



# Interim Financial Report

for the half year ended 31 December 2022

Developing the world class Butcherbird Manganese Project in Western Australia to produce high quality manganese concentrate and high purity manganese products for traditional and new energy markets.

**Element 25 Limited**  
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[element25.com.au](http://element25.com.au)

ABN 46 119 711 929

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**Directors**

Seamus Cornelius (Non-Executive Chairman)  
Justin Brown (Managing Director)  
John Ribbons (Non-Executive Director)  
Salvatore Lancuba (appointed 30 January 2023)  
Rudolph Van Jaarsveld (appointed 30 January 2023)

**Company Secretary**

Michael Jordon

**Registered Office**

Level 1, Building B  
Garden Office Park  
355 Scarborough Beach Road  
OSBORNE PARK WA 6017

**Principal Place of Business**

Level 1, Building B  
Garden Office Park  
355 Scarborough Beach Road  
OSBORNE PARK WA 6017

E-mail: [admin@e25.com.au](mailto:admin@e25.com.au)

**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.

**Solicitors**

House Legal  
86 First Avenue  
MT LAWLEY WA 6050

**Bankers**

National Australia Bank Limited  
1232 Hay Street  
WEST PERTH WA 6005

**Share Register**

Automic Pty Ltd  
Level 5, 191 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 288 664

Web: [www.automicgroup.com.au](http://www.automicgroup.com.au)

**Auditors**

Rothsay Audit & Assurance Pty Ltd  
Level 1, Lincoln House  
4 Ventnor Avenue  
WEST PERTH WA 6005

## 1. Introduction

Element 25 Limited (**E25** or the **Company**) is the operator of the Butcherbird Manganese Project (**Butcherbird** or **Project**) which hosts Australia's largest onshore manganese resource with current JORC resources of more than 260Mt of manganese ore<sup>1</sup>.

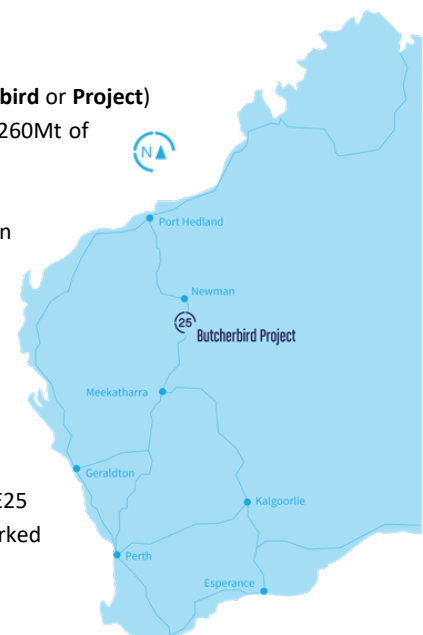
Butcherbird is located 1,050 km north of Perth and 130km south of Newman in the Pilbara region of Western Australia. The Company plans to integrate renewable energy into the power solution over time to target a zero-carbon footprint for the Project, which is expected to also reduce energy costs.

E25's goal is to become an industry leading, world class, low-carbon battery materials manufacturer, producing high quality manganese concentrate and battery grade High Purity Manganese Sulphate Monohydrate (HPMSM) products for traditional and new energy markets.

To set the baseline for an Environmental, Social, and Governance (ESG) focus on project development, E25 has commissioned a Life Cycle Assessment (LCA) to allow the E25 manganese supply chain to be benchmarked against competitors and demonstrate our low carbon credentials to customers.

The Company's strategic vision can be summarised in four key stages:

Stage 1	365Kt per annum:	In production and optimising processes
Stage 2	1 Mt per annum:	Engineering optimisation in progress
Stage 3	Battery grade MnSO <sub>4</sub> :	Feasibility study scheduled for HPMSM processing facility.
Stage 4	MnSO <sub>4</sub> Expansion:	Long term – multiple HPMSM modules globally



E25's export business continues to demonstrate the Company's reliability as a trusted supplier of manganese concentrate to global markets, at a time when commodity producers are facing extensive disruptions from a complex array of factors.

Key operational milestones achieved during the first six months of the year include:

- Manganese concentrate production of 101Kt.
- Completion of a 280t bulk processing trial using an established production dense media separation (DMS) plant. Results confirm DMS as the preferred processing technology for expansion.
- Successful pilot scale testing of the proprietary E25 process flowsheet as a foundation of the Feasibility Study.
  - Progressed discussion on securing site in Malaysia for the construction of a HPMSM conversion facility.
  - Accelerated development of a USA construction option for a HPMSM facility to align with offtake partner requirements to comply with the Inflation Reduction act provision.
  - Element 25 Ltd (E25) and Stellantis N.V. (NYSE / MTA / Euronext Paris: STLA) (Stellantis) sign definitive agreements for the supply of HPMSM for Stellantis' EV battery requirements.

<sup>1</sup> Refer ASX Announcement 17 April 2019

## 2. Butcherbird Operations Summary

### 2.1. Safety

For the six months ending December 2022, E25 sustained two Lost Time Injuries (LTI's) and one Medical Treatment Injuries (MTI's), all of which were minor in nature.

Several proactive programs have been instigated including an independent audit of the Company's Safety Management System, increased first aid training and the engagement of an external safety consultant to review safety systems in accordance with new legislative requirements. These initiatives will continue throughout H1 2023.

The Company has also commenced implementation of the Department of Mines, Industry Regulations and Safety (DMIRS) Safety Audits and will use the outcomes to assist with safety program development going forward.

