



Element 25

ANNUAL REPORT

Annual Financial Report For
the year ended 30 June 2023

Element 25 Limited
ABN 46 119 711 929 ASX E25
element25.com.au

A woman in a grey sweater is shown in profile, interacting with a modern electric vehicle (EV) charging station. She is touching a screen on the station's interface. The station has several charging ports, with one teal-colored port visible. The background is a blurred outdoor setting at dusk or dawn, with a few birds flying in the sky. A large, semi-transparent watermark 'ASD' is overlaid on the left side of the image.

**The future has always
been electric...**

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Highlights



Feasibility Study (**FS**) demonstrates compelling economics for E25's proposed first ever US-based battery-grade, high purity manganese sulphate monohydrate (**HPMSM**) facility.



HPMSM is required for the production of pre-cathode active materials (**pCAM**) used in electric vehicle batteries, with US EV demand expected to grow 12x by 2030.



HPMSM is an increasingly important critical battery raw material as global battery technologies make the shift to higher manganese content to achieve improved cost, safety and performance metrics.



E25's proposed Louisiana-based facility is positioned to be a leading US source of HPMSM after commencing production in 2025.



Offtake and financing agreements signed with Stellantis N.V. (**Stellantis**) and General Motors LLC (**GM**), providing US\$115M in project financing via equity, pre-payment and debt.



Stellantis and GM transactions combined offtake commitments cover approximately 65% of Train 1 plant output.



First tranche of Stellantis funding completed (US\$15M at A\$1.00 per share) to take a 10.2% shareholding in Element 25. Stellantis is now the Company's largest shareholder.



Pilot plant testing confirms Element 25 flowsheet as technically robust, delivering high quality HPMSM samples for final product qualification with offtake partners.



Independent Life Cycle Assessment confirms industry leading ESG credentials - E25 HPMSM calculated to produce ~1.7kg of CO₂ for every 1kg of HPMSM, approximately ~67% lower than competitors in China and ~26% lower than closest non-China optimised case.



Commenced trading on the US-based OTCQX® Best Market under the symbol "ELMTF" to improve liquidity and provide greater accessibility for global investors, particularly in the US.



Continued work to optimise manganese production at Butcherbird **Manganese Mine (Butcherbird)** in the Pilbara region of WA in including engineering and design for the proposed plant expansion to a nominal 1Mtpa.



Dense media separation (**DMS**) trials confirmed DMS as the **likely** technology for final stage beneficiation.



Chairman's Message

Dear Fellow Shareholders,

It gives me great pleasure to present the 2023 Annual Report for Element 25 Limited (**ASX: E25**) as we reflect on our achievements and our progress towards becoming a high purity manganese producer over the past year.

Delivering our Feasibility Study examining the viability of the first United States-based high purity manganese sulphate production facility was a critical milestone in our journey, and the results of this were incredibly encouraging. The FS demonstrated pre-tax cashflow of US\$155 million per annum at full production, with a Net Present Value (**NPV**) of US\$1.66 billion pre-tax at full production with an 8% discount and an Internal Rate of Return of 29%. The study's robust financial outcomes provide us with a really solid case for becoming a key supplier to the battery raw materials supply chain in a strategic location.

Our decision to evaluate a US-based location for our initial facility was driven by increased demand from OEMs in the automotive industry, as the US Government looks to inject substantial investment into clean energy initiatives – such as electric vehicles – through the Inflation Reduction Act. We have selected a preferred site in Ascension Parish, Louisiana, and activities are underway with local engineering and construction contractors as we negotiate agreements and partnerships that are mutually beneficial, leading up to our Final Investment Decision.

Core to our strategy is to partner with like-minded stakeholders, and we have demonstrated this through our offtake and financing agreements with global automakers Stellantis N.V. and General Motors LLC which we have executed in the past 12 months. These deals are critical to our ability to develop our HPMSM capacity, but also to Stellantis and GM to help them build their aspirations around electric vehicles. Manganese is one of the key ingredients automakers need to fulfill their targets in terms of electrifying the global vehicle fleet and we believe deals with such prominent global manufacturers underlines just how important our HPMSM development is to this market. Post year-end, we have completed several important steps in our agreement with GM and we look forward to finalising this as we progress our Louisiana plans.

