

## Highlights

- Scoping Study completed, delivers robust economics on production of high purity manganese.
- PFS commenced with key workstreams underway;
  - Bulk leach test work in progress to produce commercial samples.
  - Discussions continue with lithium ion battery manufacturers on offtake.
  - Key adviser appointed in relation to the optimal power strategy.
  - Project financing discussions initiated and progressing.
  - MBS environmental appointed to manage the environmental permitting process.
  - Excavatability assessment complete, indicating mostly free dig with localised ripping.
  - Native Title discussions initiated with Traditional Owner’s representatives.
  - Groundwater exploration POW in place with work to commence on securing a suitable rig.
  - Collaborative commercialisation agreement with CSIRO progressing.

The second Quarter of 2018 was pivotal for Element 25 Limited (“Company” or “E25”). The work completed in the Scoping Study during the Quarter returned robust results, and shareholders approved a Company name change to reflect the manganese focus. The study showed that the processing of ores from Butcherbird to produce high purity manganese including Electrolytic Manganese Metal (“EMM”), and manganese sulphate for lithium ion batteries has the potential to form the basis for a profitable, long life operation at the 100% owned Butcherbird Project, which hosts Australia’s largest onshore manganese resource<sup>1</sup>.

As a result, the Company has taken the decision to focus operational efforts on completing a Pre-Feasibility Study on the development of the Project. All key work streams are underway and progressing to schedule.

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<sup>1</sup> Company announcement dated 17 October 2017

## Company Snapshot

<p>ASX Code: E25</p> <p>Shares on Issue: 83.5M</p> <p>Share Price (at 30 June 2018): \$0.20</p> <p>Market Capitalisation: \$16.7M</p>	<p>Board of Directors:</p> <p>Seamus Cornelius</p> <p>Justin Brown</p> <p>John Ribbons</p>	<p>Chairman</p> <p>ED</p> <p>NED</p>	<p>Element 25 Limited is developing the world class Butcherbird manganese project in Western Australia to produce high purity manganese sulphate for lithium ion batteries and electrolytic manganese metal.</p>
<p>Element 25 Limited P +61 8 6315 1400 E admin@e25.com.au element25.com.au</p>	<p>Level 2, 45 Richardson Street, West Perth, WA, 6005 PO Box 910 West Perth WA 6872 Australia</p>		

## Scoping Study Completed

During the Quarter, the Company completed a Scoping Study<sup>2</sup> which focused on the Yanneri Ridge deposit, one of the mineralised resources at the 100% owned Butcherbird Project (“Project”).

The study was completed with assistance from the following reputable industry consultant groups:

- Mining Solutions Pty Ltd (Scoping study management and reporting, Mine optimisation, design and scheduling, Financial modelling);
- Extomine Pty Ltd (resource model);
- Simulus Engineers Pty Ltd (Metallurgical process design, capital and operating cost estimates);
- Enviroworks Pty Ltd and Martinick Bosch Sell Pty Ltd (MBS Environmental) environmental review and costings;
- Qube Logistics Ltd (Logistics solution and costings);
- Tenet Consulting Pty Ltd and Advisian (Power cost estimates);
- Metals Bulletin Research Ltd (Metals Market research including volume and price forecasts) and
- Numerous other West Australian, mining industry suppliers.

The results of the Study were positive and provided strong encouragement for the Company to commit to a Preliminary Feasibility Study which is currently underway.

### Study Summary

The Scoping Study was designed to focus on open pit development and processing of the Yanneri Ridge mineral resource which forms part of the global Butcherbird mineral resource.

The Project is located 1,050km north of Perth and 130km south of Newman in the Southern Pilbara. The Yanneri Ridge mineral resource was chosen due to its higher grade than the other mineral resources at Butcherbird as well as its location underlying both the Great North Highway and Goldfields Gas Pipeline. The Yanneri Ridge mineralisation also has minimal overburden, allowing for easier and lower cost mining.

The Study supports the aim to complete a Preliminary Feasibility Study and apply for regulatory consents in 2018/2019, with development targeted in 2020/2021.

Mining Solutions Pty Ltd (“Mining Solutions”), were engaged to carry out a Scoping Study on the Butcherbird project, producing a high-level indicative mining and processing schedule utilising Whittle shells, inclusive of a high-level financial analysis. Given the level of study, and that Inferred Resources was used as an economic driver, no Ore Reserves were reported from the Study.