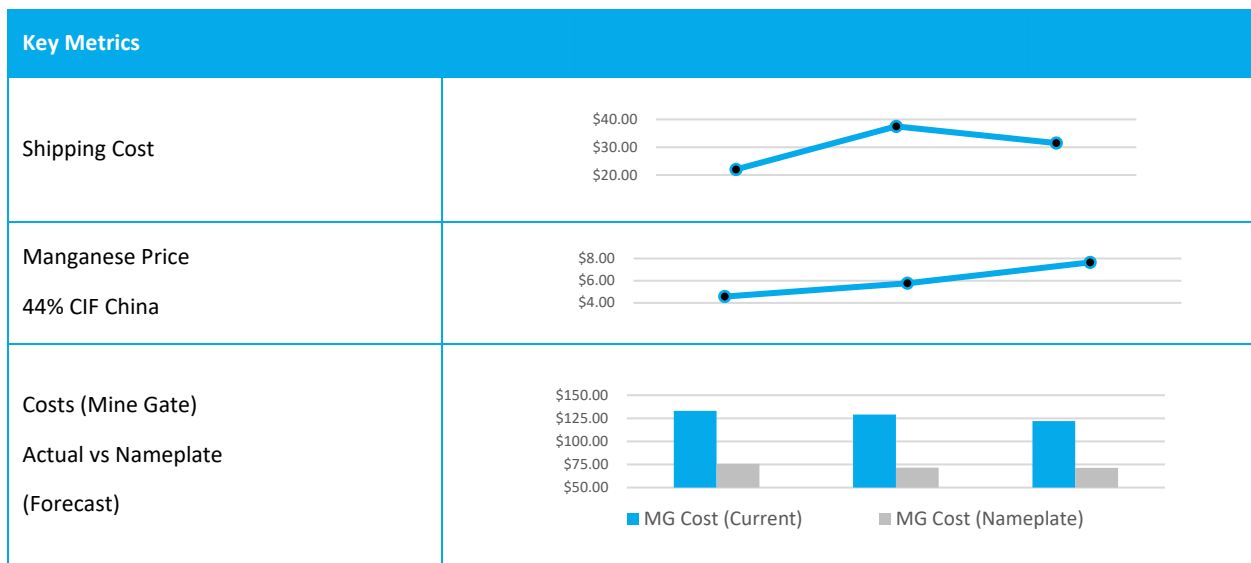
### 2.2. Mining and Processing

Mining and processing operations continued at the Company's 100% owned Butcherbird Manganese Project (Project) in Western Australia. Initiatives to improve operational performance continue with respect to debottlenecking the processing plant and gathering material handling knowledge to inform design decisions to improve clay handling both in the current processing installation and the planned expanded Butcherbird operations, which is expected to improve profitability by reducing unit costs through economies of scale benefits.

The site cost structure at the Butcherbird operations is relatively fixed and therefore unit costs are influenced primarily by the volume of concentrate produced for the fixed expenditure. The balance of the costs including road transport and shipping are unit based and therefore are not impacted in the same way. The primary profitability driver is therefore the production volumes achieved.

Outside of the costs directly under the Company's control, the three principal drivers are the manganese price, shipping costs and diesel prices, all which are passed through to the Company under the various contracting arrangements. In the December 2022 quarter, manganese prices were at cyclical lows and diesel costs remain stubbornly high, which has impacted the business.

Production Summary				
Category	Unit	Dec-22	Sep-22	Jul-22
Opening Product Inventory	t	10,560	11,746	24,863
Mined Ore	t	275,338	267,021	223,259
Concentrate Production	t	51,227	49,893	52,583
Product Sales	t	28,610	51,025	65,700
Closing Product Stockpiles	t	24,654	10,560	11,746
CIF China 44% Mn Price	USD	\$ 4.57	\$ 5.77	\$ 7.65
Shipping Cost	USD	\$ 22.00	\$ 37.50	\$ 31.50
Costs Summary				
Cost/tonne (Mine Gate)	AUD	\$ 133.00	\$ 129.00	\$ 122.00
Cost/tonne (FOB)	AUD	\$ 201.00	\$ 206.00	\$ 213.00



**Table 1.** Butcherbird Production Summary

Importantly, January 2023 has seen low shipping tenders coming through compared to what has been experienced since operational start-up, which has been adversely affected by various policies in place around quarantine periods. For the first time, the Company is experiencing shipping prices below USD \$20/t for Panamax vessels, which is in line with the forecasts in the Pre-Feasibility Study (PFS) released in 2020.

The constraints on throughput continue to be caused by difficulties in processing the clay rich feed material particularly through the front end of the Butcherbird operations. Extensive work has been undertaken on the optimisation of maintenance and uptime rates; however, the front-end comminution continues to be a difficult area with respect to achieving production targets.

Engineering works are ongoing to re-design the processing flowsheet to improve front end design to alleviate and improve efficiencies. The strategy for incorporating a dense media circuit into the backend of the process remain on foot and an update as soon as practicable with respect to forward planning in this area.

Accessing sufficient skilled labour also remains a key issue in achieving the Company’s operation targets.

**2.3. Expansion Studies**

As mentioned previously, Engineering works are ongoing to re-design the processing flowsheet to improve front end design improve efficiencies with the incorporation of a dense media circuit into the backend of the process.

The engineering work related to these activities will inform the capital and operating cost estimates for a proposed expansion of production with associated efficiency and product quality benefits.



### 3. HPMSM Project

Element 25 plans to produce HPMSM from manganese oxide concentrates currently produced at the Company's 100% owned Butcherbird Project. A Feasibility Study (FS) for the Company's first HPMSM production facility located in the USA (Facility) is currently being undertaken.



Figure 1: 3D representation of HPMSM plant build using latest site layout

Important macro-economic and geopolitical influences support the business case for HPMSM production from an Australian manganese source including widespread efforts to electrify the global vehicle fleet, as well as supply chain ESG considerations which require more scrutiny on material provenance and a move towards diversifying the source of supply of critical minerals.

The Company is assessing several locations in line with its ambition to develop multiple processing locations to serve the rapidly expanding lithium-ion battery material markets in different geographic regions, with a short-term focus on Asia and North America.

