

Elsmore Resources Ltd

Suite 141, 243 Pyrmont Street
Pyrmont NSW 2009
Ph 612 9518 8777
Fax 612 9518 9999

FOR IMMEDIATE RELEASE QUARTERLY ACTIVITIES REPORT.

31 July 2014

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

ELSMORE RESOURCES LTD (Elsmore)

Elsmore Resources Ltd (ASX: ELR) is pleased to provide its third quarterly activities report and Quarterly Activity Statement since being admitted to the official list of the ASX on 23 December 2013.

Highlights

Elsmore continues processing plant upgrade.

Quarterly Cash Flow Report. (Appendix 5b)

For the quarterly period ended 30 June 2014 the Company reported a net operating cash outflow of \$124,000. Cash at the end of the quarter was \$15,000.

The Company has been made aware that, between 21 January 2014 and 20 February 2014, at the purported direction of Mr Howard (the former Chairperson of the Company), the Company's share registry has issued 19,385,230 additional fully paid shares in the Company. The Company has not received any payment from any of the holders of these shares. The issue of the shares exceeds the amount that the Company is entitled to issue without obtaining shareholder approval.

The Company is presently in discussions with the holders of these shares, in order to determine whether any payment for the shares made, either at all, or to any third party.

Subject to the responses received from the holders of the shares and further investigations, the Company is also considering its position in relation to the potential liability of any third party/(ies) in relation to the issue of the shares and/or payment for the same.

The Director's have taken a prudent approach and provided for the amount of the Share Issue of \$3,877,046 being 19,385,230 at 20 cents as no funds have been received by the Company for the Unauthorised Share Issue as at 30 June 2014.

This will result in a Second Half Loss of approximately \$4m for the Company, resulting in the Company having negative Net Liabilities of approximately \$3.5m as at 30 June 2014.

Additional material required pursuant to Listing Rule 5.3

In accordance with Listing Rule 5.3.1 the Company states as follows:-

Elsmore Resources Limited (ELR) The Company holds the following Exploration Licence's (EL's) and Mining Lease (ML) interests in the New England Region of New South Wales approximately 25km's South East from the township of Inverell:-

Number	Status	Holder	Grant Date	Expiry Date
7177	EL (granted)	ELR	15.8.2008	15.8.2014 (renewal sought)
8005	EL (granted)	ELR	31.10.2012	31.10.2014
8178	EL (granted)	Sorolao Developments	17.10.2013	17.10.2016
8181	EL (granted)	Auramatrix Pty Ltd	17.10.2013	17.10.2016
8135	EL (granted)	ELR	08.7.2013	8.7.2016
881	Mining Lease (granted)	ELR	1.10.2008	30.9.2013 (renewal sought)

Pursuant to Listing Rule 5.3.2 and 5.3.3 the Company states as follows:-

- A. That the Group has started exploration activities and activities in respect to production and development and has incurred expenditure of \$46,000 in respect to exploration production and or development activities during the quarter ended 30 June 2014;

- B. That it has not disposed of or acquired any tenements in the quarter ended 30 June 2014 save that Company has entered into contract in December 2013 to acquire the following tenements interests pursuant to binding agreement with Torian Resources Ltd (ASX: TNR) whereby ELR will purchase 100% of the Vendors right title and interest in ML 6153, ML 1058, ML1059, ML5904, ML1083 and ML 1232 in New South Wales; and on the same terms of the Vendors Right Title and Interest in, ML 70066, ML70094, ML70095, ML70096, ML70133 ML70133 in Queensland.

Yours faithfully

ELSMORE RESOURCES LTD

Joseph Chung

Executive Chief Executive Officer

For further information please contact:

Mr Joseph Chung

CEO Elsmore Resources Ltd

Tel: 612 9267 0004

Email info@elsmoreresourceltd.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Elsmore Resources Ltd

ABN

35 145 701 033

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors		1
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(46) (72)	(183) (141)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received		5
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (Legal fee re court proceedings)	(109)	(169)
Net Operating Cash Flows		(227)	(487)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(10)	(380) (199)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(10)	(579)
1.13	Total operating and investing cash flows (carried forward)	(237)	(1,066)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(237)	(1,066)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,877	6,458
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	113	343
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (IPO/shares proceeds recoverable through legal proceedings)	(3,877)	(5,736)
	Other (Recovery of share issue cost)		17
	Net financing cash flows	113	1,082
	Net increase (decrease) in cash held	(124)	16
1.20	Cash at beginning of quarter/year to date	139	(1)
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	15	15

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	Nil
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	625	546
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	35
4.2 Development	
4.3 Production	
4.4 Administration	30
Total	65

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	15	139
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	15	139

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	NSW	EL6196	Nil
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference	N/A		
7.2	*securities (description)			
7.2	Changes during quarter	N/A		
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	116,130,860	62,793,081	
7.4	Changes during quarter			
	(a) Increases through issues	19,385,230	19,385,230	\$0.20
	(b) Decreases through returns of capital, buy-backs			\$3,877,046 (funds not yet received)

+ See chapter 19 for defined terms.


Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities (description)	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	Options (description and conversion factor)	N/A		Exercise price	Expiry date
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)	N/A			
7.12	Unsecured notes (totals only)	N/A			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not*~~ (delete one) give a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 31 July 2014

Print name:Joseph Chung.....

+ See chapter 19 for defined terms.