In parallel to our HPMSM development, we have continued to optimise our operations at Butcherbird mine in Western Australia. We will use manganese ore from Butcherbird in our HPMSM strategy, enabling us to deliver a mine-to-market solution, and as it hosts Australia's largest onshore manganese resource of more than 260 million tonnes, it provides opportunity for a multi-decade expansion pathway.

With the first stage of our strategy complete, we are working towards expanding production to 1 million tonnes per annum through optimisation, de-bottlenecking and plant expansion.

We have commenced upgrades to our plant and are assessing further improvements as well as making key appointments to our team to ensure we have the knowledge and skillset to achieve this goal.

I thank our Shareholders for your continued support over the past 12 months, particularly those who participated in our A\$35 million capital raising in November 2022 which enabled us to continue our progress. Our share price has unfortunately not reflected all that we have achieved and the partnerships we have forged with global brands but I am confident this will improve as our HPMSM plans continue move ahead.

I also thank the members of our management team for the continued hard work and dedication each of them has demonstrated, as well as my fellow Directors for their efforts, including our new Board additions, Fanie van Jaarsveld and Sam Lancuba, who have both brought extensive industry knowledge and business development experience to our Board.

In the year ahead, our priorities are dual pronged as we want to grow the business through the downstream processing of the ore into manganese sulphate while also expanding concentrate production at Butcherbird to improve performance and economics of that part of our business. These strategies are complementary and will help us be a pivotal player as demand for high purity manganese continues to grow. We have the funds and partnerships in place to achieve this, and I look forward to reporting on our progress and achievements in FY24.



Seamus Cornelius

Chairman

Element 25 Limited

Review of Operations

KEY OPERATIONAL MILESTONES FOR FY2023

HPMSM Project

- Feasibility Study (**FS**) demonstrates compelling economics for the proposed first ever US-based battery grade high purity manganese sulphate monohydrate (**HPMSM**) facility.
- Offtake and financing agreements signed with Stellantis N.V. (**Stellantis**) and General Motors LLC (**GM**), providing US\$115M in project financing via equity, pre-payment and debt.
- Independent Life Cycle Assessment (**LCA**) confirms industry leading ESG credentials - E25 HPMSM calculated to produce ~1.7kg of CO2 for every 1kg of HPMSM, approximately ~ 67% lower than competitors in China and ~26% lower than closest non-China optimised case.
- Heavily oversubscribed A\$35 million Placement completed to fund HPMSM feasibility, engineering optimisation works and costs, and working capital.
- First tranche of Stellantis project funding completed (**US\$15M**) for HPMSM process design and engineering.

Butcherbird Manganese Mine

- Manganese concentrate production of ~223,000 tonnes.
- 280t bulk processing trial using an established production dense media separation (**DMS**) plant confirmed DMS as the preferred processing technology for Butcherbird's expansion.
- Trialling a secondary feeder to significantly debottleneck front end feed rates at Butcherbird which provided immediate and material throughput improvement.
- Successful pilot scale testing of the proprietary E25 process flowsheet as a key Feasibility Study input.

Overview

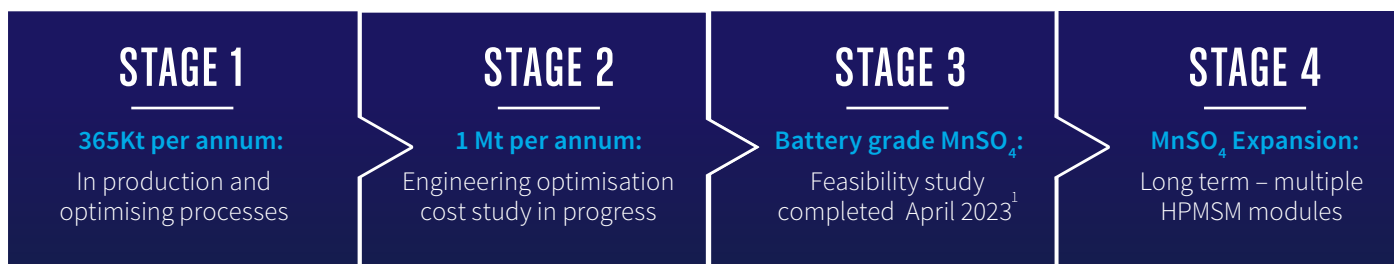
Element 25 Limited (**E25** or **the Company**) operates the Butcherbird Manganese Mine (**Butcherbird**) in Western Australia's Pilbara region. Butcherbird hosts the Australia's largest onshore manganese resource with current JORC resources of more than 260Mt of manganese ore¹, and is located 1,050km north of Perth and 130km south of Newman.

