QUARTERLY REPORT

30 JUNE 2020

Highlights

Pre-Feasibility Study and Maiden Reserve

- Maiden Proved and Probable Ore Reserve of 50.55Mt at 10.3% Mn containing 5.22Mt Mn (4.28Mt Recoverable Mn).
- PFS returns a pre-tax Net Present Value$_8$ (NPV8) of Nominal A$441M (Real A$283M) and IRR of Nominal 255%, (Real 223%).
- Low capital requirement of $14.5M plus $9.2M working capital.
- Average annual operating cashflow of $32.1M for years 1-5.
- Simple payback period 6 months from start of operations.
- Full beneficial production scheduled for next financial year.
- 42-year mine life based on Measured and Indicated Resources.
- Medium grade manganese market is the fastest growing section of the manganese market.

Other Activities

- Water bore pump test programme commenced.
- $5M capital raising initiated.
- Access agreement signed and Mining Lease 52/1074 granted.
- Potential high-grade manganese concentrate zone identified at the Coodamudji deposit.

The quarter ending 30 June 2020 has seen excellent progress for the Element 25 Limited (**Company** or **E25**) team, including the publication of a Pre-Feasibility Study (**PFS**) which looked at the potential for a low capital cost early cashflow operation exporting manganese concentrate form the Butcherbird Manganese Project (**Project**). The PFS returned outstanding economics and the Company is working to deliver the Project as soon as practicable.

Company Snapshot

ASX Code:	E25	Board of Directors:	
Shares on Issue:	108M	Seamus Cornelius	Chairman
Share Price:	$0.425	Justin Brown	MD
Market Capitalisation:	$45.9M	John Ribbons	NED

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.

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Pre-Feasibility Study

During the quarter, the Company published a PFS and Maiden Reserve for the Project[1], which highlighted outstanding economics and a low capital requirement. The PFS contemplates the export and sale of manganese concentrate from the Project over a long mine life confirming the potential for the Project to be Australia's next significant manganese mine.

Key outcomes and Assumptions

Table 1: Butcherbird Financial Summary

Measure	Unit	Life of Mine	Years 1-5
Ore Mined	ktpa	1,200	1,200
Manganese Concentrate Produced	ktpa	311	357
Manganese Concentrate Grade	Mn%	33	33
Manganese Price (base) (LOM)	US$/dmtu 33% Mn FOB Port Hedland	4.87	4.79
Undiscounted Cashflow	A$M pa	24.4	32.1
Mine Life	Years	42	
$NPV_{8\ Real}$ (pre-tax)	A$M	283	
IRR_{Real} (pre-tax)	%	223	
Operating Cost (AISC)	A$/dmtu 33% FOB Port Hedland U$/dmtu 33% FOB Port Hedland	4.43 3.09	4.06 2.80
Capital Cost	Project Capital A$M Contingency A$M Working Capital A$M **Total capital A$M**	12.6 1.9 9.3 **23.8**	

Table 2: Financial summary under various manganese price scenarios.

Manganese Price CIF China	U$/dmtu	4.00	4.76	5.00	6.00
Manganese Price FOB Port Hedland	U$/dmtu	3.57	4.33	4.57	5.57
Capital Cost (incl. working capital)	A$M	23.8	23.8	23.8	23.8
All in Sustaining Cost (AISC)					
Years 1-5	U$/dmtu	2.75	2.80	2.81	2.88
Life of Mine	U$/dmtu	3.10	3.15	3.16	3.23
Mine Life	Years	42	42	42	42
Project Payback Period	Months	9	6	5	4
NPV_8 Pre-Tax Real	A$M	148.1	283.0	316.7	485.2
IRR Pre-Tax Real	%	109%	223%	257%	474%
IRR Post-Tax Real	%	83%	163%	186%	330%

[1] Reference: Company ASX releases dated 19 May 2020

Operating costs are summarised below.

