



## Element 25 Limited - Annual Report 2019



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## 1. Letter from the Chairman

Dear Fellow Shareholders,

It is my pleasure to thank you all for your support and to acknowledge the work done by our Company's employees and my fellow directors.

Our Company is poised for an exciting year. While a lot has been achieved in the past year, it would not be fair or accurate to describe the past year as particularly exciting. We are very close to finalising and announcing a PFS on the Butcherbird high purity manganese project which will be a significant milestone. As anyone who has been through the PFS process or indeed through any other detailed study will confirm, the PFS process involves a very large amount of work by a relatively small team over a long period of time. Thankfully the process is almost complete and its finalisation will allow us to announce some key economic data for the Butcherbird high purity manganese project for the first time. I am looking forward to this important development. The PFS will be important in and of itself but shareholders should be aware that the PFS announcement will also act as a catalyst for other opportunities which are dependant in whole or in part on us having the PFS economics in the public domain.

In addition to the PFS work, during the past year our company completed a very well supported equity raise in a challenging market and we continued to dispose of non-core assets so as to sharpen our focus on Butcherbird. Our MD, Justin Brown, has done an exemplary job of protecting our capital structure and realising value for non-core assets which means all shareholders are highly leveraged to a successful outcome at Butcherbird. I know Justin is serious about ensuring that our capital structure and resulting shareholder leverage are protected and am sure this is partly because Justin is a significant shareholder in E25. This approach is not always popular in certain areas of the ASX investor and advisor community but I believe that all shareholders stand to benefit as we continue to make progress at Butcherbird.

Given that we are so close to finalising and announcing the PFS, which will be the most important milestone for E25 in some time, I will keep this letter brief as I am sure the PFS will speak for itself and am comfortable with the knowledge that nothing I say in this letter will be anywhere as interesting to shareholders as the PFS.

Yours sincerely

Seamus Cornelius

**Chairman**

**Element 25 Limited**

## 2. The Butcherbird Project

### 2.1. Introduction

Element 25 Limited (**E25** or **Company**) is developing the Butcherbird manganese deposit via a strategy of integrated downstream processing with the aim of producing high purity manganese products including Electrolytic Manganese Metal (**EMM**) and battery grade manganese sulphate (**HPMSM**).

The project is located 1,050 km North of Perth and 130km south of Newman in the Southern Pilbara. The project comprises seven resource areas, the largest of which is the Yanneri Ridge deposit. This is the planned start up location, selected due to a higher grade and its location underlying both the Great North Highway and Goldfields Gas Pipeline. The Yanneri Ridge mineralisation also has minimal overburden, allowing simple and low cost mining, requiring no drill and blast.

The deposit was discovered by E25 and was subsequently drilled out to establish the maiden mineral resource estimate (see Table 4: ). A positive Scoping Study was completed in the first quarter of 2018 and a Pre-Feasibility Study (**PFS**) is nearing completion.

The development of the project will introduce new technology developed by the Company which will allow significant skill building within the Western Australia workforce. The project will incorporate the electrowinning of EMM which has not been produced in Australia for some decades.

The integration of renewable energy as part of the power solution will provide opportunities to further expand the State's proportion of renewable energy in the mining industry and more broadly. We believe this will also make our decarbonised products more attractive to end users in a decarbonised world.



Category	Tonnes (Mt)	Mn (%)	Si (%)	Fe (%)	Al (%)
<b>Measured</b>	16	11.6	20.6	11.7	5.7
<b>Indicated</b>	41	10.0	20.9	11.0	5.8
<b>Inferred</b>	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).

Table 1: Butcherbird Project JORC mineral resource estimate<sup>1</sup>. Note: there are no material changes to the assumptions used to calculate the estimate since its publication.

## 2.2. Simple Geology

The mineralisation at Butcherbird forms a flat-lying, stratiform ore body. The very simple geology ensures continuity of mineralisation, which simplifies mining. The ore zone starts at surface and is laterally continuous and no selective mining is required. The strip ratio is estimated at 0.2:1 based on preliminary pit optimisations<sup>2</sup>. The ore zone is above the water table. It is expected to be a primarily free-dig operation with localised ripping.

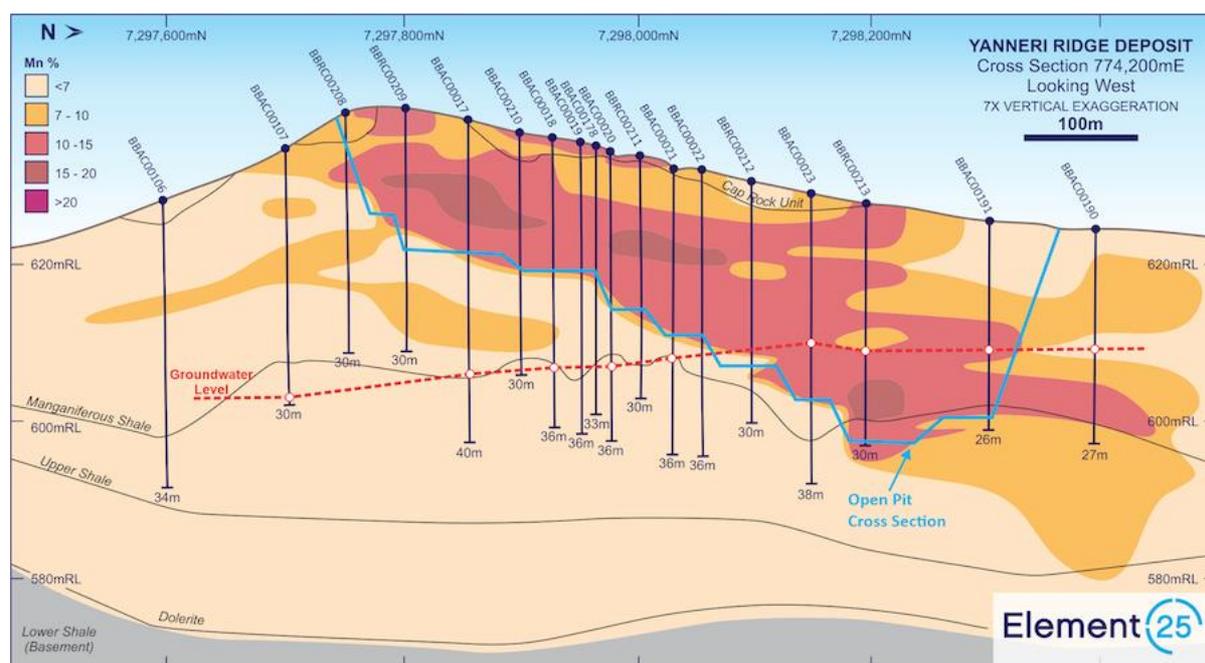


Figure 1: Geological N-S cross section looking west through the Yanneri Ridge manganese deposit.

<sup>1</sup> Reference: Element 25 Limited ASX release dated 17 April 2019.

<sup>2</sup> Reference: Element 25 Limited ASX release dated 10 May 2018.

### 2.3. A Unique Process

The development strategy has been based around a flowsheet which was developed in conjunction with the CSIRO in 2017. The plant flowsheet consists of proven unit operations including crushing, scrubbing, grinding, hydrometallurgical recovery and purification and electrolysis for the production of EMM. The plant also includes reductant preparation, product handling, tailings neutralisation and reagents storage facilities.

The process represents a significant improvement when compared to conventional processing methods in terms of both carbon intensity and cost competitiveness. Key differences from the traditional flowsheets used in China which are expected to positively impact project economics include:

- Access to low strip ratio, outcropping ore from our 100% owned deposit;
- Ambient temperature, atmospheric pressure leach;
- Gas pipeline transects the project providing access to gas fired baseload power;
- Potential to integrate significant proportion of renewable energy to lower energy costs and decarbonise the product; and
- Bitumen highway transects the resource providing a turnkey logistics solution.

### 2.4. About High Purity Manganese

Manganese is the twelfth most abundant element in the earth's crust, with the bulk of commercial production coming from South Africa, China, Australia, Brazil, India and Gabon. Europe, North America, Japan, Korea and many other countries import 100% of their manganese requirements. Manganese is a critical raw material to many industries, and large portions of the world economy depend on its continued supply.

Manganese is a critical ingredient in steel production, which consumes around 90% of global manganese supply. Around 14% of supply goes into the production of high purity manganese products including Electrolytic Manganese Metal, Electrolytic Manganese Dioxide and Manganese Sulphate, both as a fertiliser additive and for use in the production of Li-Ion battery cathodes.

A key end-use of high purity manganese is in batteries, including both rechargeable lithium-ion batteries and non-rechargeable alkaline cells. Consequently, as battery storage becomes an increasingly important part of the global energy solution, manganese demand is expected to increase. Manganese based batteries enable safe storage with high energy capacities and can be recharged from renewable energy sources.

Demand for high purity manganese metal and high purity manganese sulphate is expected to increase dramatically in the foreseeable future, driven by growth in traditional end use markets but also a rapid expansion in electric vehicle production and grid storage devices capacity in Asia, Europe and North America. Nickel-Cobalt-Manganese (**NMC**) and Lithiated Manganese (**LMO**) battery cathode chemistries both contain significant amounts of manganese and are widely anticipated to be the dominant formulations in the rapidly growing market for electric vehicles and grid-storage.

Manufacturing high performance Li-ion batteries that utilise manganese in the cathode requires reliable, high-purity manganese supply to ensure that the batteries meet increasingly demanding performance, safety and durability standards.

In addition to the increase in demand for manufacturing Li-ion batteries, strong demand is also expected from the traditional alkaline battery markets. Because of these factors, all three of the main high purity manganese products EMM, EMD and Manganese Sulphate are expected to grow strongly for the foreseeable future.

## 2.5. Pre-Feasibility Study

Activities for the 2018/2019 financial year have primarily focussed on completing a Pre-Feasibility Study (**PFS**) into the development of the Butcherbird Project as a high purity manganese production hub, focussing initially on the production of EMM, but with a view to also producing battery grade manganese sulphate monohydrate. The PFS has focussed on multiple parallel work streams.

### 2.5.1. Resource Infill Drilling

A resource infill drilling programme was completed during the December 2018 quarter. The programme comprised 210 aircore holes for a total of 6,672m<sup>3</sup>. The results from the programme formed the basis of a revised mineral resource estimate to upgrade the planned starter pit area from Inferred and Indicated to Indicated and Measured categories as a basis for a maiden reserve, expected to be published with the PFS.

