For personal use only

ELMORE

ACN 057 140 922

Annual Report

for the year ended
30 June 2022

CONTENTS PAGE

CORPORATE DIRECTORY 1
CHAIRMAN'S LETTER 2
DIRECTORS' REPORT 3
AUDITOR'S INDEPENDENCE DECLARATION 33
CORPORATE GOVERNANCE STATEMENT 34
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 35
CONSOLIDATED STATEMENT OF FINANCIAL POSITION 36
CONSOLIDATED STATEMENT OF CASH FLOWS 37
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 38
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 41

For personal use only

For personal use only

CORPORATE DIRECTORY

Directors	D Mendelawitz *Managing Director / Chairman* N Senapati *Non-Executive Director* T Webster *Non-Executive Director* A Haslam *Non-Executive Director*
Company Secretary	S P Henbury
Registered Office	Armada Accountants & Advisors 18 Sangiorgio Court Osborne Park WA 6017 Telephone: (08) 6165 4000 Facsimile: (08) 6165 4067
Corporate Office	4/66 Belgravia Street BELMONT WA 6000 Telephone: (08) 6323 2310 Email: info@elmoreltd.com.au
Web Site Address	www.elmoreltd.com.au
Share Registry	Automic Registry Services Level 2, 267 St Georges Terrace PERTH WA 6000 Telephone: (08) 9324 2099
Auditors	BDO Audit (WA) Pty Ltd Level 9 Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000 AUSTRALIA
Stock Exchange Listing	Elmore Limited's shares and options listed on the Australian Securities Exchange Australian Securities Exchange Share Code: ELE

For personal use only

CHAIRMAN'S LETTER

Dear Shareholders,

To say that this financial year was a big one for our small but developing company would be defined as an understatement.

Having re-instated the Company onto the ASX boards only a few months before the beginning of the year with the Peko project as a consultancy agreement, throughout the year this transitioned into a management agreement and then soon after the end of the Financial Year,, Elmore bought the project against a Vendor Finance Facility.

During this time, our team re-designed the project, constructed, commissioned and ramped up the process plant, fully staffed the project, arranged all the logistics, mobile equipment and negotiated an off-take agreement.

The Company achieved this with a stretched balance sheet and during the COVID-19 pandemic, which resulted in hard border closures between our Head Office, the Western Australian yards where we fabricated components of the process plant and the actual project located in the Northern Territory. With the company experiencing unprecedented supply chain and labour issues, parts and equipment shortages and cost escalation, the team worked through all these challenges and still achieved our goal. This was done with a very small team of dedicated staff and contractors, who went the extra mile, including a few staff who did over 8 months away from home in difficult conditions.

Peko has now taken shape as an asset that will form the cornerstone of Elmore's future as a contractor and now project owner. The project is forecasted to produce healthy cashflows for 6-8 years and has scope to expand through the processing of in-ground resources.

Meanwhile, we are still moving forwards with other projects and are undertaking preliminary works for our next project in Far North Queensland which is to develop the Northcote project. We are progressing with the mine design, environmental licencing and our new Ball Mill has arrived in Perth, Western Australia, which will be skid mounted for ease of mobilisation and site installation. We already own the mobile crushing plant that will be positioned so as to feed the Ball Mill and, after the ball mill, we will only need to source some flotation cells to complete the circuit.

We are very much looking forward to demonstrating our vision of providing a large, moveable process plant to the World and firmly believe that it will strongly support our balance sheet and add value to our shareholders.

This Financial Year was significant for our Company, albeit very challenging, and we are confident that the 2022-2023 Financial Year will prove the merit of the teams hard work and will be equally, if not more, impressive.

I thank all old and new shareholders for their continued support.

David Mendelawitz
Chairman

For personal use only

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 2022.

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:

Peter Richards	Chairman and Non-Executive Director (Resigned 23rd December 2021)
David Mendelawitz	Managing Director/CEO (Appointed Chair 23rd December 2021)
Nik Senapati	Non-Executive Director
Tim Webster	Non-Executive Director
Andy Haslam	Non-Executive Director (Appointed 9th February 2022)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the assessment, development and processing of minerals projects 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

KEY MILESTONES ACHIEVED

Peko Project

- Elmore executed shareholder and mining agreements with ICA Mining ("ICA") to take over management of the Peko Magnetite, Gold, Copper and Cobalt project("Peko") in the Northern Territory for a combination of fees and equity.
- All plant and equipment designed and procured.
- The plant was mounted onto moveable structures in Elmore's facilities in Western Australia, significantly reducing construction time and cost.
- All major contractors were selected and contracts were finalised.
- Construction of plant civils, structural and equipment installation completed.
- Reticulation of electrical circuits and piping were completed after suffering delays due to COVID restrictions
- Port handling and stevedoring contract executed with Linx Port Services
- Darwin Port access and minerals storage lease contracts were executed, providing certainty over product storage and handling prior to shipping.
- Half-height sea containers and materials handling equipment secured.
- Significant development in determining best path to recover gold, copper and cobalt.
- Stage 1 of Peko Magnetite Process plant construction completed with magnetite material introduced into the plant
- Peko Magnetite plant commissioned
- All logistics components in place
- First product moved to Darwin Port
- Connection to scheme water to allow commercial production to begin
- Production of magnetite commenced at Peko
- Optimisation of plant and production continued through the reporting period

For personal use only

- 24/ 7 operations and full staffing achieved on site
- Product being railed to Darwin port stockpile
- Average grade of magnetite circa 65-66% Fe achieved
- Copper and Cobalt concentrate products produced through laboratory work and marketing of product commenced
- Purchase of 100% of Peko Project negotiated with owners during the reporting period and executed post the end of the period
- Offtake agreement negotiated through the year and executed post the end of the reporting period
- No reportable safety incidents for the year

Territory Minerals Project

- Territory Minerals Far North Queensland project ("TMNQ") metallurgy was confirmed by Elmore and project design and licencing being undertaken by the Company continued.
- Processing and Management contract expanded
- Under the agreement Elmore will design, permit, provide processing equipment and funds in exchange for 50% of profits from the circa 250k ounce Northcote project
- Elmore will manage all mining, processing and product sales for the project
- Focused on preparing mine plans and environmental permits
- Water monitoring drilling programme completed

Ball mill purchase

- Christian Pfeiffer completed the manufacturing of Elmore's new ball mill and shipped it to Australia. The mill has been manufactured in Europe and China specifically for Elmore's requirements.

Corporate

- Mr Andy Haslam joins Elmore's Board as a Non-executive Director and Mr Peter Richards resigned as Chairman due to his significant workload on other appointments. Mr David Mendelawitz, Elmore's Managing Director took the role of Acting Chairman.
- Elmore re-financed the Company's mobile crushing and screening plant to assist in financing Peko.
- Elmore executed an agreement with the major creditors of ICA to satisfy the condition of the agreement with ICA.
- The Company completed a A$3.0 million placement offer of 150,000,000 new, fully paid ordinary shares ('New Shares') to sophisticated and institutional investors ('Placement') at an issue price of $0.02 per New Share ('Offer Price').
- Funds raised through note supported by major shareholders
- $2.5 million dollars raised by issue of a Convertible Note to a number of existing funds and sophisticated investors. All notes have subsequently been converted to shares.
- The Company entered into funding agreements with Avior to a total of $2.7m

OPERATIONS

THE PEKO PROJECT

The Company's main focus was on progressing the Peko project near Tennant Creek in the Northern Territory.

For personal use only

Expansion of Scope of Elmore Contract with ICA

Prior to the 2021/2022 Financial Year, Elmore had been working on the Peko project under a design and assist consultancy agreement throughout 2020. During this period the Company executed final binding documents with ICA in line with the previously announced Binding Memorandum of Understanding to significantly expand the scope of the previous agreement.

Key Terms

Under the agreement, Elmore was to complete the construction of stage 1 of the project, which involves installation of the processing equipment required to extract saleable magnetite from the tailings stockpile.

In exchange, Elmore was entitled to 25% direct equity in two entities formed to house the Peko tailings magnetite ("Peko Iron") and Metals ("Peko Metals") projects and will be granted an exclusive right to mine and process.

Elmore was to manage all elements of these operating entities and will have two (2) Directors on the entity's Boards, whilst ICA will have one (1). A monthly management fee of $150,000 was to be paid by the Peko Iron to Elmore, in addition to a royalty of $US2 per tonne of saleable magnetite.

Funding of Elmore's Commitment to the Project

To complete the Peko Iron project and earn the equity in both projects contemplated by the agreement, Elmore has providing the following during the 2022 financial year:

- Payment of unpaid invoices owed by ICA Mining to three equipment providers.
- Provision of project management services utilising existing Elmore staff.
- Provision of steel required to complete the mounting of process equipment. Elmore will be using some of its significant high quality steel inventory salvaged from the Company's Frances Creek process plant.
- Remaining goods and services required.

The Company initially commenced seeking a debt instrument to fund the project, though held back when the iron ore prices declined during the year so as to be able to refine the project and allow the iron ore prices to settle whilst all project associated agreements were executed.

Post the end of the Financial Year (reporting period), Elmore has subsequently executed an agreement to purchase 100% of Peko against a Vendor Finance Package.