Table 3: LOM Operating Costs Summary

Operational Area	A$/dt Product	A$/dmtu produced
Site Cost (including mining, processing and administration)	69	2.09
Logistics (including haulage and port charges)	54	1.63
Marketing	3	0.09
Royalties	13	0.39
FOB Cost	**139**	**4.20**
Corporate	8	0.25
Total Operating Cost	**147**	**4.45**

Capital costs for the Project are summarised below:

Table 4: Capital Cost Estimate Summary

Project Section	A$M
Major plant and equipment	5.0
Power Generation	0.4
Water Supply	1.2
TSF & Fresh/Dirty Water Ponds	2.3
Buildings & Infrastructure, Site prep, SMP, Elec	2.6
Project Management, Engineering & Consultants	1.1
Subtotal	**12.6**
Contingency	1.9
Total Plant & Contingency Capital	**14.5**
Working capital allowance	9.3
Total Capital	**23.8**

Process Plant Design

The beneficiation process plant and other infrastructure have been designed in accordance with normal industry practice and the unit operations included in the flowsheet are well established within the resources and other industries.

The design philosophy has utilised predominantly mobile or semi-mobile equipment such that operating installation maintains a degree of flexibility for management of the advancing mining face, whilst minimising civils, structure and set-up investment costs.

The proposed processing facility includes the following unit operations, throughput and operating assumptions:

- 1.2 Million tons per annum mining rate
- Crushing
- Screening
- Scrubbing
- Sizing
- Ore Sorting

This is shown schematically in Figure 1 below:

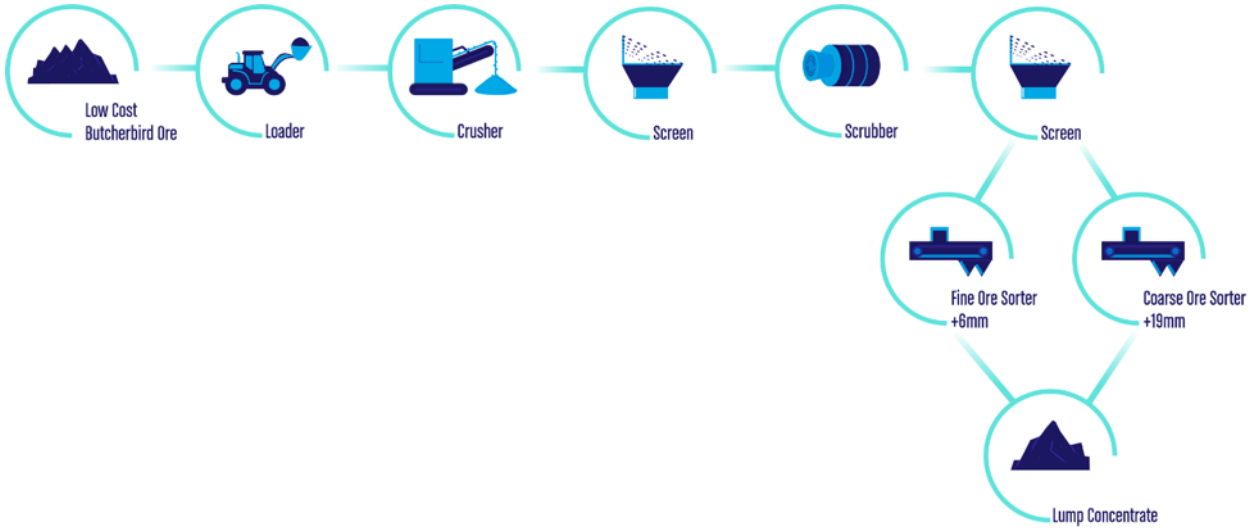

Figure 1: Butcherbird Schematic Flowsheet

Ore Sorting

Ore sorting was identified as a potential process to further upgrade the concentrate. Sorting tests have subsequently been conducted by Steinert Australia, utilising a full-scale 1m wide multiple sensor Steinert KSS sorter, on the two size fractions generated from the scrubbing/screening process. The sorting tests confirmed the ability of an industrial scale ore sorter to upgrade the manganese concentrate on a repeatable basis to a commercially marketable specification within the range 30-35% Mn.

Table 5: Manganese Grade, Recovery and Yield by Size

	Mn Grade	Mn Recovery	Mass Yield
Ore Sorter Feed	27.3%		
+19mm Product	34.0%	97%	83%
-19mm Product	30.4%	86%	67%
Total Product	33.1%	94%	79%
Total Reject	8.0%	6%	21%

The ore sorter delivered a 33% Mn grade product which was the result of an upgrade of approximately 6% whilst maintaining a manganese recovery of 94%. This combined size fraction concentrate has the grade, composition and size distribution characteristics of commercial concentrates presently used in the steel industry.