The Company plans to integrate renewable energy into Butcherbird's power solution in Stage 2 operations to target a zero-carbon footprint, 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 HPMSM products for traditional and new energy markets. The Company plans to develop HPMSM production capabilities in multiple global locations and in April 2023, it delivered a FS which delivered compelling economics for the proposed first ever HPMSM facility in the USA to supply critical battery raw materials to the US electric vehicle (**EV**) manufacturing supply chain.

E25 also commissioned an independent LCA for its HPMSM production process which confirmed the mine-to-market carbon footprint for the production of E25 HPMSM as the lowest in the global manganese industry based on published data².

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



1 E25 ASX Announcement 17 April 2019

2 E25 ASX Announcement 21 February 2023

3 E25 ASX Announcement 12 April 2023

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.

Butcherbird Operations, WA

Safety

For the 12 months ending 30 June 2023, E25 sustained two Lost Time Injuries (**LTI's**) and one Medical Treatment Injuries (**MTI's**). The 12 Month LTI and MTI rates were noted as 63 and 0 respectively.

E25 instigated several proactive programs 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.

The Company implemented the WA Department of Mines, Industry Regulations and Safety's (**DMIRS**) Safety Audits and is using outcomes to assist with safety program development going forward.

Mining and processing

Mining and processing operations continued at Butcherbird throughout the period. E25 implemented initiatives to improve operational performance, including debottlenecking the processing plant and this delivered significant improvements from the March 2023 quarter.

Since commissioning, Butcherbird production volumes had been negatively impacted by clay-rich material that typifies ROM feed through the primary grizzly and crusher configuration into the downstream processing stages. The operational team worked to identify and resolve the root cause of these issues and to devise a solution.

Analysis of the production data generated through plant ramp up concluded that the optimal solution was to install a secondary feeder into the plant whereby the undersize plant feed material not requiring crushing bypasses the grizzly to minimise the blockages created by clay-rich feed material.

E25 installed and commissioned the secondary feeder in February 2023, resulting in an immediate and material improvement in throughput rates. Extensive work was completed on the optimisation of maintenance and uptime rates, and a specialist maintenance planner was engaged.



Butcherbird Expansion

E25 business development and production teams are actively investigating optimal processing technologies to expand production at Butcherbird to improve profitability by reducing unit costs of production as identified in earlier studies. The expansion project will utilise the past two years of operational data from the existing small-scale Stage 1 processing facility to inform the correct technology and equipment selection to expand the production of manganese concentrate to a nominal target of 1Mtpa. The base-case technology selection for the expanded plant is likely to be a DMS circuit, however other technologies are still being assessed. The technology selection will aim to eliminate any remaining bottlenecks, improve grade and recoveries, with processing data collected during the Stage 1 plant operation invaluable in guiding this process.

E25 has met with equipment suppliers and engineering consultants to advance the Expansion Project, under the leadership of new General Manager (Manganese Ore Business) Gideon van Wyk.

Key design parameters for the base case include:

- ~4Mt per annum of ore feed.
- ~1Mt per annum of manganese concentrate production.
- Processing flowsheet summary:
 - Dry screening to remove clay waste material.
 - Dry crushing of material >65mm.
 - Attrition scrubbing of coarse and fine ore using feed using a log washer to remove further clay waste and further break down barren shales.
 - DMS to separate heavies (manganese) from lights (waste shales).

In the first half, the Company completed a bulk Dense Media Separation (**DMS**) processing trial, processing approximately 280 tonnes of Butcherbird manganese ores through a DMS plant at the Bootu Creek Manganese Mine in the Northern Territory, and results indicated the use of a DMS drum could meaningfully improve manganese product grades by improving waste and gangue material elimination from the product stream.

E25 will complete further optimisation of the mass balance during the design process and the key deliverables from this work will include a capital cost estimate to install the expanded facility as well as a project schedule based on lead times as advised by key equipment vendors.

Team Appointments

E25 made several key appointments to the Butcherbird operations team as part of its production improvement plan, including Clint Moxham as General Manager Operations and Gideon van Wyk as General Manager (Manganese Ore Business). Clint is responsible for statutory and operational oversight of Butcherbird; implementation and oversight of improved operational processes; and targeting improved run times to increase production.

Logistics

Ocean freight rates returned to pre-Covid levels mid-year and these are now in line with long-term forecasts.