Project Development

The decision was made to install the process plant required for the first stage of production at Peko as skid mounted and moveable. This decision was made to reduce the impact of border closures and travel restrictions related to the current COVID pandemic. This strategy will also have the added result of reducing the environmental impact on the site, as all equipment can be easily removed at the end of the project. Elmore fabricated skid mounted structures using excess steel that the Company had from the deconstruction of the Company's crushing and screening plant from the Francis Creek site, which reduced cost, lead time and environmental impact. The Francis Creek plant has been re-designed as a moveable plant using the remaining steel and the Company will look to deploy the plant in the medium term.

The first stage of production from Peko is focused solely on liberating and selling magnetite ore. Although iron ore has seen significant negative price movements this year, the Peko project will be producing a product that trades at a significantly higher price to the more traditional hematite ores produced. Elmore had many approaches by buyers seeking to buy the product from Peko.

The Company selected all contractors to operate the project and executed contracts with them during the reporting period.

The second stage of Peko will involve producing copper, cobalt and gold. Peko tails is approximately 3.75 million tonnes and has an average gold grade of just over 1 gram per tonne. Elmore undertook test-work

to design processing plan to recover this gold, and currently estimates that it will be able to recover approximately 60% of the total gold contained in the Peko tailings. Whilst the gold grade may not seem high, the fact that the ore has already been ground to an average size of 106 micron and that many of the operating costs for gold extraction will be covered by magnetite processing, enables the project economics to be highly favourable

The tailings also host significant copper and cobalt. During the period, Elmore developed a plan to recover the water soluble copper and cobalt. The Company entered the reporting period believing that gold would be the second product to be produced following magnetite, though ended the period elevating cobalt to second, copper to third and gold to forth. The Tailings also contain significant bismuth, but to date Elmore has not worked on Bismuth recovery from the project.

Steel Skid for the screw-press (to be inserted in centre of top level)

For personal use only

For personal use only

Peko Tailings (circa 500m x 400m x 9-12m high)

Aerial view of process plant

In the last quarter of 2021 the Company completed the installation of all processing equipment to enable it to extract high grade magnetite concentrate. This process suffered delays due to the travel and work restrictions put in place by both the Western Australian and Northern Territory government in their efforts to slow the spread of COVID 19. Electrification and commissioning of the plant was undertaken through the first quarter of 2022.

For personal use only

Logistics Contracts

Elmore negotiated and executed an agreement with OneRail (now Aurizon) to provide rail carriage via the intermodal rail service. The contract allows for up to 52 containers to be sent on 5 services per week, totalling approximately 350,000 tonnes per annum of product from Tennant Creek siding to Darwin Port.

In Quarter 4, 2021 contract was executed with Linx Port Services, where Linx will provide port handling and stevedoring services for the project. The company has also hired or procured and commenced mobilising to site all the required sea containers and material handling equipment in preparation for the first ore on train.

In the same quarter, Elmore and Darwin Ports executed the two agreements required to allow Peko's magnetite product to be stored and moved through the port of Darwin.

Half height sea containers stored ready to move product

Two (2) Ceramic Disk Filters for de-watering final product

During the first Quarter of 2022 the Company reached a several significant milestones on the Peko project, including completing construction of the magnetite process plant, commissioning the plant, dispatching trial train loads of magnetite to Darwin and commencement of plant optimisation.

During the reporting period the Company commenced commercial production by connecting to scheme supplied water, piped from the Tennant Creek bore field to exchange from using water that was brought to site in trucks to commission the plant. The scheme water is delivered to site via an existing buried 200mm buried PVC pipeline. Subsequent to the water supply being turned on by Northern Territory Power and Water, the line has required significant attention to rectify major leaks and damage to deliver a steady state water supply.

For personal use only

Process water tanks, mixing tanks, cyclone and magnetic separator tower in the background

Plant front end fully commissioned

For personal use only

First magnetite product produced out of commissioned magnetic separators

Commissioning of final stage of plant (dewatering ceramic disc filters) near completed

Containers of Magnetite being loaded onto truck for transport to rail siding approx. 20km away

First train ready for departure

For personal use only

For personal use only

Magnetite product in Darwin Port Minerals Shed

Production of magnetite commenced at Peko and significant progress towards reaching steady state production at the target annualised rate was achieved. The Company met sufficient punch-list milestones to gain confidence that the target will be achieved in the near term.

Most encouraging for Elmore was that through the quarter the average grade of magnetite product produced was circa 65-66% Fe with low contaminants. The Company believes that it may be possible to increase this grade, given the ramp up learnings and identified inefficiencies of the plant during this period of optimisation. These results demonstrate that Peko will produce a premium product that will sell for above the regularly published index.

Main Magnetite Product on Site Ready to be loaded into Containers to be Sent to Port

Additional Product Stockpiles on Site Ready to be Loaded into Containers

For personal use only

For personal use only

Magnetite Product Stockpiles in Darwin Port

Optimisation of Process and Project

The key areas of focus that required work near the end of the reporting period to allow the plant to reach the target production rate were:

Water Supply

Following the connection to scheme water, the pipeline suffered a number of significant failures due to the fact that it had not been used or maintained for around a decade and is buried and was unable to be inspected before the water was reconnected. Replacement pipe and fittings were not available locally and took significant time to source from interstate.

Near the end of the reporting period, the pipeline demonstrated reliability and spare parts were able to be sourced and stored on site in the event of a future failure event.

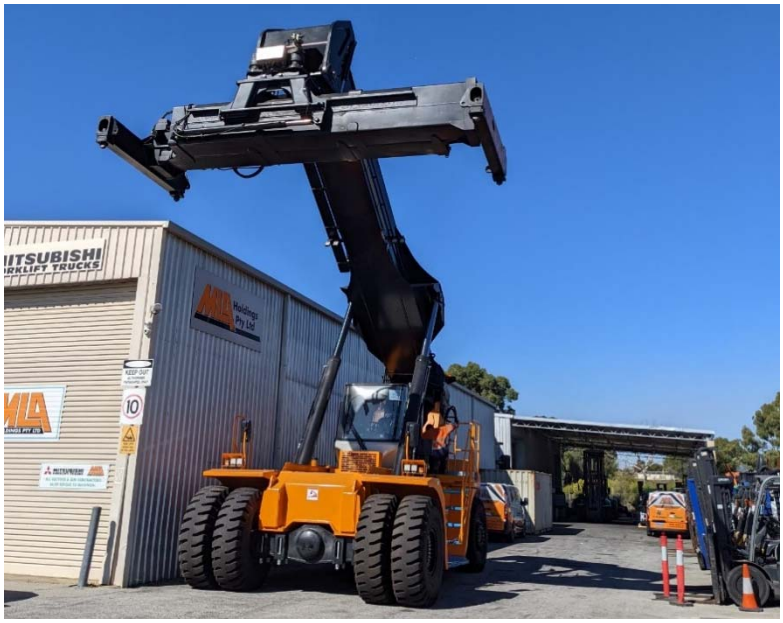
Mechanical availability/ redundancy of mobile equipment for loading containers.

The current environment of skills shortages and supply chain delays had a material effect on the ability to quickly repair mobile equipment such as front-end loaders and forklifts required to fill containers with product and load them on trucks. An example of this was the Company's 37 tonne forklift that took 2 months to diagnose a fault and then source the required part from Sydney.

The most difficult task was the addition of a reach-stacker required to provide redundancy to the 37-tonne forklift. This unit was ordered in 2021 for delivery December 2021/ January 2022 and arrived 5 months late due to well publicized COVID related shipping delays. The Company had no spare mobile plant on site, so when mobile plant was out of service, the process plant also had to be shut down, leading to lower production rates. The reach-stacker is now operational on site.

For personal use only

The Company is increasing the level of spare parts and technical servicing ability on site and commenced introducing redundancy into the fleet.



Reach-stacker (Prior to Delivery)

Sea Containers

Delivery of product from site to port was slow due, in part, to the fact that not all of sea containers contracted by the Company had been delivered to site due to outstanding bank guarantees required by Elmore and its client ICA. This had a major impact on the rail cycle.

Following the end of the year and subsequent to the execution of the agreement to purchase ICA, Elmore came to an agreement with the container provider and the additional containers required are now being progressively sent from Townsville and started arriving on site to add to the rail circuit.

Ceramic Disk Filters

The Company had installed two (2) Ceramic Disk Filters (CDFs) within the process for de-watering magnetite product before it is stockpiled and sent to Darwin. One of these units was commissioned prior to the end of the reporting period. Whilst the one unit has demonstrated that it can achieve an instantaneous output rate of 40% above the total target production rate of the total plant, the units quickly block up and need cleaning, thus reducing plant availability and output. With the recommended and ideal cleaning method being a nitric acid washing system, the Company ordered components for a nitric acid wash system in August last year but only received the required parts after the end of the reporting period. To overcome this issue, during the year a range of practices were used to try and clean the filters however none of these practices were found suitable or efficient.

Staffing

The Peko operations are now running 24/7. This took most of the first half of 2022 to achieve, whilst the Company sourced and trained staff. The Company had initially expected to be flying staff in and out of either Western Australia or Queensland to meet its requirements, but instead opted to source as many staff locally as possible, given the site is only around ten minutes drive from town. The local staff content at the end of the reporting period was at circa 80% and increasing. Whilst the level of experience in many of the staff was lower than first targeted and training has taken time to raise the level of competency of the inexperienced operators, Elmore is proud of the progress that the team has made and delighted to be forming a strong team of local operators.

