

Elsmore Resources Limited

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

13 February 2015

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

Dear Sir

ELSMORE RESOURCES LTD (ELR)
QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014

Please find attached Quarterly Activities Report for the quarter ended 31 December 2014.

As a result of the Company holding an EGM on 23 January 2015 to cancel the Unauthorised Shares, the directors decided to delay the release of the Quarterly Reporting for September and December 2014 period, until the Unauthorised Share matter had been resolved with the cancellation of the Unauthorised Shares effective 9 February 2015.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Richard Hill', with a stylized flourish at the end.

Richard Hill
Director

Elsmore Resources Ltd

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FOR IMMEDIATE RELEASE QUARTERLY ACTIVITIES REPORT

12 February 2015

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

ELSMORE RESOURCES LTD (Elsmore) – FOR THE QUARTER ENDED 31 DECEMBER 2014

Elsmore Resources Ltd (ASX: ELR) is pleased to provide its fifth 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 31 December 2014 the Company reported a net operating cash inflow of \$10,015. Cash at the end of the quarter was \$19,205.

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 exceeded the amount that the Company is entitled to issue without obtaining shareholder approval.

Following an in-depth investigation, the Company has confirmed the identity of the majority of the holders of the unauthorised shares and the number of shares held by each.

After discussion with certain holders of the unauthorised shares, it was agreed that the unauthorised shares should be cancelled by way of a selective capital reduction. As no consideration was received by the Company for the unauthorised shares, the Company proposed to effect the selective capital reduction for no consideration.

The Company now advised that both the Class Meeting and the General Meeting held on 23 January 2015 each of the required special resolutions were passed. The Company filed a notice with ASIC to cancel 19,385,230 shares, the effective date of which was 9 February 2015. This has been treated as a post balance date event in the annual report for the year ended 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	15.7.2008	15.7.2014 (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)	Joan & Colin Rynne	1.10.2008	30.9.2018
MLA 471	Mining Lease Application	ELR		

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 \$46,997 in respect to exploration production and or development activities during the quarter ended 30 September 2014;

B. That it has not disposed of or acquired any tenements in the quarter ended 31 December 2014.

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 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(47) (66)	(47) (66)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other – June 2014 prepaid expense adjustment reclassified from cash on hand in the accounts of the controlled entity	(6)	(6)
	Net Operating Cash Flows	(119)	(119)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(2)	(2)
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	(2)	(2)
1.13	Total operating and investing cash flows (carried forward)	(121)	(121)

+ 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)	(121)	(121)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	115	115
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	115	115
	Net increase (decrease) in cash held	(6)	(6)
1.20	Cash at beginning of quarter (as per June 2014 Appendix 5B)	15	15
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	9	9

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

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	1,050	790
3.2 Credit standby arrangements	N/A	

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	30
4.2 Development	
4.3 Production	
4.4 Administration	170
Total	200

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	10	10
5.2 Deposits at call		
5.3 Bank overdraft	(1)	(1)
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	9	9

+ 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	N/A		
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 securities (description)	N/A		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A		

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.3	+Ordinary securities – Before selective capital reduction on 23 January 2015 See Item 7.4 below After selective capital reduction	116,130,860	62,793,081		
		<19,385,230>	-		
		96,745,630	62,793,081		
7.4	Changes during quarter (a) Increases through issues (between 21 January 2014 and 20 February 2014) (b) Decreases through returns of selective capital reduction on 23 January 2015	19,385,230	19,385,230	\$0.20	\$3,877,046(funds not received)
		<19,385,230> (Item 7.3)	<19,385,230>	\$0.20	<3,877,046>
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		<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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: 12 February 2015

Print name:

.....Joseph Chung.....

+ See chapter 19 for defined terms.