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<sup>2</sup> Refer Company Announcement dated 10 May 2018

The study was completed to a higher level of detail than a traditional scoping study to enable fatal flaws or other potential problems to be identified and mitigated early in the projects life, and included:

- Budget level pricing from two potential contract miners;
- Scoping Study level pricing from freight companies for road haulage, port and international shipping solutions;
- PFS level design and pricing from metallurgical consultants;
- Scoping Study level pricing from two power supply consultants for power solutions for the project;
- Budget level quotes for many miscellaneous suppliers including:
  - Camp and office infrastructure;
  - Flights;
  - Airstrip construction;
  - Salaries and Wages;
  - Vehicles;
  - Communications establishment and operating;
  - Water Supply and Pumping; and
  - Environmental, Heritage and other approval related studies.
- Manganese Market Studies including forward looking price and volume forecasts by Metal Bulletin Research PLC

Full details in relation to the study can be found on the Company's website:

<http://www.element25.com.au/site/the-manganese-project/scoping-study>

*The Company is not aware of any new information or data that materially affects the information included in the announcement and in the case of estimates of mineral resources and ore reserves, all material assumptions underpinning the estimates continue to apply and have not materially changed.*

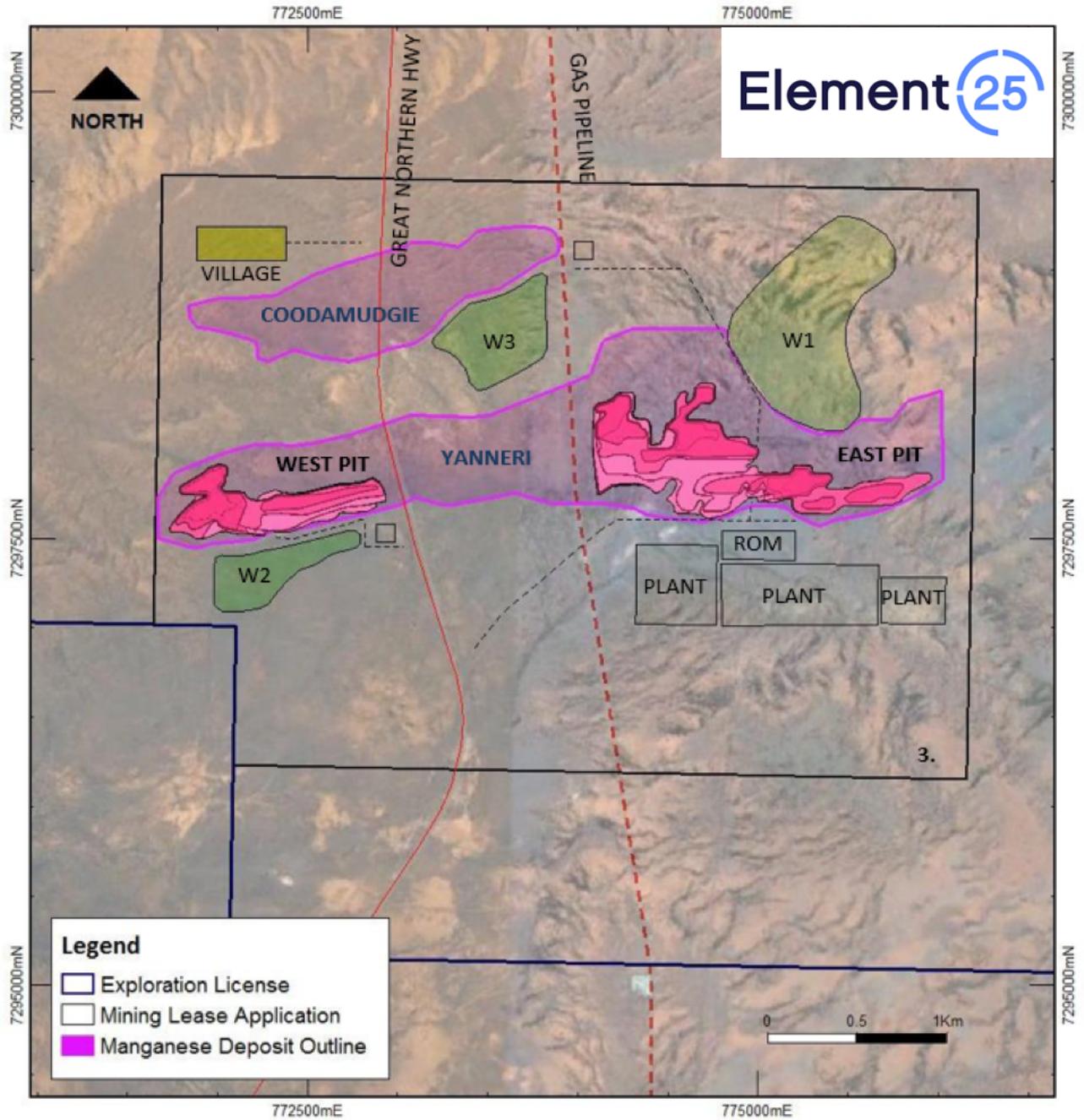


Figure 1: Infrastructure overview at the Butcherbird Project.