For personal use only

The project suffered significant lost staff time due to flu and COVID outbreaks in Tennant Creek and on occasions, has had to halt production because of this. As more local operators meet the Company's competency requirements, this will relieve the pressure on site and provide coverage to the team.

Safety

There were no reportable accidents or incidents in the year.

Offtake

The project has attracted very strong interest from steel mills and traders seeking to purchase the product from Peko.

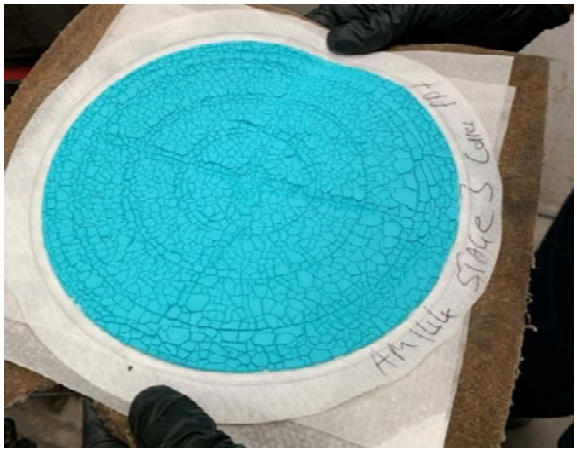
The Company negotiated with a number of potential off-take partners. Following the end of the reporting period the Company executed an offtake agreement with Royal Advance (HK) on the following terms.

- The sales price will be based on the PLATTS 65% Fe index price minus 1%
- The price will be based on a Dry Metric Tonnes Unit base, ie pro-rata to the contained iron (meaning that higher grade product will sell for a higher price)
- Impurity variables are based on standard PLATTS impurity variables
- The off-take will cover the first 2 shipments, with Elmore/ Peko iron having the option to extend to off-take out to 12 months. Royal Advance are interested in taking all of the product produced over the life of mine, though both parties are taking a conservative approach until steady state production and product quality are achieved.

  Payment terms:
  - 40% of sales price (based on 65% base product) received against lots of 7,500 tonnes being stored in Darwin Port, with these first payments relating to the first shipment now locked in at $US155.76 per tonne (corrected against market price on arrival in China).
  - 55% of sales price received as product is loaded onto a ship in Darwin
  - Final 5% received (allowing for positive or negative corrections from base specification) after final product quality confirmed after shipment

Copper and Cobalt

During the 2022 financial year, Elmore completed test work and desktop studies to determine the optimal processes for recovering gold, copper and cobalt from the tailings. Previously the company was focused on only the magnetite and gold. Following the work that has been done, Elmore is now expects in a position to recover copper and cobalt in the near to mid-term, prior to focusing on gold. Subsequent the end of the Financial Year, Elmore bought plant to extract copper and cobalt and is targeting commissioning of the plant during H1, 2023.



Copper carbonate (left) and cobalt sulphide (right) products

For personal use only

TERRITORY MINERALS

About Territory Minerals and the Northcote Project

+ Project is approximately 100kms west of Cairns, Qld.
+ The project has approximately 3 million tonnes of gold bearing mineralization defined over 11 "pits" of shallow for approximately 230,000 ounces (at circa 2 gram per tonne average).
+ Tregoora Project is centred 130 km north west from Cairns and 100 km west-northwest from Mareeba and covers approximately 305 square kilometres.
+ Northcote Project is centred 25 km west of Mareeba, 100 km west from Cairns and approximately 80km south of the Tregoora Project.
+ Target commencement of production 2023

Territory Minerals is an unlisted Public Company that also has a suite of other tenements in the region. These tenements include the Tregoora Project area, that hosts a similar gold resource to the Northcote Project.

During the reporting period Elmore negotiated an expanded scope of engagement with Territory Minerals. The agreement requires Elmore to complete the mine and process design and approvals to enable the commencement of mining and processing at Northcote, subject to approvals and positive studies. Elmore plan to use a mobile crushing and screening plant currently owned by the Company, along with the Elmore's new ball mill that is now in Perth, along with a flotation circuit that the Company will procure after the final process has been signed off.

Details of the agreement were announced on April 20th, though in summary are:

- Elmore will fund and manage all remaining elements required to design and license the Northcote Gold and Antimony Project, West of Cairns.
- Elmore will provide, at no cost though retain ownership of, a moveable processing plant.
- Elmore will provide up to $2 million working capital after licencing has been finalised and the plant is established (this funding is not needed now).
- Elmore will manage all mining, processing, and product sales.
- Operating costs will be recovered and then all free-cash will be divided 50/50 between Elmore and Territory.

The Company funded a drilling programme that was undertaken to monitor ground water as part of the Environmental Management Planning.

Six (6) holes were drilled for a total of 336m. One (1) of the holes was abandoned due to ground conditions.

Elmore also funded geological block models prepared by an independent Geologist so that they could be used for mine planning purposes.

The next step is to correlate metallurgical test-work with the block models to determine if there are any gaps in the data set and conclude the process flow, water requirements and site general arrangements.

The agreement covers "Northcote Public Resource Authority Reports ML20525 ML 20526 " granted for a term of 15 years from 24th February 2022 to 28th February 2037

<u>At this stage, Elmore is not involved in the development of Territory's other major project, being the Tregoora Project.</u>

For personal use only

BALL MILL PURCHASE

During the reporting period Elmore's new ball mill was manufactured and shipped to Australia. The mill has been manufactured by the Christian Pfeiffer Group in Europe and China specifically for Elmore's requirements.

The mill will be assembled in Western Australia and be equipped as a skid mounted mill to be used on Elmore's proprietary modular foundations.

The mill is planned to be used in conjunction with Elmore's currently owned mobile crushing and screening plant in the Territory Minerals gold and antimony projects in Far North Queensland next year.

With a power rating of 1.15 mW, to the best of Elmore's knowledge this will be the biggest moveable ball mill in the world. Part of the proceeds of this raise will be used to make the final payment on the mill and bring it to Australia.

The Ball Mill Shell During Construction

For personal use only

Tim Webster with Ball Mill Shell in Henderson, Western Australia

CORPORATE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

At reporting date, the Company incurred a total comprehensive loss after interest, taxation, depreciation, amortisation and impairment of $11.870 million (2021: $3.402 million).

Impacting the net loss of $11.870 million for the year were the following significant items:

- Depreciation costs of $0.749 million
- Finance and administration costs of $2.668 million
- Operational expenses of $5.163; and
- Revenue from operations of $0.854 million.

STATEMENT OF FINANCIAL POSITION

Total assets at reporting date were $8.875 million. The following significant items impacted on assets:

- Receivables of $0.731 million; and
- Property, plant and equipment of $7.425 million.

Total liabilities at reporting date were $6.867 million.

Total equity attributable to shareholders decreased by $3.142 million to $2.008 million.

STATEMENT OF CASH FLOW

Consolidated cash flows from operating activities resulted in a net cash outflow of $6.128 million, representing an increase of $3.606 million from the prior year primarily relating to increased payments to suppliers and employees with the increased activities at the Peko site.

For personal use only

Net cash flows from investing activities resulted in a net cash outflow of $4.736 million due primarily to the purchase of plant and equipment and the funding of the Peko project.

Net cash inflows from financing activities resulted in a net cash inflow of $8.800 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 Company.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Conversion of Convertible Notes

At a general meeting held on 29 June 2022, the Company received shareholder approval to issue 133,079,864 shares in the Company in full satisfaction of all outstanding Convertible Note liabilities of $4,951,717. The shares were issued on 15 July 2022.

The notes have been recognised as Equity for the year ended 30 June 2022.

Purchase of Peko Project and Surrounding Tenements

On 18th July 2022, Elmore executed agreements to purchase the Peko Project, plus all of the Companies related to the project held by the existing owners. The binding purchase agreements were, subject to Shareholder and any relevant Government Approvals and standard share transfer administration that is normal in such transactions.

The key points of the new contract are:

- $30 million purchase price
- 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 has provided a $30 million finance facility. The Vendor Finance Facility allows the Company ample time to both refinance the facility utilising a longer-term debt instrument, plus reduce the facility utilising project cash-flows. The terms of the Vendor financing package are:

- 12-month term
- Initial interest rate of 2.5% pa for 3 months (Initial Rate)
- Rate increased to 17.5%pa for the next 3 months (Standard Rate) and 27.5% for final 6 months (Extended Rate).

Elmore is targeting refinance of the Vendor Finance Facility in Q4, 2022 (prior to the Extended Rate).

The Company received shareholder approval for this transaction at a general meeting of shareholders on 9 September 2022.

Capital Raise

On 22nd August 2022, the Company received firm commitments to raise $4.35 million (before costs) at an issue price of $0.03 per share via a placement of 145,000,000 shares to sophisticated and professional investors.

For personal use only

The raise was completed and the shares issued on 31st August 2022.

Extension of Avior Facility

Elmore have extended the funding facility provided by Avior by a further $1.5 million (minus fees). The terms of the facility are:

- The facility has a term of 2 years at an interest rate of 15% per annum.
- In addition, 10% establishment and exit fees are paid on the facility.
- The principal and interest are paid in roughly equal monthly instalments over the term of the loan.
- The loan is secured.