#### 3.1. Pilot Scale Test Programme

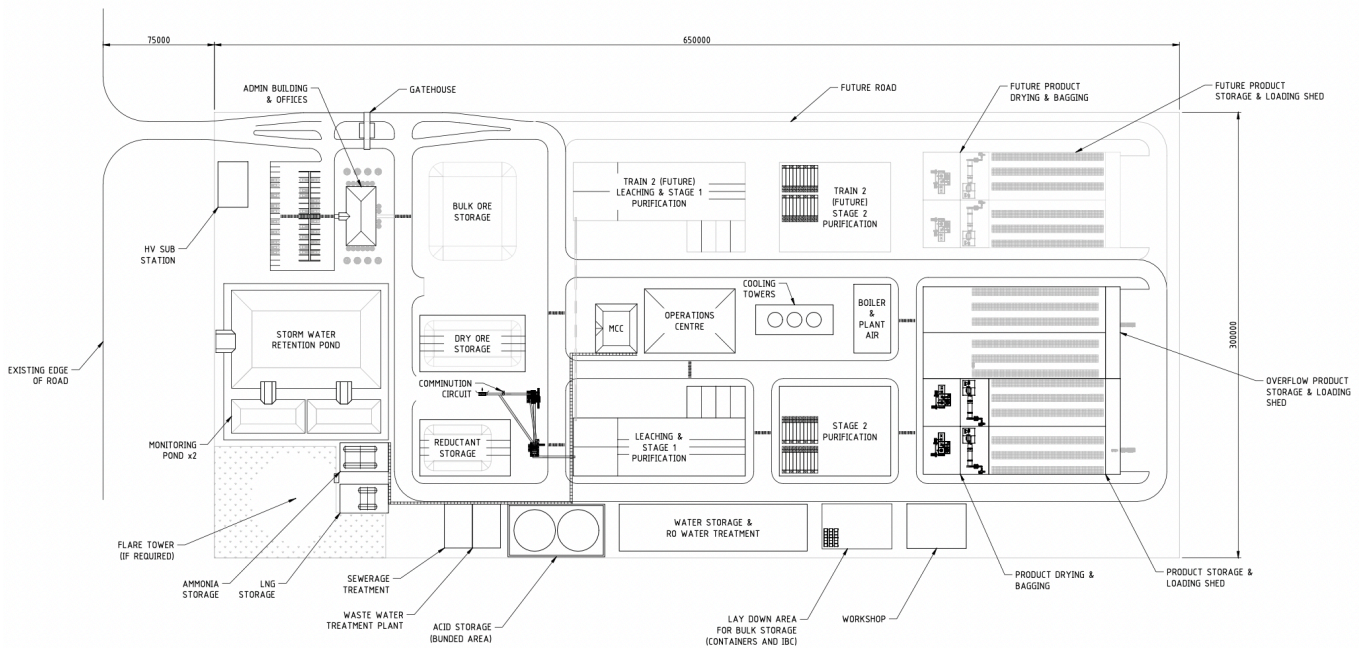
Purification test work has progressed in line with the originally defined plan and has produced some very high-quality liquor with very low levels of impurities which could potentially pave the way towards E25's production of a new product specification, termed Ultra-High Purity Manganese Sulphate Monohydrate (UHPMSM).

Australian produced manganese sulphate liquor was shipped to North America for subsequent piloting and the results obtained during 24/7 continuous operation piloting runs have met expectations, in processability and quality, with no significant issues that could not be managed. Full test results are presently being analysed and additional and confirmatory assays are being concluded. Liquors produced are currently undergoing continuous crystallisation testing, aiming to confirm the engineering data for the proposed crystallisation and separation equipment. This testing program concluded in February 2023 provided additional HPMSM samples to supplement the present inventory.

### 3.2. Site Selection

As a result of the demand-pressure for a USA production location to satisfy potential customers' requirements under the United States Inflation Reduction Act (IRA), extensive detailed site search and identification activities were completed with the assistance of local and regional USA government agencies to short-list potential sites for further detailed evaluation. During November and December 2022, E25 representatives made several visits to the USA with a particular focus on site evaluation. E25 have engaged local consultants with specialist experience in site selection to assist with this process.

The information acquired to date regarding potential available sites is supporting a detailed site selection process to define an optimum site location. It is expected that a preferred USA base location will be confirmed in the near future to enable engineering consultants to progress the USA-centric localisation of the engineering and design which was originally developed and proposed for Malaysia. The potential shift in focus from a Malaysian base-case to a USA base-case to align with our customers' requirements as communicated in recent discussions will result in a later completion date for the FS, subject to the finalisation of offtake and financing commitments with potential Original Equipment Manufacturer (OEM) partners. This change in the project FS schedule comes with potential benefits for the Project and for the Company, as a facility constructed in the USA will be ideally positioned to directly service USA markets and potentially take advantage of favourable aspects of the IRA and associated legislation with potential positive outcomes for the Company.



**Figure 2: HPMSM processing facility layout including module 1 production capacity of 65,000tpa and expansion allowance for module 2 of an additional 65,000tpa battery grade HPMSM.**

### 3.3. Offtake and Project Financing Agreement with Stellantis

The Company announced the signing of a binding agreement (Agreement) with Stellantis N.V. (Stellantis) to supply battery-grade HPMSM from E25's proposed Facility<sup>2</sup>.

The Agreement combines take or pay offtake commitments for 45Kt of HPMSM from the Facility over five years with Stellantis to also provide US\$30M in two tranches of project funding towards the facility capital cost.

<sup>2</sup> More detail on the agreement is available in the ASX announcement dated 9 January 2023



Stellantis N.V. (NYSE / MTA / Euronext Paris: STLA) is one of the world’s leading automakers and a mobility provider. Its storied and iconic brands embody the passion of their visionary founders and today’s customers in their innovative products and services, including Abarth, Alfa Romeo, Chrysler, Citroën, Dodge, DS Automobiles, Fiat, Jeep®, Lancia, Maserati, Opel, Peugeot, Ram, Vauxhall, Free2move and Leasys.

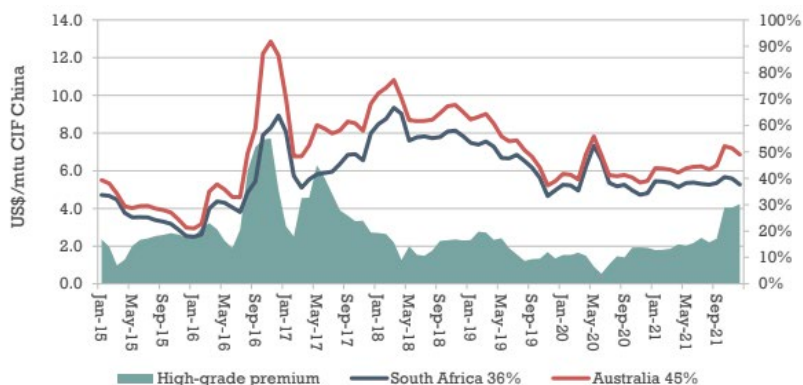
#### 4. Manganese Market

##### 4.1. Manganese ore

Global supply chain and other disruptions resulted in cost pressures on all manganese ore producers during the peak COVID period which put upward pressure on ore prices, however much of the benefits were offset by commensurate increases in shipping costs.

As conditions eased the price response led to cyclical lows in the first half of the 2023 year. From January however, prices have started to recover and forward-looking supply demand dynamics look generally favourable for prices.

