,602,239)	(93,557,763)
Loss for the year	(7,527,292)	(11,870,150)
Total equity	4,879,387	2,008,087

29. RESTATEMENT OF COMPARITIVES

During the 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 year ended 30 June 2022. The nature of each adjustment is presented in the table below:

Consolidated statement of profit or loss and other comprehensive income

	30 June 2022 Previously Reported $	Peko Iron (i) $	Leases (ii) $	Total Adjustment $	30 June 2022 Restated $
Operational expenses	(5,163,615)	(1,433,617)	-	(1,433,617)	(6,597,232)
Depreciation & Amortisation	(749,817)	(481,620)	438,110	(43,510)	(793,327)
Finance & administration	(2,668,396)	(90,028)	-	(90,028)	(2,758,424)
Impairment of assets	(1,494,675)	1,494,675	-	1,494,675	-
Loss from continuing operations before income tax	**(11,870,150)**	**(510,590)**	**438,110**	**(72,480)**	**(11,942,630)**
Income tax expense	-	-	-	-	-
Loss from continuing operations after income tax	**(11,870,150)**	**(510,590)**	**438,110**	**(72,480)**	**(11,942,630)**
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half-year	**(11,870,150)**	**(510,590)**	**438,110**	**(72,480)**	**(11,942,630)**
Basic loss per share attributable to ordinary equity holders (cents)	(1.57)				(1.58)

29. RESTATEMENT OF COMPARITIVES (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.

29. RESTATEMENT OF COMPARITIVES (Continued)

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.

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).

29. RESTATEMENT OF COMPARITIVES (Continued)

(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 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.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) The consolidated financial statements and notes set out on page 27 to 73, are in accordance with the Corporations Act 2001, including:

   i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of their performance for the financial year ended on that date;

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

c) The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Russell Baskerville
Chairman
Elmore Limited
Dated 7 December 2023

Nexia Australia

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Independent Auditor's Report to the Members of Elmore Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Elmore Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

Without modifying our opinion, we draw attention to Note 1(b) to the financial report, which indicates that as at 30 June 2023, the Group was in a net liability position of $13,189,044 and a working capital deficit position of $52,134,647 and that the Group will be required to generate additional cash inflows by way of revenue from the Peko Iron Project and to secure additional debt and/or equity funding to meet its planned operation and administration expenditure for a period of at least twelve months from the date of this report. In addition, the Group needs to successfully receive shareholder approvals at the Company's annual general meeting, proposed to be held on 15 January 2024, for the conversion to equity of debt or debt like instruments in the form of Loan Notes, Debt Conversion agreements and Bridge Loan conversion agreements as disclosed in Note 1 (b). These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nexia Australia

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Acquisition of Peko Project Mine Asset *(Refer to note 11- Peko Project Mine Asset)* During the year, the Company executed agreements with Oz Professionals 4 Pty Ltd to purchase the Peko Iron Project in the Northern Territory ("the Acquisition"), which includes all of the companies related to the project held by the previous owners. The consideration includes a cash component as well as deferred consideration in the form of royalty payments. A critical step in determining the appropriate accounting approach to be followed for an acquisition in the mining industry is to determine whether the acquisition is that of a business (and therefore within the scope of AASB 3 *Business Combinations*), or is an acquisition of an asset or group of assets that do not constitute a business and is therefore outside the scope of AASB 3 *Business Combinations*. The difference in the accounting for the Acquisition as a business or an asset is material and could significantly impact the recognition and measurement of amounts reported in the consolidated financial statements and the related disclosures. The Group accounted for the Acquisition as an asset acquisition. Due to the significance of the amounts involved and the judgement applied in determining whether the Acquisition was a business combination or an asset acquisition as well as the judgement required in assessing the deferred consideration, the Acquisition of Peko Iron Project is considered a key audit matter.	Our procedures included, amongst others: • Obtaining and reviewing the executed agreements to understand the terms and conditions of the Acquisition; • Reviewing the management assessment of the proposed accounting treatment of the Acquisition; • Agreeing key terms of agreements utilised in management's assessment; • Challenging key assumptions made by management in its assessment of accounting treatment; • Assessing the terms and assumptions used in the calculation of deferred consideration; • Testing the calculations of the deferred consideration; • Holding discussions with management's expert and assessing their independence, competence and capability; and • Assessing the adequacy of the relevant disclosures within the financial statements.
Leasing arrangements and Prior period error *(Refer to notes 29- Restatements comparatives)* In October 2020 and January 2021 as well as well as during the year ended 30 June 2023, the Group entered into several finance leases with an independent third party. At the end of these initial leases term, the finance company sold the equipment under lease and the Group purchased it. The Group immediately entered into new leases with the same finance company for the same equipment.	Our procedures included, amongst others: • Obtaining an understanding of the transactions by inquiries with management and review of significant terms in the sale and lease agreements; • Assessing management's assessment on the lease and lease back transaction; • Testing the calculation in terms of the financial and lease liability components of the lease and lease back arrangement;