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<sup>3</sup> Refer Company ASX Release dated 23 January 2019

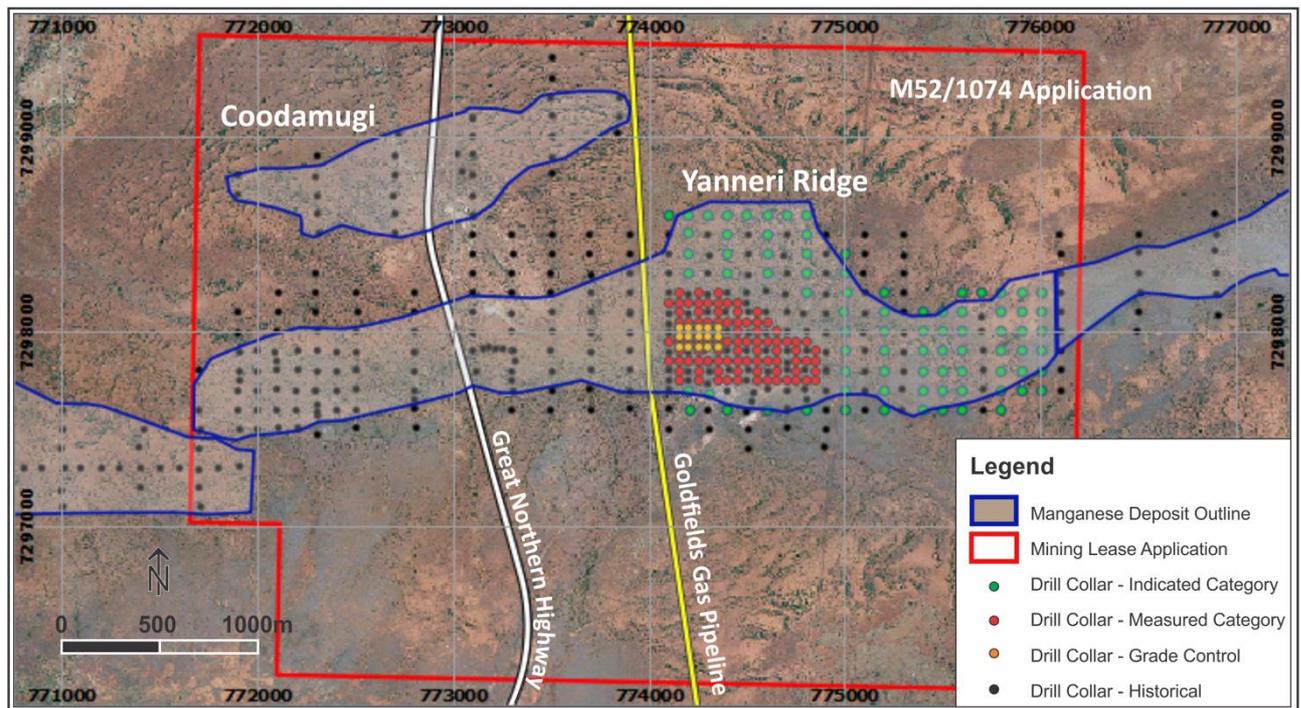


Figure 2: Completed infill drilling collar locations in relation to the previous drilling, Yanneri Ridge and Coodamudgi resource outlines and infrastructure.

### 2.5.2. Mineral Resource Estimate Upgrade

Using the drilling data from the infill drilling programme combined with the existing database, IHC Robbins prepared a revised Mineral Resource Estimate over four of the eight known manganese deposits at the Project, including the Yanneri Ridge, Mundawindi, Coodamudgi and Richies Find deposits. This resulted in a significant upgrade in JORC Mineral Resources for the Project<sup>4</sup> to 263 Mt at 10% manganese, representing a 34% increase in the estimated contained manganese to 26.3 Mt. The revised Mineral Resource Estimate for the updated areas is presented in Table 2: , the existing resource areas which were not updated in this programme are shown in Table 3: and the revised global resource for all deposits is shown in Table 4: .

<sup>4</sup> Reference: Company ASX release dated 17 April 2019.

Prospect	Category	Tonnes (Mt)	Mn (%)	Si (%)	Fe (%)	Al (%)
<b>Yanneri Ridge</b>	Measured	16	11.6	20.6	11.7	5.7
	Indicated	41	10.0	20.9	11.0	5.8
	Inferred	47	9.7	20.4	10.7	5.8
<b>Richies Find</b>	Inferred	39	9.3	21.5	11.2	6.1
<b>Coodamudgi</b>	Inferred	32	9.8	20.5	11.7	6.1
<b>Mundawindi</b>	Inferred	33	10.2	19.5	11.3	5.5
<b>Total</b>		<b>208</b>	<b>9.9</b>	<b>20.6</b>	<b>11.2</b>	<b>5.9</b>

Table 2: Butcherbird High Purity Manganese Project Mineral Resource Estimate (2019).

- (1) Mineral resources reported at a cut-off grade of 7.0% Mn.
- (2) Rounding of totals may result in differences in the last decimal place.

Prospect	Category	Tonnes (Mt)	Mn (%)	Si (%)	Fe (%)	Al (%)
<b>Ilgarrarie Ridge</b>	Inferred	35.6	9.94	21.5	12.5	5.9
<b>Bindi Hill</b>	Inferred	14.4	10.4	21.3	10.1	6.3
<b>Bugdie Hill</b>	Inferred	4.50	9.34	21.2	13.2	5.9
<b>Cadgies Flat</b>	Inferred	0.291	10.0	21.6	11.1	6.5
<b>Total</b>		<b>54.8</b>	<b>10.0</b>	<b>21.4</b>	<b>11.9</b>	<b>6.0</b>

Table 3: Butcherbird High Purity Manganese Project Mineral Resource Estimate (2017)<sup>2</sup>.

- (1) Mineral resources reported at a cut-off grade of 8.0% Mn.
- (2) Rounding of totals may result in differences in the last decimal place.

Category	Tonnes (Mt)	Mn (%)	Si (%)	Fe (%)	Al (%)
<b>Measured</b>	16	11.6	20.6	11.7	5.7
<b>Indicated</b>	41	10.0	20.9	11.0	5.8
<b>Inferred</b>	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>

Table 4: Butcherbird High Purity Manganese Project global Mineral Resource Estimate (2017 and updated 2019).

### 2.5.3. Metallurgy

In the first phase of the PFS metallurgical programme, bulk testing was conducted on four representative PQ diamond drill hole core samples from the Butcherbird Project successfully produced EMM using the E25 flowsheet<sup>5</sup>.

The tests were completed as part of a progressive scale up of the processing flowsheet developed for the purposes of extracting manganese into solution from Butcherbird ores to produce high purity manganese (**HPM**) including battery grade manganese sulphate and EMM.

The leaching and purification of the first bulk sample from Butcherbird achieved a purity of 99.95% Mn, well above the industry standard for EMM of 99.7% Mn.

Following the completion of this initial scale up test, Lycopodium Ltd coordinated the metallurgical assessment of 13 diamond drill holes which were

completed in February 2019<sup>6</sup>. The drilling provided approximately 2 tonnes of suitable material for ongoing test work from within the Measured and Indicated resource areas.

The samples were despatched to ALS Laboratories and 6 composite samples were constructed from the 9 metallurgical holes. A successful multi-staged metallurgical assessment program was completed on these composite samples, from comminution, through to leaching, purification and electrowinning, with the production of high purity EMM at or exceeding industry requirements.

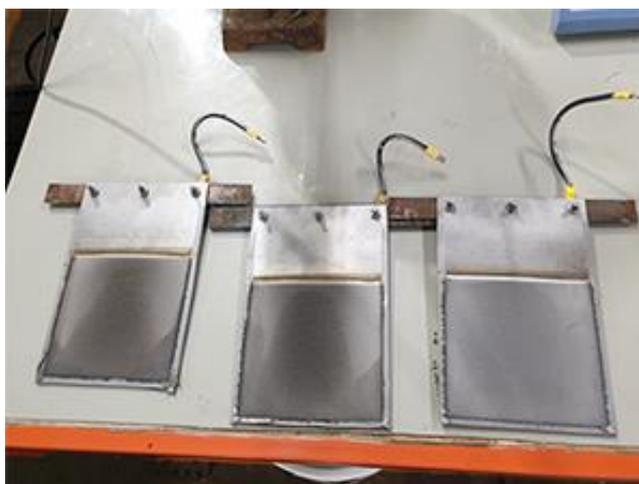


Figure 3: High Purity EMM plated onto the cathodes.



Figure 4: High Purity EMM flakes. 99.95% Mn.

<sup>5</sup> Reference: Company ASX release dated 12 February 2019

<sup>6</sup> Reference: Company ASX release dated 26 February 2019

#### 2.5.4. Energy

E25 is aiming to implement a lower cost, low emissions solution as this will improve the project economics and allow the Company to produce a product which has a lower carbon footprint than conventionally produced EMM.

Producing EMM requires significant electrical energy in the electrolytic process and therefore the power solution is a key part of the project. The Company also believes that being able to provide a low cost, low emission product may provide a marketing advantage in the future, as potential E25 customers (steel and battery manufacturers) seek to decarbonise their respective supply chains.

Specialist consultants Advisian were engaged to develop and manage a power implementation strategy. This comprised a part of a three-stage process which included modelling to select the optimum energy mix, developing a Request for Proposal (**RFP**) document and undertaking a competitive tender process for price discovery purposes and finally at in conjunction with a final investment decision, will ultimately lead to the award of power contracts.

The first stage in conjunction with the RFP process confirmed that the most economic energy mix for the Butcherbird Project is likely to include a combination of gas, wind and solar power to drive the electrowinning process. Details of the outcomes will be delivered as part of the final PFS.

In order to provide a robust wind data set for modelling and commercial discussions, a SODAR (SONic Detection And Ranging) device with an accompanying pyranometer (to collect solar data) has been commissioned at site. A SODAR is a device that measures wind velocity and direction at multiple vertical increments utilising acoustic signalling technology. The data is collected at 10 minute intervals and to date the equipment has collected approximately three months of data. Results to date support preliminary assumptions around the wind resource at the Project. Data collection is ongoing.



Figure 5: Butcherbird – Raw SODAR Results for June 2019

#### 2.5.5. Native Title, Heritage & Land Access

Engagement with the representatives of the Traditional Owners of the Nyiaparli Native Title Claim area were initiated in 2018 to negotiate a native title agreement to allow the granting of the mining lease application M52/1074 to progress.

As part of this process and to allow the planned resource infill drilling to be completed, an archaeological and ethnographic site avoidance heritage survey of the Butcherbird Project area was conducted by the Nyiyaparli Traditional Owners and Wilypa Pty Ltd in September 2018. The heritage survey only identified one basal grindstone fragment, which is in an area not presently planned for disturbance.

The survey also cleared localised areas around planned geotechnical drilling locations which will provide baseline data for the design of wind turbine installations as part of the site power solution.

Key findings include:

- No DPLH registered Aboriginal sites were identified;
- No lodged DPLH OHPs were identified;
- No stored DPLH OHPs were identified; and
- No newly identified sites were recorded.
- Area is cleared for infill drilling and infrastructure development.

Subsequent to the heritage survey, a Native Title Agreement to allow the grant of M52/1074 and development of the Butcherbird Project was signed with the Karlka Nyiyaparli Aboriginal Corporation RNTBC (**KNAC**).

On 26 September 2018 the Federal Court of Australia made an approved determination of native title in respect of the native title determination applications numbered WAD 6280 of 1998 (**Nyiyaparli Claim**) and WAD 196 of 2013 (**Nyiyaparli #3 Claim**) that native title exists in the Determination Area and is held by the Nyiyaparli People. KNAC is the registered native title body corporate that holds the native title rights and interests the subject of the Nyiyaparli determination area in trust for the Nyiyaparli People.

