

## Highlights

### Project Development Activities

- Butcherbird Manganese Project in WA commenced production and ramped up to 24-hour processing.
- In-specification 30-35% Mn content concentrate successfully produced throughout Butcherbird's commissioning and ramp-up process.
- Multi-user Access Agreement executed with Pilbara Port Authority to use Port Hedland's Utah Point facility for bulk export of Butcherbird manganese.
- First parcel of material from the Project sold to OM Materials (S) Pte Ltd (OMS), a wholly owned subsidiary of ASX-listed company OM Holdings Limited.
- AK Evans Group Australia transports first manganese shipment from Butcherbird to Port Hedland, loaded onto the Shakespeare Bay which sailed on 14 July 2021.
- Finalising logistics details for the August 2021 shipment.
- Work advancing on Stage 2 expansion of the Butcherbird Project and feasibility study work programmes to produce battery grade High Purity Manganese Sulphate.



Element 25 Limited (**Company** or **E25**) achieved several major milestones during the quarter ending June 30 2021, as it signed its first contract for the sale of manganese concentrate from its 100%-owned Butcherbird Project (**Project**), successfully transported its first shipment of manganese by road to Port Hedland and the first shipment of approximately 27,000t of manganese concentrate departed Port Hedland on the Shakespeare Bay on 14 July 2021. The cargo has been accepted by the customer and paid for on a provisional basis under the terms of the take or pay offtake agreement announced 28 January 2021. A final adjustment will be made when discharge port assays are finalised.

The Company is looking towards the future through aggressively pursuing the Stage 2 expansion of the Project and opportunities to produce value added products including the production of battery grade High Purity Manganese Sulphate (**HPMSM**) from the manganese concentrate.

### COMPANY SNAPSHOT

#### Market Summary (at 30/06/2021)

ASX code:	E25
Shares on issue:	149M
Share price:	\$2.17

#### 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

### Butcherbird Mine Delivered First Product within Specification

The Company made excellent progress on its multi-stage development at Butcherbird, with project build and commencement of commissioning completed within 11 months from delivery of the Pre-Feasibility Study (PFS).

The Project team progressed commissioning activities and reported no indications of any significant flaws in processing equipment or stages. Initial commissioning objectives included reliable, consistent operation and optimisation of the plant to the various types of ore feed identified in the starter pits

E25 explored several optimisation opportunities and minor engineering modifications implemented during the normal commissioning process to enhance plant availability, processing throughput and product quality.

Power and water services operated reliably at design rates, and tailing storage facility (TSF) commissioning progressed without issue. E25 completed other infrastructure including the access road connection to the Great Northern Highway in preparation for trucking the first cargo to Port Hedland for export via Utah Point export facility.

The Butcherbird mine site progressed to a 24-hour processing operation as part of the scheduled ramp up activities. This produced accelerated production volumes to facilitate the first shipment of product. Importantly, the in-specification 30-35% Mn content concentrate was successfully produced early in the commissioning process.



Figure 1 - E25's completed Stage 1 operation at the Butcherbird mine site in Western Australia

## Port Access Agreement for Utah Point Facility Executed

In May 2021, the Company executed a Multi-User Access Agreement (Agreement) with the Pilbara Port Authority. The Agreement provides for the use of the Port Hedland Utah Point facility for the bulk export of manganese from the Company's production facility at the Project.

Utah Point is a well-regarded multi-user bulk handling and loading facility located in Port Hedland, Western Australia. The terms of the Agreement are commercial in confidence, however they are in line with the Pilbara Port Authority's normal operating terms and satisfy the Company's capacity requirement for the first stage of operations up to 390Ktpa.

## First Sale Contract Signed for Butcherbird Concentrate

In May 2021, the Company confirmed the sale of the first parcel of material from the Butcherbird Manganese Project to OM Materials (S) Pte Ltd, a wholly-owned subsidiary of ASX-listed company OM Holdings Limited (ASX:OMH).

The cargo has now been received by the customer and paid for on a provisional basis.

## First Manganese Shipment to Port Hedland in Complete

Under the terms of the Letter of Intent executed with AK Evans Group Australia (AK Evans) for transportation of manganese concentrate from the Project to Utah Point in Port Hedland, ore haulage commenced in the June 2021 quarter. Trucks departed on 8 June 2021 containing the first manganese concentrate produced at Butcherbird, with a total of 26,200Kt transported to Port Hedland and loaded onto the Shakespeare Bay which departed 14 July 2021.



Figure 2 - The Shakespeare Bay docked at Utah Point to load the first shipment of Butcherbird manganese ore

## High Purity Manganese Sulphate PFS

Subsequent to the successful commissioning of the Stage 1 concentrate operation, laboratory test work recommenced during the quarter on flowsheet optimisation for the conversion of the bulk manganese concentrate produced in the Stage 1 and (planned) Stage 2 operations. The work is being completed as part of the PFS on the commercial potential around conversion of the concentrate to battery grade High Purity Manganese Sulphate (HPMSM), which is the focus of the Stage 3 expansion plans.

**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.<sup>1</sup>

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 process for E25 ores which, when combined with offsets, will target the world's first **Zero Carbon Manganese™** for EV cathode manufacture<sup>2</sup>.

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<sup>1</sup> <https://thenextavenue.com/2021/01/22/svolt-opens-orders-for-its-nmx-nickel-manganese-batteries/>

<sup>2</sup> Reference: Company ASX release dated 12 February 2019.

## About the Butcherbird Manganese Project

The Butcherbird Manganese Project is a world-class manganese resource with current JORC resources of more than 263Mt of manganese ore<sup>3</sup>. In May 2020, the Company completed a Pre-Feasibility Study (PFS)<sup>4</sup> with respect to developing the deposit to produce manganese concentrate for export to generate early cashflow with a modest capital requirement<sup>5</sup>. The outstanding economics and low capital hurdle for the first stage of development has allowed the Company to deliver first production from the Project in less than twelve months from the publication of the PFS.