Under the terms of the offtake agreement with OM Materials (S) Pte Ltd (OMS), subsidiary of Australian Securities Exchange (ASX)-listed company OM Holdings Limited (ASX:OMH) (OMH) pricing is set by a formula referenced to the 44% CIF China price.



Source: Asian Metal

Table 2. Manganese ore & concentrate prices, CIF China (US\$/dmu)

#### 5. ESG In Focus

##### 5.1. Battery EV Penetration Rate Forecast to Increase

As Battery Electric Vehicle (BEV) makers seek to increase the uptake of electric vehicles; one commercial driver is cost reduction. VW’s Power Day suggested a 50% cost reduction for batteries with cell design (-15%), production process (-10%), cathode/anode materials (-20%) and battery systems (-5%) driving the change. Global BEV penetration is expected to rise to 15.2% by 2025 and 39.5% in 2030 – led by Europe and China, according to Morgan Stanley’s latest report<sup>3</sup>. The main driver in the cathode materials is a shift to a high manganese cathode material for the volume production, which is expected to underpin strong demand growth for battery-grade manganese sulphate. Current estimates put demand by 2030 at 13 times the current supply and a deficit of 1.3Mt even factoring in planned supply increases<sup>4</sup>.

##### 5.2. ESG in Focus

Meeting future battery raw material supply requirements from operations which meet tightening ESG requirements will be challenging. Few jurisdictions offer low ESG risk opportunities; however, Australia is one of the jurisdictions that satisfies many ESG and geopolitical concerns. E25 is working towards a zero-carbon future by undertaking an initial baseline carbon survey on its current operations and is in the process of completing a life cycle assessment of its planned HPMSM operations which will be an important source of supply of manganese for electric vehicle batteries.

E25 is currently completing a Life Cycle Assessment of the proposed HPMSM processing plant to be located in the USA.



<sup>3</sup> Morgan Stanley Research published 3 September 2021

<sup>4</sup> Euromanganese company presentation dated September 2021

### 6. External Factors and Material Business Risks

The Group's Board and management identify, monitor and manage risks through its Risk Management Framework, and where possible, attempt to mitigate the risk of adverse outcomes through the adoption of controls and mitigation strategies.

The following factors are all capable of having a material adverse effect on the Group's business, affecting the Group results and impacting the Group's prospects for future financial years.

#### 6.1. Commodity Prices

The Group generates revenue from the sale of Manganese concentrate through long-term customer offtake and sales agreements. The commodity price is determined by external markets which are outside the Group's control, making it susceptible to adverse price movements. Declining commodity prices can impact the financial returns from existing operations. The Group uses Manganese hedging to manage commodity price and currency exchange risk. Meanwhile, the Group closely monitors Manganese concentrate pricing and where necessary, which can modify operations to minimise exposure to adverse price movements and maximise upside during times of above average pricing.

#### 6.2. Production, Operating and Capital Costs

The Group's current and future financial performance and position are dependent on production levels achieved, as well as operating and a lesser extent capital cost outcome. Production activities can be subject to variation due to several factors including the local mine strip ratio, changes in ore characteristics. The Group's main operating costs include contractor costs, materials and diesel, personnel costs, and ore haulage and shipping costs.

Operating costs are subject to external economic conditions (including inflationary pressures both domestically and globally) which can impact the availability, cost, and quality of procured items. Examples could include the availability of spare parts, changes to diesel fuel or diesel fuel rebate, ore haulage and shipping prices, the availability of suitably qualified and experienced labour and maintenance parts and equipment.

Changes in the operating costs of the Group's mining and processing operations costs could occur due to unforeseen events, international and local economic and political events, and could result in changes in manganese reserve estimates. Many of these factors are beyond the Group's control, therefore the Group may be faced with varied production and higher operating costs in the future compared to current costs. The Group manages risks associated with costs through a centralised contract and procurement function.

#### 6.3. Transport Services

The Group's operations depend on the delivery of finished product to port and the delivery of materials, supplies, services, and equipment to the Butcherbird mine site. The Group is dependent on third parties for the provision of ore haulage, port, shipping, and other transportation services. Contractual disputes, port capacity issues, availability of trucks or vessels, labour disruptions, weather problems or other factors could have a material adverse effect on the Group's ability to transport product and materials to meet schedules, which may in turn impact the Group's business, results of operations and financial performance.

### 7. Corporate

#### 7.1. Successful A\$35 Million Placement

In November 2022, the Company completed a A\$35 million placement at A\$1.12 per share (Placement). The Placement was heavily oversubscribed with E25 management and the Joint Lead Managers (JLMs) agreeing to increase the raise to A\$35 million (minimum \$30M). Funds raised from the Placement will fund the Company's battery grade HPMSM project feasibility works, operating cost reduction capital costs, engineering optimisation works and working capital. Petra Capital and Blackwood Capital acted as Joint Lead Managers and Joint Bookrunners to the Placement.

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The Placement Price of A\$1.12 per share represented a 22.0% discount to the last traded price prior to the announcement of the Placement and a 13.1% discount to the 10 traded day Volume-Weighted Average Price (VWAP) of the Company's shares to 15 November 2022. E25 issued a total of 31,249,999 new shares in connection with the Placement on 23 November 2022 (15,948,964 under ASX Listing Rule 7.1 and 15,301,036 under ASX Listing Rule 7.1A).

**Directors' Report**  
for the half year ended 31 December 2022



Your directors submit their financial report of the consolidation entity (the Group, the Company or E25) consisting of Element 25 Limited and its controlled entities for the half-year ended 31 December 2022.

**DIRECTORS**

The names of Directors who held office during or since the end of the half-year are set out below. Directors were in office for this entire period unless otherwise stated.

Seamus Cornelius

Justin Brown

John Ribbons

Salvatore Lancuba (appointed 30 January 2023)

Rudolph Van Jaarsveld (appointed 30 January 2023)

**COMPANY SECRETARY**

Michael Jordon

**REVIEW OF RESULTS AND OPERATIONS**

**Principal Activities**

The principal activity of the Group during the half-year was advancing the Company's 100% owned Butcherbird Manganese Project located in Australia towards nameplate production. The Company is also undertaking engineering studies to expand concentrate production including completing a 280t bulk processing trial using an established production dense media separation (DMS) plant, with results confirming DMS as the preferred processing technology for the proposed expansion. Manganese concentrate production of 101Kt was achieved with regular shipments to the Company's offtake partners.