Impurity levels across all main elements of concern are acceptable and certain key impurities may provide some marketing opportunities which will be further explored.

Testwork Product Quality

Component	Mn	Fe	SiO2	P	Al	Loss on ignition
Composition	33.1%	8.2%	21.8%	0.08%	2.97%	10.2%

Table 6: Sorted product composition.

Logistics and Ore Transport

The Company will produce between 270,000 and 370,000 tonnes of Mn Ore per annum. Manganese lump product will be trucked from the Butcherbird mine site to the Utah Point at Port Hedland where it will be loaded on to ships for export.

The proposed concentrate handling method is fully compliant with Class 9 transport requirements and no special bulk shipping restrictions currently apply for UN 3077 mineral concentrates.

The Manganese ore is neither classified as a dangerous or as hazardous good in transit. It is a benign product and is not affected by typical atmospheric conditions (heat, cold, rain).

Port Operations and Shipping

Element 25 has commenced negotiations with Pilbara Ports for the access to the Utah Point stockpile and port facilities at Port Hedland. The product will be in lumpy form and is perfectly suited to existing handling infrastructure located at Utah Point.

Element 25 has also engaged with Qube Logistics, the current operator of the ship loading infrastructure on behalf of Pilbara Ports. Qube indicated that the product can be handled and loaded efficiently with the current infrastructure. Qube has extensive experience in loading manganese ores.

Development Timeline

A Project development timeline has been developed with key milestone and activities shown below.

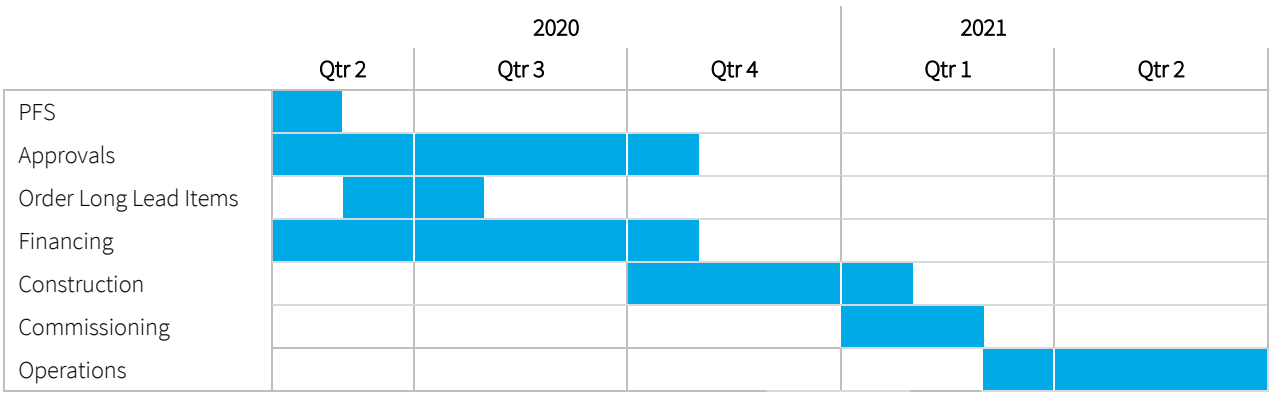

Figure 2: Project Development Timeline

Post PFS Activities

Water Bore Drilling

A water bore drilling programme was commenced at the Project to follow up on previously announced water exploration drilling in the March 2020 Quarter.

The programme will complete two production bores for the purposes of conducting pump tests to confirm the potential of the selected area to provide sufficient process water for the beneficiation plant at the Project.

A water exploration drilling programme completed in the March 2020 Quarter identified a prospective groundwater supply area to the southeast of the mining lease area. Two aquifers were identified, a shallow aquifer in near surface calcretes and a deep aquifer in palaeochannel sands.

These two aquifers are expected to yield sufficient process water for the current development plans at the Project and the current programme will allow production pump tests to be undertaken to confirm the aquifer capacities.

This is a critical programme to de-risk the Project and allow the delivery team to meet the development timeline that has been set for first production of manganese concentrate.