Ore Sale (Offtake) Agreement

Subsequent to year end, Elmore entered into an Ore Sale (Offtake) agreement with Royal Advance (HK) to supply magnetite product from the Peko Project.

The key terms of the agreement are:

- The sales price will be based on the PLATTS 65% Fe index price minus 1%
- The price will be based on a Dry Metric Tonnes Unit base, ie pro-rata to the contained iron (meaning that higher grade product will sell for a higher price)
- Impurity variables are based on standard PLATTS impurity variables
- The offtake will cover the first 2 shipments, with Elmore/ Peko iron having the option to extend to off-take out to 12 months. Royal Advance are interested in taking all of the product produced over the life of mine, though both parties are taking a conservative approach until steady state production and product quality are achieved.
- Payment terms:
  - 40% of sales price (based on 65% base product) received against 7,500 tonne lots being stored in Darwin Port, with these first payments relating to the first shipment now locked in at $US155.76 per tonne (corrected against market price on arrival in China).
  - 55% of sales price received as product is loaded onto a ship in Darwin
  - Final 5% received (allowing for positive or negative corrections from base specification) after final product quality confirmed after shipment

Elmore has received payment of $US461,822 (circa $AU660,000) as the first stage payment from the first 7,500 tonne parcel of product sent to port.

Purchase of Copper /Cobalt Plant

Subsequent to year end, the Company identified and secured a process plant, based in Western Australia that matches the process and scale required to process and remove water-soluble copper and cobalt from the tailings resource through a chemical process. 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 purchase price of the plant is $1 million with a further $500,000 expected to move the plant.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in the future financial years.

For personal use only

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.

P I Richards B ***Non-Executive Director/Chairman***
Resigned as Non-executive Director and Chairman 23rd December 2021.

Experience and expertise
Mr Richards has more than 40 years of business and international experience with global companies including BP plc, Wesfarmers Limited, Dyno Nobel Limited and Norfolk Holdings Limited. Most recently he was CEO of Norfolk and was previously CEO of Dyno Nobel prior to its takeover in 2008. During his time with Dyno Nobel, Peter successfully led the Asia Pacific operation based in Sydney and then the North American business unit based in Utah, USA. After becoming CEO, Peter expanded the business into China, Southern Africa and Europe while continuing to build upon its core Australian and North American operations.

Other current directorships
Emeco Holdings Limited
GrainCorp Limited
Cirralto Limited

Former directorships in last 3 years
None

Special responsibilities
Non-Executive Director and Chairman.

Interest in shares and options
13,233,963 shares in Elmore Ltd
2,000,000 unlisted options in Elmore Ltd

N Senapati. ***Non-Executive Director***

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.

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

For personal use only

INFORMATION ON DIRECTORS (Continued)

D Mendelawitz. ***Managing Director/Chairman***
Appointed Chair 23rd December 2021

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
Nil shares in Elmore Ltd
15,000,000 performance shares in Elmore Ltd
Nil unlisted options in Elmore Ltd

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

For personal use only

INFORMATION ON DIRECTORS (Continued)

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. ***Non-Executive Director***
Appointed Non-executive Director 9th February 2022

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
Nil 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 2022, 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
P I Richards	15	15	-	-	-	-	-	-
N Senapati.	30	30	-	-	-	-	-	-
D Mendelawitz	30	30	-	-	-	-	-	-
T Webster	30	30	-	-	-	-	-	-
A Haslam	15	15	-	-	-	-	-	-

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.

For personal use only

For personal use only

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 22 to 24 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.

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.

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:

REMUNERATION REPORT – AUDITED (Continued)

Name	2021 $	2020 $
Chairman	60,000	60,000
Other non-executive directors (in aggregate)	48,000	52,000

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 2022, the Company 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 2021 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.

Company performance, shareholder wealth and Director and Executive remuneration
As the Company 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.

Year	30 June 2019 $	30 June 2020 $	30 June 2021 $	30 June 2022 $
Closing Share price	**0.069** (1)	**0.069** (1)	**0.023**	**0.036**
% Change	**(31%)**	**(-%)**	**(66%)**	**56%**
Total Director & KMP Remuneration	1,149,677	461,508	619,057	844,441

(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.

For personal use only

REMUNERATION REPORT – AUDITED (Continued)

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.

2022	Short-term employee benefits			Post-employment benefits	Long-term Benefits		Share-based payments		
	Cash salary and fees	Expense Benefit	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total	Proportion of remuneration that is performance based
	$	$	$	$	$	$	$	$	%
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%**

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

2021	Short-term employee benefits			Post-employment benefits	Long-term Benefits		Share-based payments		
	Cash salary and fees	Expense Benefit	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total	Proportion of remuneration that is performance based
	$	$	$	$	$	$	$	$	%
P I Richards	60,000	-	-	-	-	-	18,633	78,633	23.70%
N Senapati	48,000	-	-	-	-	-	18,633	66,633	27.96%
T Webster	48,000	-	-	-	-	-	13,176	61,176	21.54%
D Mendelawitz (1)	352,083	-	27,083	33,448	-	-	-	412,615	-
	508,083	**-**	**27,083**	**33,448**	**-**	**-**	**50,442**	**619,057**	**8.15%**

(1) The Company has a service agreement with Mr Mendelawitz which states that he will receive a salary of $325,000 (plus superannuation) per annum. Due to cash flow concerns in the prior financial year, Mr Mendelawitz's salary was reduced, with the difference being paid this year following the Company's capital raise.

For personal use only

For personal use only

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 period 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 for the year ended 30 June 2022.

On 9 February 2022 the Company entered into a service agreement with the new non-executive director, Mr Andy Haslam.

Mr Haslam's service agreement includes the provision of 2,000,000 director options, with an exercise price equal to 200% of the 5-day VWAP prior to the grant date or 200% of the price at which equity is raised. The options have a 3 year from issue exercise date with no vesting conditions.

Mr Haslam's entitlement to the director options is subject to approval at the Annual General Meeting. At the time of publishing the annual report, the Company had not held this meeting, and the options have not been issued. If Mr Haslam resigns as a Director of the Company before they are approved at a General Meeting he will not be entitled to receive the options.

The director options are subject to shareholder approval, and so cannot be issued.

For personal use only

REMUNERATION REPORT – AUDITED (Continued)

The options have been valued at 29 June 2022 at $43,189 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 (1)	2,000,000
Valuation date	29 June 2022
Underlying spot price AUD $	$0.038
Exercise price AUD $	$0.050
Expected volatility	100%
Expiry date	6 February 2025
Expected dividend yield	Nil
Risk free rate	1.50%
Valuation per option AUD $	$0.0215

The entire value has been recognised in the 2022 financial year. As a result a share based payment expense of $43,189 in relation to the options to be issued has been recognised in the 2022 financial year. Valuation is required to be updated once approval obtained. For the purpose of determining an expense for the current year, the valuation date adopted is the date employment commenced

Share-based compensation
There were 2,000,000 incentive options issued during the year as compensation to directors, refer to the note above.

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:

2022 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							
P I Richards	2,000,000	-	-	(2,000,000)	-	-	-
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**	**2,000,000**	**-**	**(2,000,000)**	**6,000,000**	**4,000,000**	**2,000,000**

(1) Resigned as Non-Executive Director /Chairman on 23rd December 2021.

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.

For personal use only

REMUNERATION REPORT – AUDITED (Continued)

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:

2022 Name	Balance at the start of the year	Granted	Received on exercise of options or rights	Other changes (1,2)	Balance at the end of the year
Directors					
P I Richards	13,233,963	-	-	(13,233,963)	-
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	-	-	-	-	-
Total	**34,911,037**	**-**	**-**	**(7,101,008)**	**27,810,029**

(1) Resigned as Non-Executive Director / Chairman on 23rd December 2021.
(2) A Haslam particaptaed in capital raises during the period and acquired 6,132,955 shares.

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:

2022 Name	Balance at the start of the year	Granted	Received on exercise of options or rights	Other changes (1)	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**

Loans to Directors and Executives

There were no loans to Directors and key management personnel during the financial year ended 30 June 2022 (30 June 2021: $nil).

End of Audited Remuneration report.

For personal use only

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

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 "CONTINGENCIES (note 20)", 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

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 Company'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

BDO Audit (WA) Pty Ltd, continues in office in accordance with section 327 of the *Corporations Act 2001*.