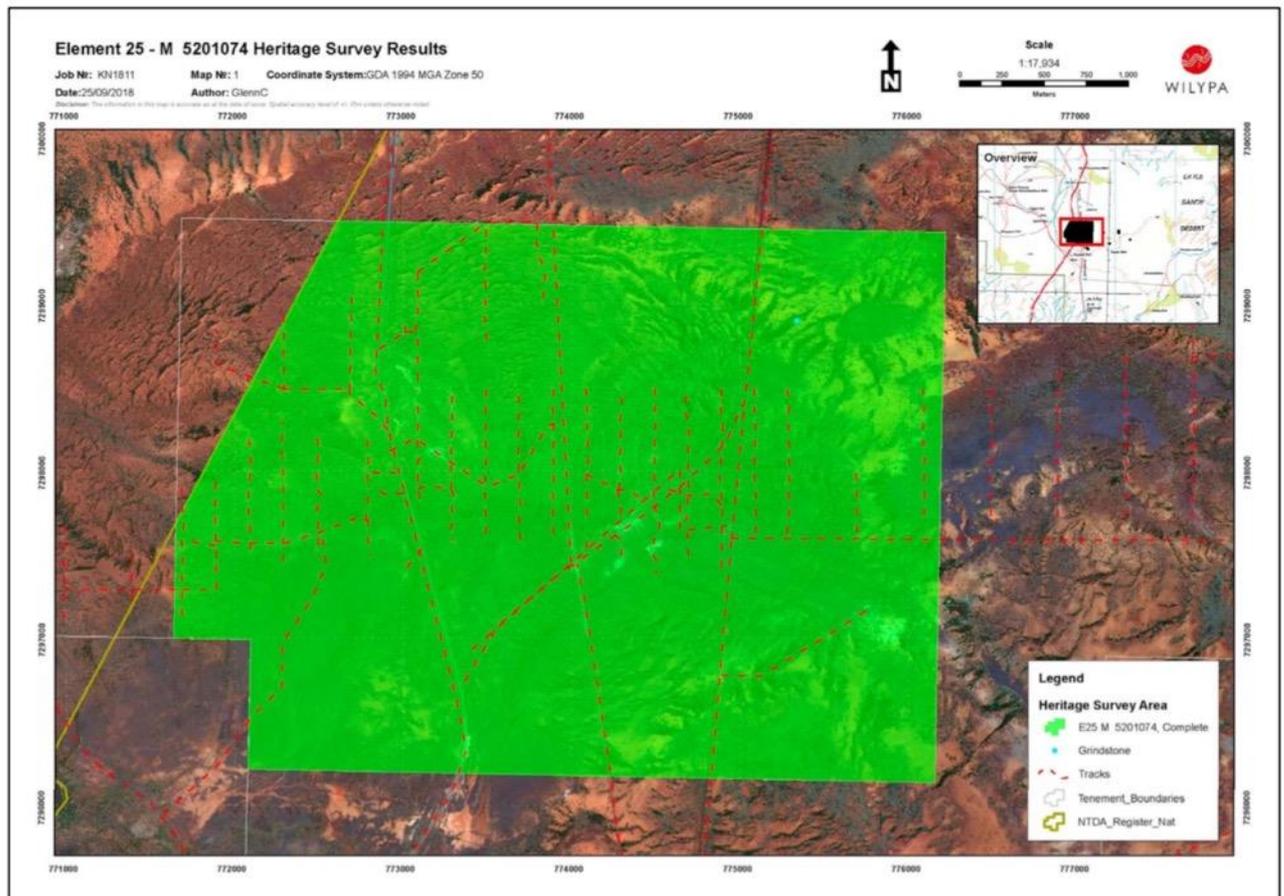


Figure 6: Heritage Clearance Plan - shaded area indicates the portion of MLA52/1074 which has been cleared for drilling and infrastructure development by the Nyiyaparli Native Title Claim Group.

The Native Title Agreement recognises the Nyiyaparli People as the traditional owners of the land and KNAC as the registered native title body corporate in relation to the land. E25 is committed to building a mutually beneficial relationship with KNAC and the Nyiyaparli People through effective engagement, consultation and communication. The Native Title Agreement provides opportunities for KNAC and the Nyiyaparli People to participate in the Butcherbird Manganese Project, as well as a future royalty stream.

The signing of the native title agreement with KNAC, together with the previous Native Title Agreement with the Ngarlawangga People who hold Native title over the western portion of E25's planned development within and around the mining lease application area, gives the Company certainty in relation to the development of the Butcherbird Project.

The Company has entered into the Butcherbird Mining Agreement (**BMA**) with the owners of the Kumarina Pastoral Station. This facilitated the removal of the objection by the pastoral station's owner to the grant of M52/1074. Discussion with the owner of the Bulloo Downs pastoral station are ongoing.

### 2.5.6. Groundwater Exploration

A gravity survey was conducted during November 2018 at the Butcherbird Project as a tool to guide water exploration for the process water requirements for the plant. The gravity survey lines spanned across interpreted palaeochannels mainly delineated from an airborne electromagnetic survey (XTEM).

The aim of the gravity survey was to map out gravity lows associated with the palaeochannel system. The negative gravity anomalies (i.e. gravity lows) have been interpreted and ranked based on simple anomaly strength and gradient criteria. Modelling has not been undertaken.

The programme was successful in defining a number of gravity anomalies interpreted as possible paleochannels which will be tested for their suitability as production bore sites.

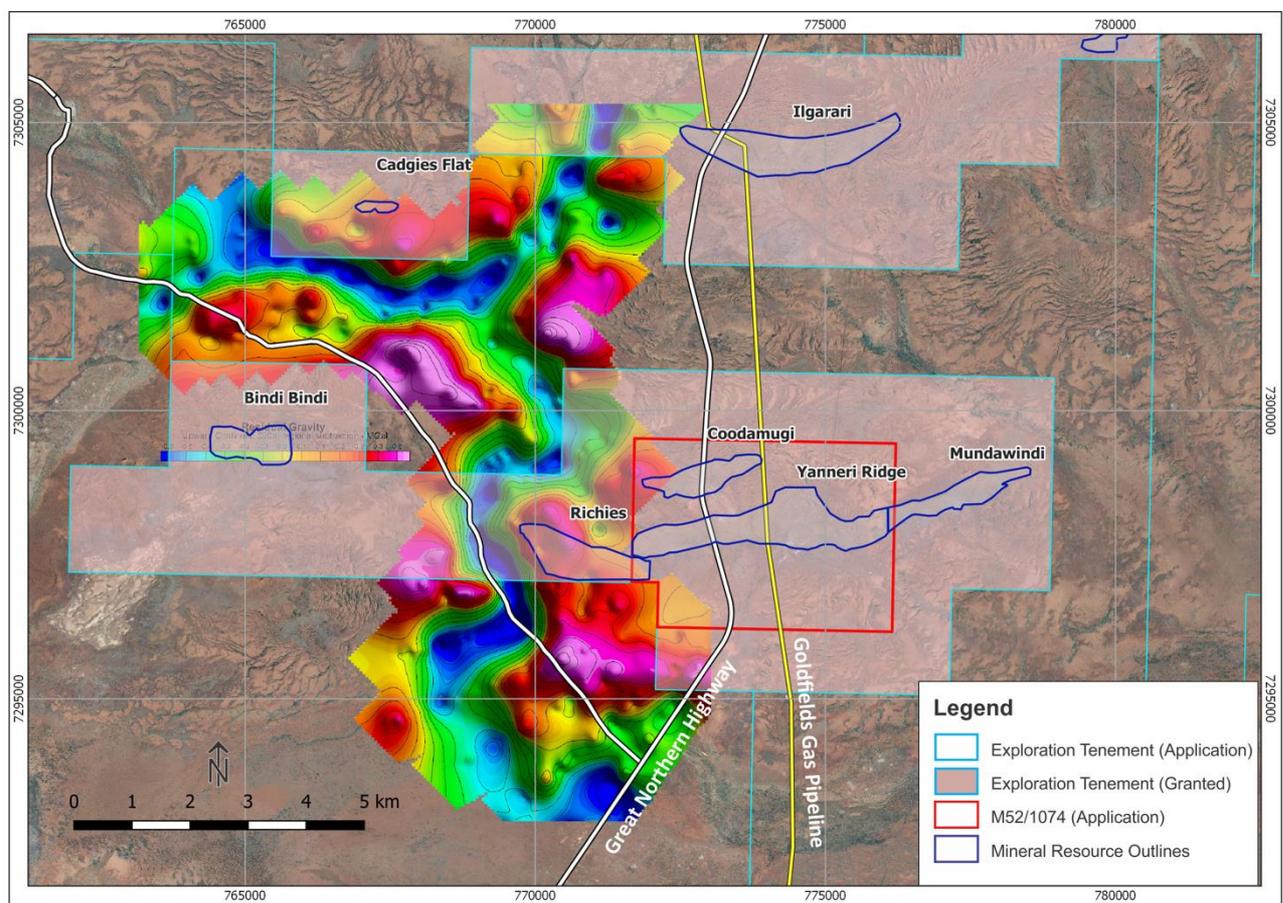


Figure 7: Residual Gravity Image, created by subtracting the upward continued gravity grid (200m continuation distance) from the Bouguer Anomaly Grid. Contour interval is 0.1 mGal.

### 2.5.7. Environmental

Work completed in the June 2019 quarter comprised wet season baseline flora and fauna surveys including Short Range Endemics (**SME's**) and bats. The flora and fauna surveys has not indicated any significant species within the Butcherbird Project area.

Work programs planned in the remainder of 2019 include:

- Subterranean fauna assessment;
- Soils and landform assessment; and
- Tailings and mine waste characterisation.

These studies will be incorporated into the upcoming hydrogeological assessment programs.

The current information is sufficient to provide input into the PFS/Feasibility Study and is expected to provide sufficient information for the project approvals process.



Figure 8: The Butcherbird Project looking south east over the processing plant area. February 2019.

### 2.5.8. Geotechnical planning

The diamond core samples from the February 2019 programme were, in addition to the metallurgical test work, used as the basis for a geotechnical assessment of the proposed twenty five year open cut starter-pit.

Three geotechnical reviews were completed using these samples:

Peter O'Bryan and Associates Pty Ltd completed a preliminary assessment of the wall stability for open pit design purposes. Open pit wall design parameters have been proposed for short term and long term stability of the proposed mining at Yanneri Ridge.

4DG Pty Ltd completed a diggability assessment of the proposed open pit area. This allowed mining contractors to better assess excavation rates required for mine planning and mining cost estimations. The report confirmed previous assessment that the majority of the orebody at Yanneri Ridge can be excavated using only minimal ripping and free digging with a hydraulic excavator.

Advisian also conducted preliminary foundation assessments on 3 holes drilled to assess a potential area for a future wind farm. Good ground conditions were encountered in all holes.

### 2.6. Sales and Marketing

Mr Sias Jordaan joined the Company during the year in the role of Marketing Manager. Mr Jordaan has been involved in the stainless steel production and raw material supply markets as well as rare metals markets for over 25 years. Mr Jordaan held various roles within BHP Billiton in South Africa, The Netherlands and Western Australia in the Stainless Steel, Ferro Chrome and Nickel divisions. As a result he has gained extensive experience in the procurement, marketing and logistics of various steel making metals.



Figure 9: Diamond Drilling at Butcherbird February 2019.

Mr Jordaan will be reviewing the EMM and HPMS markets with a view to establishing interest in future product offtake as well as gaining a more detailed understanding of high purity manganese market dynamics.

In order to provide a current, independent review of the relevant markets, Roskill Information Services were engaged to provide the research and market analysis for the PFS.

Contact has also been made with numerous potential offtake parties for EMM product in Japan, South Korea, the USA, Europe and South East Asia. A number of trading entities have been contacted and two visits to Perth have been completed by Japanese trading and investment groups. Reciprocal visits are planned for October 2019. Contact has also been made with well known and respected investment agencies from North East Asia.

From a Li-Ion battery grade manganese sulphate perspective contact has been made with well known battery and vehicle manufacturers, and visits by interested parties are also planned for the next quarter.

Initial feedback on product quality has been positive and there appears to be a very clear desire within the market to source both EMM and battery grade manganese sulphate from a reliable source located in a Tier 1 mining jurisdiction such as Western Australia.

E25 has also engaged a consultant with significant experience in the EMM market in China to assist with marketing and production related technical issues as well as vendor engagement for the supply of key capital items for the processing plant.

## 2.7. Project Finance

During the year, the Company announced the appointment of leading independent finance advisory group BurnVoir Corporate Finance (**BurnVoir**) as financial adviser to commence the process of arranging financing for the development of the Project.

BurnVoir is working with E25 to secure an attractive, flexible funding package for the development of the Butcherbird Project that would maximise value for shareholders. BurnVoir has assisted in arranging development finance for a number of projects in the Pilbara region in recent years, including for Pilbara Minerals Limited (Pilgangoora Project, lithium) and Kalium Lakes Limited (Beyondie Project, potash).

Although no funding decisions have occurred, at this stage, potential funding sources may include:

- **Strategic Funding** – The expected growth in the traditional high purity manganese markets as well as the battery manufacturing sector will require increased levels of supply of raw

materials, including manganese metal and manganese sulphate. End users of raw materials may provide funding in order to secure supply. Steel makers and battery manufacturers therefore are a potential source of debt or equity funding for the Project.