Access Agreement/Mining Lease Application

The final Access Agreement (Agreement) was signed during the quarter with the remaining stakeholder in relation to the granting of mining lease application M52/1074 for the Project and the mining lease has now been granted for a period of 21 years. The lease covers the planned mining and infrastructure areas for the current proposed development.

The Agreement is between the Company and the owner of the Bulloo Downs Pastoral Lease, Ms Chandra Ridley. The Agreement sets a framework for a mutually beneficial relationship by providing for Ms Ridley to take advantage of appropriate contracting opportunities, contains certain milestone cash payments as well as setting up a cooperative framework to foster a strong working relationship going forward.

The Company notes that whilst the Agreement provides for cash and option payments, they are not of a material amount. Additionally, while the Agreement provides a structure for E25 to provide the Pastoralist with opportunities to tender for work within the Mining Lease it confers no obligation on the Company to grant any contract to the Pastoralist. Other provisions within the Agreement are usual for an Agreement of this type.

The granting of the mining lease paves the way for the submission of mining approval documentation to the Department of Mines, Industry Regulation and Safety in relation to the Company's planned manganese ore production at the Project.

Potential High-Grade Manganese Concentrate Zone

Sub-sampling of diamond core from BBDD016 drilled into the Coodamudgi manganese resource at the Project has returned high grade manganese values of up to 42.3%Mn from surface with low impurity levels. Importantly the Coodamudgi resource is located entirely within granted mining lease M52/1074.

The manganese mineralisation at Butcherbird typically comprises interlayered bands of manganese and non-manganese bearing clays and shales. The manganese mineralisation in BBDD016 is geologically the same. The manganese can be beneficiated by separating and removing the clay and shale waste and retaining the high-grade manganese material.

The sub-sampling methodology utilised is designed to emulate full scale processing via the proposed beneficiation flowsheet for the Project. It should be noted that the work completed in this programme is preliminary and will need to be followed up with further test work to confirm these results, however the sampling reported herein is strongly suggestive that this material has the potential to deliver a high-grade concentrate.

