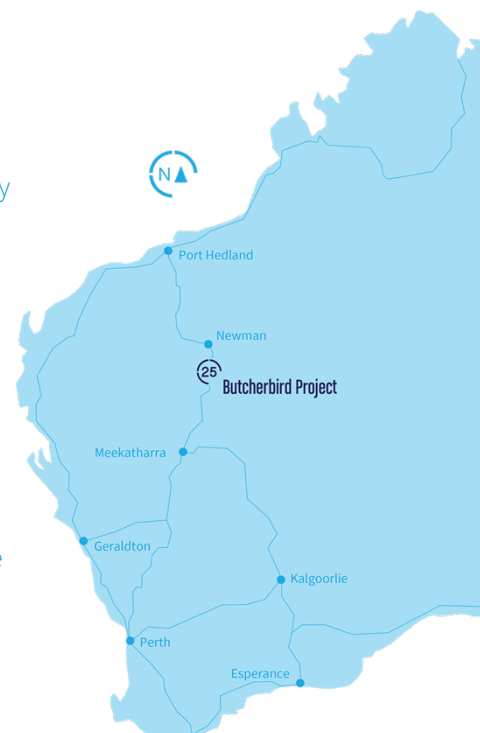


Highlights

Project Development Activities

- Stage 1 offtake agreement finalised with OM Materials Pte Ltd (OMS), a wholly owned subsidiary of ASX listed OM Holdings Limited (ASX:OMH)
- \$35.5M placement with **strong support from a leading Swiss ESG fund**.
- Proceeds of the offering will fully fund the expected capital outlay to expand production at the Butcherbird Project to over **1 million tpa** of manganese concentrate.
- The raising also underpins funding to accelerate work on completing the flowsheet and plant design to produce High Purity Battery Grade Manganese Sulphate (HPMSM) for New Energy Vehicles (NEV).
- Commissioning activities progressing well at the Butcherbird Mine Site.
- First ore has been successfully processed through the plant.
- Production of **in specification 30-35% Mn** concentrate achieved early in commissioning programme.



The first quarter of 2021 has continued to deliver robust progress for Element 25 Limited (**Company** or **E25**), with the Company completing the first stage of development to export high quality manganese concentrate from the Company's 100% owned Butcherbird Manganese Project (**Project**).

Construction of the processing plant has been completed, commissioning commenced in line with the forecast delivery in the first quarter of calendar 2021. Ancillary site infrastructure works including office buildings, communications infrastructure, roads, civil engineering and borefield are either substantially complete or due for completion during the current quarter.

Subsequent to the end of the Quarter the Company announced that first ore has been produced from the processing plant.

Company Snapshot

Market Snapshot (31 March 2021)

ASX Code:	E25
Shares on Issue:	149M
Share Price:	\$2.45

Board of Directors:

Seamus Cornelius	Chairman
Justin Brown	MD
John Ribbons	NED

Element 25 Limited is developing the world class Butcherbird Manganese Project in Western Australia to produce high quality manganese concentrate and high purity manganese products for traditional and new energy markets.

Butcherbird Project Development Update

Approvals Finalised

As part of the final stage of Project, confirmation was received from the Department of Water and Environmental Regulation (DWER) that a groundwater abstraction allocation of 1Gl per year has been approved for the Butcherbird Project (Project).

The groundwater allocation is a requirement for the operation of the processing plant which will generate approximately 365 Kt per annum of high quality manganese concentrate for export via Port Hedland under the Company's take or pay offtake agreement with OM Materials (S) Pte Ltd (OMS), a wholly owned subsidiary of ASX listed company OM Holdings Limited (ASX:OMH) (OMH)¹.

The licence application was based on detailed groundwater pump testing, aquifer modelling and subterranean fauna surveys to collect sufficient baseline data to understand the aquifer ecosystem. In subsequent discussions with DWER, a management strategy has been defined which will monitor aquifer health on an ongoing basis to detect and mitigate any potential environmental impacts and to maintain the health of subterranean ecosystems during operations.

Stage 1 Commissioning

Delivery of the first stage of a planned multi-stage development at Project has been extremely successful with project build and commencement of commissioning completed within 11 months from the delivery of the Pre-Feasibility Study published in May 2020⁴.