- **North Australian Infrastructure Fund (NAIF)** – NAIF has been set up by the Australian government to provide loans to infrastructure projects in Northern Australia. With the Project being located in the southern Pilbara, NAIF funding has been identified as a potential source of debt funding. Subsequent to year end, the Company announced that it has received approval to enter the due diligence phase with NAIF, the third in a four step approvals process which will culminate in an investment proposal.
- **Project Finance** – The positive economic results highlighted in the scoping study, supported by an independent review of the scoping study financial forecasts demonstrate that the project may be of appeal to traditional project financiers. Further detailed feasibility work would be required including a Feasibility Study.
- **Equity** – The positive economic results highlighted in the scoping study may allow a significant portion of the capital costs to be funded by the equity markets.

#### **About BurnVoir Corporate Finance**

BurnVoir Corporate Finance is a leading independent Australian investment and advisory house with extensive experience and a strong track record in financial services across the energy, resources and infrastructure sectors. Details on BurnVoir can be found at [burnvoir.com.au](http://burnvoir.com.au)

### **2.8. ARENA IDE Grant Funding**

During the year, on behalf of the Australian Government, the Australian Renewable Energy Agency (**ARENA**) awarded funding to the Company to assist with the demonstration of technology to maximise project economics by increasing renewable energy penetration for the production of high purity metals, specifically EMM, at the Butcherbird Project.

The funding will contribute 50% of the total budget of \$980K to demonstrate the viability of Intermittent Dynamic Electrowinning (**IDE**). This technology will allow manganese metal to be produced under dynamic conditions to more closely match the generation of electricity using intermittent supply from wind and solar, thereby allowing a higher percentage of renewable generation as part of the overall power solution. The long mine life of the Butcherbird Project and relatively short electrowinning cycle of manganese makes it particularly suited to take the lead on this technology.

The test work is being undertaken at the Murdoch University (College of Science, Health, Engineering and Education) Extractive Metallurgy Division. The team is headed up by Associate Professor Aleksandar Nikoloski.

Advisian is currently providing consulting services in relation to commercialisation of IDE as well as commissioning and managing the installation of a SODAR device on site to gather long term wind and solar data to improve the power modelling for the Butcherbird Project.

### 3. Corporate

#### 3.1. Sale of the Holleton Project

During the year, the Company sold the Holleton Project to Ramelius Resources Ltd (**RMS**) wholly owned RMS subsidiary Edna May Operations Pty Ltd (**EMO**). Pursuant to the sale agreement, EMO has acquired 100% of the Holleton Project. E25 received \$1M in cash and a 1% NSR on all future production from the Holleton Project<sup>7</sup>.

#### 3.2. Green Dam

##### 3.2.1. Air Core Drilling Programme

An aircore drilling programme was completed at the Green Dam Project during the year<sup>8</sup>. The drilling was designed to test a regionally extensive “gold in soil” anomaly in the southern area (Flanker prospect) of the project (previously reported in December 2017 Quarterly Report). This anomaly trends in a NW direction and is highlighted by elevated gold values exceeding 5ppb Au (up to a maximum of 35ppb Au) over an area of approximately 3km by 1.5km. The prospect is located 18km to the east of the 1.1 Moz Bombora Gold Deposit (Breaker Resources). There are several other gold and nickel anomalies that remain untested within the Green Dam Project tenure.

The initial testing of this southern anomaly was completed using broad spaced aircore drilling (600m x 100m). A total of 49 holes for 1,104m covering four drill traverses were completed. Significant results from this drilling are outlined below.

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<sup>7</sup> Refer to the Company’s ASX release dated 18 October 2018

<sup>8</sup> Reference: Company ASX release dated 29 January 2019

Hole_ID	From	To	Interval	Au (ppb)	Comments
GDAC0022	40	48	8	55	EOH = 60m
GDAC0025	16	24	8	244 ppb EOH	Incl 3m @ 581ppb Au
GDAC0041	16	29	13	113 ppb EOH	

Table 5: Significant Results returned from Green Dam aircore drilling. It is unknown whether the holes are true width.

Assays were completed by Minanalytical in Perth using Aqua Regia digest and ICP-MS finish.

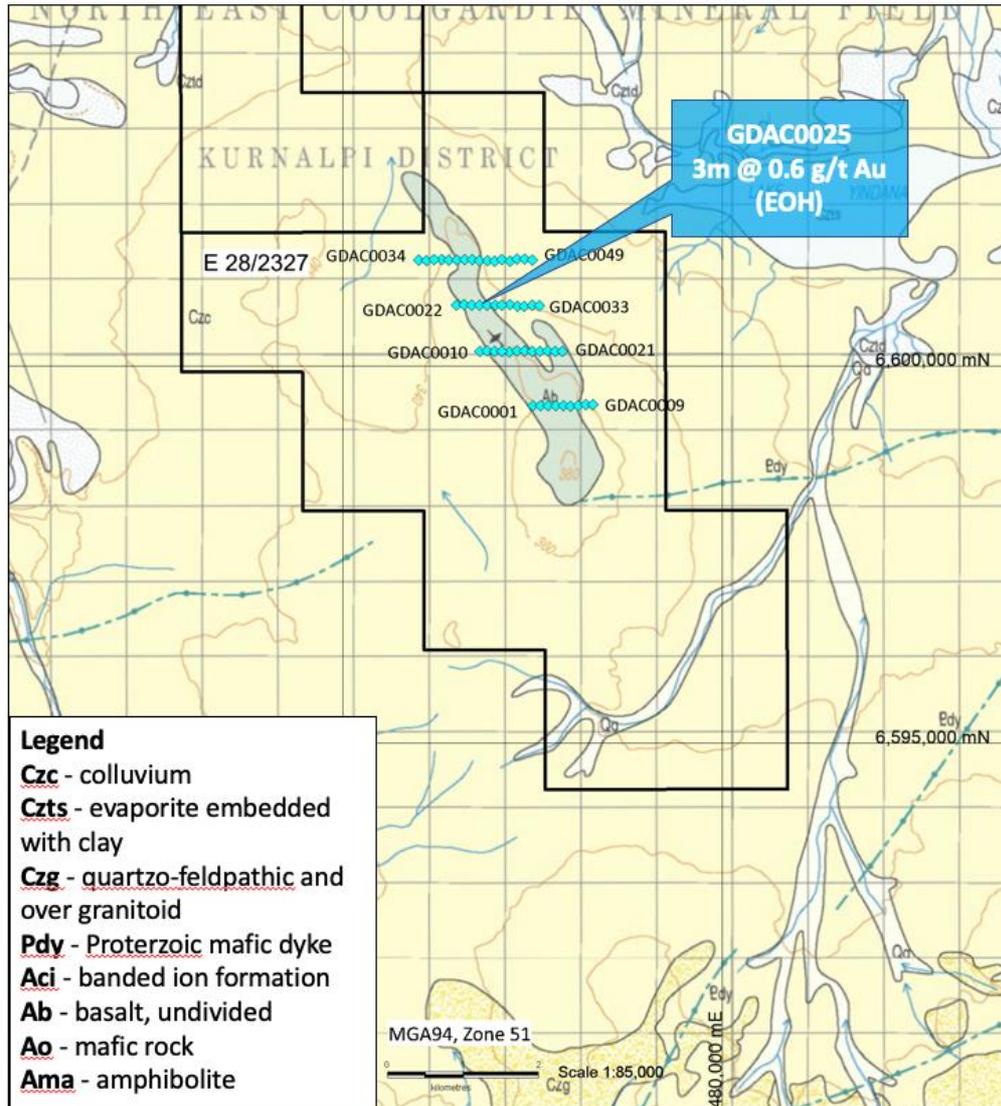


Figure 10: Green Dam aircore drilling programme collar location plan over surface geology.

### 3.2.2. Airborne Magnetic Survey

An airborne magnetics survey was completed of the entire Green Dam Project as an aide to structural interpretation and targeting<sup>9</sup>.

The survey was flown at a nominal 100m line spacing and 40m sensor height. The survey collected both magnetic and radiometric data sets with the following instrumentation:

#### Magnetometer

Geometrics GR823 tail sensor; mounted in a stinger housing.

- Sensor Type: Caesium vapour
- Resolution: 0.001 nT
- Sensitivity: 0.01 nT
- Sample Rate: 20 Hz (≈3.5 metre sample interval)
- Compensation: 3-axis fluxgate magnetometer

#### Gamma-Ray Spectrometer

RSI RS-500 gamma-ray spectrometer, incorporating 2x RSX-4 detector packs.

- Total Crystal Vol.: 32 L (downward-looking)
- Channels: 1024
- Sample Rate: 2Hz
- Multi-peak automatic gain stabilisation

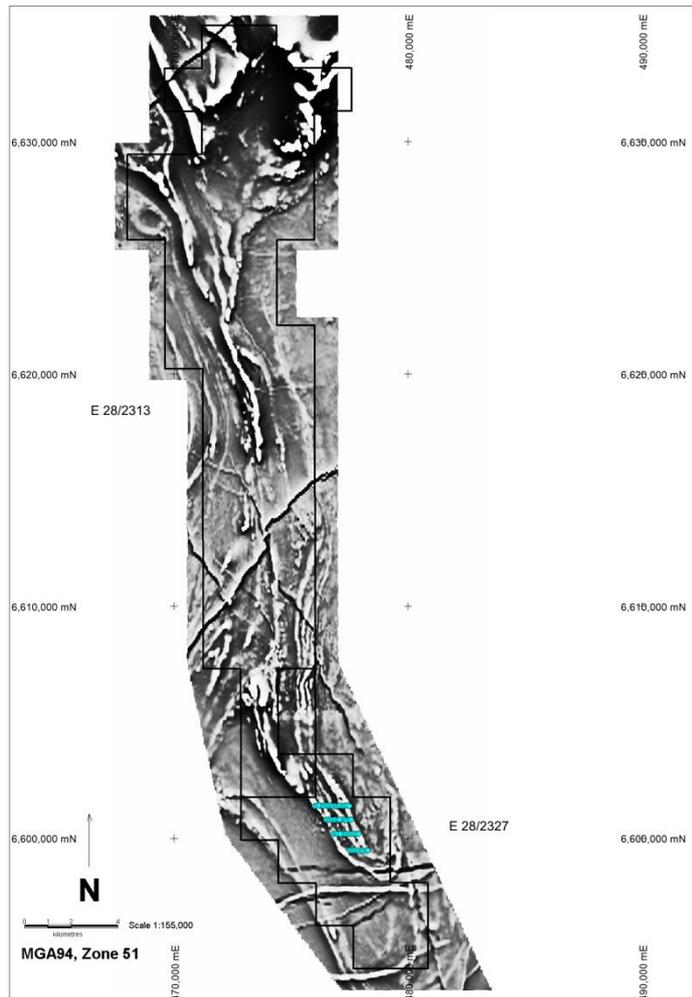


Figure 11: Green Dam TMI Aeromagnetic image.

<sup>9</sup> Reference: Company ASX release dated 29 January 2019

## 4. Appendices

### 4.1. Mineral Resources

#### 4.1.1. Mineral Resource Estimate as at 30 June 2019

Category	Tonnes (Mt)	Mn (%)	Si (%)	Fe (%)	Al (%)
<b>Measured</b>	16	11.6	20.6	11.7	5.7
<b>Indicated</b>	41	10.0	20.9	11.0	5.8
<b>Inferred</b>	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).

Table 6: Butcherbird Manganese project Mineral Resource Classification as at 17 April 2019.

#### 4.1.2. Review of material changes

Element 25 Limited updated its Mineral estimates for the Butcherbird Project at the 100% owned Butcherbird High Purity Manganese Project on 17 April 2019. The previously published resource was released on 16 October 2017.

Total reported Measured, Indicated and Inferred Mineral Resource estimates are 263 million tonnes at 10.0% per cent manganese for 26 million tonnes of contained manganese.

This represents a 45 per cent net increase in contained manganese compared with the 30 June 2017 estimate, constituting a significant change related to geological reinterpretation, additional drilling to increase the resource confidence and hence classifications and a reduction in cut-off grades from to 7% Mn.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement dated 16 April 2019 and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

#### 4.1.3. Governance controls

All Mineral Resource estimates are prepared by qualified professionals following JORC Code compliant procedures and follow standard industry methodology for drilling, sampling, assaying, geological interpretation, 3 dimensional modelling and grade interpolation techniques.

