

Butcherbird High Purity Manganese Project PFS Update

Highlights

- Channel manganese drilling programme commenced.
- Key terms of the Native Title Agreement with the Nyiyaparli have been agreed. Final execution pending.
- Hydrogeological investigations underway to identify sufficient water for hydrometallurgical process plant.
- Wet season flora and fauna surveys completed.
- No Threatened Ecological Communities, Priority Ecological Communities or Threatened Flora recorded.
- Subterranean fauna surveys planned and scheduled.
- Open pit optimisation, mine design and mine scheduling commenced and well advanced.



Element 25 Limited (E25 or Company) is pleased to provide an update on activities in relation to the Pre-Feasibility Study (PFS) currently underway in relation to the production of high purity Electrolytic Manganese Metal (EMM) and manganese sulphate (HPMSM) at the Company's 100% owned Butcherbird Manganese Project (Butcherbird).

The PFS is progressing on budget and currently planned for delivery in 2019.

Company Snapshot

ASX Code:	E25	Board of Directors:		Element 25 Limited is developing the world class
Shares on Issue:	84M	Seamus Cornelius	Chairman	Butcherbird manganese project in Western Australia to
Share Price:	\$0.19	Justin Brown	ED	produce high purity manganese sulphate for lithium ion
Market Capitalisation:	\$15.9M	John Ribbons	NED	batteries and electrolytic manganese metal.

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Channel Manganese Exploration

A channel manganese exploration program has commenced comprising multiple aircore drilling traverses across an interpreted paleochannel system. The target area has been defined based on the results of a detailed, ground based gravity survey conducted in 2018 covering approximately a 10 kilometre x 5 kilometre area directly west of the M52/1074 Mining Lease application.

The review of the gravity work identified a potential paleochannel feature which trends in a northwest – southeast direction located approximately 1-2 kilometres west of the Mining Lease Application M52/1074. Tertiary paleochannels are commonly filled with detritus and material from earlier geological formations. The close proximity to the Butcherbird resources could provide infill sources from previous weathering into a paleochannel and a resulting Channel Manganese resource may have been deposited.

Groundwater information will also be collected as part of the programme. A future pump test program will be commissioned to definitively test the water supply characteristics of the paleochannel. This would include drilling and construction of production bores, performing test pumping analysis and reporting of results. Hydrogeological modelling will be used to assess the impacts of draw on aquifers, other users and groundwater dependant ecosystems. Department of Water and Environment licencing will also commence during this period.

Native Title

The Company has been advised that the Nyiyaparli common law holders have consented to Karlka Nyiyaparli Aboriginal Corporation (**KNAC**) entering into the Butcherbird Mining Agreement which outlines the agreed commercial terms between the parties and the State Deed which is a condition precedent to the grant of M52/1074. M52/1074 covers the required operating areas under the current mine plan.

The documents will be presented at the next KNAC Board meeting for execution.

Environmental

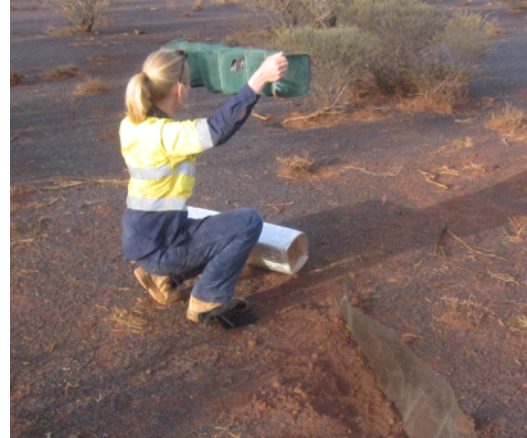
E25 has commissioned several environmental works programs for the project which include the following:

- Flora and fauna surveys.
- Review of a previous surface hydrology report.
- Subterranean fauna survey.
- Soils and landform assessment.
- Tailings and mine waste characterisation.

These studies have been commissioned to support and provide input into the PFS / FS and the overall approvals process for the project. The studies are being undertaken by various appropriately qualified consultants and are being managed by MBS Environmental (MBS).