David Mendelawitz
Managing Director
30 September 2022

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

For personal use only

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ELMORE LIMITED

As lead auditor of Elmore Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Elmore Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

30 September 2022

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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

For personal use only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from continuing operations			
Revenue	4	854,758	2,308,706
Other income/(expense)	4	(17,299)	286,680
Employee benefits expense	4	(2,005,744)	(1,779,062)
Operational expenses	4	(5,163,615)	(1,997,811)
Depreciation of non-current assets	4	(749,817)	(426,893)
Corporate expenses	4	(308,421)	(538,066)
Finance & administration	4	(2,143,396)	(1,204,903)
Expected credit losses	4	(2,019,675)	-
Share based compensation	26	(316,941)	(50,442)
Loss from continuing operations before income tax		**(11,870,150)**	**(3,401,791)**
Income tax (expense)/benefit	5	-	-
Net Loss from continuing operations		**(11,870,150)**	**(3,401,791)**
Loss after tax for the year attributable to the owners of Elmore Limited		**(11,870,150)**	**(3,401,791)**

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	**(11,870,150)**	**(3,401,791)**

Loss per share for the year from continuing operations attributable to the members of 'Elmore Ltd'	Note	2022 ¢	2021 ¢
Basic loss per share	25	(1.57)	(0.83)

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

For personal use only

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current Assets			
Cash and cash equivalents	6	45,330	2,109,122
Trade and other receivables	7	731,795	309,943
Total current assets		**777,125**	**2,419,065**
Non-current assets			
Other receivables and prepayments	7	113,800	83,762
Right of use asset	8	559,525	-
Property, plant and equipment	9	7,425,233	3,221,767
Other financial assets	10	-	160,130
Total non-current assets		**8,098,557**	**3,465,659**
Total assets		**8,875,682**	**5,884,724**
Liabilities			
Current liabilities			
Trade and other payables	11	2,737,979	605,387
Provisions	12	177,462	85,620
Borrowings	13	2,815,616	43,752
Lease liabilities	14	1,136,539	-
Total current liabilities		**6,867,596**	**734,759**
Non-current liabilities			
Total non-current liabilities		**-**	**-**
Total liabilities		**6,867,596**	**734,759**
Net assets		**2,008,087**	**5,149,965**
Equity			
Contributed equity	15	91,304,301	82,892,971
Other reserves	16	4,261,548	3,944,607
Capital and reserves attributable to owners of Elmore Limited		95,565,850	86,837,578
Accumulated losses	17	(93,557,763)	(81,687,613)
Total equity		**2,008,087**	**5,149,965**

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 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		414,593	2,611,634
Cash paid to suppliers and employees		(6,339,763)	(5,296,159)
Other income		70,786	186,051
Interest paid		(273,976)	(25,459)
Interest received		285	1,117
Net cash (outflow) from operating activities	24	**(6,128,075)**	**(2,522,816)**
Cash flows from investing activities			
Purchase of property, plant and equipment and prepayments		(3,281,906)	(478,049)
Payment for security deposits		(30,038)	(232,990)
Proceeds from sale of investments		71,760	-
Loans made		(1,496,175)	-
Net cash outflow from investing activities		**(4,736,359)**	**(711,039)**
Cash flows from financing activities			
Proceeds from issue of shares, net of share issue costs		6,895,185	6,025,182
Proceeds from borrowings		2,326,408	-
Lease payments		(397,945)	(473,450)
Repayment of borrowings		(23,005)	(218,005)
Net cash inflow from financing activities		**8,800,643**	**5,333,724**
Net increase/(decrease) in cash and cash equivalents		(2,063,792)	2,099,872
Cash and cash equivalents at beginning of year		2,109,122	9,250
Cash and cash equivalents at end of year	6	**45,330**	**2,109,122**

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

For personal use only

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2022

CONSOLIDATED	Share Capital	Asset Revalution reserve	Share based payments reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
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					
Exchange differences on translation of foreign operations reclassified to profit or loss following loss of subsidiary	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-
Loss for the year	-	-	-	(11,870,150)	(11,870,150)
Total comprehensive income /(loss) for the year					
Transactions with owners in their capacity as owners					
Contributions of equity	8,411,330	-	-	-	8,411,330
Revaluation of assets	-	-	-	-	-
Option based payments	-	-	316,941	-	316,941
Balance as at 30 June 2022	**91,304,301**	**1,185,000**	**3,076,548**	**(93,557,763)**	**2,008,086**

CONSOLIDATED	Share Capital	Asset Revalution reserve	Share based payments reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 1 July 2020	**75,991,282**	**-**	**2,709,165**	**(78,285,822)**	**414,625**
Other comprehensive income for the year					
Exchange differences on translation of foreign operations reclassified to profit or loss following loss of subsidiary	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-
Loss for the year	-	-	-	(3,401,791)	(3,401,791)
Total comprehensive income /(loss) for the year	-	-	-	(3,401,791)	(3,401,791)
Transactions with owners in their capacity as owners					
Contributions of equity	6,901,689	-	-	-	6,901,689
Revaluation of assets	-	1,185,000	-	-	1,185,000
Option based payments	-	-	50,442	-	50,442
Balance as at 30 June 2021	**82,892,971**	**1,185,000**	**2,759,607**	**(81,687,613)**	**5,149,965**

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

For personal use only

TABLE OF CONTENTS
PAGE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 41
2. FINANCIAL RISK MANAGEMENT 51
3. SEGMENT INFORMATION 54
4. REVENUE AND EXPENSES 55
5. INCOME TAX 56
6. CASH AND CASH EQUIVALENTS 57
7. TRADE AND OTHER RECEIVABLES 57
8. RIGHT TO USE ASSETS 58
9. PROPERTY, PLANT AND EQUIPMENT 58
10. OTHER FINANCIAL ASSETS 59
11. TRADE AND OTHER PAYABLES 60
12. EMPLOYEE PROVISIONS 60
13. BORROWINGS 60
14. LEASE LIABILITIES 62
15. CONTRIBUTED EQUITY 62
16. OTHER RESERVES 64
17. ACCUMULATED LOSSES 65
18. DIVIDENDS 65
19. AUDITORS' REMUNERATION 65
20. CONTINGENCIES 65
21. RELATED PARTY TRANSACTIONS 65
22. SUBSIDIARIES 66
23. EVENTS OCCURRING AFTER THE REPORTING PERIOD 66
24. CASH FLOW INFORMATION 68
25. LOSS PER SHARE 68
26. SHARE-BASED PAYMENTS 69
27. PARENT ENTITY FINANCIAL INFORMATION 71
DIRECTORS' DECLARATION 72
INDEPENDENT AUDITOR'S REPORT 73
ASX ADDITIONAL INFORMATION 77

For personal use only

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

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)(z).

b) Going Concern

The consolidated financial statements have been prepared on a going concern basis.

For the year ended 30 June 2022, the consolidated entity recorded a loss of $11,870,150 (30 June 2021: loss of $3,401,791) and had net cash outflows from operating and investing activities of $10,864,434 (30 June 2021: $3,233,854). At 30 June 2022, the consolidated entity had working capital deficit of $6,090,470 (30 June 2021: surplus of $1,684,306) and a closing cash balance of $45,330 (30 June 2021: $2,109,122).

The ability of this 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. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the consolidated entity 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 for the following reasons. The consolidated entity expects to:

- Successfully secure equipment finance funding to deliver and install additional processing equipment as necessary to support our mobile crushing & screening operations in Australia. Also, to continue to expand its processing activities to generate positive cashflow from the iron ore and gold processing contracts;
- Raise additional finance from debt or equity if and when required, to contribute to the consolidated entity's working capital position in the near term;
- Raise additional up to $30 million to complete the Peko Project purchase. Elmore is contemplating issuing a debt instrument, secured over the interest that will be earned in the Peko projects on commissioning; and

- Successful processing and sale of ore from the Peko Project on a profitable basis.

Should the consolidated entity 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 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 consolidated entity 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 2020 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

For personal use only

For personal use only

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.

For personal use only

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

For personal use only

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

For personal use only

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 26.

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.

For personal use only

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.

For personal use only

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.

For personal use only

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) 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 26 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. No impairment indicator over plant and equipment that would require impairment testing and carrying amounts do not exceed recoverable amounts.

Convertible notes
The company issued short-term convertible notes during the year. Where shareholder approval has been obtained for conversion of the convertible notes into ordinary shares, then the convertible notes have been classified as equity.

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.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales

experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 7, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

aa) 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 Company in the current or future period and on foreseeable future transactions.

For personal use only

For personal use only

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:

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	45,330	2,109,122
Trade and other receivables	731,795	309,943
	777,125	**2,419,065**

	2022 $	2021 $
Financial liabilities		
Current		
Trade and other payables	2,737,979	560,387
Lease liabilities	1,136,539	-
Borrowings	2,815,616	43,752
	6,690,134	**604,139**

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. There is no material foreign exchange risk, as the Group's operations are in Australia, and it has no material transactions that are denominated in a currency that is not the company's function currency.

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	2022 $	2021 $
Cash and cash equivalents	45,330	2,109,122
Weighted average interest rate	0%	0%

For personal use only

2. FINANCIAL RISK MANAGEMENT (Continued)

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.

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.

	2022 $	2021 $
Cash and cash equivalents – 'AA- 'S&P rating	45,330	2,109,122
Trade and other receivables	731,795	309,943

For personal use only

2. FINANCIAL RISK MANAGEMENT (Continued)

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 and lease 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 13.

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 2022	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	2,737,979	-	-	-	-	2,737,979	2,737,979
Lease liabilities	423,739	42,834	-	-	-	466,573	1,136,539
Interest bearing Borrowings	2,815,616	-	-	-	-	2,815,616	2,815,616
Total non-derivatives	**5,977,334**	**42,834**	**-**	**-**	**-**	**6,020,168**	**6,690,34**

At 30 June 2021	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	556,754	-	-	-	-	556,754	556,754
Lease liabilities	-	-	-	-	-	-	-
Interest bearing Borrowings	47,385	-	-	-	-	47,385	47,385
Total non-derivatives	**604,139**	**-**	**-**	**-**	**-**	**604,139**	**604,139**

For personal use only

2. FINANCIAL RISK MANAGEMENT (Continued)

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.

