

ELMORE

March 3rd, 2021

MARKET UPDATE

KEY POINTS

- Elmore executes preferred bidder agreement/ partnership agreement with Polaris Engineering Services
 - Agreement will underpin Elmore's labour, fabrication and plant maintenance requirements as the business expands
 - \$500,000 convertible note executed with Polaris assisting in corner-stone \$5 million equity raise currently being prepared
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Elmore Ltd (ASX: ELE, "the Company") is pleased to provide an update on the Company's progress.

CONVERTIBLE NOTE AND PREFERRED BIDDER AGREEMENT WITH POLARIS ENGINEERING SERVICES

Elmore is pleased to announce that it has entered into an agreement with Polaris Engineering (Polaris) where Polaris will become the preferred bidder, essentially partnering with Elmore, to provide a range of services, including:

1. Maintenance planning
2. Maintenance support
3. Labour Hire Support
4. Fabrication services
5. Surface treatment services,
 - a. Painting
 - b. Rubber lining
6. Engineering due diligence
7. Field spare parts

Key Term of the Agreement

The Preferred Bidder status will provide Polaris with a First Right of Refusal over the above listed services if Polaris can meet other quotations for these services in all aspects, including quality, budget.

The agreement is for 2 years and has no specific contract value.

Elmore's aim is to use the relationship to increase reliability of its service provision and lower operating costs through being able to efficiently schedule labour, fabrication and spare parts without having to hire additional staff or lease additional facilities. Elmore aims to establish Polaris as an extension of Elmore, for the services that Polaris prove to be competitive in.

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About Polaris Engineering

Polaris Engineering Services is a privately owned, Western Australian based company that specialises in the provision of engineering design, fabrication, construction and maintenance of equipment for the mining, Oil & Gas, defence, infrastructure and construction industries.

Polaris's services include but are not limited to, Platework, Tanks, Pipework and Spooling, as well as Maintenance Planning and services on mechanical equipment and associated steelwork.

With three Henderson based workshops totalling over 30,000m² (two designated for fabrication and one designated for surface treatment) and a skilled work force of +/- 100 strong,

Polaris have a strong background in Oil and Gas and other heavy fabrication, where they have had to operate to the highest standards in some of the harshest environments.

Elmore regard this as a substantial move by the Company, as it underpins the labour and engineering base of the Company as Elmore rolls out its mobile minerals processing model and continues to service existing contracts, without the financial burden of facilities, systems and additional staff during the important ramp-up period.

CONVERTIBLE NOTE

Along with the agreement, Polaris has invested \$500,000 in Elmore by way of a convertible note. The convertible note will be issued using the Company's 15% annual placement capacity.

Key Terms

- The note automatically converts to equity at \$0.02 per share if Elmore is successful in being re-instated on the Board of the ASX next month.
- If for some reason the Company is unable to meet the requirements of re-instatement, the investment will be a 2-year convertible note accruing 7% interest per annum and convertible at Polaris's discretion at \$0.02 per share.
- The Note will be secured via a General Security Agreement (GSA).

EQUITY RAISE

As per the Notice of Meeting issued on Friday 5th February, the Company is preparing to (subject to Shareholder approval at the Extraordinary General Meeting to be held on March 8th 2021) raise \$5 million (plus fees).

The raise will be used to retire all debts and creditors, purchase plant and equipment, and provide a working capital buffer to the Company's balance sheet.

Shares will be issued at \$0.02 per share.

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The Company is working to issue a prospectus shortly, though has had very strong support from the very limited investors spoken to so far, with over 60% of the funds committed or requested by Polaris, Directors, and existing shareholders prior to the commencement of the raise, and strong interest from brokers beyond this. Shareholders are encouraged to contact the Company to request a copy of the prospectus if they are interested in participating in the raise.

Elmore's Managing Director Mr David Mendelawitz commented:

"We are continuing to make excellent progress in solidifying Elmore as a strong Mining Services Company. We feel that with Polaris by our side, along with our unique processing concept, existing equipment, current contacts and great team we are looking forwards to a great 2021 and beyond".

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