The Project team is now fully focussed on normal commissioning activities and is pleased to report that there are no early indications of any significant flaws in any of the processing



equipment or stages. Reliable, consistent operation and optimisation of the plant to the various types of ore feed identified in the starter pits are some of the initial commissioning objectives. This process is expected to roll out

¹ Reference: Company ASX announcement dated 28 January 2021.

over a relatively short period, with all efforts being made to accelerate production rates to nameplate as quickly as practicable.

Importantly, **in-spec 30-35% Mn content concentrate** has been successfully produced early in the commissioning process and early indications are encouraging with respect to potential plant throughput. A number of optimisation opportunities will be explored and minor engineering modifications are being implemented during the normal commissioning process to enhance plant availability, processing throughput and product quality.

Power and water services are operating reliably at design rates, and TSF commissioning is progressing without issues. Other infrastructure such as the access road connection to the Great Northern Highway continue towards completion in preparation for the first cargo which will be trucked to Port Hedland for export via the Utah Point export facility.



This is the first stage of a multi-stage development strategy for the Project, which will be expanded to produce high purity manganese sulphate monohydrate (**HPMSM**) for electric vehicle (**EV**) batteries to power the global transition away from fossil fuel powered mobility.

Manganese is emerging as an increasingly important ingredient for EV batteries, with potential supply constraints for nickel and cobalt forcing battery manufacturers to look to high manganese cathodes to produce the vast amount of cathode material required by the EV industry in coming years.²

The Project is ideally placed to feed this potential demand, with **advanced flowsheet development** work undertaken in 2019 and 2020 confirming a simple, unique, ambient temperature and atmospheric pressure leach

² <https://thenextavenue.com/2021/01/22/svolt-opens-orders-for-its-nmx-nickel-manganese-batteries/>

process for E25 ores which, when combined with offsets, will target the world's first **Zero Carbon Manganese™** for EV cathode manufacture³.

Offtake Agreement Signed with OM Holdings

During the quarter binding **take or pay offtake** agreements were finalised with OM Materials (S) Pte Ltd (OMS), a wholly owned subsidiary of ASX listed company OM Holdings Limited (ASX:OMH) (OMH).

The agreement covers 100% of the manganese ore produced from the first stage (**Stage 1**) of the Project over an initial five-year term, with a conditional provision to extend this for a further five years.

The key terms of the definitive agreements include the following:

- OMS to take 100% of the manganese ore from the Project from Stage 1.
- An ore pricing mechanism which is calculated as a discount against the Fast Markets published 44% Mn benchmark price (adjusted for FOB delivery terms).
- The parties have agreed the specification and pricing formula(e) for delivered ore between a manganese grade of 28%-35%.
- The parties have agreed on minimum and maximum levels/ratios of certain impurities including iron, silica, phosphorous and moisture. Certain pricing adjustments are provided for in the agreement including both discounts and premia, the details of which are commercial in confidence.
- The term of the Offtake Agreement will be 5 years, with provision for an extension subject to satisfactory performance by OMS measured against agreed KPI's.
- Trade terms will include a provision in the first twenty-four months for payment to be made on delivery of parcel sizes as small as 1,000 tonne to Port Hedland, significantly reducing E25's working capital requirements.
- The ore will be delivered on an FOB basis.
- The Offtake Agreement includes conditions precedent in relation to board approvals, and the receipt of all necessary regulatory approvals for Stage 1 production.

Corporate

Capital Raising

During the quarter the Company finalised an equity raising totalling \$35.5 million at a price of \$2.20 per share before costs. The price represented an 8% premium to the 30 day volume weighted average price (VWAP) for the

³ Reference: Company ASX release dated 12 February 2019.

Company's shares traded on the ASX prior to the placement. Blackwood Capital (**Blackwood**) acted as lead broker to the placement. Fees of 5% of funds raised were paid to participants in the final book build.

Proceeds will be used to fund the planned Stage 2 expansion⁴ of manganese concentrate production from the 100% owned Butcherbird Manganese Project (**Project**). Importantly, it will also allow the Company to put a dedicated team in place to accelerate the flowsheet and plant design work to produce Lithium-Ion battery grade manganese sulphate, or HPMSM from the concentrate produced from the Project.