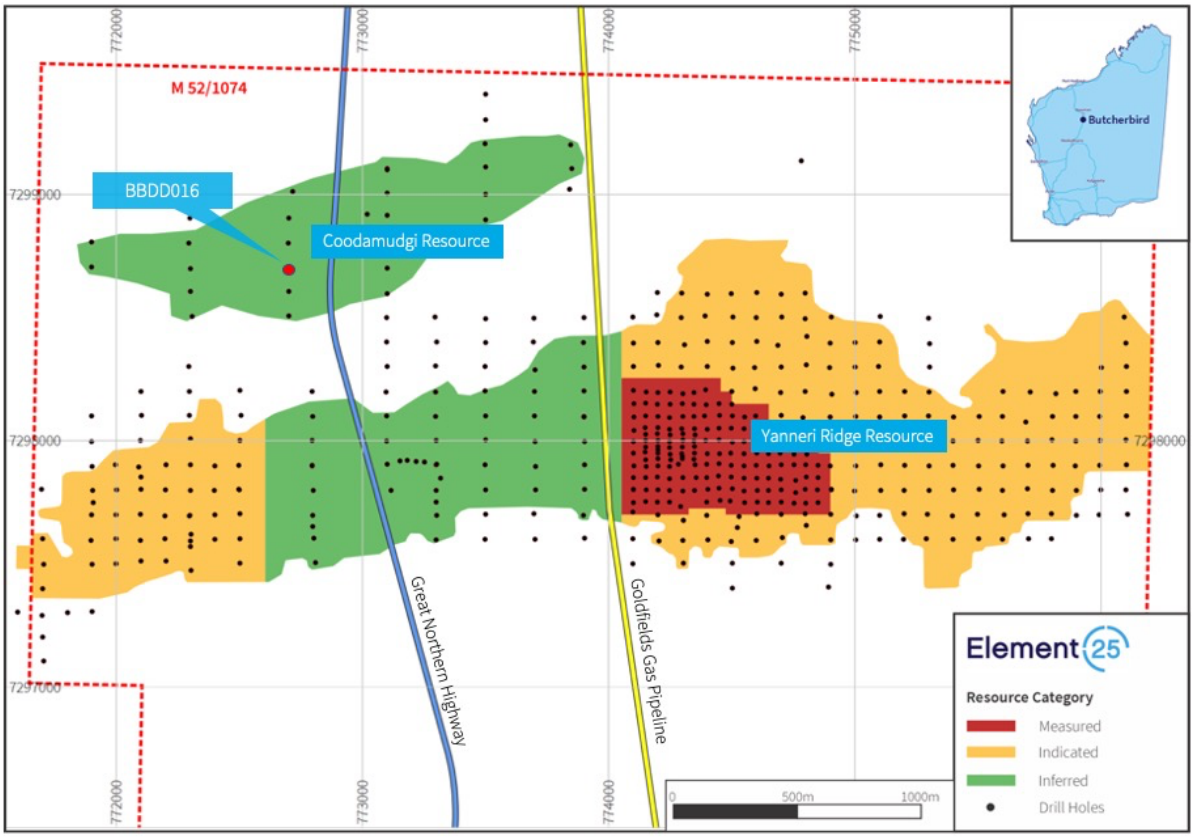

Figure 3: Granted mining lease M52/1074 showing resource categories and location of BBDD0016 relative to current mine plan areas.

Sample ID	Mn(%)	Fe(%)	P(%)	SiO2	Al(%)	LOI (%)
BBDD016 0-1 m	**42.3**	4.78	0.04	15.57	2.17	10.99
BBDD016 1-2 m	**41.4**	5.67	0.04	16.25	2.20	11.15
BBDD016 2-3 m	**38.2**	7.53	0.04	17.62	2.33	10.75
BBDD016 3-4 m	**33.8**	10.6	0.08	18.52	2.67	10.54
BBDD016 4-5 m	**38.3**	6.58	0.10	17.90	2.36	11.07
BBDD016 5-6 m	**31.7**	14.5	0.13	16.81	2.55	9.70

Table 7: Subsampling results for manganese bands in diamond drillhole BBDD016.

Drillhole BBDD016 was completed as part of a metallurgical programme completed in 2013[2], however only a single 2cm section of the core was sampled, which returned a manganese grade of 42.2%. At the time, the Company's focus turned elsewhere and metallurgical testing of this hole was not undertaken. This programme is a more comprehensive sampling exercise to follow up the previous work and the results confirm the potential of this area to produce a high-grade manganese concentrate through beneficiation.

[2] Company's ASX release dated 30 January 2014.

About the Butcherbird Manganese Project

The Butcherbird Manganese Project is a world class manganese resource with current JORC resources in excess of 263 Mt of manganese ore[3]. The Company has recently completed a Pre-Feasibility Study with respect to developing the deposit to produce manganese concentrate for export to generate early cashflow with a modest capital requirement[4]. The outstanding economics and low capital hurdle of less than A$15 million will allow the Company to develop the project in a relatively short timeframe.

This is envisaged as the first stage of a staged ramp up for the project and has the advantage of potentially providing early cashflow to strengthen the Company's balance sheet and assist in funding of the larger high purity manganese production hub which is the subject of a parallel, complimentary work stream.

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. A cleaner, lower carbon flowsheet and high penetration renewable energy will place Butcherbird at the forefront of sustainable metal production.

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)

Mining Reserve

Based on the results of the Pre-Feasibility Study completed in May 2020, E25 has published a Maiden Ore Reserve for the Project of 50.55Mt in the Proved and Probable categories[5].

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

[3] Reference: Company ASX release dated 17 April 2019.
[4] Reference: Company ASX release dated 19 May 2020
[5] Reference: Element 25 Limited Reserve Statement lodged with ASX 19 May 2020.

Corporate

Placement and Share Purchase Plan

Subsequent to the end of the quarter, the Company advised it has received firm commitments from sophisticated, professional and institutional investors to raise up to a total of $3,500,000 (before costs) through a placement of up to 8,750,000 fully paid ordinary shares (Shares) at an issue price of $0.40 per Share (Placement).

Euroz was Lead Manager and Sole Bookrunner to the Placement, which settled on 14 July 2020.

In addition to the Placement the Company is conducting a Share Purchase Plan to existing eligible shareholders to raise up to $1.5M at the same issue price per Share of $0.40 (SPP).

$500K Royalty Sale Agreement Complete

The royalty sale agreement with Vox Royalty Corp. (VOX) (TSXV:VOX) announced on 26 February 2020 was completed during the quarter.