The use of supra-max vessels contributed to increased load rates at Utah Point and achieved a reduction in ocean freight rates.

Increased production volumes in the second half of 2023 required additional road transport capacity and a record of ~30kt of manganese concentrate was transported in March 2023. A record of ~64kt of manganese concentrate was transported for the quarter.

In the second half of 2023, diesel fuel costs stabilised from historical highs in 2022.



High Purity Manganese Development

Element 25 plans to produce HPMSM from manganese oxide concentrates currently produced at the Company's 100%-owned Butcherbird Project via a vertically integrated battery grade HPMSM facility which will produce a monohydrate manganese sulphate with the chemical formula $MnSO_4 \cdot H_2O$. The HPMSM will be suitable for use in the manufacture of electric vehicle pCAM. This is important to continue growth in the electric market vehicle sector, with US EV demand expected to grow 12x by 2030⁴

During the year, E25 completed a FS which used a US location as the base case in favour of a previously proposed Malaysian location, with the location transition driven by legislative changes in the USA which now offer significant incentives for battery raw material production in the USA via the Inflation Reduction Act (**IRA**).

Results of the FS confirmed the feasibility of producing HPMSM at a location in Louisiana, USA for sale to local and international offtake partners with an environmental impact that is significantly lower than incumbent producers to supply the rapidly growing electric vehicle supply chain in the United States⁵. The proposed project is uniquely positioned to benefit from its highly favourable location, with exceptional infrastructure, a deep local talent pool, low-cost energy, and proximity to local markets for the repurposing of by-product industrial materials to maximise circular resource use.

The FS reflected conservative costing assumptions and included provisions to take into account recent inflationary pressures impacting both capital expenditures and operating costs.

Table 1: Feasibility Study summary financial results

Financial Summary	Unit	Value
Capital Cost (Construction)	US\$M	289
Average Operating Cost/tonne of HPMSM at nameplate production	US\$	1,188
Pre-Tax Net Present Value at 8% discount rate (NPV_8 (real))	US\$M	1,662
Post-Tax Net Present Value at 8% discount rate (NPV_8 (real))	US\$M	1,161
IRR Pre-Tax	%	29.4
IRR Post-Tax	%	25.0
Average annual steady state EBITDA at full production	US\$M	178
Average annual steady state after tax cashflow at full production	US\$M	155

E25 has developed a proprietary flowsheet which is covered by multiple patent applications for the conversion of the Butcherbird manganese concentrates into HPMSM. The E25 process improves on existing HPMSM processing currently in use by reducing energy and reagent consumption and producing solid by-products in a form that can be repurposed, maximizing resource utilisation and minimising local waste and therefore also minimising the environmental impact of the complete operation. This project scope comprises a production facility capable of producing a nominal 65,000 tonnes per annum of battery grade HPMSM per train.

The FS assumed a start-up production train with a second train to be constructed in subsequent years to increase production volumes up to 130,000 tonnes per annum. The HPMSM plant will also produce re-usable material in the form of a fertiliser feedstock, a ferro-silicon (**FeSi**) smelter feedstock suitable for use in steel production processes and a gypsum by-product for industrial use.

Independent Life Cycle Assessment

An independent LCA for E25's battery-grade HPMSM production process confirmed the mine-to-market carbon footprint for the production of E25 HPMSM as the lowest in the global manganese industry based on published data⁶.

The LCA was based on data from E25's Butcherbird operations in the Pilbara region of WA and its FS for a proposed HPMSM plant in Louisiana, USA and was compared to publicly available LCA reports from peers Euro Manganese (**ASX: EMN**) and Giyani Metals (**TSXV: EMM**), which are also developing HPMSM projects as well as independently validated data on the carbon intensity of current Chinese production methods.

E25's HPMSM process is estimated to produce just 1.7kg CO₂ equivalent per kg of product, which is ~67% lower than competitors in China, and up to 47% lower than planned projects located outside China.