The convertible loan with Twynam (note 13) is determined as level 3. The Investment in MegaWatt Lithium and Battery Metals (MegaWatt) (Note 10), previously New Age Resources was acquired by MegaWatt who is listed on the Toronto Stock Exchange and therefore air valued using quoted market prices.

iii Recognised fair value measurements

The following financial instruments are subject to recurring value measurements:

	2022 $	2021 $
Convertible loan (Level 3)	(242,075)	-
Investment in MegaWatt Lithium and Battery Metals (Level 1)	-	160,130
	(242,075)	160,130

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 contracts with Trendsheer and ICA Mining.

4. REVENUE AND EXPENSES

	2022 $	2021 $
Loss before income tax includes the following items of revenue and expense:		
Other Income		
Interest income	285	1,117
Other income/(expense) (1)	(17,583)	285,563
	(17,299)	**286,680**
Revenue from continuing operations		
Revenue from contracts with customers (3)	854,758	2,308,706
	854,758	**2,308,706**
Expenses from continuing operations		
Operations (2)	(5,163,615)	(1,997,811)
Employee benefits	(2,005,744)	(1,779,062)
Depreciation	(749,817)	(426,893)
Corporate expenses	(308,421)	(538,066)
Finance & administration (4)	(2,019,675)	(1,204,903)
Expected credit losses (5)	(2,019,675)	
Share based payments	(316,941)	(50,442)
	(9,912,211)	**(3,688,471)**
Consolidated - 2021		
Goods transferred at a point in time	-	-
Services transferred over time	854,758	2,308,706

(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 ceased its operations in Francis Creek and continued operations at the Peko Tails Project during the year.
(3) The Company received income from the assessment, development and processing of minerals projects in Australia for Trendsheer and ICA. There are no remaining performance obligations on the Company in respect to these projects.
(4) The consolidated entity has recognised a loss of $1,528,220 in respect of the cost of financing through the Convertible Notes. Refer to Note 13.
(5) Throughout the year the Company loaned $1,494,675 to Peko Iron. Due to the inherent uncertainty of receiving payment, the Company has recognised loss of $1,494,675 in the profit or loss in respect of the expected losses for the year ended 30 June 2022. Refer to Note 7.

For personal use only

For personal use only

5. INCOME TAX

	2022 $	2021 $
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	(9,929,510)	(3,401,791)
Tax at the Australian tax rate of 25% (2021: 26%)	**(2,482,377)**	**(884,466)**
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income:		
Others	120,387	(157,384)
Tax losses and timing differences not brought to account	2,361,990	727,082
Income tax expense /(benefit)	**-**	**-**
(b) Tax losses		
Unused tax losses for which no deferred tax assets has been recognised	36,713,868	34,351,878
Potential tax benefit at 25% (2021: 26%)	9,178,467	8,931,488
(c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	9,178,467	8,931,488
Other temporary differences	368,070	328,647
Deferred tax liabilities		
Other temporary differences (Interest income on inter-entity loans in foreign jurisdiction)	-	-
Net deferred tax assets not recognised	**9,546,537**	**9,260,135**

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.

For personal use only

6. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at bank and in hand	**45,330**	**2,109,122**

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

	2022 $	2021 $
Current		
Trade receivables	525,000	553,489
Less: Allowance for expected credit losses	(525,000)	(550,000)
Accrued Revenue	13,286	-
Prepayments	126,176	-
Other receivables and prepayments (1)	2,087,008	306,454
Less: Allowance for expected credit losses (2)	(1,494,675)	-
	731,795	**309,943**
Non-current		
Security deposits	113,800	83,762
	113,800	**83,762**

Allowance for expected credit losses
The consolidated entity has recognised a loss of $525,000 in profit or loss in respect of the expected credit losses for the year ended 30 June 2022 ($550,000: 2021).

Ageing of trade receivables past due have not been impaired. Aged trade receivables are as follows:

	Total due $	0 – 30 $	31 – 60 $	61 – 90 $	90+ $
Trade receivables	525,000	110,000	110,000	110,000	195,000
Expected credit loss	(525,000)	(110,000)	(110,000)	(110,000)	(195,000)

$525,000 of trade receivables outstanding at year end were outstanding at time of this annual report.

(1) Other receivables generally arise from transactions outside the usual operating activities of the entity. The current balance primarily represents the receivables relating a loan to Territory Minerals of $200,000, Prepaid insurances of $126,176, GST refund due of $354,082 and a Loan to Peko Iron of $1,494,675.

(2) Throughout the year the Company loaned $1,494,675 to Peko Iron. Due to the inherent uncertainty of receiving payment, the Company has recognised loss of $1,494,675 in the profit or loss in respect of the expected losses for the year ended 30 June 2022

For personal use only

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

	2022 $	2021 $
Leased building	15,755	-
Accumulated depreciation	-	-
	15,755	**-**
Leased plant and equipment	1,253,714	-
Accumulated depreciation	(709,944)	-
	543,770	**-**
Total Right of use asset	**559,525**	**-**

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

	2022 $	2021 $
Depreciation charge related to right-of-use assets	709,944	389,147
Interest expense on lease liabilities	35,830	2,544
Short-term leases expense	-	-
Low value asset leases expense	-	-
Variable lease payment expense	-	-

	2022 $	2021 $
Total cash outflows for leases	563,240	470,906

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $	Furniture and fixtures $	Computer equipment $	Total $
Year ended 30 June 2021				
Opening net book amount	1,574,096	7,470	5,899	1,587,465
Additions	469,131	2,866	6,051	478,048
Revalution	1,185,000	-	-	1,185,000
Disposal/Written-off	-	-	-	-
Depreciation charge	(20,102)	(6,056)	(2,588)	(28,746)
Closing net book amount	**3,208,125**	**4,280**	**9,362**	**3,221,767**
At 30 June 2021				
Cost or fair value	3,249,319	15,816	15,083	3,280,218
Accumulated depreciation	(41,194)	(11,536)	(5,721)	(58,451)
Net book amount	**3,208,125**	**4,280**	**9,362**	**3,221,767**

For personal use only

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and equipment $	Furniture and fixtures $	Computer equipment $	Total $
Year ended 30 June 2022				
Opening net book amount	3,208,125	4,280	9,362	3,221,767
Additions	4,236,761	1,999	4,578	4,243,338
Revalution	-	-	-	-
Disposal/Written-off	-	-	-	-
Depreciation charge	(32,406)	(2,934)	(4,532)	(39,872)
Closing net book amount	**7,412,480**	**3,345**	**9,408**	**7,425,233**
At 30 June 2022				
Cost or fair value	7,486,080	17,815	19,662	7,523,557
Accumulated depreciation	(73,600)	(14,470)	(10,253)	(98,323)
Net book amount	**7,412,480**	**3,345**	**9,408**	**7,425,233**

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 4 to the financial statements.

In 2021 the Company ordered a ball mill from Christian Pfeiffr Group in Germany. An initial deposit of A$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.

From 1 July 2020, Mineral Processing Plant is recognised at fair value. The historical cost of the Mineral Processing Plant is $1,500,000. The fair value of the Mineral Processing Plant is $2,685,000. The difference between fair value and historical cost of $1,185,000 is recognised as an Asset Revaluation Reserve.

During the year the Company entered into an agreement with ICA to construct the Peko Iron Project.

Avior Finance has secured by way of General Security Agreement and specific security agreement over the Ball Mill.

10. OTHER FINANCIAL ASSETS

	2022 $	2021 $
Non-Current		
Unlisted shares in other corporations	-	160,130
	-	**160,130**

In the 2020 year the Company executed an agreement with Coal Hub /Subiaco Capital to settle an outstanding costs order, for 6,282 shares of an unlisted Australian rare earther company (New Age Resources Pty Ltd).

During the 2021 year New Age Resources Pty Ltd undertook a share purchase agreement with Megawatt Lithium and Battery Metals Corp, in which Elmore's 6,282 shares in New Age Resources were exchanged for 481,320 Megawatt Lithium and Battery Metals Corp shares. These shares are listed on the Canadian Securities Exchange (CNSX).

The investment was recognised at fair value through profit and loss.

During the 2022 year, the investment was disposed on market, the loss being recognised through the profit and loss.

For personal use only

11. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Current		
Trade payables	2,526,899	527,806
Premium funding	-	3,633
Other payables	211,080	73,948
	2,737,979	**605,387**

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.

12. EMPLOYEE PROVISIONS

	2022 $	2021 $
Current		
Annual leave	177,462	85,620
Long Service Leave	-	-
	177,462	**85,620**
Non-Current		
Long Service Leave	-	-
	-	**-**

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 or long service leave balances classified as current liabilities 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.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

13. BORROWINGS

	2022 $	2021 $
Current		
Borrowings – equipment finance	24,946	43,752
Non-Current		
Borrowings – convertible note (1)	242,075	-
Borrowings – ICA creditors (2)	452,187	-
Borrowings – Avior finance (3)	1,988,942	-
Borrowings – other (4) & (5)	107,466	-
	2,815,616	**43,752**

For personal use only

13. BORROWINGS (Continued)

(1) During the year ended 30 June 2022, the Company issued three secured convertible notes.

