

Highlights

All key work streams for the Butcherbird Pre-Feasibility Study are active:

- **Metallurgy:** Comminution test work completed, hydrometallurgy test work, PFDs, equipment lists and cost estimates well advanced.
- **Mine Planning:** Price estimates received from contractor candidates, detailed optimisation for ore reserves well advanced.
- **Power:** Vendor proposals received and under review. Cost reductions over Scoping Study anticipated.
- **Environmental:** Wet season flora and fauna surveys completed. Final report pending. No significant species identified.
- **Sales and Marketing:** Roskill Information Services contracted to provide market analysis. Offtake counterparty engagement commenced with strong interest from Japan, Southeast Asia, Europe and North America.
- **Native Title:** Agreement signed with Karla Nyiyaparli Aboriginal Corporation RNTBC.



The Quarter ending 30 June 2019 has seen significant progress for Element 25 Limited (**Company** or **E25**) across multiple work streams. The work continues to progress the Pre-Feasibility Study (**PFS**) in relation to the Butcherbird High Purity Manganese Project (**Project**). E25 intends to produce high purity manganese including manganese sulphate for lithium ion batteries (**HPMS**) and Electrolytic Manganese Metal (**EMM**)¹.

¹ Company announcement dated 17 October 2017

Company Snapshot

ASX Code:	E25	Board of Directors:	
Shares on Issue:	92M	Seamus Cornelius	Chairman
Share Price:	\$0.19	Justin Brown	MD
Market Capitalisation:	\$17.5M	John Ribbons	NED

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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.

PRE-FEASIBILITY STUDY

The Company is currently in the closing phases of the Butcherbird PFS which is anticipated to provide a robust base case for the commercialisation of this world class manganese resource.

A number of key consulting groups are engaged to undertake or manage the various elements of the study. All key work streams are underway and progressing with the PFS on track for completion in Q3 2019.

Metallurgy and Plant Design

Metallurgical assessment of the Butcherbird high purity manganese process was ongoing throughout the quarter. Comminution testing was completed and hydrometallurgical testing is well underway.

Opportunities have been taken to assess options to minimise reagent consumption and cost which has resulted in minor delays to the program.

Process flow diagrams, mass-balance and process design criteria are well advanced and preliminary mechanical equipment lists, power and capital and operating cost estimates are well advanced.

Metallurgical recoveries to date are in line with previous test work conducted by the CSIRO.

Power

As previously advised, E25 are currently assessing a hybrid wind/gas power solution at the Project to drive down the cost of power as and improve the carbon emissions profile of the project. Advisian are engaged to assist with the evaluation of the lowest cost power solution for the Project and have conducted detailed modelling of the plant design which formed the basis for tender documents that were sent to prospective Independent Power Providers (**IPP**) in the previous quarter.

A number of proposals were received through the tender process. These proposals are currently being reviewed and will form the basis of the power cost forecasts in the PFS as well as being used for ongoing technical discussions with prospective vendors. A hybrid, wind / gas (and potentially solar) power solution for the Butcherbird Project remains the preferred development case, on both economic and environmental grounds. Preliminary analysis of the proposals indicate that the gas-only generation power assumptions used in the scoping study are conservative and can be reduced.

In order to provide a robust data set for modelling and commercial discussions, a SODAR device 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.

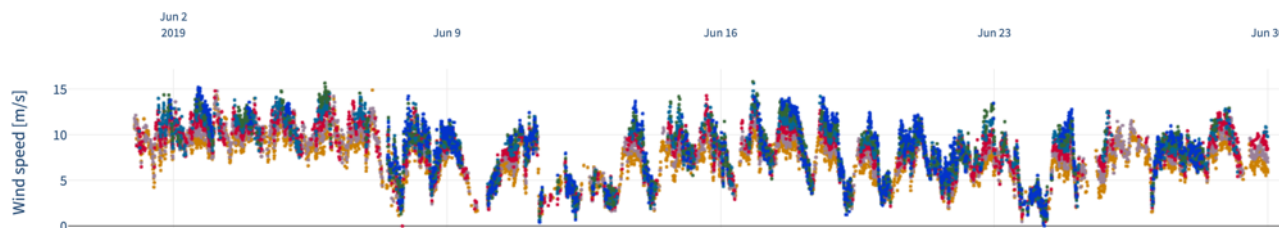


Figure 1: Butcherbird – Raw SODAR Results for June 2019

Mine Planning

Preliminary mine planning based on the updated 2019 Resource estimate has been completed. This work included open pit optimisation, mine design and mine scheduling and was used as the basis of obtaining contractor quotes for mining costs and as the basis for preliminary site layout planning.