4 Benchmark Minerals

5 Reference: Company ASX Release dated 12 April 2023

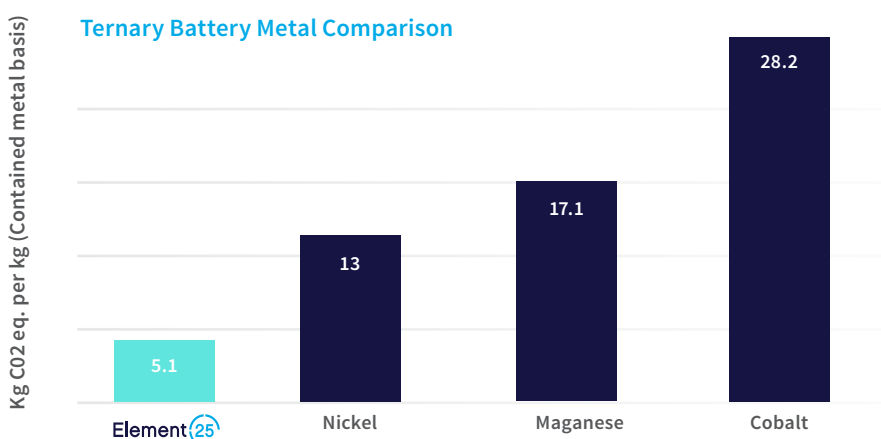
6 <https://www.mn25.ca/post/comparative-lca-study-results-show-emn-s-battery-grade-manganese-products-have-lowest-co2-footprint>

Table 2: HPMSM Life Cycle Assessment published result comparison

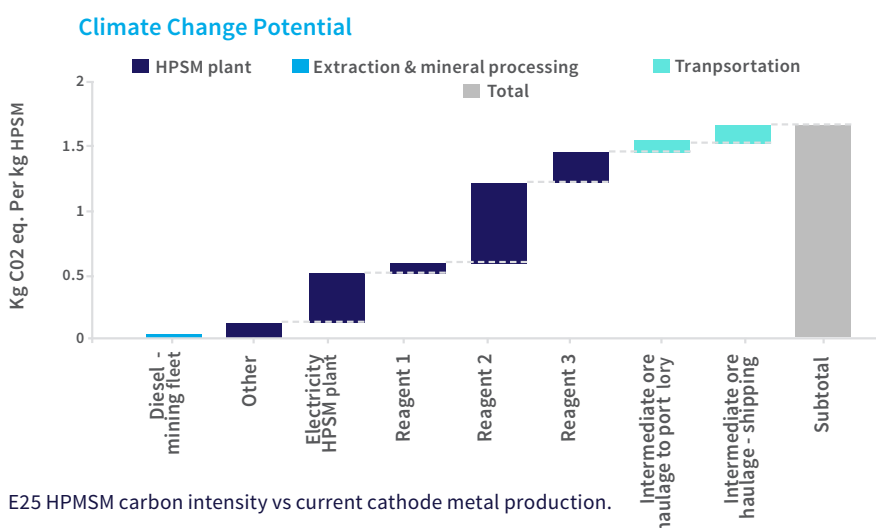
LCA Comparison for HPMSM – based on publicly available data					
Impact Category	Element 25	Euro Manganese (Grid)	Euro Manganese (Renewable)	Giyani Metals	Units per Kg of HPMSM
Scope 1	0.07	0.4	0.4	0.2	kg CO ₂ eq.
Scope 2	0.38	3.3	0.7	1.2	kg CO ₂ eq.
Scope 3	1.21	1.2	1.2	1.8	kg CO ₂ eq.
Global Warming Potential	1.7	4.8	2.3	3.2	kg CO ₂ eq.

Perth-based consultancy Super Smart Energy completed the cradle-to-gate study, which means the life cycle has been assessed from the point of resource extraction (cradle; including pre-extractive removal of overburden and waste rock) to end gate, which is HPMSM ready for distribution⁷.

The study aimed to assist in project development and improvement by identifying environmental hotspots, and was completed in accordance with ISO14040/44:2006 and ISO-14044:2006 standards, with 16 Environmental Footprint 3.0 impact categories evaluated. Climate change and water scarcity footprint impacts were investigated in more detail via contribution analysis.



E25 HPMSM carbon intensity vs current cathode metal production.



E25 HPMSM carbon intensity vs current cathode metal production.

The most significant contributors in the production of E25’s HPMSM to climate change impact are the reagents required for the process and electricity associated with the plant. The plant is initially expected to source electricity from the grid based on natural gas fired generation, which does not include optimisation using renewable energy (RE) integration.

The LCA recommended that E25 focus on sourcing RE for the plant, which is expected to further reduce its carbon footprint.

E25 intends to include RE in pre-construction optimisation work, either sourced from the grid via established RE producers or by utilising on site roof top solar and other similar technologies.