**Results**

During the half year ended 31 December 2022, the Company recognised revenue of \$10,977,409 in respect to the shipments of ore from the Group's 100% owned Butcherbird Manganese Project located in Australia and other income of \$1,340,417, including gains on financial assets of \$1,093,586 (2021: \$107,923 fair value loss), and \$246,831 (2021: \$371,999) on sale of minerals properties, research and development tax incentives and interest income.

During the period the Group incurred cost of sales of \$17,066,961 (2021: \$19,828,961) in respect to direct material and production costs attributable to the extraction, processing and transportation of manganese ore.

During the period, stage 2 expansion costs, tenement acquisition and exploration expenditure incurred by the Group amounted to \$2,069,527 (2021: \$277,631) including the expenditure for HPMSM project of \$1,874,046 (2021: \$221,733). The Group recognised an administration expenditure incurred amounted to \$1,582,265 (2021: \$1,340,470). This has resulted in an operating loss after income tax for the half year ended 31 December 2022 of \$10,993,864 (2021: \$11,294,975).

The Group had a cash balance of \$37,350,613 as at 31 December 2022.

Summarised operating results are as follows:

	<b>31 Dec 2022</b>	<b>31 Dec 2022</b>
	<b>Revenue</b>	<b>Profit/(Loss)</b>
	<b>\$</b>	<b>\$</b>
Groups revenues and profit/(loss) from ordinary activities before income tax expense	12,317,826	(10,993,864)



**Shareholder Return**

	2022	2021
	\$	\$
Basic and diluted loss per share (cents)	(7.1)	(7.5)

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

No other matters or circumstances, besides those disclosed at note 28, have arisen since the end of the period 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 periods.

**DIVIDENDS**

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

**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 15 .

Signed in accordance with a resolution of the Directors.



Justin Brown  
Managing Director  
Perth, 15 March 2023

# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the review of Element 25 Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Element 25 Limited and the entities it controlled during the half-year.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla  
Director

15 March 2023

**Consolidated Financial Report**  
for the half year ended 31 December 2022



**Consolidated Statement of Profit or Loss and Other Comprehensive Income**



**For the Half-Year Ended 31 December 2022**

	Note	31 Dec 2022 \$	31 Dec 2021 \$
<b>REVENUE AND OTHER INCOME</b>			
Sales revenue	4	10,977,409	11,080,159
Other income	5	1,340,417	371,999
		<b>12,317,826</b>	<b>11,452,158</b>
<b>COST OF SALES</b>			
Cost of sales	6	(17,066,961)	(19,828,961)
<b>EXPENDITURE</b>			
Exploration and pre-feasibility expenditure	7	(2,069,527)	(277,631)
Administration expenses	8	(1,582,265)	(1,340,470)
Depreciation expense	15	(999,648)	(940,613)
Fair value losses on financial assets		-	(107,923)
Foreign exchange losses		(417,228)	(222,953)
Finance costs on lease liabilities		(19,108)	(31,213)
Share Based Payment Expense	22(b)	(1,168,568)	-
Other expenses	9	11,615	2,631
		<b>(10,993,864)</b>	<b>(11,294,975)</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>(10,993,864)</b>	<b>(11,294,975)</b>
<b>INCOME TAX EXPENSE</b>		-	-
<b>LOSS FOR THE PERIOD</b>		<b>(10,993,864)</b>	<b>(11,294,975)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(12,047)	7,654
<b>Other Comprehensive Income for the period, net of tax</b>		<b>(12,047)</b>	<b>7,654</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF E25</b>		<b>(11,005,911)</b>	<b>(11,287,321)</b>
<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)	24	(7.1)	(7.5)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Consolidated Statement of Financial Position**  
**As at 31 December 2022**



	Note	31 Dec 2022 \$	30 Jun 2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	37,350,613	14,927,576
Trade and other receivables	11	4,635,958	6,887,914
Inventory	12	9,176,174	7,030,335
Financial assets at fair value through profit or loss	13	2,082,679	2,054,254
<b>TOTAL CURRENT ASSETS</b>		<b>53,245,424</b>	<b>30,900,079</b>
<b>NON-CURRENT ASSETS</b>			
Restricted cash	14	478,560	628,535
Property, plant and equipment	15	24,342,753	21,651,705
Assets under construction	16	179,145	76,109
Deferred exploration and evaluation expenditure	17	848,781	489,548
Right of use asset	18	671,906	842,037
<b>TOTAL NON-CURRENT ASSETS</b>		<b>26,531,145</b>	<b>23,687,934</b>
<b>TOTAL ASSETS</b>		<b>79,776,569</b>	<b>54,588,013</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	5,279,612	7,356,348
Provisions	20	592,897	506,402
Lease Liability	21	355,038	342,967
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,227,547</b>	<b>8,205,717</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liability	21	366,694	547,284
Provisions	20	3,415,460	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,782,154</b>	<b>547,284</b>
<b>TOTAL LIABILITIES</b>		<b>10,009,701</b>	<b>8,753,001</b>
<b>NET ASSETS</b>		<b>69,766,868</b>	<b>45,835,012</b>
<b>EQUITY</b>			
Issued capital	22	111,460,778	77,691,579
Reserves	23	7,042,992	5,838,104
Accumulated losses		(48,736,902)	(37,694,671)
<b>TOTAL EQUITY</b>		<b>69,766,868</b>	<b>45,835,012</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*



