



## MARKET UPDATE

May 29<sup>th</sup>, 2020

### KEY POINTS

- Mr Tim Webster joins the Board as Non-Executive Director
- Mobile plant established at Frances Creek
- Peko Tailings Project planning has commenced
- Gold Valley Iron Pty Ltd in liquidation
- Elmore's Singaporean and Indian subsidiaries divested

Elmore Ltd (ASX: ELE, "the Company") is pleased to provide an update on the Company's progress.

### NEW NON-EXECUTIVE DIRECTOR

Mr Tim Webster has joined the Board of Elmore in the capacity of Non-Executive Director. 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.

More recently, Mr Webster has been assisting Elmore with engineering and design oversight of the development of the Company's new Ball Mill modular foundation system as detailed in the market update 14 Jan 20.

### FRANCES CREEK

Elmore mobilised its crushing and screening plant to Frances Creek in late March, consistent with the previously announced expected April start date. The plant will be used to crush low-grade iron ore stockpiles and later to process direct ship grade iron ore (DSO). The low-grade material will be upgraded using ore-sorter and dense media separation (DMS) plants, both of which are the responsibility of Trendsheer. The first of 2 ore sorters has now arrived on site and will be commissioned soon. Elmore remains on standby at a rate of \$200,000 per month plus GST, effective from March 1<sup>st</sup>.

# ELMORE

Elmore and Trendsheer have also agreed to vary the contract to a fixed rate of \$200,000 per month plus GST, for which Elmore will provide the crushing circuit and management oversight for the crushing, screening, beneficiation and maintenance personnel. This variation has now been executed and obligates Trendsheer to be responsible for all operating and maintenance costs associated with the plant, while also providing Elmore with more certainty of cashflows, independent of when the ore-sorter and DMS is commissioned.

Our crushing equipment can subsequently be used for processing gold ore and as such the previously announced terms with regards to gold processing still stand.



*Elmore's crushing and screening plant established at Frances Creek.*

## **PEKO TAILINGS PROJECT**

ICA Mining (ICA) has finalised funding for its Peko Tailings Project (Peko) which has allowed Elmore to commence preparations towards processing of both iron ore and gold later in the year. Pursuant to the contract with ICA, as of May 1<sup>st</sup> Elmore is entitled to be paid a monthly standby rate of \$200,000 plus GST. In the interests of both parties, Elmore is offering ICA for this fee to be restructured such that we will now provide additional project management services, including but not limited to, geology, safety, security and product marketing for no extra cost to ICA. This is in addition to the originally planned oversight of design, procurement and construction of ICA's magnetite processing facilities. Separately, Elmore is continuing to design and develop its mobile gold plant.

## **GOLD VALLEY IRON**

Gold Valley Iron Pty Ltd (GVI) was placed into liquidation after administrators KordaMentha found no viable way to bring GVI out of administration and its iron project back into operation.



As the principal secured creditor, Elmore is working with the liquidators to allow the process of securing and distributing assets to proceed.

#### **DIVESTITURE OF SUBSIDIARIES**

Elmore has completed the divestiture of its Singaporean subsidiary and as a result, the Indian subsidiary, including all liabilities.

After the failure of Benita Industries to meet agreed conditions, an agreement was made on materially similar terms with the Goode Family Trust (GFT), controlled by former CEO/Managing Director, Cedric Goode. GFT now owns all of the shares in the former Singaporean subsidiary (ISIO) and thus control of ISIO's Indian Subsidiary (NSL MRI) for:

- \$1 and agreement to pay the outstanding balance owed to Huate for the WHMS and LIMS that were bought for the Indian P3 expansion, and
- Using best endeavours to secure of the WHMS and LIMS for Elmore's future use.

As part of the agreement Elmore has agreed to cover ISIO's Singaporean corporate costs for the next 6 months; this is expected to be around \$20,000.

#### **MANAGING DIRECTORS COMMENT**

Elmore's Managing Director Mr David Mendelawitz commented:

*"I am very pleased with the progress that we have made given the challenges we have faced, brought about by the failures of Benita Industries and Gold Valley Iron to honour contractual commitments, and more recently, issues and delays caused by COVID-19.*

*We have now resolved many of the issues that have held us back over the last 12 months or so and are now looking forward to an exciting period for the Company as we generate revenues from both Francis Creek and Peko. In support of this, we have strengthened our Board with the addition of Tim Webster and look forward to him being a part of the team.*

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