There is also opportunity to consider the environmental impact of reagents by transitioning over time to reagents produced using RE and/or non-petrochemical feedstocks. E25 will further investigate these opportunities as part of a longer term decarbonization strategy.

7 Supersmart Energy: Prospective Life Cycle Assessment Study of Element 25’s High Purity Manganese Sulphate Monohydrate Manufacturing - February 2023



As a base case, this LCA has successfully shown the Element 25 process can produce HPMSM with the lowest global warming potential compared to all available competitors and there remains significant potential to further reduce the carbon intensity of the E25 HPMSM product.

For this LCA, the functional unit was one kilogram of HPMSM at >32% manganese content and the reference flow is 1kg of HPMSM at >32% manganese content produced at the HPMSM plant from manganese concentrate extracted and processed at E25's Butcherbird mine. The study was performed in accordance with ISO 14040/44:2006 standards^{8,9}.

The study was based on data from the operational E25 Butcherbird mine, and work completed as part of the FS for the production of HPMSM. Background data was sourced from Ecoinvent 3.9.1 and some global averages were used for reagents, creating associated limitations to the study.

The LCA study was completed by Super Smart Energy and a subsequent critical review was carried out by two independent external experts, covering the required competencies relevant to the critical review. The critical review was performed at the end of the LCA study.

Offtake and funding agreements with Stellantis and General Motors

In January 2023, E25 entered a binding agreement with global automaker Stellantis N.V. to supply HPMSM from E25's proposed USA-based processing facility¹⁰. The Agreement combines take or pay offtake commitments for 45Kt of HPMSM from the facility over five years with US\$30M in two tranches of project funding towards the facility capital cost. Stellantis owns 14 vehicle brands including Jeep, Dodge, Chrysler, Maserati and RAM and two mobility brands. More detail on this is included in the Corporate section of this report.

In June 2023, Element 25 Limited and General Motors Co. (**NYSE:GM**) announced binding agreements for E25 to supply up to 32,500 metric tons of manganese sulphate annually, which will support GM's annual production of more than 1 million EVs in North America¹¹. Under the agreements, GM will provide E25 with a US\$85 million loan to partially fund the construction of a new facility in Louisiana, USA, for production of battery-grade manganese sulphate – a key component in lithium-ion battery cathodes – a key component in lithium-ion battery cathodes – starting in 2025¹².

Post year-end, GM completed technical due diligence as a condition of the definitive agreement and samples of E25's samples of HPMSM achieved successful product qualification with GM.

E25 expects to invest approximately US\$290 million to build the 230,000-square-foot facility. Site preparation is planned to begin in Q1 CY2024, and the plant is scheduled to open in 2025. The facility is projected to create approximately 200 permanent jobs when it is fully operational.