The Mineral Resource estimates have been calculated by a suitably qualified consultant and overseen by suitably qualified Element 25 Limited employee and/or consultant.

## 4.1.4. Mineral Resource Estimate as at 30 June 2018

Prospect	Tonnes (Mt)	Mn (%)	SiO <sub>2</sub> (%)	Fe (%)	P <sub>2</sub> O <sub>5</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)
<b>Yanneri Ridge</b>						
Inferred	48.0	10.7	43.0	11.1	0.262	10.7
Indicated	22.5	12.0	43.8	11.6	0.297	10.6
<b>Richies Find</b>	22.7	10.9	44.8	11.6	0.24	11.2
<b>Coodamudgi</b>	16.5	11.0	42.9	12.5	0.28	11.0
<b>Mundawindi</b>	16.3	11.9	40.3	11.7	0.30	9.9
<b>Ilgarrarie Ridge</b>	35.6	9.94	46.0	12.5	0.31	11.1
<b>Bindi Hill</b>	14.4	10.4	45.5	10.1	0.22	11.9
<b>Bugdie Hill</b>	4.50	9.34	45.4	13.2	0.35	11.2
<b>Cadgies Flat</b>	0.291	10.0	46.2	11.1	0.29	12.3
<b>Total</b>	<b>180.8</b>	<b>10.8</b>	<b>43.9</b>	<b>11.7</b>	<b>0.3</b>	<b>10.9</b>

## 4.2. Competent Persons Statement

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.

The information in this report that relates to the Yanneri Ridge, Coodamudgie, Mundawindi and Ritchies Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr. Greg Jones, who acts as Consultant Geologist for Element25 and is a full time employee of IHC Robbins. Mr. Jones is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposits 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 (JORC Code). Mr. Jones consents to the inclusion in this report of the Mineral Resources estimates and supporting information in the form and context in which it appears.

The information in this report that relates to the Bindi, Ilgarrari, and Cadgies Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr Mark Glassock who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Mineral Resources were compiled, Mr Glassock was a consultant to Element 25 Limited. Mr Glassock 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 Glassock consents to the inclusion of this information in the form and context in which it appears in this report

Please note with regard to exploration targets, the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

#### 4.2.1. 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.

# **Element 25 Limited**

**ABN 46 119 711 929**

## **Annual Financial Report**

**for the year ended 30 June 2019**

## Corporate Information

**ABN 46 119 711 929**

### **Directors**

Seamus Cornelius (Non-Executive Chairman)  
Justin Brown (Managing Director)  
John Ribbons (Non-Executive Director)

### **Company Secretary**

John Ribbons

### **Registered Office**

Suite 2, 11 Ventnor Avenue  
WEST PERTH WA 6005

### **Principal Place of Business**

Level 2, 45 Richardson Street  
WEST PERTH WA 6005  
Telephone: +61 8 6315 1400  
Facsimile: +61 8 9486 7093

### **Solicitors**

House Legal  
86 First Avenue  
MT LAWLEY WA 6050

### **Bankers**

National Australia Bank Limited  
1232 Hay Street  
WEST PERTH WA 6005

ANZ Banking Corporation  
Level 1, 1275 Hay Street  
WEST PERTH WA 6005

### **Share Register**

Security Transfer Australia Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: 1300 992 916  
Facsimile: +61 8 6365 4086

### **Auditors**

Rothsay Chartered Accountants  
Level 1, Lincoln Building  
4 Ventnor Avenue  
WEST PERTH WA 6005

### **Internet Address**

[www.element25.com.au](http://www.element25.com.au)

### **Stock Exchange Listing**

Element 25 Limited shares (Code: E25) are listed on the Australian Securities Exchange.

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## Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Element 25 Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019.

### DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

#### Names, qualifications, experience and special responsibilities

**Seamus Cornelius**, (Non-Executive Chairman, Chairman of remuneration committee, audit committee member)

Mr Cornelius brings twenty-five years of corporate experience in both legal and commercial negotiations. Mr Cornelius has been based in Shanghai and Beijing since 1993 where he has been living and working as a corporate lawyer.

From 2000 to 2012, Mr Cornelius was an international partner with one of Australia's leading law firms and specialised in dealing with cross border investments, particularly in the energy and resource sectors. Mr Cornelius has for many years advised large international companies on their investments in China and in recent years advised Chinese state owned entities on their investments in natural resource projects outside China, including Australia. Mr Cornelius is also chairman of Buxton Resources Limited, Danakali Limited and Duketon Mining Limited. Mr Cornelius has not held any former directorships in the last 3 years.

**Justin Brown**, B.Sc. (Hon), (Managing Director [appointed 27 June 2019, previously Executive Director], audit committee member)

Mr Brown is a geologist with over 20 years of experience in global mineral exploration and mining. He has been involved in the full spectrum of mineral exploration through to mining in a range of commodities.

Mr Brown has also held a number of board positions, including an executive role with Element 25 Limited since 2006. He has a strong track record of closing successful commercial transactions and brings a well-rounded set of skills to the management of the Company's activities. Mr Brown was the founding Managing Director of the Company.

Mr Brown was most recently a non-executive director of Exterra Resources Ltd (ceased 20 September 2017), which merged with Anova Metals Ltd via a Scheme of Arrangement.

**John Ribbons**, B.Bus., CPA, ACIS (Non-Executive Director, Chairman of audit committee, remuneration committee member)

Mr Ribbons is an accountant who has worked within the resources industry for over twenty years in the capacity of group financial controller, chief financial officer or company secretary.

Mr Ribbons has extensive knowledge and experience with ASX listed production and exploration companies. He has considerable site based experience with operating mines and has also been involved with the listing of several exploration companies on ASX. Mr Ribbons has experience in capital raising, ASX and TSX compliance and regulatory requirements. Mr Ribbons has not held any former directorships in the last 3 years.

### COMPANY SECRETARY

**John Ribbons**

#### Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Element 25 Limited were:

	Ordinary Shares	Options over Ordinary Shares
Seamus Cornelius	3,450,400	2,550,000
Justin Brown	5,255,360	4,850,000
John Ribbons	585,715	2,550,000

### PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying economic mineral deposits.

There was no significant change in the nature of the Group's activities during the year.

### DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

## Directors' Report continued

### REVIEW OF OPERATIONS

The year ended 30 June 2019 has seen significant progress for Element 25 Limited across multiple work streams. Work has continued to progress the Pre-Feasibility Study (PFS) in relation to the Butcherbird High Purity Manganese Project (Project), where the Company intends to produce high purity manganese including manganese sulphate for lithium ion batteries and Electrolytic Manganese Metal.

The Company is working to finalise the PFS which is anticipated to provide a robust base case for the commercialisation of the Company's manganese resource.

Work streams have focused on the following areas:

- metallurgical assessment of the high purity manganese process;
- assessment of a hybrid wind/gas power solution;
- mine planning, including open pit optimisation, mine design and mine scheduling;
- environmental work, comprising wet season baseline flora and fauna surveys;
- have been completed and are currently being compiled; and
- project finance.

Element 25 Limited has been actively advancing all work streams with the view to completing the PFS in order to assess project economics. This is an exciting time in the development of the Company as it continues to work hard for its shareholders with the view to creating shareholder value.

### Finance Review

The Group began the financial year with a cash reserve of \$2,194,663. During the year the Company raised \$1,490,012 via a share purchase plan and associated shortfall placement, and the exercise of 500,000 unlisted options, issuing a total of 8,442,924 fully paid ordinary shares. Funds were used to advance the Group's 100% owned Butcherbird Manganese Project located in Australia.

During the year total tenement acquisition and exploration expenditure incurred by the Group amounted to \$3,745,629 (2018: \$1,632,873). In line with the Group's accounting policies, all exploration expenditure was expenses as incurred. The Group recognised a net fair value loss on financial assets of \$506,400 (2018: \$72,551 fair value gain), and income of \$1,700,000 (2018: \$835,000) on the sale of mineral properties. The Group also received a research and development tax incentive of \$208,653 (2018: nil). Net administration expenditure incurred amounted to \$1,081,958 (2018: \$952,713). This has resulted in an operating loss after income tax for the year ended 30 June 2019 of \$3,633,987 (2018: \$1,678,035).

At 30 June 2019 surplus funds available totalled \$2,552,400.

### Operating Results for the Year

Summarised operating results are as follows:

	2019	
	Revenues	Results
	\$	\$
Consolidated entity revenues and profit from ordinary activities before income tax expense	1,944,322	(3,633,987)

### Shareholder Returns

	2019	2018
Basic and diluted loss per share (cents)	(4.3)	(2.0)

### Risk Management

The board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year.

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 21, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Directors' Report continued

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

### REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

#### Principles used to determine the nature and amount of remuneration

##### *Remuneration Policy*

The remuneration policy of Element 25 Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Element 25 Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (if any), was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2019 financial year, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$200,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

##### *Performance based remuneration*

The Group currently has no performance based remuneration component built into key management personnel remuneration packages.

##### *Group performance, shareholder wealth and key management personnel remuneration*

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth. At commencement of production, performance based bonuses based on key performance indicators are expected to be introduced.

##### *Use of remuneration consultants*

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2019.

##### *Voting and comments made at the Company's 2018 Annual General Meeting*

The Company received approximately 87.2% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

##### **Details of remuneration**

Details of the remuneration of the key management personnel of the Group are set out in the following table.

The key management personnel of the Group include only the directors as per page 3.

## Directors' Report continued

### Key management personnel of the Group

	Short-Term		Post-Employment	Long-Term	Share-based Payments	Total
	Salary & Fees	Non-Monetary	Superannuation	Long Service Leave	Options	
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Seamus Cornelius						
2019	<b>60,000</b>	-	-	-	<b>36,350</b>	<b>96,350</b>
2018	60,000	-	-	-	28,500	88,500
Justin Brown						
2019	<b>220,000</b>	<b>4,883</b>	<b>20,900</b>	<b>48,182</b>	<b>72,700</b>	<b>366,665</b>
2018	220,000	3,374	20,900	-	57,000	301,274
John Ribbons						
2019	<b>42,000</b>	-	-	-	<b>36,350</b>	<b>78,350</b>
2018	42,000	-	-	-	28,500	70,500
<b>Total key management personnel compensation</b>						
2019	<b>322,000</b>	<b>4,883</b>	<b>20,900</b>	<b>48,182</b>	<b>145,400</b>	<b>541,365</b>
2018	322,000	3,374	20,900	-	114,000	460,274

### Service agreements

The details of service agreements of the key management personnel of the Group are as follows:

Justin Brown, Managing Director (appointed 27 June 2019, previously Executive Director. No change to contract terms):

- Term of agreement – until terminated in accordance with the agreement. The Company may terminate without cause at any time by giving six months' written notice, whilst the executive must provide three months' written notice of termination (unless breach of agreement by the Company). The agreement contains standard clauses on immediate termination for breach of contract or misconduct.
- Annual salary of \$220,000 (plus 9.5% statutory superannuation), plus the provision of income protection insurance. Mr Brown's salary is reviewed on an annual basis.
- There is no provision for the payment of termination benefits by the Company, other than for accrued entitlements.

### Share-based compensation

#### Options

Options are issued to key management personnel as part of their remuneration. The options are not issued based on performance criteria but are issued to the majority of key management personnel of Element 25 Limited to increase goal congruence between key management personnel and shareholders. The following options were granted to or vesting with key management personnel during the year:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents) <sup>(1)</sup>	Exercised Number	% of Remuneration
<b>Directors</b>								
Seamus Cornelius	29/11/2018	500,000	29/11/2018	28/11/2023	26.1	7.3	Nil	37.7
Justin Brown	29/11/2018	1,000,000	29/11/2018	28/11/2023	26.1	7.3	Nil	19.8
John Ribbons	29/11/2018	500,000	29/11/2018	28/11/2023	26.1	7.3	Nil	46.4

(1) The value at grant date in accordance with AASB 2: Share Based Payments of options granted during the year as part of remuneration. For options granted during the current year, the valuation inputs for the Black-Scholes option pricing model were as follows:

	Underlying Share Price (cents)	Exercise Price (cents)	Volatility	Risk Free Interest Rate	Valuation Date	Expiry Date
Directors	19.5	26.1	50.0%	2.3%	29/11/2018	28/11/2023

## Directors' Report continued

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to key management personnel of the Group are set out below:

	Number of ordinary shares issued on exercise of options during the year	Amount paid per ordinary share (cents)	Value exercised (\$) <sup>(1)</sup>
<b>Directors</b>			
Justin Brown	500,000	20.0	7,500

No amounts are unpaid on any shares issued on the exercise of options.