**Consolidated Statement of Changes in Equity  
For the Half-Year Ended 31 December 2022**



	Note	Contributed Equity \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>BALANCE AT 1 JULY 2022</b>		<b>77,691,579</b>	<b>5,874,424</b>	<b>(36,320)</b>	<b>(37,694,671)</b>	<b>45,835,012</b>
Loss for the period		-	-	-	(10,993,864)	(10,993,864)
<b>OTHER COMPREHENSIVE INCOME</b>						
Exchange differences on translation of foreign operations		-	-	36,320	(48,367)	(12,047)
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	36,320	(11,042,231)	(11,005,911)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the period	22	35,523,499	1,168,568	-	-	36,692,067
Share issue transaction costs	22	(1,754,300)	-	-	-	(1,754,300)
<b>BALANCE AT 31 DECEMBER 2022</b>		<b>111,460,778</b>	<b>7,042,992</b>	<b>-</b>	<b>(48,736,902)</b>	<b>69,766,868</b>
<b>BALANCE AT 1 JULY 2021</b>		<b>76,788,557</b>	<b>5,874,424</b>	<b>(40,122)</b>	<b>(20,147,902)</b>	<b>62,474,957</b>
Loss for the period		-	-	-	(11,294,975)	(11,294,975)
<b>OTHER COMPREHENSIVE INCOME</b>						
Exchange differences on translation of foreign operations		-	-	7,654	-	7,654
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	7,654	(11,294,975)	(11,287,321)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the period		857,500	-	-	-	857,500
Share issue transaction costs		(4,658)	-	-	-	(4,658)
<b>BALANCE AT 31 DECEMBER 2021</b>		<b>77,641,399</b>	<b>5,874,424</b>	<b>(32,468)</b>	<b>(31,442,877)</b>	<b>52,040,478</b>

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Consolidated Statement of Cash Flows**  
**For the Half-Year Ended 31 December 2022**



	Note	31 Dec 2022 \$	31 Dec 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		13,539,342	11,080,159
Expenditure of mining interest		(415,884)	(913,665)
Payments to suppliers and employees		(23,444,129)	(17,632,937)
Interest received		5,210	29,097
Proceeds on sale of mining interests		30,000	205,000
Interest paid		(23,741)	-
Government grant funding received		211,621	137,902
Expenditure on HPMSM		(1,462,621)	-
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		<b>(11,560,202)</b>	<b>(7,094,444)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(403,222)	(166,823)
Proceeds from disposal of financial assets at fair value through profit or loss		1,065,160	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>661,938</b>	<b>(166,823)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of ordinary shares	22	35,523,499	857,500
Payment of share issue transaction costs	22	(1,754,300)	(4,658)
Principal lease repayments		(192,261)	(177,596)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>33,576,938</b>	<b>675,246</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>22,678,674</b>	<b>(6,586,021)</b>
Cash and cash equivalents at the beginning of the period		14,927,576	34,822,585
Movement cash from restricted to non-restricted		149,975	81,680
Effects of exchange rate changes on cash and cash equivalents		(405,612)	(80,298)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>10</b>	<b>37,350,613</b>	<b>28,237,946</b>

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Statement of compliance**

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Element 25 Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

**b. Basis of preparation**

The half-year financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

**c. Adoption of new and revised standards**

*Standards and Interpretations applicable to 31 December 2022*

In the half-year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2022. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2022 with no material impact on the amounts or disclosures included in the financial report.

**d. Significant accounting judgments and key estimates**

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2022.

**2. SEGMENT INFORMATION**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. The Group has only one operating segment, being mining activities and operates in one geographical location (Australia).

**3. 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 Managing 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 United States Dollar.

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.

(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.

(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 \$37,350,613 (30 Jun 2022: \$14,927,576) 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 0.20% (2021: 0.15%).

**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.

	31 Dec 2022	30 Jun 2022
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	37,350,613	14,927,576
Restricted cash	478,560	628,535
Trade and other receivables	4,635,958	6,887,914
Financial assets at fair value through profit or loss	2,082,679	2,054,254
<b>Total Financial Assets</b>	<b>44,547,810</b>	<b>24,498,279</b>
<b>Financial Liabilities</b>		
Trade and other payables	5,249,149	7,324,502
<b>Total Financial Liabilities</b>	<b>5,249,149</b>	<b>7,324,502</b>

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>31 Dec 2022</b>				
Financial assets at fair value through profit or loss	2,082,679	-	-	2,082,679
<b>Total</b>	<b>2,082,679</b>	<b>-</b>	<b>-</b>	<b>2,082,679</b>
<b>30 Jun 2022</b>				
Financial assets at fair value through profit or loss	2,054,254	-	-	2,054,254
<b>Total</b>	<b>2,054,254</b>	<b>-</b>	<b>-</b>	<b>2,054,254</b>

**4. SALES REVENUE**

	31 Dec 2022 \$	31 Dec 2021 \$
Sale of manganese	10,977,409	11,080,159
<b>Total</b>	<b>10,977,409</b>	<b>11,080,159</b>

The Company primarily generates revenue from the sales of manganese ore to customers. Revenue is recognised when the performance obligations are met, and the control of the product has passed to the customer. The material performance obligations to be met are the delivery of the contracted quantity of manganese ore to Port Headland at the contracted grade.

Customer sales contracts are denominated in United States Dollars with the final pricing determined by product grade and quantity of the product passed to the customer. The company has a long-term sales agreement with OM Materials (Singapore) Pte Ltd for the supply of manganese ore on a FOB basis.

**5. OTHER INCOME**

	31 Dec 2022 \$	31 Dec 2021 \$
Interest received	5,210	29,097
Net gain on sale of mining interests	30,000	205,000
Fair value gains on financial assets	1,093,586	-
Government grants received	211,621	137,902
<b>Total</b>	<b>1,340,417</b>	<b>371,999</b>

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income for gains or directly on the face of the statement of Profit or Loss and Other Comprehensive Income for losses.

6. COST OF SALES

	31 Dec 2022	31 Dec 2021
	\$	\$
Mining costs	(5,718,644)	(3,933,825)
Processing costs	(4,340,214)	(4,716,229)
Site administration costs	(2,203,854)	(1,665,578)
Haulage costs	(5,431,834)	(5,150,980)
Port and shipping costs	(939,569)	(1,775,968)
Sales and marketing costs	(109,435)	(135,297)
Royalty costs	(186,799)	(810,171)
Depreciation of right of use asset	(131,364)	(131,364)
Inventory movement	1,994,752	(1,509,549)
<b>Total</b>	<b>(17,066,961)</b>	<b>(19,828,961)</b>

Inventory movement is based on the difference between ore shipped and ore extracted and represents the change in inventory held by the Company.

7. EXPLORATION AND PRE-FEASIBILITY EXPENDITURE

	31 Dec 2022	31 Dec 2021
	\$	\$
Exploration	(81,457)	1,489
Product Development General	(114,024)	(57,387)
Product Development HPMSM	(1,874,046)	(221,733)
<b>Total</b>	<b>(2,069,527)</b>	<b>(277,631)</b>

The exploration and pre-feasibility expenditure is with respect to the planned production of battery grade HPMSM from manganese oxide concentrates currently produced at the Company's 100% owned Butcherbird Project (Project) including key developments in the delivery of a Feasibility Study (FS) for the Company's first HPMSM production facility (Facility).