## Pre-Feasibility Study

Based on these results of the Scoping Study, and the demand forecast from Metal Bulletin for high purity manganese products, which indicated robust growth in demand and pricing over the forecast period, the Company initiated a Pre-Feasibility Study (“PFS”) to assess in more detail the pathway to commercialisation for this world class resource.

The Company has formally engaged a number of key consulting groups to undertake or manage the various elements of the study, and all key work streams are underway and progressing with the PFS on track to be completed within the forecast time frame of approximately 18 months.

The following appointments have been made and key work streams are under way:

### Metallurgy



Simulus has helped develop projects and conducted project assessments in over 25 countries around the world for over 75 companies. Their services span the entire product development lifecycle from simulation, laboratory testwork, engineering and modular and mobile plants. Simulus offers full, multidisciplinary engineering capability whilst maintaining a strong focus on the early stages of project development, including scoping, prefeasibility and bankable feasibility studies. Simulus is currently undertaking the first stage of the flowsheet upscaling test work, including a programme of small scale optimisation followed by a bulk leach of approximately 600Kg of sample from the Yanneri Ridge orebody. The work will provide detail on small scale variability within the deposit as well as taking the process through to the production of both manganese sulphate and EMM product samples.

### Energy

Advisian, the global consulting firm of Worley Parsons has been engaged by E25 to provide consulting support in relation to the project. E25 is aiming to implement a lower cost, low emissions solution as this will improve the project economics and potentially allow the Company to produce a product which has a lower carbon footprint than conventionally produced EMM. Producing battery grade high purity manganese sulphate using E25’s process is exothermic and thereby energy neutral, however producing EMM requires large amounts of electrical energy and therefore the work on the power solution is important to that part of the project. The Company 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.

### Environmental



MBS Environmental has a skilled in-house team of environmental scientists, geochemists, environmental engineers and geoscientists which have provided environmental and management services to the mining sector for a wide range of exploration, mining and onshore gas projects for over 30 years. MBS have been engaged to plan and manage the various tasks required to take the Butcherbird Project through the environmental permitting process.

### Geotechnical



In addition to these key appointments, a geotechnical and “diggability” assessment of drill core has been completed by independent specialist consultants 4DG. No issues were identified and whilst the work has not been completed, the preliminary assessment concluded that the majority of the deposit will likely not require drill and blast. Localised ripping may be required in parts of the lateritic cap.

### Project Finance

As part of the funding solution for the Butcherbird Project, the Company is in discussions with a number of independent advisory groups to provide early stage project financing services including initial engagement with potential funders, and advice on the available funding structures and strategies in relation to the project.

### Resource Development

Drilling programmes for infill drilling of the resource to measured status as well as groundwater exploration work have been planned and POW's are lodged and approved respectively. These programmes are expected to commence when a suitable drilling rig becomes available.

### Native Title

Engagement has commenced with the representatives of the Traditional Owners of the Nyiaparli Native Title Claim area to negotiate a native title agreement to allow the granting of the mining lease application at Butcherbird to progress.

### Flowsheet Development

Discussions with CSIRO in relation to agreeing on a structure to collaboratively develop and commercialise the process technology that has been developed for the Butcherbird project are progressing and the Company looks forward to announcing details when available.

As a result of commencement of these programmes, all key work streams relating to the Pre-Feasibility are now active. The Company looks forward to providing further updates to the market as key milestones are met in relation to the development of this world class resource using landmark new technology which has the

potential to materially impact the sustainability of the high purity manganese industry and generate shareholder value.