In consideration for the sale of the royalty portfolio, E25 was issued 151,700 shares in VOX at a deemed valuation of CAD$3.00 for total consideration of A$500,000. The shares are not subject to escrow conditions. The royalties included in the agreement are the Green Dam, Holleton and Yamarna gold royalties and the Yalbra graphite royalty.

Acuity Capital Controlled Placement Facility

During the quarter, the Company is utilised the Controlled Placement Agreement (CPA) with Acuity Capital to raise $555,000 (inclusive of costs) by agreeing to issue 1,530,000 Shares to Acuity Capital at an issue price of $0.363.

Investment Portfolio (as at 30 June 2020)

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

Listed securities at market value:	No. Held	Closing Price	Market Value
Anova Metals Ltd (ASX:AWV)	7,000,000	$0.024	$168,000
Buxton Resources Ltd (ASX:BUX)	356,001	$0.071	$25,276
Duketon Mining (ASX:DKM)	1,450,000	$0.17	$246,500
Danakali Limited (ASX:DNK)	6,794,097	$0.505	$3,431,019
Vox Royalty Group (TSX:VOX)	119,100	$3.40	$404,940
Total			$4,275,735

During the quarter aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation totalled $85,725.

Justin Brown

Managing Director

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

Competent Persons Statement

The company confirms that in the case of estimates of Mineral Resource or Ore Reserves, all material assumptions and technical parameters underpinning the estimates in the market announcements dated 17 April 2019 and 19 May 2020 continue to apply and have not materially changed. The company confirms that the form and context in which the competent person's findings are presented has not been materially modified from the original market announcements.

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Justin Brown who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Exploration Results and Exploration Targets were compiled, Mr Brown was an employee of Element 25 Limited. Mr Brown is a geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Brown consents to the inclusion of this information in the form and context in which it appears in this report.

This announcement is authorised for market release by Element 25 Limited's Board of Directors.

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.

ASX Additional Information for Quarterly Report to 30 June 2020

	Tenement reference	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of quarter
The mining tenements held at the end of the quarter and their location	E09/2415	Isle Bore WA	0%	Acquired	100%
	E20/659	Eelya Hill WA	10%	N/A	10%
	E20/948	Yallon Well WA	100%	N/A	100%
	E20/953	Sunday Well WA	100%	N/A	100%
	E28/2577	Pinnacles WA	100%	N/A	100%
	E28/2761	Flanker South WA	100%	N/A	100%
	E28/2908	Pinnacles WA	100%	N/A	100%
	E37/1295	Leonora WA	100%	N/A	100%
	E39/2135	Mulga Tank	100%	N/A	100%
	E46/1352	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%
	E52/3704	Corner Bore WA	100%	N/A	100%
	E52/3706	Yanneri Pool WA	100%	N/A	100%
	E52/3708	Millidie Creek WA	100%	N/A	100%
	E52/3735	Limestone Bore WA	100%	N/A	100%
	E52/3738	Mt Padbury WA	100%	N/A	100%
	E52/3762	Dead Camel WA	100%	N/A	100%
	E52/3769	Kumarina WA	100%	N/A	100%
	E52/3779	Beyondie Bluff WA	100%	N/A	100%
	E52/3788	Neds Gap WA	100%	N/A	100%
	E52/3789	Coner Bore WA	100%	N/A	100%
	E52/3840	Woolgatharra Pool WA	0%	N/A	100%
	L52/211	Limestone Bore WA	100%	N/A	100%
	L52/215	Butcherbird East 1 WA	0%	Acquired	100%
	L52/216	Butcherbird East 2 WA	0%	Acquired	100%
	L52/217	Butcherbird East 3 WA	0%	Acquired	100%
	L52/218	Butcherbird East 4 WA	0%	Acquired	100%
	M52/1074	Yaneri Ridge WA	100%	N/A	100%
	E57/1060	Victory Well WA	20%	N/A	20%
	E59/2408	Twin Peaks WA	100%	N/A	100%
	E63/2027	Lake Johnston WA	0%	Acquired	100%
	E69/3541	Cunyu Woolshed WA	100%	Disposed	0%
	E80/5056	Eileen Bore WA	100%	N/A	100%

Notes:

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