8. ADMINISTRATION EXPENSES

	31 Dec 2022	31 Dec 2021
	\$	\$
Director fees, salaries and wages and other staff costs	(733,003)	(284,180)
Consultants	(181,117)	(392,365)
ASX and other compliance costs	(216,368)	(44,105)
Insurance	(62,088)	(90,440)
Occupancy	(69,712)	(122,905)
Investor relation expenses	(32,491)	(108,507)
Depreciation of right of use asset	(38,767)	-
Other administration expenses	(248,719)	(297,968)
<b>Total</b>	<b>(1,582,265)</b>	<b>(1,340,470)</b>

9. OTHER EXPENSES

	31 Dec 2022	31 Dec 2021
	\$	\$
Impairment of Other Assets	-	2,631
Impairment of Subsidiary Investment - Cordier	11,615	-
<b>Total</b>	<b>11,615</b>	<b>2,631</b>

10. CASH AND CASH EQUIVALENTS

	31 Dec 2022	30 Jun 2022
	\$	\$
Cash at bank and in hand	37,350,613	14,927,576
<b>Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows</b>	<b>37,350,613</b>	<b>14,927,576</b>

11. TRADE AND OTHER RECEIVABLES

	31 Dec 2022	30 Jun 2022
	\$	\$
Trade receivables	3,269,407	5,831,340
Sundry receivables	903,838	717,029
Prepayments	462,713	339,545
<b>Total</b>	<b>4,635,958</b>	<b>6,887,914</b>

12. INVENTORY

	31 Dec 2022	30 Jun 2022
	\$	\$
Manganese ore stockpiles	9,058,253	6,970,001
Warehouse stores and materials	117,921	60,334
<b>Total</b>	<b>9,176,174</b>	<b>7,030,335</b>

Manganese ore stockpiles represent manganese ore that has been extracted and is available for further processing or sale. For partly processed and saleable manganese, cost is based on the weighted average cost method and includes material and production costs directly attributable to the extraction, processing and transportation of manganese to the existing location and depreciation of property, plant and equipment used in the extraction, processing and transportation of manganese.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec 2022	30 Jun 2022
	\$	\$
Australian listed equity securities	2,082,679	2,054,254
<b>Total</b>	<b>2,082,679</b>	<b>2,054,254</b>

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income for gains or directly on the face of the Statement of Profit or Loss and Comprehensive Income for losses.

14. RESTRICTED CASH

	31 Dec 2022	30 Jun 2022
	\$	\$
Bank guarantees and term deposits	478,560	628,535
<b>Total</b>	<b>478,560</b>	<b>628,535</b>

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	IT Equipment	Mine Properties and Development	Plant and Equipment	Total
	\$	\$	\$	\$	\$
<b>Carrying amount – at cost</b>					
At 30 June 2021	4,773,729	286,859	6,303,844	11,281,557	22,645,989
Additions	-	-	902,222	352,637	1,254,859
Disposals	-	-	-	-	-
Other	(123,407)	(7,654)	-	-	(131,061)
At 30 June 2022	4,650,322	279,205	7,206,066	11,634,194	23,769,787
Additions	-	-	-	275,236	275,236
Disposals	-	-	-	-	-
Other	-	-	3,415,460	-	3,415,460
At 31 December 2022	4,650,322	279,205	10,621,526	11,909,430	27,460,483
<b>Accumulated depreciation</b>					
At 30 June 2021	(40,978)	(13,228)	(15,925)	(159,763)	(229,894)
Depreciation expense	(480,269)	(93,177)	(197,020)	(1,117,722)	(1,888,188)
Disposals	-	-	-	-	-
Other	-	-	-	-	-
At 30 June 2022	(521,247)	(106,405)	(212,945)	(1,277,485)	(2,118,082)
Depreciation expense	(237,723)	(45,755)	(129,382)	(586,788)	(999,648)
Disposals	-	-	-	-	-
Other	-	-	-	-	-
At 31 December 2022	(758,970)	(152,160)	(342,327)	(1,864,273)	(3,117,730)
<b>Net book value</b>					
At 30 June 2021	4,732,751	273,631	6,287,919	11,121,794	22,416,095
Additions	-	-	902,222	352,637	1,254,859
Depreciation expense	(480,269)	(93,177)	(197,020)	(1,117,722)	(1,888,188)
Disposals	-	-	-	-	-
Other	(123,407)	(7,654)	-	-	(131,061)
At 30 June 2022	4,129,075	172,800	6,993,121	10,356,709	21,651,705
Additions	-	-	-	275,236	275,236
Depreciation expense	(237,723)	(45,755)	(129,382)	(586,788)	(999,648)
Disposals	-	-	-	-	-
Other	-	-	3,415,460	-	3,415,460
At 31 December 2022	3,891,352	127,045	10,279,199	10,045,157	24,342,753

The Mine Properties and Development includes capitalised rehabilitation costs of \$3,415,460 (30 June 2022: \$nil).

16. ASSETS UNDER CONSTRUCTIONS

	31 Dec 2022	30 Jun 2022
	\$	\$
Assets under construction	179,145	76,109
<b>Total</b>	<b>179,145</b>	<b>76,109</b>



17. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2022	30 Jun 2022
	\$	\$
Capitalised exploration expenditure at the start of the period	489,548	94,021
Acquisition and exploration expenditure for the period	359,233	489,548
Impairment expenditure for the period	-	(94,021)
<b>Capitalised exploration expenditure at the end of the period</b>	<b>848,781</b>	<b>489,548</b>

18. RIGHT OF USE ASSETS

	31 Dec 2022	30 Jun 2022
	\$	\$
Cost	2,693,172	2,693,172
Accumulated depreciation	(2,021,266)	(1,851,135)
	<b>671,906</b>	<b>842,037</b>
Balance as at beginning of period	<b>842,037</b>	<b>1,122,205</b>
Acquisition of plant and equipment by means of finance leases	-	230,915
Depreciation of right of use assets	<b>(170,131)</b>	<b>(511,083)</b>
Balance at end of period	<b>671,906</b>	<b>842,037</b>

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received.