Flora and Fauna Surveys

Flora and fauna surveys were conducted from 8 to 19 April 2019 covering the Mining Lease, the Borefield Areas and the Renewables Area for a total of 4,739 ha. The flora and vegetation survey has indicated that all vegetation types recorded are adequately represented and none are considered to be of potential conservation significance. No Threatened Ecological Communities (TEC), Priority Ecological Communities (PEC) or Threatened Flora were recorded. Five Priority flora (one P1, two P3, one P4 and one individual awaiting identification) were recorded within the survey area.



The fauna survey identified six major fauna types across the combined project area. Hummock grassland is associated with all of the mapped habitat types in various areas and will be mapped separately as potential Brush-tailed Mulgara Habitat. General fauna abundance and activity was low, likely due to the hot and dry conditions. A total of 24 potential short range endemics invertebrate species (SRE) were collected and one Brush-tailed Mulgara (*Dasymercus blythi*)(P4) was recorded within the survey area. Sandplain habitat within the southern section of the southern Borefield has been defined as potential Greater Bilby (*Macrotis lagotis*) habitat, however no observations of individuals or secondary evidence was recorded during the survey. Habitat associated with Night Parrot (*Pezoporus occidentalis*) is poorly defined and is loosely described as areas of mature hummock grasses (*Triodia* spp) possibly associated with Chenopods. Acoustic detectors were deployed for Bats and the Night Parrot and data is awaiting analysis.



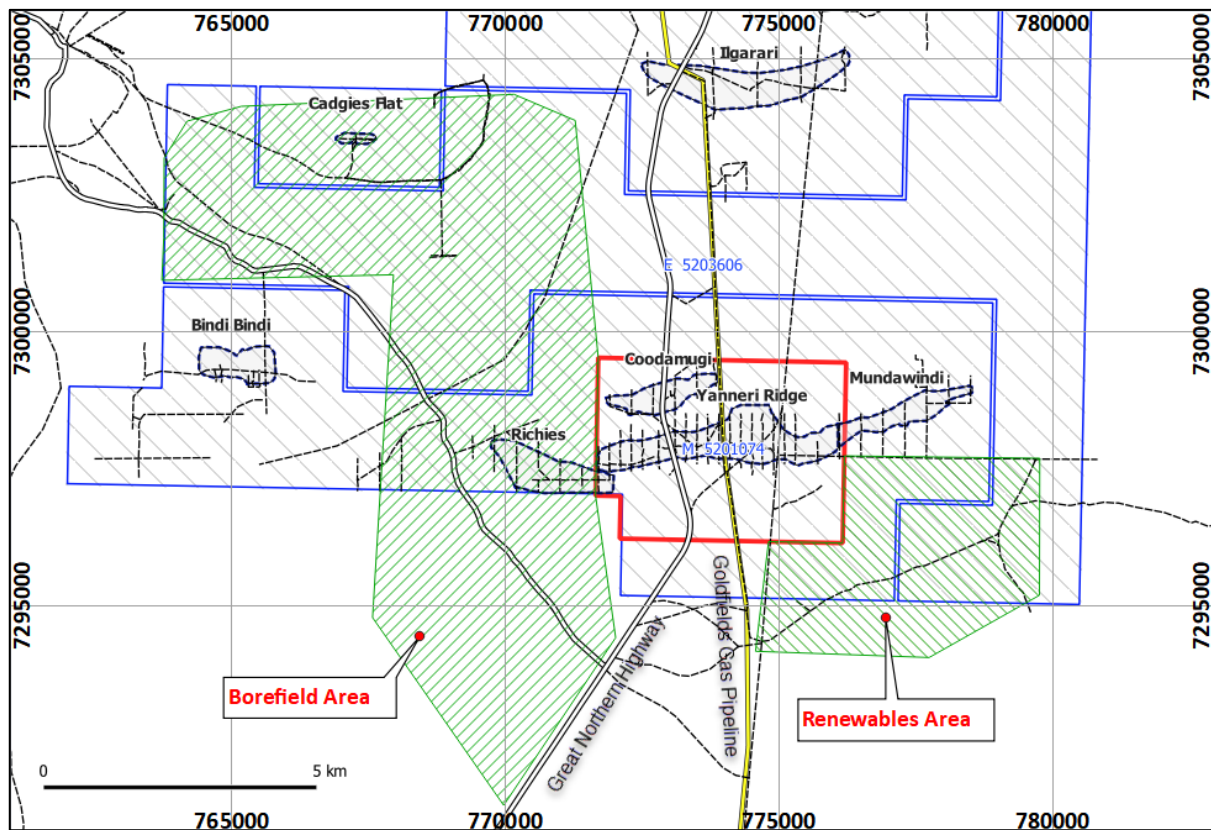


Figure 1: Environmental survey coverage areas in addition to the mining lease application area M52/1074.