- (1) The value at exercise date of the options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

### Equity instruments held by key management personnel

#### Share holdings

The numbers of shares in the Company held during the financial year by each director of Element 25 Limited and other key management personnel of the Group, including their personally related parties, and any nominally held, are set out below. There were no shares granted during the reporting period as compensation.

2019

	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
<b>Directors of Element 25 Limited</b>				
<b>Ordinary shares</b>				
Seamus Cornelius	3,278,970	171,430	-	3,450,400
Justin Brown	4,412,500	842,860	-	5,255,360
John Ribbons	500,000	85,715	-	585,715

#### Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Element 25 Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2019	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors of Element 25 Limited</b>							
Seamus Cornelius	2,550,000	500,000	-	(500,000)	2,550,000	2,550,000	-
Justin Brown	4,850,000	1,000,000	(500,000)	(500,000)	4,850,000	4,850,000	-
John Ribbons	2,550,000	500,000	-	(500,000)	2,550,000	2,550,000	-

All vested options are exercisable at the end of the year.

### Loans to key management personnel

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

### End of audited Remuneration Report

### DIRECTORS' MEETINGS

During the year the Company held seven meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Seamus Cornelius	7	7	1	1	-	-
Justin Brown	7	7	1	1	*	*
John Ribbons	7	7	1	1	-	-

#### Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

\* - Not a member of the Remuneration Committee

## Directors' Report continued

### SHARES UNDER OPTION

Unissued ordinary shares of Element 25 Limited under option at the date of this report are as follows:

<b>Date options granted</b>	<b>Expiry date</b>	<b>Exercise price (cents)</b>	<b>Number of options</b>
22 February 2019	22 February 2024	26.0	1,600,000
29 November 2018	28 November 2023	26.1	2,000,000
1 December 2017	28 November 2022	35.5	1,200,000
3 November 2017	3 November 2022	32.5	600,000
2 December 2016	24 November 2021	20.0	2,000,000
2 December 2016	2 December 2019	22.0	200,000
2 December 2016	2 December 2019	30.0	200,000
22 August 2016	22 August 2020	30.0	2,000,000
20 November 2015	20 November 2020	35.0	2,200,000
18 November 2014	18 November 2019	21.5	2,750,000
<b>Total number of options outstanding at the date of this report</b>			<b>14,750,000</b>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

### INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Element 25 Limited paid a premium of \$12,365 to insure the directors of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

### NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Rothsay Chartered Accountants, or associated entities, during the year.

### PROCEEDINGS ON BEHALF OF THE COMPANY

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 any 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*.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Signed in accordance with a resolution of the directors.



Justin Brown  
 Managing Director  
 Perth, 6 September 2019

# *R*OTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

The Directors  
Element 25 Ltd  
45 Richardson St  
West Perth WA 6872

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2019 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Rolf Garda (Lead auditor)

Rothsay Auditing

Dated 6 September 2019

## Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2019

	Notes	Consolidated	
		2019 \$	2018 \$
<b>REVENUE</b>	4	<b>35,669</b>	63,300
Other income	5	<b>1,908,653</b>	907,551
<b>EXPENDITURE</b>			
Administration expenses		<b>(511,161)</b>	(470,416)
Depreciation expense		<b>(4,251)</b>	-
Exploration expenditure		<b>(3,745,629)</b>	(1,632,873)
Fair value losses on financial assets		<b>(506,400)</b>	-
Salaries and employee benefits expense		<b>(378,517)</b>	(269,137)
Secretarial and share registry expenses		<b>(187,911)</b>	(111,400)
Share based payment expense	24(b)	<b>(244,440)</b>	(165,060)
<b>LOSS BEFORE INCOME TAX</b>		<b>(3,633,987)</b>	(1,678,035)
<b>INCOME TAX EXPENSE</b>	7	-	-
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF ELEMENT 25 LIMITED</b>		<b>(3,633,987)</b>	(1,678,035)
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>(10,431)</b>	(5,997)
Other comprehensive income for the year, net of tax		<b>(10,431)</b>	(5,997)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF ELEMENT 25 LIMITED</b>		<b>(3,644,418)</b>	(1,684,032)
<b>LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted loss per share (cents per share)	23	<b>(4.3)</b>	(2.0)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Consolidated Statement of Financial Position

AT 30 JUNE 2019	Notes	Consolidated	
		2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	2,552,400	2,194,663
Trade and other receivables	9	75,573	110,866
Financial assets at fair value through profit or loss	10	6,200,565	7,639,805
<b>TOTAL CURRENT ASSETS</b>		<b>8,828,538</b>	<b>9,945,334</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	11	12,157	16,660
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,157</b>	<b>16,660</b>
<b>TOTAL ASSETS</b>		<b>8,840,695</b>	<b>9,961,994</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	808,639	108,652
Employee benefits obligations		209,922	121,491
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,018,561</b>	<b>230,143</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits obligations		249	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>249</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,018,810</b>	<b>230,143</b>
<b>NET ASSETS</b>		<b>7,821,885</b>	<b>9,731,851</b>
<b>EQUITY</b>			
Issued capital	13	15,841,862	14,351,850
Reserves	14	3,812,239	3,578,230
Accumulated losses		(11,832,216)	(8,198,229)
<b>TOTAL EQUITY</b>		<b>7,821,885</b>	<b>9,731,851</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2019

	Notes	Contributed Equity \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>Consolidated</b>						
<b>BALANCE AT 1 JULY 2016</b>		14,351,850	3,439,193	(20,026)	(6,520,194)	11,250,823
Loss for the year		-	-	-	(1,678,035)	(1,678,035)
<b>OTHER COMPREHENSIVE INCOME</b>						
Exchange differences on translation of foreign operations		-	-	(5,997)	-	(5,997)
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	(5,997)	(1,678,035)	(1,684,032)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Employee and consultant share-based payments	24(b)	-	165,060	-	-	165,060
<b>BALANCE AT 30 JUNE 2018</b>		14,351,850	3,604,253	(26,023)	(8,198,229)	9,731,851
Loss for the year		-	-	-	(3,633,987)	(3,633,987)
<b>OTHER COMPREHENSIVE INCOME</b>						
Exchange differences on translation of foreign operations		-	-	(10,431)	-	(10,431)
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	(10,431)	(3,633,987)	(3,644,418)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year		1,490,012	-	-	-	1,490,012
Employee and consultant share-based payments	24(b)	-	244,440	-	-	244,440
<b>BALANCE AT 30 JUNE 2019</b>		15,841,862	3,848,693	(36,454)	(11,832,216)	7,821,885

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2019

	Notes	Consolidated	
		2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(917,567)	(853,116)
Interest received		37,121	60,903
Proceeds on sale of mining interests		1,700,000	410,000
Expenditure on mining interests		(3,131,449)	(1,652,839)
Proceeds from disposal of financial assets at fair value through profit or loss		1,024,105	1,127,911
Payments for financial assets at fair value through profit or loss		(62,500)	(1,045,455)
Research and development tax incentive received		208,653	-
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	22	<b>(1,141,637)</b>	<b>(1,952,596)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		8,410	(28,959)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>8,410</b>	<b>(28,959)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of ordinary shares		1,490,012	-
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>1,490,012</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>356,785</b>	<b>(1,981,555)</b>
Cash and cash equivalents at the beginning of the financial year		2,194,663	4,175,060
Effects of exchange rate changes on cash and cash equivalents		952	1,158
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	8	<b>2,552,400</b>	<b>2,194,663</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements

30 JUNE 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the 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 Element 25 Limited and its subsidiaries. The financial statements are presented in the Australian currency. Element 25 Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 6 September 2019. The directors have the power to amend and reissue the financial statements.

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Element 25 Limited is a for-profit entity for the purpose of preparing the financial statements.

##### (i) Compliance with IFRS

The consolidated financial statements of the Element 25 Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### (ii) New and amended standards adopted by the Group

The Group has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 Financial Instruments and related amending Standards;
- AASB 15 Revenue from Contracts with Customers and related amending Standards; and

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions.

##### *AASB 9 Financial Instruments and related amending Standards*

In the current year, the Group has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Group adopted consequential amendments to AASB 7 Financial Instruments: Disclosures.

In summary AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and

General hedge accounting.

##### *AASB 15 Revenue from Contracts with Customers and related amending Standards*

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

##### (iii) Early adoption of standards

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

##### (iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value.

#### (b) Principles of consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the 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.

The acquisition method of accounting is used to account for business combinations by the Group.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies 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, statement of changes in equity and statement of financial position respectively.

#### *(ii) Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Element 25 Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

#### **(c) 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 full Board of Directors.

#### **(d) 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 Australian dollars, which is Element 25 Limited'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. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

##### *(iii) Group companies*

The results and financial position of all the Group entities (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 that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction 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, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

#### **(e) Revenue recognition**

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

#### **(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.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 associated 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 the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is 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 reporting date 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 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 tax 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) Leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

#### (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 reviewed 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets 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 statement of cash flows presentation purposes, 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 insignificant risk of changes in value, and bank overdrafts.

#### (j) Investments and other financial assets

##### (i) Classification

From 1 July 2018 the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or expenses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income or expenses and impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income or expenses in the period in which it arises.

#### *Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other income or expenses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### *(iv) Impairment*

From 1 July 2018 the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology depends on whether there has been a significant increase in credit risk.

#### *(v) Accounting policies applied until 30 June 2018*

The Company has applied AASB 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

#### **Classification**

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

#### **Recognition and derecognition**

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### **Measurement**

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are carried at amortised cost using the effective interest method.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Details on how the fair value of financial investments is determined are disclosed in note 2.

#### **Impairment**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### *Assets carried at amortised cost*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

#### **(k) Plant and equipment**

All plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

#### **(l) Exploration and evaluation costs**

Exploration and evaluation costs are written off in the year they are incurred.

#### **(m) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

#### **(n) Employee benefits**

##### *(i) Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (ii) Other long-term employee benefit obligations

The Group also has liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as 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 wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### (ii) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 24.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

#### (o) Issued capital

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 proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition 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 the Company, 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 and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### (q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated 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 components 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) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2019

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### AASB 16 Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The Group plans to adopt the new standard on the required effective date. The Group continues to assess the potential impact of AASB 16 on its consolidated financial statements.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Group.

### (s) Critical accounting judgements, estimates and assumptions

The preparation of these 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:

#### *Share based payment transactions*

The Company 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 an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 24.

#### *Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

#### *Taxation*

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates consider both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

## 2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full board of directors as the Group believes that it is crucial for all board members to be involved in this process. The executive director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

### (a) Market risk

#### *(i) Foreign exchange risk*

The Group operates internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure considering exchange rate movements.

The risk is not material and sensitivity analysis does not result in a material effect on Group results or financial position.

#### *(ii) Price risk*

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as financial assets at fair value through profit or loss. Given the current level of operations, the Group is not currently exposed to commodity price risk.

To minimise the risk, the Group's investments are of high quality and are publicly traded on the ASX. The investments are managed on a day to day basis to pick up any significant adjustments to market prices.

#### *Sensitivity analysis*

At 30 June 2019, if the value of the equity instruments held had increased/decreased by 15% with all other variables held constant, post-tax profit for the Group would have been \$930,085 higher/lower, with no changes to other equity balances, as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss (2018: \$1,145,971 lower/higher post-tax loss).

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 2. FINANCIAL RISK MANAGEMENT (cont'd)

#### (iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group \$2,552,400 (2018: \$2,194,663) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was 1.7% (2018: 1.9%).