19. TRADE AND OTHER PAYABLES

	31 Dec 2022	30 Jun 2022
	\$	\$
Trade payables	932,997	4,794,097
Payroll Tax payable	30,463	31,846
Other payables and accruals	4,316,152	2,530,405
	<b>5,279,612</b>	<b>7,356,348</b>

20. PROVISIONS

	31 Dec 2022	30 Jun 2022
	\$	\$
<b>Current</b>		
Employee entitlements	592,897	506,402
	<b>592,897</b>	<b>506,402</b>
<b>Non-Current</b>		
Rehabilitation	3,415,460	-
	<b>3,415,460</b>	<b>-</b>



	31 Dec 2022	30 Jun 2022
	\$	\$
b) Movement in options on issue		
Beginning of the period	9,480,000	13,400,000
Issued during the period		
– Exercisable at 65.47 cents, on or before 1 July 2027	500,000	-
– Exercisable at 128.06 cents, on or before 23 September 2027	500,000	-
– Exercisable at 117.47 cents, on or before 29 September 2027	1,000,000	-
– Exercisable at 158.00 cents, on or before 25 November 2027	900,000	-
– Exercisable at 146.57 cents, on or before 23 December 2027	50,000	-
Exercised during the period		
– At 20.0 cents, on or before 23 November 2021	-	(2,000,000)
– At 26.0 cents, on or before 23 November 2021	-	(1,000,000)
– At 32.5 cents, on or before 23 November 2021	-	(300,000)
– At 20.0 cents, on or before 23 November 2021	-	(500,000)
– At 26.0 cents, on or before 18 January 2022	-	(100,000)
– At 120.9 cents, on or before 18 January 2022	-	(20,000)
Exercised during the period		
– At 32.5 cents, on or before 23 November 2022	(100,000)	-
– At 32.5 cents, on or before 3 November 2022	(200,000)	-
– At 35.5 cents, on or before 28 November 2022	(1,200,000)	-
<b>Ending of the period</b>	<b>10,930,000</b>	<b>9,480,000</b>

The weighted average fair value of employee and consultant options granted during the half-year was 47 cents (30 Jun 2022: \$nil), for a total value of \$1,385,450 (30 Jun 2022: \$nil) included within share-based payments expense. The fair values were calculated by using the Black-Scholes European Option Pricing Model applying the following weighted average inputs:

	31 Dec 2022	30 Jun 2022
Weighted average exercise price (cents)	123.00	-
Weighted average life of the option (years)	5.0	-
Weighted average underlying share price (cents)	80.60	-
Weighted average expected share price volatility	80%	-
Weighted average risk-free interest rate	3.56%	-

### 23. RESERVES

	31 Dec 2022	30 Jun 2022
	\$	\$
Foreign currency translation reserve	-	(36,320)
Share-based payments reserve	7,042,992	5,874,424
	<b>7,042,992</b>	<b>5,838,104</b>

24. LOSS PER SHARE

a) Reconciliation of earnings used in calculating loss per share

	31 Dec 2022	31 Dec 2021
	\$	\$
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(11,005,911)	<b>(11,294,975)</b>

b) Weighted average number of shares used as the denominator

	31 Dec 2022	31 Dec 2021
	\$	\$
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<b>154,576,523</b>	<b>149,579,440</b>

c) Information on the classification of options

As the Group made a loss for the half year ended 31 December 2022, 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.

25. CONTINGENCIES

There have been no changes in contingent liabilities since the last annual reporting date.

26. RELATED PARTY

There were no significant changes in the nature of related party transactions since 30 June 2022.

27. SUBSIDIARIES

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

Name	Country of Incorporation	Class of Shares	2022 Equity Holding %	2021 Equity Holding %
Cordier Mines SAS	France	Ordinary	-	100
Element 25 (Malaysia) Sdn. Bhd.	Malaysia	Ordinary	100	-
Element 25 Butcherbird Project Pty Ltd	Australia	Ordinary	100	100

On 5 September 2022, the Group established a new subsidiary Element 25 (Malaysia) Sdn. Bhd. to facilitate the HPMSM project.

On 24 October 2022, our subsidiary Cordier Mines SAS ceased its operation, and a reversal of the impairment loss of \$11,615 has been recorded in other expense on the statement of Profit and Loss and Other Comprehensive Income.

## **28. SUBSEQUENT EVENTS**

On 9 January 2023, the Company and Stellantis N.V. (NYSE / MTA / Euronext Paris: STLA) (Stellantis) signed definitive agreements for the supply of battery-grade high-purity manganese sulphate (HPMSM) for Stellantis' EV battery requirements. Stellantis N.V. (NYSE / MTA / Euronext Paris: STLA) is one of the world's leading automakers and a mobility provider. The Agreement combines take or pay offtake commitments for 45Kt of HPMSM from the Facility over five years with Stellantis to also provide US\$30M in two tranches of project funding towards the facility capital cost.

On 30 January 2023, the Company enhanced its Board of Directors with the appointment of OM Manganese Managing Director Rudolph Van Jaarsveld and experienced chemical engineer Salvatore Lancuba.

On 10 February 2023, the Company entered into an At-the-Market Subscription Agreement (ATM) with Acuity Capital to provide the Company with up to \$30 million of standby equity capital over the coming 36-month period. As security for the ATM, the Company has agreed to place 9,500,000 fully paid ordinary shares in the capital of the Company to Acuity Capital at nil cash consideration. The Company has issued 5,000,000 ordinary shares from its Listing Rule 7.1 capacity.

No other matter or circumstance has arisen since 31 December 2022, 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 periods.

In the opinion of the directors:

(a) The financial statements and notes of the Group for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Regulations 2001, and other mandatory professional reporting requirements.

(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.

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



Justin Brown  
Managing Director  
Perth, 15 March 2023

**Independent Auditor's Review Report**  
for the half year ended 31 December 2022



# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

### ELEMENT 25 LIMITED

#### Report on the Review of the Half-Year Financial Report

##### **Conclusion**

We have reviewed the half-year financial report of Element 25 Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

##### **Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our 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 (including Independence Standards)* ("the Code") that are relevant to our audit of the annual 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 review report.

##### **Directors' Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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**CHARTERED ACCOUNTANTS**  
AUSTRALIA - NEW ZEALAND





INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
ELEMENT 25 LIMITED (continued)

***Auditor's Responsibility for the Review of the Half-Year Financial Report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Rothsay Audit & Assurance Pty Ltd**

Daniel Dalla  
Director

Dated 15 March 2023