

Elsmore Resources Limited

Level 13, 370 Pitt Street, Sydney NSW 2000
Phone 612 9267 0004 Fax 612 9267 0009

21 July 2014

The Manager, Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

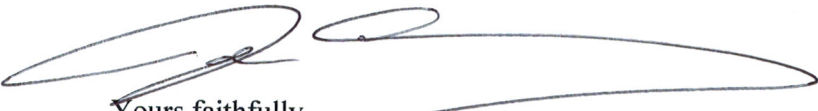
ELSMORE RESOURCES LTD (Elsmore)

Update on Legal Proceedings Commenced by and Against the Company

Elsmore Resources Limited (ASX:ELR) wishes to announce with immediate effect that further to the Company's update on 13 May 2014, the Company advises that enforcement investigations continue in relation to the judgment for \$1,859,035.00 plus interest and costs obtained on 12 May 2014 against Mr Ashley Howard, Periwinkle Investments Pty Ltd and HF Global Corporate Financial Solutions Pty Ltd. Investors will recall from the Company's update on 13 May 2014 that the Company was also pursuing an application for summary judgment against the Third Defendant, Mr Harry Fung. That application was heard on 14 July 2014 and judgment delivered on 18 July 2014, dismissing the application for summary judgment. The Company will now file a Statement of Claim against Mr Fung and pursue judgment in the ordinary way at a final hearing.

The Company also advises that proceedings against it have been commenced on 1 July 2014 in the Federal Court of Western Australia, styled 'Domenico Minniti v Elsmore Resources Limited & Tong Hong Chung' and bearing proceedings number WAD191/2014. The claim alleges various contraventions of the *Corporations Act 2001* (Cth), the *Australian Securities and Investments Commissions Act 2001* (Cth), the *Australian Competition and Consumer Law Act 2010* (Cth) and *Australian Consumer Law* (WA) and (NSW), said to arise from the reversal of a transfer of shares in the Company to Mr Minniti in or about November 2013. The claim seeks damages and/or compensation for the alleged conduct. Damages are claimed at large, but include a particularised component claim for an asserted \$1,212,345.00. The Company is considering its position and will defend the proceedings. The proceedings are listed for first directions on 24 July 2014.

Further updates will be provided in due course and Elsmore Resources Limited (ELR) shares continue to remain in suspension, as previously announced.



Yours faithfully,
ELSMORE RESOURCES LTD
John Gaffney
Chairman/Company Secretary