#### Sensitivity analysis

At 30 June 2019, if interest rates had changed by +/- 50 basis points from the weighted average rate for the year with all other variables held constant, post-tax profit for the Group would have been \$10,560 higher/lower (2018: \$32,740 lower/higher post-tax loss on +/- 100 basis points) as a result of higher/lower interest income from cash and cash equivalents.

#### (b) Credit risk

The maximum exposure to credit risk at reporting date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

#### (c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

#### (d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The equity investments held by the Group are classified at fair value through profit or loss. The market value of all equity investments represents the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as level 1 financial instruments.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 2. FINANCIAL RISK MANAGEMENT (cont'd)

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

	Consolidated	
	2019	2018
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	2,552,400	2,194,663
Trade and other receivables	75,573	110,866
Financial assets at fair value through profit or loss	<u>6,200,565</u>	<u>7,639,805</u>
Total Financial Assets	<u>8,828,538</u>	<u>9,945,334</u>
<b>Financial Liabilities</b>		
Trade and other payables	<u>808,639</u>	108,652
Total Financial Liabilities	<u>808,639</u>	<u>108,652</u>

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

#### Cash

The carrying amount is fair value due to the liquid nature of these assets.

#### Receivables/Payables

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

#### Fair value measurements of financial assets

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

#### Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>30 June 2019</b>				
Financial assets at fair value through profit or loss	<u>6,200,565</u>	-	-	<u>6,200,565</u>
<b>Total as at 30 June 2019</b>	<u>6,200,565</u>	-	-	<u>6,200,565</u>
<b>30 June 2018</b>				
Financial assets at fair value through profit or loss	<u>7,639,805</u>	-	-	<u>7,639,805</u>
<b>Total as at 30 June 2018</b>	<u>7,639,805</u>	-	-	<u>7,639,805</u>

### 3. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of geographic location of assets given that the type of work done in each location is of a similar nature. Operating segments are therefore determined on this basis, with two segments being identified: Australia; and France.

The activities undertaken in each segment are those associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in the respective geographic location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 3. SEGMENT INFORMATION (cont'd)

	Australia		France		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-
Reconciliation of segment revenue to total revenue before tax:						
Interest revenue					35,669	63,300
<b>Total revenue</b>					<b>35,669</b>	<b>63,300</b>
Segment results	(1,998,605)	(1,453,304)	(47,024)	(172,569)	(2,045,629)	(1,632,873)
Reconciliation of segment result to net loss before tax:						
Interest revenue					35,669	63,300
Other income					208,653	907,551
Other corporate and administration					(1,832,680)	(1,016,013)
<b>Net (loss)/profit before tax</b>					<b>(3,633,987)</b>	<b>(1,678,035)</b>
Segment operating assets	-	-	-	-	-	-
Reconciliation of segment operating assets to total assets:						
Other corporate and administration assets					8,840,695	9,961,994
<b>Total assets</b>					<b>8,840,695</b>	<b>9,961,994</b>

### 4. REVENUE

	Consolidated	
	2019	2018
	\$	\$
<b>From continuing operations</b>		
<i>Other revenue</i>		
Interest	35,669	63,300

### 5. OTHER INCOME

Net gain on sale of mining interests	1,700,000	835,000
Research and development tax incentive	208,653	-
Fair value gains on financial assets at fair value through profit or loss	-	72,551
	<b>1,908,653</b>	<b>907,551</b>

### 6. EXPENSES

**Profit or loss before income tax includes the following specific expenses:**

Minimum lease payments relating to operating leases	122,841	137,562
Defined contribution superannuation expense	47,194	57,479
Net foreign exchange losses	2,573	818

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

Consolidated

2019	2018
\$	\$

**7. INCOME TAX****(a) Income tax benefit**

Current tax	-	-
Deferred tax	-	-
	-	-

**(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable**

(Loss)/profit from continuing operations before income tax expense	(3,633,987)	(1,678,035)
Prima facie tax (benefit)/expense at the Australian tax rate of 27.5% (2018: 27.5%)	(999,346)	(461,460)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	67,221	45,392
Other	2,872	3,249
	(929,253)	(412,819)
Movements in unrecognised temporary differences	165,489	35,872
Tax effect of current year tax losses for which no deferred tax asset has been recognised	763,764	376,947
Income tax expense/(benefit)	-	-

**(c) Unrecognised temporary differences****Deferred Tax Assets at 27.5% (2018: 27.5%)***On Income Tax Account*

Capital raising expenses	24,215	36,594
Accruals and provisions	69,897	40,865
Foreign carry forward tax losses	227,390	229,215
Australian carry forward tax losses	2,314,115	1,731,482
	2,635,617	2,038,156

**Deferred Tax Liabilities at 27.5% (2018: 27.5%)**

Financial assets at fair value through profit or loss	672,250	819,135
Accrued income	339	837
	672,589	819,972

Net deferred tax assets were not brought to account as it was not considered probable within the immediate future that tax profits would be available against which deductible temporary differences and tax losses could be utilised.

The Group's ability to use losses in the future is subject to each Group company satisfying the relevant tax authority's criteria for using these losses.

In April 2017, the Australian Government enacted legislation which reduces the corporate rate for small and medium business entities from 30% to 25% over the next decade. For the 2017 financial year the corporate tax rate reduced to 27.5% for small business entities with turnover less than \$10 million. This turnover threshold will progressively increase until it reaches \$50 million in the 2019 financial year. For the 2021 financial year, the tax rate will decrease to 26% and then 25% for the 2022 and later financial years. Element 25 Limited satisfies the criteria to be a small business entity.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

Consolidated

2019  
\$

2018  
\$

### 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,690,720	482,983
Short-term deposits	861,680	1,711,680
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	2,552,400	2,194,663

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

### 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Sundry receivables	66,223	101,953
Prepayments	9,350	8,913
	75,573	110,866

### 10. CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Australian listed equity securities	6,200,565	7,639,805
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Changes in fair values of financial assets at fair value through profit or loss are recorded in other income for gains (note 5) or directly on the face of the statement of comprehensive income for losses.

### 11. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

#### Plant and equipment

Cost	92,103	92,355
Accumulated depreciation	(79,946)	(75,695)
Net book amount	12,157	16,660

#### Movements:

Opening net book amount	16,660	-
Exchange differences	(4,251)	110
Additions	3,999	16,550
Depreciation charge	(4,251)	-
Closing net book amount	12,157	16,660

### 12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	64,457	41,956
Other payables and accruals	744,182	66,696
	808,639	108,652

### 13. ISSUED CAPITAL

	Notes	2019		2018	
		Number of shares	\$	Number of shares	\$
<b>(a) Share capital</b>					
Ordinary shares fully paid	13(b), 13(d)	91,907,274	15,841,862	83,464,350	14,351,850
Total issued capital		91,907,274	15,841,862	83,464,350	14,351,850

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 13. ISSUED CAPITAL (cont'd)

Notes	2019		2018	
	Number of shares	\$	Number of shares	\$
<b>(b) Movements in ordinary share capital</b>				
Beginning of the financial year	83,464,350	14,351,850	83,464,350	14,351,850
Issued during the year:				
– Upon exercise of 20 cent options	500,000	100,000	-	-
– Pursuant to share purchase plan and shortfall placement at 17.5 cents per share	7,942,924	1,390,012	-	-
End of the financial year	<b>91,907,274</b>	<b>15,841,862</b>	83,464,350	14,351,850

### (c) Movements in options on issue

	Number of options	
	2019	2018
Beginning of the financial year	13,850,000	16,700,000
Issued during the year:		
– Exercisable at 26 cents, on or before 22 February 2024	1,600,000	-
– Exercisable at 26.1 cents, on or before 28 November 2023	2,000,000	-
– Exercisable at 32.5 cents, on or before 3 November 2022	-	600,000
– Exercisable at 35.5 cents, on or before 28 November 2022	-	1,200,000
Exercised during the year at 20 cents, expiring 19 November 2018	(500,000)	-
Expired during the year:		
– On 1 July 2017, exercisable at 20 cents	-	(1,000,000)
– On 19 November 2018, exercisable at 20 cents	(1,500,000)	-
– On 15 September 2017, exercisable at 27.5 cents	-	(500,000)
– On 17 June 2019, exercisable at 30 cents	(250,000)	-
– On 22 October 2018, exercisable at 32 cents	(250,000)	-
– On 31 January 2018, exercisable at 34 cents	-	(150,000)
– On 20 November 2018, exercisable at 35 cents	(200,000)	-
– On 30 November 2017, exercisable at 38 cents	-	(3,000,000)
End of the financial year	<b>14,750,000</b>	13,850,000

### (d) Ordinary shares

Ordinary shares entitle the holder 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.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### (e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2019 and 30 June 2018 are as follows:

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

Consolidated

2019  
\$

2018  
\$

### 13. ISSUED CAPITAL (cont'd)

Cash and cash equivalents	2,552,400	2,194,663
Trade and other receivables	75,573	110,866
Financial assets at fair value through profit or loss	6,200,565	7,639,805
Trade and other payables	(808,639)	(108,652)
Employee benefit obligations (current)	(209,922)	(121,491)
Working capital position	<u>7,809,977</u>	<u>9,715,191</u>

### 14. RESERVES AND RETAINED EARNINGS

#### (a) Reserves

Foreign currency translation reserve	(36,454)	(26,023)
Share-based payments reserve	3,848,693	3,604,253
	<u>3,812,239</u>	<u>3,578,230</u>

#### (c) Nature and purpose of reserves

##### (i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(d) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

##### (ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

### 15. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

### 16. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

#### Audit services

Rothsay Chartered Accountants - audit and review of financial reports	38,500	38,500
Total remuneration for audit services	<u>38,500</u>	<u>38,500</u>

### 17. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Company at balance date.

### 18. COMMITMENTS

#### (a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	474,000	802,000
later than one year but not later than five years	915,000	1,826,000
	<u>1,389,000</u>	<u>2,628,000</u>

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

Consolidated

2019	2018
\$	\$

### 18. COMMITMENTS (cont'd)

#### (b) Lease commitments: Group as lessee

*Operating leases (non-cancellable):*

Minimum lease payments

within one year

115,200	115,200
---------	---------

later than one year but not later than five years

-	-
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Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities

115,200	115,200
---------	---------

The property lease is a non-cancellable lease with a one-year term, with rent payable monthly in advance. The lease allows for subletting of all lease areas subject to permission from the lessor. The Company has obtained permission from the lessor and entered into a sublet arrangement for the entire one-year term of the lease amounting to 50% of the commitment noted above.

### 19. RELATED PARTY TRANSACTIONS

#### (a) Parent entity

The ultimate parent entity within the Group is Element 25 Limited.

#### (b) Subsidiaries

Interests in subsidiaries are set out in note 20.

#### (c) Key management personnel compensation

Short-term benefits

326,883	325,374
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Post-employment benefits

20,900	20,900
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Other long-term benefits

48,182	-
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Termination benefits

-	-
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Share-based payments

145,400	114,000
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541,365	460,274
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Detailed remuneration disclosures are provided in the remuneration report on pages 5 to 7.

#### (d) Loans to related parties

There were no loans to related parties, including key management personnel, during the year.

### 20. SUBSIDIARY

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding <sup>(1)</sup>	
			2019	2018
			%	%
Cordier Mines SAS	France	Ordinary	100	100
Element 25 Butcherbird Project Pty Ltd (formerly Fortitude Metals Limited)	Australia	Ordinary	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

### 21. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

During August 2019 the Company announced that government funding of \$1,342,223 had been approved for the pilot plant test programme for the Company's 100% owned Butcherbird Manganese Project.