The PFS also highlighted the Project's potential for significant growth beyond the initial Stage 1 production volumes (the studies examined the potential for a 2X and 3X expansion to Stage 1 within 12 months of initial commissioning), and the Company expects to expedite the expansion of the Project.

In addition to the concentrate export business, the Company has completed extensive research & development and laboratory test work into the production of high purity manganese products including battery grade manganese sulphate (**HPMSM**) and High Purity Electrolytic Manganese Metal (**HPEMM**). The work has highlighted that the Butcherbird ores are highly amenable to an ambient temperature, atmospheric pressure leach process, resulting in a very efficient extraction of the manganese into solution, the key requirement for the cost effective and sustainable production of HPMSM and HPEMM.

The Project straddles the Great Northern Highway and the Goldfields Gas Pipeline, providing turnkey logistics and energy solutions. The Company plans to integrate renewable energy into the power solution over time to target a zero-carbon footprint for the Project, which is expected to also reduce energy costs. A cleaner, lower carbon flowsheet and high penetration renewable energy will place Butcherbird at the forefront of sustainable high purity manganese production.

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<sup>3</sup> Reference: Company ASX release dated 17 April 2019.

<sup>4</sup> Reference: Company ASX release dated 19 May 2020.

<sup>5</sup> Reference: Company ASX release dated 3 December 2020

## Mineral Resources

Category	Tonnes (Mt)	Mn (%)	Si (%)	Fe (%)	Al (%)
Measured	16	11.6	20.6	11.7	5.7
Indicated	41	10.0	20.9	11.0	5.8
Inferred	206	9.8	20.8	11.4	5.9
<b>Total</b>	<b>263</b>	<b>10.0</b>	<b>20.8</b>	<b>11.4</b>	<b>5.9</b>

Notes:

- Reported at a 7% Mn cut-off for the Measured and Indicated categories and an 8% Mn cut-off for the Inferred categories.
- All figures rounded to reflect the appropriate level of confidence (apparent differences may occur due to rounding)

## Mining Reserve

Based on the results of the Pre-Feasibility Study completed in May 2020, E25 has published a Maiden Ore Reserve for the Project of 50.55Mt in the Proved and Probable categories<sup>6</sup>.

Classification	Tonnes (Mt)	Grade (Mn%)	Contained Mn (Mt)	Recovered Mn (Mt)
Proved	14.4	11.5	1.65	1.35
Probable	36.2	9.8	3.56	2.92
<b>Total</b>	<b>50.6</b>	<b>10.3</b>	<b>5.21</b>	<b>4.27</b>

<sup>6</sup> Reference: Element 25 Limited Reserve Statement lodged with ASX 19 May 2020.

## Corporate

### Investment Portfolio (as at 30 June 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	\$0.020	\$140,000
Buxton Resources Ltd (ASX:BUX)	356,001	\$0.135	\$48,060
Duketon Mining (ASX:DKM)	1,450,000	\$0.325	\$471,250
Danakali Limited (ASX:DNK)	6,001,331	\$0.445	\$2,670,902
<b>Total</b>			<b>\$3,329,902</b>

### Utilisation and Termination of Controlled Placement Agreement

In May 2021, the Company announced it had raised \$9,200,000 (after costs) through the set-off of 4,800,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA). The Set-off Shares reduce the total 4,800,000 collateral shares which Acuity Capital is otherwise required to return to the Company upon termination of the CPA.

These Set-off Shares have a deemed price of \$1.9167, being a 6.5% discount to the 15-day VWAP of \$2.0506 to 5 May 2021 (inclusive). E25 will use the funds raised for its planned Stage 2 expansion of manganese concentrate production from the Company's Butcherbird Manganese Project and to accelerate feasibility study work programmes for the production of battery grade High Purity Manganese Sulphate (HPMSM) from the manganese concentrate produced from Stage 2.

The Company has now terminated the CPA. There were no costs associated with terminating the CPA.

## ASX Additional Information

### Appendix 5B Quarterly Report and Statement of Cash Flows

The ASX Appendix 5B quarterly report covering the 3-month period from 1 April 2021 to 30 June 2021 is attached to and lodged with this report. Exploration and evaluation expenditure during the quarter was \$141k, associated with tenement compliance costs. Mining development activities during the quarter totalled \$5,647k, associated with construction activities at the Company's Butcherbird Manganese Project. Production costs, including mining, processing, haulage, port and site administration, totalled \$2,863k for the quarter. Staff costs for the company totalled \$1,019k for the quarter. Corporate and administration expenses totalled \$202k in the quarter. In addition, \$494k was moved to restricted cash in the quarter for the establishment of a number of bank guarantees. Net cash inflows from financing activities was \$8,799k in the quarter comprising funds received from the Acuity facility of \$9,200k offset by the payment of transaction costs associated with the placement which completed in the March 2021 quarter (\$401k).

### Payments to Related Parties and their Associates

In accordance with ASX Listing Rule 5.3.5, payments to related parties of the Company and their associates during the quarter totalled \$86k to the directors including salary, directors' fees, consulting fees and superannuation. This amount is included at Item 1.2(d) of the Appendix 5B.

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 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.

## ASX Additional Information for Quarterly Report to 30 June 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%	Disposed	0%
	E52/3858	Yanneri Well WA	100%	N/A	100%
	E52/3947	Weelarrana WA	0%	Acquired	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	100%	N/A	100%
	M52/1074	Yaneri Ridge WA	100%	N/A	100%
	E57/1060	Victory Well WA	20%	N/A	20%
	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.