Following an assessment of the accounting treatment, it was determined that this transaction represents a lease and lease back arrangement and as such the amounts received are to be recognised as a financial liability under AASB 9 *Financial Instruments* or AASB 16 *Leases.* As such, we noted the Group incorrectly applied AASB 16 *Leases* and thus incorrectly accounted for this transaction in prior periods, resulting in an overstatement of the Right of Use Asset and the Lease Liability. This also resulted in an overstatement of the subsequent amortisation in the June 2022 financial statements. In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors,* the prior periods have been restated to correctly account for these transactions. Due to the judgement applied in determining the lease and lease back is accounted as per AASB 9 Financial Instruments and 16 Leases as well as the significance of the amounts affecting the prior periods in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, this is considered as a key audit matter.	• Ensuring the impact to prior years are calculated correctly; and • Assessing the adequacy of the relevant disclosures within the financial statements.
Investment in Peko Iron Project Pty Ltd and Prior period error *(Refer to notes 29- Restatements comparatives)* The Company had 100% ownership in Peko Iron Project Pty Ltd from the date of the incorporation, being July 2021. In terms of AASB10 *Consolidated Financial Statements*, it was determined that the Company has control over the operations of the Peko Iron Project and had to consolidate Peko Iron Project Pty Ltd. Due to the judgement applied in determining the accounting for the investment in Peko Iron Project Pty Ltd as well as the significance of the values affecting the prior periods in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, this is considered as a key audit matter.	Our procedures included, amongst others: • Reviewing all the agreements in place to obtain an understanding of the terms and conditions related to management and control of the Peko Iron Project; • Discussing with management the current status of the agreements and obtaining an update on the Peko Iron Project; • Obtaining an assessment from management on the accounting treatment of the investment in Peko Iron Project Pty Ltd; • Reviewing the assessment against agreements and other information available as well discussions had with management; and • Reviewing the appropriateness of the disclosures in the financial statements in respect to restatement for the prior periods to assess compliance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.
Convertible Notes ***(Refer to notes 14 – Borrowings)*** In June 2023, the Company raised $11.5 million of which $6.205 million comprise of loans from investors. If shareholder and regulatory (including ASX)	Our procedures included, amongst others: • Verifying the key terms of the convertible notes to the underlying board approvals and agreements;

approvals are obtained this loan will be convert into shares in the Company at 0.75 cents per share. Due to the judgement applied and in determining the convertible note as per *AASB 132 Financial instruments Presentation* as well as the significance of the values, this is considered as a key audit matter.	• Assessing management's fair value calculation for the reasonableness of the assumptions made; and • Checking the accuracy of the disclosures of convertible notes in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the Annual financial report is located at the Australian Auditing and Assurance Standards Board website at:

https://auasb.gov.au/auditors_responsibilities/ar1.pdf.

This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 23 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Elmore Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

N.P.A.S.

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen
Director

Perth
7 December 2023

ASX ADDITIONAL INFORMATION

The securities exchange information set out below was applicable as at 1 December 2023.

Distribution of Holders of Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Unlisted Options
1 to 1,000	610	-
1,001 to 5,000	553	-
5,001 to 10,000	308	-
10,001 to 100,000	802	-
100,001 and over	726	10
	2,999	**10**

Twenty Largest Holders of Quoted Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Percentage
BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	91,257,052	6.52%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	83,238,979	5.95%
BASKERVILLE INVESTMENTS PTY LTD <BASKERVILLE FAMILY A/C>	62,968,035	4.50%
TWYNAM INVESTMENTS PTY LTD	58,824,789	4.20%
UBS NOMINEES PTY LTD	40,000,000	2.86%
ICE COLD INVESTMENTS PTY LTD	38,725,000	2.77%
CITICORP NOMINEES PTY LIMITED	38,192,945	2.73%
SB & ET HOLDINGS PTY LTD	25,625,000	1.83%
SB & ET HOLDINGS PTY LTD <THRG HOLDINGS UNIT A/C>	25,000,000	1.79%
CHAMBOUR CHILDREN PTY LTD <CHAMBOUR CHILDREN SMSF A/C>	18,943,737	1.35%
MR CHRISTOPHER DYLAN JUDD & MRS REBECCA JANE JUDD <JUDD SUPER FUND A/C>	18,875,000	1.35%
MR ROBERT VINCENT CARPENTER	17,241,421	1.23%
MRS LORRAINE ELIZABETH BASKERVILLE & MR GLENN THOMAS BASKERVILLE <LORRAINE BASKERVILLE S/F A/C>	16,931,818	1.21%
QUATTROPORTE PTY LTD <LUX DE VIVRE A/C>	16,187,500	1.16%
GFS SECURITIES PTY LTD <GLENFARE SUPER FUND A/C>	15,600,000	1.11%
MRS SARAH LARISSA MENDELAWITZ <THE THREE TOMAHAWKS A/C>	15,000,000	1.07%
THREE ZEBRAS PTY LTD <JUDD FAMILY A/C>	14,001,169	1.00%
MR BRODIE ROYDEN YULL	13,073,419	0.93%
MR PETER IAN RICHARDS	11,684,963	0.84%
MR PETER WILLIAM KERRISK	10,939,059	0.78%
Totals	**632,309,886**	**45.18%**
Total issued capital - selected security class(es)	**1,399,383,826**	**100.00%**

ASX ADDITIONAL INFORMATION (Continued)

Substantial Shareholding

As at 1 December 2023, the substantial holders of the Company's share capital where:

Holders of Equity Securities	Ordinary Shares	Percentage
BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	91,257,052	6.52%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	83,238,979	5.95%

Number of Holders of Equity Securities

Ordinary Share Capital
There are 1,399,383,826 fully paid ordinary shares on issue, held by 2,999 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

Options/rights over Unissued Ordinary Share Capital
There are no listed options on issue. Listed options do not carry a right to vote.

There are 47,500,000 unlisted options on issue, held by 10 individual holder. Unlisted options do not carry a right to vote.