No other matter or circumstance has arisen since 30 June 2019, which has 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 subsequent financial years.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

Consolidated

2019                      2018  
\$                              \$

### 22. CASH FLOW INFORMATION

#### Reconciliation of (loss)/profit after income tax to net cash outflow from operating activities

(Loss)/profit for the year	(3,633,987)	(1,678,035)
<b>Non-Cash Items</b>		
Depreciation of non-current assets	4,251	-
Employee and consultants share-based payments	244,440	165,060
Fair value of financial assets received on sale of mining interests	-	(425,000)
Net exchange differences	(6,987)	(7,138)
<b>Change in operating assets and liabilities</b>		
Decrease/(increase) in trade and other receivables	23,071	(62,449)
Decrease in financial assets at fair value through profit or loss	1,439,240	38,670
Increase in trade and other payables	699,655	16,296
Increase in employee benefit obligations	88,680	-
Net cash outflow from operating activities	<u>(1,141,637)</u>	<u>(1,952,596)</u>

### 23. EARNINGS PER SHARE

#### (a) Reconciliation of earnings used in calculating earnings/(loss) per share

(Loss)/profit attributable to the owners of the Company used in calculating basic and diluted (loss)/earnings per share	<u>(3,633,987)</u>	<u>(1,678,035)</u>
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<b>Number of shares</b>	<b>Number of shares</b>
<b>2019</b>	<b>2018</b>

#### (b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted (loss)/earnings per share	<u>84,246,547</u>	<u>83,464,350</u>
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#### (c) Information on the classification of options

As the Group made a loss for the year ended 30 June 2019, the options on issue were considered anti-dilutive and were not included in the calculation of diluted earnings per share. The options currently on issue could potentially dilute basic earnings per share in the future.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

### 24. SHARE-BASED PAYMENTS

#### (a) Employees and Contractors Options

The Company provides benefits to employees (including directors) and contractors of the Company in the form of share-based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise price of the options granted and on issue at 30 June 2019 range from 20 cents to 35.5 cents per option, with expiry dates ranging from 18 November 2019 to 22 February 2024.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

#### *Fair value of options granted*

The weighted average fair value of the options granted during the year was 6.8 cents (2018: 9.2 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2019	2018
Weighted average exercise price (cents)	26.1	34.5
Weighted average life of the option (years)	5.0	5.0
Weighted average underlying share price (cents)	18.8	25.2
Expected share price volatility	50.0%	50.0%
Risk free interest rate	2.0%	2.2%

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

Set out below is a summary of the share-based payment options granted:

	2019		2018	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	13,850,000	26.8	16,700,000	27.7
Granted	3,600,000	26.1	1,800,000	34.5
Forfeited	-	-	-	-
Exercised	(500,000)	20.0	-	-
Expired	(2,200,000)	23.9	(4,650,000)	32.9
Outstanding at year-end	14,750,000	27.3	13,850,000	26.8
Exercisable at year-end	14,750,000	27.3	13,850,000	26.8

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.3 years (2018: 2.1 years), and the exercise prices range from 20 cents to 35.5 cents.

#### (b) Expenses arising from share-based payment transactions

	Consolidated	
	2019	2018
	\$	\$
Total expenses arising from share-based payment transactions recognised during the period were as follows:		
Options granted to employees and contractors expensed to profit or loss	244,440	165,060
	<u>244,440</u>	<u>165,060</u>

## Notes to the Consolidated Financial Statements continued

30 JUNE 2019

Parent Entity

2019	2018
\$	\$

### 25. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Element 25 Limited, at 30 June 2019. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

Current assets	<b>8,793,753</b>	9,901,489
Non-current assets	<b>12,157</b>	12,409
<b>Total assets</b>	<b>8,805,910</b>	9,913,898
Current liabilities	<b>1,014,006</b>	217,384
Non-current liabilities	<b>249</b>	-
<b>Total liabilities</b>	<b>1,014,255</b>	217,384
Issued capital	<b>15,841,862</b>	14,351,850
Share-based payments reserve	<b>3,848,693</b>	3,604,253
Accumulated losses	<b>(11,898,900)</b>	(8,259,589)
<b>Total equity</b>	<b>7,791,655</b>	9,696,514
Loss for the year	<b>(3,639,311)</b>	(1,703,180)
<b>Total comprehensive loss for the year</b>	<b>(3,639,311)</b>	(1,703,180)

## Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 31 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 2019 and of its performance for the financial year ended on that date;
- (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; and
- (c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Justin Brown  
Managing Director

Perth, 6 September 2019



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## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ELEMENT 25 LIMITED**

### **Report on the Audit of the Financial Report**

#### ***Opinion***

We have audited the financial report of Element 25 Limited (“the Company”) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors’ declaration of the Company.

In our opinion the 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 2019 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 these standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of 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* (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.

#### ***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.

#### ***Key Audit Matter***

##### **Cash and financial assets at fair value**

The Group’s cash and financial assets at fair value make up 99% of total assets by value and are considered to be the key driver of the Group’s operations. We do not consider cash and financial assets at fair value to be at a high risk of significant misstatement or to be subject to a significant level of judgement.





However due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence, completeness and valuation of the Group's portfolio of cash and financial assets at fair value included but were not limited to:

- Documenting and assessing the processes and control environment in place to record transactions and to value the assets;
- Agreeing the fair value of the listed investments to externally quoted prices, which was the closing bid price at 30 June 2019;
- Agreeing cash and holdings in financial assets at fair value to independent third party documentation;
- Performing a recalculation of the total value of investments.

We have also assessed the appropriateness of the disclosures included in Notes 1, 2, 8 and 10 to the financial report.

#### **Exploration and evaluation expenditure**

The Group incurred significant exploration and evaluation expenditure during the year. We do not consider exploration and evaluation expenditure to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, they are considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures in assessing the exploration and evaluation expenditure included but were not limited to the following:

- We obtained evidence that the Group had valid rights to explore in the areas represented by the exploration and evaluation expenditure by confirming the Group's tenement holdings;
- We enquired of management and reviewed work programs on exploration and evaluation on the mineral resources in the Group's areas of interest and cross referenced these discussions to ASX announcements and where applicable minutes of directors' meetings;
- We tested a sample of exploration and evaluation expenditure to supporting documentation to ensure they were bona fide payments; and
- Documenting and assessing the processes and controls in place to record exploration and evaluation transactions.

We have also assessed the appropriateness of the disclosures included in Note 1 to the financial report.



### ***Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Directors' Responsibility 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 the 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 cease operations, or have no realistic alternative but to do so.

### ***Auditor's Responsibility 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 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 at: [www.auasb.gov.au/Home.aspx](http://www.auasb.gov.au/Home.aspx)**

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be



communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

**Report on the Remuneration Report**

***Opinion on the Remuneration Report***

We have audited the remuneration report included in the directors' report for the year ended 30 June 2019.

In our opinion the remuneration report of Element 25 Limited for the year ended 30 June 2019 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.

**Rothsay Auditing**

**Rolf Garda FCA  
Partner**

Dated 6 September 2019

## ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 9 October 2019.

### (a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	63	15,291
1,001	- 5,000	149	456,464
5,001	- 10,000	119	980,137
10,001	- 100,000	266	9,807,769
100,001	and over	94	80,647,613
		691	91,907,274
The number of equity security holders holding less than a marketable parcel of securities are:		110	100,569

### (b) Twenty largest shareholders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	J P MORGAN NOM AUST PL	9,513,881	10.35
2	RANGUTA LTD	7,180,440	7.81
3	ALPHA BOXER LTD	5,474,006	5.96
4	DUKETON MINING LTD	5,382,500	5.86
5	ARADIA VENTURES PL <J & A BROWN FAM A/C>	4,723,215	5.14
6	AUSTRADE HLDGS PL	3,250,000	3.54
7	DE JONG JACOBUS GERARDUS	3,183,359	3.46
8	DUKETON CONSOLIDATED PL	3,085,715	3.36
9	WATTS PAUL HARTLEY	2,700,000	2.94
10	DANE PAST CO PL	1,907,390	2.08
11	HSBC CUSTODY NOM AUST LTD	1,726,372	1.88
12	KONGMING INV LTD	1,382,733	1.50
13	DONGARRA LTD	1,361,967	1.48
14	BNP PARIBAS NOM PL HUB24	1,162,627	1.26
15	MANDIES MEATS PL	1,151,796	1.25
16	MI QING	1,111,287	1.21
17	SINO WEST ASSETS LTD	1,104,852	1.20
18	AVANIA NOM PL	1,000,000	1.09
19	CORNELIUS SEAMUS	962,815	1.05
20	LANGSFORD DEREK HAROLD	962,556	1.05
		58,327,511	63.47

### (c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Duketon Mining Limited	5,382,500
Marcel Mandanici	4,699,935
Justin Brown	4,312,500

### (d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

## ASX Additional Information continued

### (e) Schedule of interests in mining tenements as at 18 October 2019

<b>Location</b>	<b>Tenement</b>	<b>Percentage held / earning</b>
Eelya Hill	E20/659	10%
Yallon Well	E20/948	100%
Sunday Well	E20/953	100%
Pinnacles Nickel	E28/2577	100%
Pinnacles Nickel	E28/2701	100%
Flanker South	E28/2761	100%
Pinnacles	E28/2908	100%
Fraser Range	E28/2925	100%
Mt Stewart	E37/1295	100%
Mulga Tank	E39/2135	100%
Black Hill	E46/1300	100%
Mt Padbury	E52/1529	100% <sup>(1)</sup>
Butcher Bird Copper	E52/2350	100% <sup>(1)</sup>
Yaneri Bore	E52/3606	100%
Dead Camel	E52/3663	100%
Corner Bore	E52/3704	100%
Millidie Creek	E52/3708	100%
Neds Gap	E52/3710	100%
Limestone Bore	E52/3735	100%
Mt Padbury	E52/3738	100%
Victory Bore	E57/1060	100%
Cunyu Woolshed	E69/3541	100%
Eileen Bore	E80/5056	100%
Limestone Bore	L52/211	100%
Yanneri Ridge	M52/1074	100%

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

## ASX Additional Information continued

### (f) Unquoted Securities

At 9 October 2019, the Company had the following unlisted securities on issue:

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class	
			Holder Name	Number of Securities
\$0.20 Options, Expiry 24 November 2021	2,000,000	3	Aradia Ventures Pty Ltd	1,000,000
			Seamus Cornelius	500,000
			Antoinette Janet Ribbons	500,000
\$0.215 Options, Expiry 18 November 2019	2,750,000	3	Aradia Ventures Pty Ltd	1,250,000
			Kongming Investments Ltd	750,000
			Antoinette Janet Ribbons	750,000
\$0.22 Options, Expiry 2 December 2019	200,000	1	Jane Abigail O'Neill	200,000
\$0.26 Options, Expiry 22 February 2024	1,600,000	3	Duketon Consolidated Pty Ltd	1,000,000
			I D Huitson and E N Dinggal <Huitson Family A/C>	500,000
\$0.261 Options, Expiry 28 November 2023	2,000,000	3	Aradia Ventures Pty Ltd	1,000,000
			Seamus Cornelius	500,000
			John George Ribbons	500,000
\$0.30 Options, Expiry 2 December 2019	200,000	1	Jane Abigail O'Neill	200,000
\$0.30 Options, Expiry 22 August 2020	2,000,000	3	Zenix Nominees Pty Ltd	1,000,000
			Francis Harper	500,000
			JSR Nominees Pty Ltd	500,000
			<Richardson Family A/C>	
\$0.325 Options, Expiry 3 November 2022	600,000	3	Liam Cornelius	300,000
			Pato Negro Pty Ltd <Negro Toro Investment A/C>	200,000
\$0.35 Options, Expiry 20 November 2020	2,200,000	4	Aradia Ventures Pty Ltd	1,000,000
			Seamus Cornelius	500,000
			Antoinette Janet Ribbons	500,000
\$0.355 Options, Expiry 28 November 2022	1,200,000	3	Aradia Ventures Pty Ltd	600,000
			Seamus Cornelius	300,000
			Antoinette Janet Ribbons	300,000

## Corporate Governance Statement

Element 25 Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Element 25 Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) published by the ASX Corporate Governance Council.

The 2019 Corporate Governance Statement was approved by the Board on 18 October 2019 and is current as at 18 October 2019. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at [www.element25.com.au](http://www.element25.com.au).