Pricing estimates have been received from multiple mining contractors for inclusion in the PFS.

The opportunity to utilise continuous miners has also been investigated. Continuous miners may allow simplification of the processing circuit as they offer the ability to feed the scrubbing circuit directly with Run of Mine ore eliminating the capital and operating costs associated with a primary crusher. Preliminary pricing has been received from two suppliers and the use of continuous miners will be reviewed as part of the PFS program.



Figure 2: Wirtgen 4200 Continuous Miner in Perth

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

Environmental

Current work completed during the quarter comprised wet season baseline flora and fauna surveys which have been completed and are currently being compiled.

The initial summary of the flora and fauna surveys has not indicated any significant species within the Project area, however confirmation is dependent on the receipt of the final survey report. Delays in obtaining flora identification from the State Herbarium has slightly delayed the issue of the final report.

Once final results have been received the environmental reports will be completed and results reported in the coming quarter.



Figure 3: The Butcherbird Project looking south east over the processing plant area. February 2019.

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/FS and is expected to provide sufficient information for the project approvals process.

Tailings and Mine Waste Characterisation Assessment

Waste classification is currently being undertaken as part of the metallurgical test program with laboratory testing being conducted by ALS. As the various metallurgical test phases are completed, the waste material generated will be used for these tests.

Materials characterisation is still required to be completed for mining waste materials and this will be incorporated into future site programs.

Land Access

Native title Agreements

The final Native Title Agreement required for the grant of M52/1074 was signed during the quarter 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.

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 the mining lease application area, gives the Company certainty in relation to the development of the Project.



Pastoralist Agreements

The Company has entered into the Butcherbird Mining Agreement with the owners of the Kumarina Pastoral Station. This has allowed the removal of the objection by the pastoral station's owner to the grant of the M52/1074 Mining Lease.

Discussion with the owner of the Bulloo Downs pastoral station are ongoing.

Hydrogeology

E25 has engaged the services of MWES Hydrological Services (**MWES**) to assist in the location and delineation of a water source for the proposed processing facility. MWES will provide a report for the PFS level assessment of available groundwater as well as assisting with the design of a programme to firm up a process water resource as part of the Definitive Feasibility Study to follow.

Sales and Marketing

Roskill Information Services have been engaged to provide the research and market analysis for the Prefeasibility Study.

Contact has 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 next quarter. 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.

The Company continues to develop an understanding of both the EMM market as well as the MnSO_4 market as well as the cost structure of EMM production world wide.

Initial feedback on product quality has been very 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.

Project Finance

During the quarter, 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 will work 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).

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

Channel Manganese Exploration

A channel manganese exploration program was completed during the quarter. The program comprised 16 aircore drill holes drilled across 3 traverses across an interpreted paleochannel system. The target area was defined based on the results of a detailed, ground based gravity survey conducted in 2018 covering approximately a 10 kilometre x 5 kilometre area directly west of the M52/1074 Mining Lease application. Three holes were drilled on anomalies identified during the gravity survey. Collar locations for the drill holes are details in Table 1: .

HoleID	Easting	Northing	Collar RL	Azimuth	Dip	Depth (m)
BBGW00001	769041	7297883	613	0	-90	103.0
BBGW00002	769093	7297898	614	0	-90	92.2
BBGW00003	768959	7297875	612	0	-90	95.0
BBGW00004	769009	7297877	614	0	-90	95.0
BBGW00005	770300	7299982	613	0	-90	95.0
BBGW00006	770369	7300095	616	0	-90	95.0
BBGW00007	770212	7299876	614	0	-90	90.0
BBGW00008	768717	7302100	617	0	-90	122.0
BBGW00009	768787	7301920	610	0	-90	108.0
BBGW00010	768804	7301853	614	0	-90	132.0
BBGW00011	768679	7302191	617	0	-90	102.0
BBGW00012	769093	7297885	614	0	-90	16.0
BBGW00013	769860	7298091	612	0	-90	18.0
BBGW00014	769986	7298075	610	0	-90	18.0
BBRC00214	770909	7301480	617	0	-90	91.0
BBRC00215	770230	7298256	611	0	-90	91.0

Table 1: Channel manganese drill hole collar locations.