Investment Portfolio (as at 31 March 2021)

In addition to cash reserves, the Company also currently holds securities in the following listed entities:

Listed securities at market value:	No. Held	Closing Price	Market Value
Anova Metals Ltd (ASX:AWV)	7,000,000	\$0.026	\$182,000
Buxton Resources Ltd (ASX:BUX)	356,001	\$0.069	\$24,564
Duketon Mining (ASX:DKM)	1,450,000	\$0.305	\$442,250
Danakali Limited (ASX:DNK)	6,001,331	\$0.485	\$2,910,645
Total			\$3,559,459

ASX Additional Information

Exploration and evaluation expenditure during the quarter was \$150k, associated with tenement compliance costs. Mining production and development activities during the quarter totalled \$9,773k, associated with construction activities at the Company's Butcherbird Manganese Project. In addition, the Company made cash payments of \$86k to related parties and their associates during the quarter. This was the aggregate amount paid to the directors including salary, directors' fees, consulting fees and superannuation.

Justin Brown

Managing Director

Company information, ASX announcements, investor presentations, corporate videos and other investor material on the Company's projects can be viewed at: <http://www.element25.com.au>.

Competent Persons Statement

The company confirms that in the case of estimates of Mineral Resource or Ore Reserves, all material assumptions and technical parameters underpinning the estimates in the market announcements dated 17 April 2019 and 19 May 2020 continue to apply and

⁴ Reference: Company ASX release dated 3 December 2020

have not materially changed. The company confirms that the form and context in which the competent person's findings are presented has not been materially modified from the original market announcements.

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Justin Brown who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Exploration Results and Exploration Targets were compiled, Mr Brown was an employee of Element 25 Limited. Mr Brown is a geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Brown consents to the inclusion of this information in the form and context in which it appears in this report.

This announcement is authorised for market release by Element 25 Limited's Board of Directors.

Disclaimer

The views expressed herein are not necessarily the views of the Australian Government, and the Australian Government does not accept responsibility for any information or advice contained herein.

ASX Additional Information for Quarterly Report to 31 March 2021

	Tenement reference	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of quarter
The mining tenements held at the end of the quarter and their location	E09/2415	Isle Bore WA	100%	N/A	100%
	E20/659	Eelya Hill WA	10%	N/A	10%
	E20/953	Sunday Well WA	100%	N/A	100%
	E28/2577	Pinnacles WA	100%	N/A	100%
	E28/2761	Flanker South WA	100%	N/A	100%
	E46/1366	Black Hill WA	100%	N/A	100%
	E52/1529	Mt Padbury WA	100% (Note 1)	N/A	100% (Note 1)
	E52/2350	Butcher Bird WA	100%	N/A	100%
	E52/3606	Yanneri Bore WA	100%	N/A	100%
	E52/3706	Yanneri Pool WA	100%	N/A	100%
	E52/3735	Limestone Bore WA	100%	N/A	100%
	E52/3738	Mt Padbury WA	100%	N/A	100%
	E52/3769	Kumarina WA	100%	N/A	100%
	E52/3779	Beyondie Bluff WA	100%	N/A	100%
	E52/3788	Neds Gap WA	100%	N/A	100%
	E52/3789	Coner Bore WA	100%	N/A	100%
	E52/3840	Woolgatharra Pool WA	100%	N/A	100%
	E52/3849	Dead Camel WA	100%	N/A	100%
	E52/3858	Yanneri Well WA	100%	N/A	100%
	L52/211	Limestone Bore WA	100%	N/A	100%
	L52/215	Butcherbird East 1 WA	100%	N/A	100%
	L52/216	Butcherbird East 2 WA	100%	N/A	100%
	L52/217	Butcherbird East 3 WA	100%	N/A	100%
	L52/218	Butcherbird East 4 WA	100%	N/A	100%
	L52/220	Butcherbird East 5 WA	100%	N/A	100%
	L52/221	Butcherbird East 6 WA	100%	N/A	100%
	L52/225	Butcherbird East 7 WA	0%	Acquired	100%
	M52/1074	Yaneri Ridge WA	100%	N/A	100%
	E57/1060	Victory Well WA	20%	N/A	20%
	E59/2408	Twin Peaks WA	100%	N/A	100%
	E63/2027	Lake Johnston WA	100%	N/A	100%
	E80/5056	Eileen Bore WA	100%	N/A	100%

Notes:

- 1) 100% interest held in all minerals other than iron ore and manganese.