The key terms of the first Convertible note issued 21st February 2022 are:

- $1.2m raised
- 12-month term
- 20% interest paid upfront in shares at $0.022 share price. These 12,600,000 shares were issued 10 March 2022.
- Note repaid in full on maturity
- Convertible into ordinary shares at $0.022 share price
- Conversion rights subject to Shareholder approval. Shareholder approval was granted on 29th June 2022.
- This note converted into 63,636,364 ordinary shares subsequent to the year end on 15th July 2022.
- The note has been recognised as Equity for the year ended 30 June 2022.

The key terms of the second Convertible note issued 28th April 2022 are:

- $2.5 million (minus fees) 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. The resulting 6,250,000 pre-paid interest shares were issued following shareholder approval on 15th July 2022.
- Conversion rights subject to Shareholder approval. Shareholder approval was granted on 29th June 2022.
- This note was converted into 62,500,000 ordinary shares subsequent to the year end on 15th July 2022.
- The note has been recognised as Equity for the year ended 30 June 2022.

The key terms of the third Convertible note issued 28th April 2022 are:

- $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.

(2) As part of the Peko Iron Project earn-in-agreement, 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 prior year.

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 agreement 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.

Post novation of the debts, the related equipment were transferred to Peko, and will allow Elmore to refinance these debts, rather than relying on those Creditors to act as funders.

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

The terms of the Note are:

- $AU1,200,000 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.

For personal use only

13. BORROWINGS (Continued)

(4) During the year ended 30 June 2022, the Company entered into an unsecured loan agreement with Wise Investments Pty Ltd.

The key terms of the loan agreement are:
- Commencement date: 24 March 2022
- Principle sum: $57,466
- Interest rate: Nil
- Fixed term: 1 December 2022

This loan was repaid in September 2022.

(5) During the year ended 30 June 2022, the Company entered into an unsecured loan agreement with SA & J Boyle.

The key terms of the loan agreement are:
- Commencement date: 24 March 2022
- Principle sum: $50,000
- Interest rate: Nil
- Fixed term: 1 December 2022

This loan was repaid in September 2022.

14. LEASE LIABILITIES

	2022 $	2021 $
Current		
Lease liabilities	1,136,539	-
	1,136,539	**-**

Refer to Note 8 for Right of Use Assets.

15. CONTRIBUTED EQUITY

	2022 No.	2021 No.
Share capital		
Fully paid ordinary share capital	830,713,642	668,113,642
	830,713,642	**668,113,642**

For personal use only

15. CONTRIBUTED EQUITY (Continued)

Movements in ordinary share capital:

Details	2022 Number of shares	Issue price	2022 $
Opening balance	668,113,642		82,386,964
Issue of Shares – issued at $0.02 (1)	150,000,000	$0.02	3,000,000
Issue of Shares – issued at $0.029 (2)	12,600,000	$0.029	365,000
Issue of Shares – issued in relation to February Convertible Note (3)	-		2,783,582
Issue of Shares – issued in relation to April Convertible Note (4)	-		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**

(1) The company raised $3 million for 150,000,000 shares under existing approval to significant shareholders.
(2) 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.
(3) Refer to Note 13: 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.
(4) Refer to Note 13: 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.

Details	2021 Number of shares	Issue price	2021 $
Opening balance	307,129,182		75,485,275
Issue of Shares – issued at $0.02 (1)	269,255,000	$0.02	5,385,100
Issue of Shares – issued at $0.016 (2)	31,250,000	$0.02	625,000
Issue of Shares – issued at $0.02 (3)	50,000,000	$0.02	1,000,000
Issue of Shares – issued at $0.016 (4)	10,479,460	$0.02	209,589
Balance as at 30 June 2021	**668,113,642**		**82,704,964**
Less equity raising cost for the period	-		(318,000)
Balance as at 30 June 2021	**668,113,642**		**82,386,964**

(1) The company raised $5,385,100 for 269,255,000 shares under existing approval to existing significant shareholders.
(2) The company issued 31,250,000 shares to convert the Twynam Convertible note with a face value of $500,000 under existing security holder approval.
(3) The company raised $1,000,000 for 50,000,000 shares using the company's 15% placement capacity.
(4) The company issued 10,479,460 shares to convert the interest component of the Twynam Convertible note with a face value of $167,671 under existing security holder approval.

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.

For personal use only

15. CONTRIBUTED EQUITY (Continued)

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.

Options Reserve

	2022 $	2021 $
Options reserve	**506,007**	**506,007**
Movement:		
Balance at beginning of the financial year	-	-
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.

16. OTHER RESERVES

	2022 $	2021 $
Share based payment reserve	3,076,548	2,740,821
Asset revaluation reserve	1,185,000	1,185,000
	4,261,548	**3,925,821**
Movement:		
Share Based Payment Reserve		
Balance at beginning of the financial year	2,759,607	2,709,165
Fair value option expense	316,941	55,899
Balance at the end of the financial year	**3,076,548**	**2,765,064**
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**

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

For personal use only

17. ACCUMULATED LOSSES

	2022 $	2021 $
Balance at beginning of the financial year	(81,687,613)	(78,285,822)
Loss after related income tax	(11,870,150)	(3,401,791)
Balance at the end of the financial year	**(93,557,763)**	**(81,687,613)**

18. DIVIDENDS

No dividends have been declared or paid during the period.

19. AUDITORS' REMUNERATION

	2022 $	2021 $
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	60,000	45,000
Total auditor's remuneration	**60,000**	**45,000**

20. CONTINGENCIES

There are contingencies in the 30 June 2022 reporting period (30 June 2021: nil).

21. 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 22.

(c) Key management personnel compensation

	2022 $	2021 $
Short-term employee benefits	495,000	535,167
Post-employment benefits	32,500	33,448
Share-based payments	316,941	50,442
	844,441	**619,057**

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 period

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

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

For personal use only

22. SUBSIDIARIES

Entity	Country of Incorporation	2022 %	2021 %
NSL Coal Pty Ltd	Australia	-	-
Peko Iron Project Pty Ltd	Australia	100	-

NSL Coal Pty Ltd was voluntary deregistered on 30 October 2020. The company was dormant and had no transactions at the time of deregistration.

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Conversion of Convertible Notes

At a general meeting held on 29 June 2022, the Company received shareholder approval to issue 133,073,864 shares in the Company in full satisfaction of all outstanding Convertible Note liabilities of $4,951,717. The shares were issued on 15 July 2022.

The notes have been recognised as Equity for the year ended 30 June 2022.

Purchase of Peko Project and Surrounding Tenements

On 17th July 2022, Elmore executed agreements to purchase the Peko Project, plus all of the Companies related to the project held by the existing owners. The binding purchase agreements were, subject to Shareholder and any relevant Government Approvals and standard share transfer administration that is normal in such transactions.

The key points of the new contract are:

- $30 million purchase price
- 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 has provided a finance facility. The Vendor Finance Facility allows the Company ample time to both refinance the facility utilising a longer-term debt instrument, plus reduce the facility utilising project cash-flows. The terms of the Vendor financing package are:

- 12-month term
- Initial interest rate of 2.5% pa for 3 months (Initial Rate)
- Rate increased to 17.5%pa for the next 3 months (Standard Rate) and 27.5% for final 6 months (Extended Rate).

Elmore is targeting refinance of the Vendor Finance Facility in Q4, 2022 (prior to the Extended Rate).

The Company received shareholder approval for this transaction at a general meeting of shareholders on 9 September 2022.

For personal use only

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

Capital Raise

On 22nd August 2022, the Company received firm commitments to raise $4.35 million (before costs) at an issue price of $0.03 per share via a placement of 145,000,000 shares to sophisticated and professional investors.

The raise was completed and the shares issued on 31st August 2022.

Extension of Avior Facility

Elmore have extended the funding facility provided by Avior by a further $1.5 million (minus fees). The terms of the facility are:

- The facility has a term of 2 years at an interest rate of 15% per annum.
- In addition, 10% establishment and exit fees are paid on the facility.
- The principal and interest are paid in roughly equal monthly instalments over the term of the loan.
- The loan is secured.

Purchase of Copper /Cobalt Plant

Subsequent to year end, the Company identified and secured a process plant, based in Western Australia that matches the process and scale required to process and remove water-soluble copper and cobalt from the tailings resource through a chemical process. 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 purchase price of the plant is $1 million with a further $500,000 expected to move the plant.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in the future financial years.

For personal use only

24. CASH FLOW INFORMATION

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

	2022 $	2021 $
Operating loss after tax	(11,870,150)	(2,851,791)
Adjustment for;		
Depreciation and amortisation	749,817	426,893
Equity-settled share based payments	316,941	347,632
Right to use asset interest	35,830	2,544
Unrealised Gain	-	(153,848)
Finance costs	1,532,420	-
Lease paid	244,940	-
Expected credit losses	1,494,675	-
Debtors transferred to plant and equipment	(525,000)	-
Changes in assets / liabilities		
- (increase) /decrease in other receivables	(420,352)	827,705
- (decrease) /increase in provisions	91,842	17,928
- (increase) in other financial assets	88,370	(153,848)
- increase in accrued interest	-	183,186
- (decrease) /increase in trade and other payables	2,132,592	(619,217)
Net cash flow used in operating activities	**6,128,075**	**(2,522,816)**

(b) Non-cash investing and financing activities

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

i) Acquisition of Right of Use Assets – refer Note8
ii) Conversion of convertible notes – refer Note 13

25. LOSS PER SHARE

Basic loss per share

	2022 ¢	2021 ¢
Continuing operations	(1.57)	(0.83)
Total continuing and discontinued operation	(1.57)	(0.83)

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

	2022 $	2021 $
Loss from continuing operation for the year	**(11,870,150)**	**(3,401,791)**
Loss from total continuing and discontinued operation for the year	**(11,870,150)**	**(3,401,791)**

Weighted average number of shares used as the denominator

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	755,769,187	410,109,250

26. 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
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 (1)	-	-		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

1. 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.