## Corporate

### Investment Portfolio (as at 30 June 2018)

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

Listed securities at market value:	No. Held	Closing Price	Market Value
Alt Resources Ltd (ARS)	1,250,000	\$0.053	\$66,250
Magmatic Resources Ltd (MAG)	3,770,485	\$0.066	\$248,852
Buxton Resources Ltd (BUX)	150,000	\$0.165	\$24,750
Buxton Resources Ltd (BUX) 12.5c Options	2,000,000	N/A	-
Duketon Mining (DKM)	1,450,000	\$0.250	\$362,500
Anova Metals Ltd (AWV)	7,000,000	\$0.039	\$273,000
Lefroy Exploration (LEX)	4,200,000	\$0.165	\$693,000
Danakali Limited (DNK)	8,858,097	\$0.67	\$5,934,277
<b>Total as at 30 June 2018</b>			<b>\$7,603,277</b>

### Change of Company Name

Pursuant to the Company announcement on 14 May 2018 and following approval by shareholders at a General Meeting held on 10 May 2018, the Company formally changed its name from Montezuma Mining Company Ltd to Element 25 Limited to reflect the decision to focus on the development of the Butcherbird Manganese Project.

The Company's ASX code changed from "MZM" to "E25" effective Thursday, 17 May 2018.

## Disclaimer

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

## Competent Persons Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr David O'Neill 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 O'Neill was an employee of Element 25 Limited. Mr O'Neill 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 O'Neill 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 mining, corporate and site administration, logistics, Scoping Study development, financial model and future production targets is based on information compiled by Mr Ian Huitson who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Huitson is a consultant to Element 25 Limited. Mr Huitson is a Mining Engineer and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities 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 Huitson consents to the inclusion of this information in the form and context in which it appears in this report.

**Element 25 Limited**
**ASX Additional Information for Quarterly Report to 30 June 2018**

	<b>Tenement reference</b>	<b>Location</b>	<b>Interest at beginning of quarter</b>	<b>Acquired/Disposed</b>	<b>Interest at end of quarter</b>
<b>The mining tenements held at the end of the quarter and their location</b>	E20/659	Eelya Hill WA	10%	N/A	10%
	E20/922	Sunday Well WA	100%	Disposed	0%
	E20/927	Yallon Well WA	100%	N/A	100%
	E20/941	Sunday Well WA	0%	N/A	100%
	E28/2313	Green Dam WA	100%	N/A	100%
	E28/2327	Green Dam WA	100%	N/A	100%
	E28/2577	Pinnacles WA	100%	N/A	100%
	E28/2701	Pinnacles East WA	100%	N/A	100%
	E28/2757	Pinnacles WA	100%	N/A	100%
	E28/2761	Flanker South WA	0%	Acquired	100%
	E37/1176	Leonora WA	100%	N/A	100%
	E37/1295	Leonora WA	100%	N/A	100%
	E38/2961	Mt Venn WA	100%	Disposed	0%
	E46/1220	Black Hill WA	100%	N/A	100%
	E51/1781	Mt Maitland WA	100%	N/A	100%
	E52/1529	Mt Padbury WA	100% (Note 1)	N/A	100% (Note 1)
	E52/2350	Butcher Bird WA	100%	N/A	100%
	E52/3082	Mt Padbury WA	100%	N/A	100%
	E52/3470	Butcher Bird WA	100%	Disposed	0%
	E52/3493	Butcher Bird WA	100%	Disposed	0%
	E52/3588	Dead Camel WA	100%	N/A	100%
	E52/3627	Yanneri Bore WA	0%	Acquired	100%
	E57/1060	Victory Well WA	100%	N/A	100%
	E52/3606	Yanneri Bore WA	0%	N/A	100%
	E52/3607	Neds Gap WA	0%	N/A	100%
	E52/3626	Corner Bore WA	0%	N/A	100%
E52/3627	Corner Bore WA	0%	Acquired	100%	
M52/1074	Yaneri Ridge WA	0%	N/A	100%	

	<b>Tenement reference</b>	<b>Location</b>	<b>Interest at beginning of quarter</b>	<b>Acquired/ Disposed</b>	<b>Interest at end of quarter</b>
	E59/2246	Milgoos Peak WA	100%	N/A	100%
	E59/2267	Twin Peaks WA	100%	N/A	100%
	E63/1750	Lake Johnston WA	100%	N/A	100%
	E63/1789	Lake Johnston WA	100%	N/A	100%
	E63/1838	Lake Johnston WA	100%	N/A	100%
	E69/3523	Fraser Range WA	100%	N/A	100%
	E69/3541	Cunyu Woolshed WA	100%	N/A	100%
	E70/5033	Holleton West WA	100%	N/A	100%
	E77/2334	Holleton WA	100%	N/A	100%
	E77/2458	Holleton WA	100%	N/A	100%
	E80/5056	Eileen Bore WA	100%	N/A	100%
	E80/5092	Cummins Range WA	100%	N/A	100%

## Notes:

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