Logging of the drill cuttings identified several low quality manganiferous zones, supported by with anomalous assay values, however no economic channel manganese mineralisation was defined. All samples above 3% Mn are shown in Table 2: below.

Hole	From (m)	To (m)	Mn (%)	Al (%)	Fe (%)	K (%)	Mg (%)	P (%)	Si (%)	LOI (%)
BBGW00008	121	122	8.5	4.1	12.2	1.5	2.2	0.1	15.4	19.6
BBGW00009	103	104	9.7	3.4	12.7	1.2	2.4	0.1	13.5	21.5
	104	105	4.2	6.6	8.7	2.5	2.0	0.1	21.7	12.7
	105	106	10.1	3.1	12.9	1.1	2.6	0.1	12.6	23.0
	106	107	7.9	4.0	11.6	1.5	2.7	0.1	15.3	20.0
	107	108	5.1	5.4	9.1	1.9	2.7	0.1	20.0	15.1
BBGW00010	132	133	3.0	7.4	9.7	2.5	1.4	0.1	24.2	9.2

Table 2: Channel manganese drilling significant intercepts. All intercepts are approximately true width.

About the Butcherbird High Purity Manganese Project

The Butcherbird High Purity Manganese Deposit is a world class manganese resource with current JORC resources in excess of 263 Mt of manganese ore². The Company has completed a positive scoping study with respect to developing the deposit to produce high purity manganese sulphate for lithium ion battery cathodes as well as Electrolytic Manganese Metal for use in certain specialty steels. A PFS is currently being completed and is expected to further confirm the commercial potential of the Project.

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

² Reference: Company ASX release dated 17 April 2019.

Mineral Resources

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

Notes:

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

Other Projects

Cummins Range

Subsequent to the end of the quarter, the Company entered into an option agreement with RareX Pty Ltd (**RareX**) in relation to Exploration Licence E80/5092 (**Cummins Range**).

Pursuant to the agreement, E25 has granted RareX an exclusive 90 day option to acquire 100% of Cummins Range for up to \$3M as follows:

- RareX to pay E25 a \$50,000 option fee within two business days of the date of the agreement.
- RareX may exercise the option within the option period and acquire 100% of the Cummins Range project by;
 - paying \$500,000 cash and issuing \$500,000 in shares in a listed company which has transacted with RareX to control RareX or the Cummins Range project (**List Co**); or
 - at RareX's election, paying \$1,000,000 in cash.
- Within twelve months of settlement of the acquisition, RareX/List Co must pay \$500,000 in cash and issue \$500,000 in shares in List Co or pay \$1,000,000 in cash (**Deferred Consideration**).
- Within 36 months of settlement, and subject to the completion of a positive Bankable Feasibility Study (**BFS**) on the Cummins Range project, RareX/List Co must pay or issue \$1,000,000 in cash or shares or a combination thereof to a total value of \$1,000,000 (**Further Deferred Consideration**).
- If a BFS is unable to be completed within 36 months of the date of settlement, the further Deferred Consideration is not payable and RareX will, in lieu, grant E25 a 1% Net Smelter Return Royalty on future production from the Cummins Range project capped at \$1,000,000.

The Company is pleased with the outcome of this transaction. The additional cash will provide valuable working capital as the Company completes the Pre-Feasibility work at the Butcherbird Project.

This transaction represents another important incremental step in the Company's stated strategy to rationalise its project portfolio to allow the technical team to focus on the development of the high purity manganese business at Butcherbird.

Note: all payments referred to in the transaction details are ex-GST.

About the Cummins Range Project³

The Cummins Range project is a carbonatite rare earths deposit located in the Kimberley region of Western Australia covering approximately 48.5 square kilometres. Cummins Range is prospective for neodymium and praseodymium with the principal rare earth bearing minerals being apatite and monazite. Cummins Range is hosted within a carbonatite pipe, a 905Ma diatreme pipe forming part of an alkaline intrusive complex located near the junction of the Halls Creek Orogen and the King Leopold Orogen.