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
2021								
28/06/2018	28/06/2021	$0.2091	333,334	-	-	333,334	-	-
02/03/2021	31/03/2023	$0.05	2,000,000 (1)	4,000,000	-	-	6,000,000	-
12/04/2021	02/03/2024	$0.03	-	10,500,000	-	-	10,500,000	-
Total			**2,333,334**	**6,000,000**	**-**	**2,333,334**	**6,000,000**	**-**
Weighted average exercise price			$0.08	$0.05	-	$0.2091	$0.05	-

1. 2,000,000 options were agreed in 2020 and formerly approved in 2021, $5,457 was recognised as a share-based payment expense in 2021.

Weighted average contractual life of share options outstanding at the end of the period was 2.5 years (2021: 2.5 year).

Share-based payments recognised during the financial year:	2022 $	2021 $
Options issued – senior management option fair value expense	43,189	50,442
Performance rights issued - senior management performance rights fair value expense	273,752	-
TOTAL	**316,941**	**50,442**

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.

For personal use only

For personal use only

26. SHARE-BASED PAYMENTS (Continued)

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 options were put to shareholders at the 2020 AGM held on 29 January 2021, where they were passed by shareholders. Due to the vesting conditions placed upon these 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 half 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 performance rights for the current period is shown below:

Grant Date	Expiry Date	Details	Granted during the period	Balance at period 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	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 for the year ended 30 June 2022.

On 9 February 2022 the Company entered into a service agreement with the new non-executive director, Mr Andy Haslam.

Mr Haslam's service agreement includes the provision of 2,000,000 director options, with an exercise price equal to 200% of the 5-day VWAP prior to the grant date or 200% of the price at which equity is raised. The options have a 3 year from issue exercise date with no vesting conditions.

Mr Haslam's entitlement to the director options is subject to approval at the Annual General Meeting. At the time of publishing the annual report, the Company had not held this meeting, and the options have not been issued. If Mr Haslam resigns as a Director of the Company before they are approved at a General Meeting he will not be entitled to receive the options.

The director options are subject to shareholder approval, and so cannot be issued.

The options have been valued at 9 February 2022 at $24,157 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:

26. SHARE-BASED PAYMENTS (Continued)

Options	
Number of options (1)	2,000,000
Valuation date	9 February 2022
Underlying spot price AUD $	$0.038
Exercise price AUD $	$0.050
Expected volatility	100%
Expiry date	6 February 2025
Expected dividend yield	Nil
Risk free rate	1.50%
Valuation per option AUD $	$0.0215

The entire value has been recognised in the 2022 financial year. As a result a share based payment expense of $43,189 in relation to the options to be issued has been recognised in the 2022 financial year.

27. PARENT ENTITY FINANCIAL INFORMATION

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

Statement of Financial Position	2022 $	2021 $
Current assets	777,125	2,969,065
Total Assets	8,098,557	6,434,724
Current Liabilities	6,867,596	689,759
Total Liabilities	6,867,596	689,759
Shareholders' Equity		
Share Capital	91,304,301	82,726,053
Reserves	4,261,548	3,894,165
Accumulated losses	(93,557,763)	(80,875,253)
Loss for the year	(11,870,150)	(2,589,431)
Total equity	2,008,087	5,149,965

For personal use only

For personal use only

DIRECTORS' DECLARATION

In the directors' opinion:

a) The financial statements and notes set out on page 35 to 71, 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 2022 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 Company will be able to pay its debts as and when they become due and payable.

c) The Company 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 2022.

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

David Mendelawitz
Managing Director
Elmore Limited
Dated 30 September 2022

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

For personal use only

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 subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 report, 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 2022 and of its financial performance for the year ended on that date; 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report which describes the events and/or conditions which give rise to 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. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for convertible notes

Key audit matter	*How the matter was addressed in our audit*
During the year the company issued convertible notes, refer to Note 13 of the financial report. Accounting for convertible notes was considered a key audit matter due to: • the complexity involved in assessing whether to account for the notes as equity, a liability or a compound instrument; • measurement at initial recognition of the individual components of the convertible note based on the terms and conditions of the agreement and the significant judgement in determining the fair value of the separate components; and • measurement subsequent to initial recognition including the accounting and measurement of the finance costs recognised in profit or loss.	Our procedures included, but were not limited to the following: • Obtaining an understanding of and assessing the terms and conditions of the convertible note agreement to determine if the convertible notes are to be accounted for as equity, a liability or a compound instruments; • Considering the appropriateness of the measurement of the instrument against the requirements of the relevant Australian Accounting Standard; • Considering the reasonableness of the finance costs; • Reviewing the measurement and accounting for convertible notes on settlement; and • Assessing the adequacy of the related disclosures in Note 1(x), Note 1(z) and Note 13 to the Financial Report.

For personal use only

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 2022, 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 this 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 ability of the group 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 has 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 financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

For personal use only

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 31 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Elmore Limited, for the year ended 30 June 2022, 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.

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth

30 September 2022

For personal use only

ASX ADDITIONAL INFORMATION

The securities exchange information set out below was applicable as at 29 September 2022.

Distribution of Holders of Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Unlisted Options
1 to 1,000	612	-
1,001 to 5,000	578	-
5,001 to 10,000	322	-
10,001 to 100,000	854	-
100,001 and over	626	8
	2,992	**8**

Twenty Largest Holders of Quoted Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Percentage
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	119,643,301	10.79%
TWYNAM INVESTMENTS PTY LTD	60,321,146	5.44%
FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	56,209,246	5.07%
BASKERVILLE INVESTMENTS PTY LTD <BASKERVILLE FAMILY A/C>	42,968,035	3.88%
DAK DRAFTING SERVICES PTY LTD <THE PETER DIAMOND FAMILY A/C>	41,000,000	3.70%
UBS NOMINEES PTY LTD	36,386,378	3.28%
MR PETER DIAMOND & MRS DIANA DIAMOND <P & D DIAMOND SUPER FUND A/C>	25,000,000	2.25%
SB & ET HOLDINGS PTY LTD <THRG HOLDINGS UNIT A/C>	25,000,000	2.25%
CHAMBOUR CHILDREN PTY LTD <CHAMBOUR CHILDREN SMSF A/C>	18,943,737	1.71%
MR CHRISTOPHER DYLAN JUDD & MRS REBECCA JANE JUDD <JUDD SUPER FUND A/C>	18,875,000	1.70%
ICE COLD INVESTMENTS PTY LTD	18,725,000	1.69%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	17,012,297	1.53%
GFS SECURITIES PTY LTD <GLENFARE SUPER FUND A/C>	13,600,000	1.23%
MR ROBERT VINCENT CARPENTER	11,697,853	1.06%
MR PETER IAN RICHARDS	11,684,963	1.05%
GA WOOD HOLDINGS PTY LTD <GA WOOD HOLDINGS A/C>	10,775,000	0.97%
SB & ET HOLDINGS PTY LTD	10,000,000	0.90%
JASFORCE PTY LTD	10,000,000	0.90%
THREE ZEBRAS PTY LTD <JUDD FAMILY A/C>	9,785,715	0.88%
T T NICHOLLS PTY LTD <TT NICHOLLS P/L S/FUND A/C>	9,000,000	0.81%
SEABIRD INVESTMENTS (WA) PTY LTD <THE JA SUPERANNUATION A/C>	9,000,000	0.81%
MR PHILIP WEINMAN & MS ROCHELLE WEINMAN & MR DEAN WEINMAN <WEINMAN SUPER FUND A/C>	9,000,000	0.81%
DR JON DAVID SAINKEN	8,750,000	0.79%
MARSO SECURITIES PTY LTD	7,798,469	0.70%
Total	**601,176,140**	**54.22%**
Total issued capital - selected security class(es)	**1,108,787,506**	**100.00%**

For personal use only

ASX ADDITIONAL INFORMATION (Continued)

Substantial Shareholding

As at 30 September 2021, the substantial holders of the Company's share capital where:

Holders of Equity Securities	Ordinary Shares	Percentage
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	119,643,301	10.79%
PETER DIAMOND & DIANA DIAMOND ATF P&D DIAMOND SUPER FUND	66,000,000	5.95%
TWYNAM INVESTMENTS PTY LTD	60,321,146	5.44%
FIRST SAMUEL LTD	56,209,246	5.07%

Number of Holders of Equity Securities

Ordinary Share Capital
There are 1,108,787,506 fully paid ordinary shares on issue, held by 2,992 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 16,500,000 unlisted options on issue, held by 8 individual holder. Unlisted options do not carry a right to vote.