The initial summary of the flora and fauna surveys have not indicated any significant species to be present within the project area, however confirmation is dependent on the receipt of the final survey report due shortly. The current level of information is sufficient to provide input into the PFS / FS and is likely to provide sufficient information to inform the relevant documents for the approvals process.

Surface Hydrology and Hydrogeology

MBS have reviewed the Yanneri Ridge Hydrological Study Document 226101R02V05 prepared by Water Technology dated October 2012 for applicability to Butcherbird. The report provided an overview of the drainage and potential surface water issues and is considered sufficient to support future Clearing Permit applications and provides a good basis for a future Mining Proposal application. MBS consider the report is adequate to inform project design for the PFS and support future approval applications to regulatory authorities. Additional work will likely need to be commissioned to address project specific impacts for the Mining Proposal, however this should not be undertaken until a site layout has been agreed as part of the PFS.

E25 has engaged a hydrogeologist to undertake baseline hydrogeological investigations. MBS have been in discussions with the hydrogeologist to ensure environmental requirements are incorporated into the planned works.

Subterranean Fauna Survey

Additional stygofauna sample holes are being drilled during the current hydrogeological drill program and are expected to be completed shortly. The holes will be left for three to four months to allow adequate time for stygofauna to colonise the holes. MBS propose to undertake a Level 1 Subterranean Fauna Survey in August / September 2019 of approximately 20 stygofauna sample holes to provide a baseline dataset of the project area. The outcome of the survey will determine whether there is a requirement to undertake additional subterranean fauna surveys for the approvals process.

Soils and Landforms Assessment

A soils and landform assessment for the project area is proposed for August / September 2019 in conjunction with the stygofauna survey. Soil samples will be submitted for analysis and a report will be compiled for inclusion in the environmental approval submissions.

Tailings and Mine Waste Characterisation Assessment

Waste classification is currently being undertaken as part of the metallurgical test program with laboratory testing being conducted by ALS. MBS has provided E25 with a breakdown of the analysis requirements for tailings and waste rock samples for the project which included:

- Standard Acid Base Accounting (ABA).
- Total metals and metalloids.
- Inductively Coupled Plasma Optical Emission Spectrometry or Mass Spectrometry finish (ICP-OES/MS).
- Leachable metals and metalloids.
- Nutrients and plant available metals.
- Particle sizing.
- Exchangeable cations and sodicity.
- Emerson Class (as a measure of potential for dispersion).
- Provision of 'head assay' metals and metalloids analysis and any others (e.g. QEMSCAN deportment) of the composite ore used in met trials.

Materials characterisation is still required to be completed for mining waste materials.

MBS believe the baseline environmental data collection program is on track and sufficient information is available to provide appropriate input into the PFS.

Mine Planning

Preliminary mine planning has commenced on the updated 2019 Resource estimate. This work includes open pit optimisation, mine design and mine scheduling. Results from this work will be used for contractor pricing estimates for the PFS Study.

A second round of open pit optimisation, design and scheduling is planned at the end of the PFS study, which will form the basis of a maiden ore reserve.

About the Butcherbird High Purity Manganese Project

The Butcherbird High Purity Manganese Deposit is a world class manganese resource with current JORC resources in excess of 263 Mt of manganese ore¹. The Company has completed a positive scoping study with respect to developing the deposit to produce high purity manganese sulphate for lithium ion battery cathodes as well as Electrolytic Manganese Metal for use in certain specialty steels. A PFS is currently being completed and is expected to further confirm the commercial potential of the Project.

The Project straddles the Great Northern Highway and the Goldfields Gas Pipeline providing turnkey logistics and energy solutions. The Company is also intending to integrate renewable energy into the power solution to minimise the carbon intensity of the Project as well as further reducing energy costs.

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
Total	263	10.0	20.8	11.4	5.9

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)

¹ Reference: Company ASX release dated 17 April 2019.

Justin Brown

Executive Director

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

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information announced to the ASX on 17 April 2019. Element 25 confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.