About RareX

RareX is a specialist rare earths company focused on acquiring world-class projects located in Tier-1 jurisdictions. RareX is headed by Jeremy Robinson and backed by a team with a track record of taking Australian mining projects through to production. Mineral Intelligence advised RareX in relation to the transaction.

Corporate

Share Purchase Plan

During the quarter the Company undertook a Share Purchase Plan (**SPP**) which raised a total of \$918,000.

The Company subsequently completed a placement to sophisticated investors (**Placement**), on the same terms as the SPP, raising a revised amount of \$472,000. The Placement was completed using the Company's existing placement capacity under listing rule 7.1.

The SPP and Placement collectively raised \$1.39m.

Investment Portfolio (as at 30 June 2019)

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 (ASX:ARS)	1,250,000	\$0.017	\$21,250
Magmatic Resources Ltd (ASX:MAG)	3,770,485	\$0.018	\$67,869
Buxton Resources Ltd (ASX:BOX)	356,001	\$0.105	\$37,380
Duketon Mining (ASX:DKM)	1,450,000	\$0.13	\$188,500
Anova Metals Ltd (ASX:AWV)	7,000,000	\$0.009	\$63,000
Danakali Limited (ASX:DNK)	8,500,097	\$0.685	\$5,822,566

³ Reference: http://www.ga.gov.au/webtemp/image_cache/GA19677.pdf

Total

\$6,200,565

Justin Brown

Managing Director

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

Competent Persons Statement

The 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 and Exploration Targets'. Mr Brown 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.

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

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

ASX Additional Information for Quarterly Report to 30 June 2019

	Tenement reference	Location	Interest at beginning of quarter	Acquired/Disposed	Interest at end of quarter
The mining tenements held at the end of the quarter and their location	E20/659	Eelya Hill WA	10%	N/A	10%
	E20/941	Sunday Well WA	100%	Disposed	0%
	E20/948	Yallon Well WA	100%	N/A	100%
	E20/953	Sunday Well WA	0%	Acquired	100%
	E28/2313	Green Dam WA	100%	Disposed	0%
	E28/2327	Green Dam WA	100%	Disposed	0%
	E28/2577	Pinnacles WA	100%	N/A	100%
	E28/2701	Pinnacles East WA	100%	N/A	100%
	E28/2761	Flanker South WA	100%	N/A	100%
	E28/2908	Pinnacles WA	100%	N/A	100%
	E28/2925	Fraser Range WA	0%	Acquired	100%
	E37/1295	Leonora WA	100%	N/A	100%
	E46/1300	Black Hill WA	100%	N/A	100%
	E52/1529	Mt Padbury WA	100% (Note 1)	N/A	100% (Note 1)
	E52/2350	Butcher Bird WA	100%	N/A	100%
	E52/3606	Yanneri Bore WA	100%	N/A	100%
	E52/3607	Neds Gap WA	100%	N/A	100%
	E52/3613	Millidie Creek WA	100%	Disposed	0%
	E52/3626	Corner Bore WA	100%	Disposed	0%
	E52/3627	Corner Bore WA	100%	Disposed	0%
	E52/3663	Dead Camel WA	100%	N/A	100%
	E52/3704	Corner Bore WA	100%	N/A	100%
	E52/3706	Yanneri Pool WA	0%	Acquired	100%
	E52/3708	Millidie Creek WA	0%	Acquired	100%
	E52/3710	Neds Gap WA	0%	Acquired	100%
	L52/202	Yanneri Ridge WA	100%	N/A	100%
	M52/1074	Yaneri Ridge WA	100%	N/A	100%
	E57/1060	Victory Well WA	100%	N/A	100%
	E59/2267	Twin Peaks WA	100%	N/A	100%
	E63/1750	Lake Johnston WA	85%	N/A	85%
	E63/1789	Lake Johnston WA	85%	N/A	85%
	E63/1838	Lake Johnston WA	85%	N/A	85%
	E69/3541	Cunyu Woolshed 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.