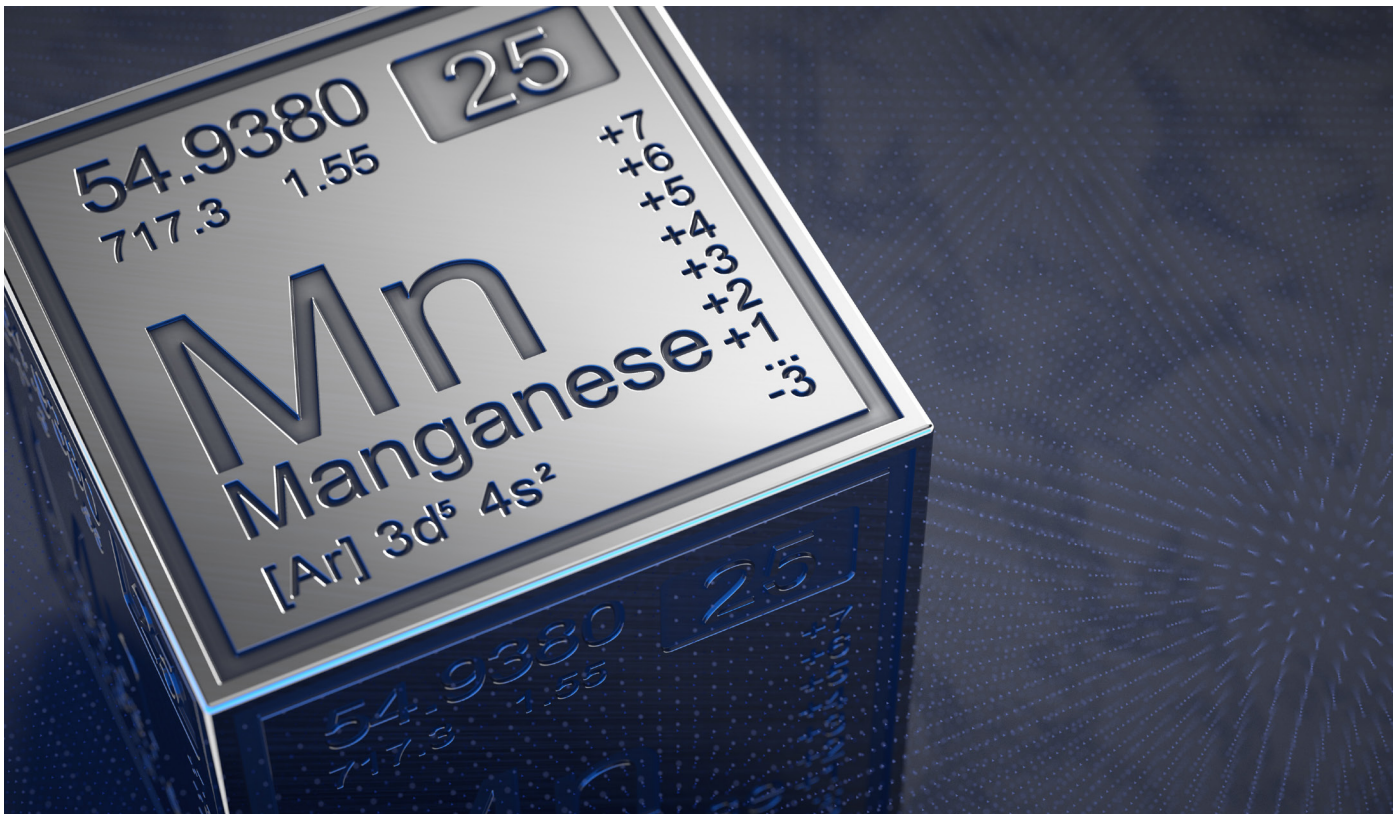
8 International Standards Organisation (ISO). ISO 14040:2006 - Environmental Management - Life Cycle Assessment - Principles and Framework. (2006).
 9 International Standard Organization (ISO). ISO 14044: Environmental Management – Life Cycle Assessment – Requirements and Guidelines. (2006)
 10 E25 ASX Announcement dated 9 January 2023
 11 E25 ASX Announcement dated 26 June 2023
 12 E25 ASX Announcement dated 12 April 2023

Manganese market

Global supply chain and other disruptions due to the global COVID pandemic resulted in cost pressures on all manganese ore producers which put upward pressure on ore prices, however increased shipping costs offset the benefits.

Manganese price fell to cyclical lows in the final months of FY2023. The Company's view is that a sharp slowdown in construction activity in China in part due to unusually hot weather has impacted the demand for construction steel and related materials, including manganese. The impact on the demand for steel has had a flow through effect on manganese ore prices which are at or near cyclical lows.

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



CORPORATE

Capital Raising

In November 2022, E25 received firm commitments for 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 (**JLM's**) 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.

Stellantis Placement completed

Conditions precedent for the first investment tranche by global automaker Stellantis N.V. (**Stellantis**) comprising a US\$15 million share placement in E25 were satisfied in July 2023 and this transaction was completed.

In accordance with the terms of the agreement, E25 issued 22,569,967 shares to Stellantis at A\$1.00 per share for total proceeds of A\$22,569,967. E25 will use proceeds for planned engineering and construction activities to advance its proposed HPMSM processing facility in Louisiana, USA.

E25's Agreement with Stellantis combines take-or-pay offtake commitments for 45Kt of HPMSM from the facility over five years with US\$30M in two tranches of project funding towards the facility capital cost.

Board Changes

In January 2023, E25 announced the appointment of Fanie van Jaarsveld and Sam Lancuba as Directors. Both new board members bring a wealth of experience in key disciplines to support the existing board.

Mr van Jaarsveld is an experienced company director and has held numerous senior management and executive positions over a career spanning more than 40 years. With a demonstrated history of working in the mining and metals industry, Mr van Jaarsveld is Managing Director for OM Manganese which operates the Bootu Creek manganese mine in the Northern Territory and highly skilled in mining, mineral processing and operational management. He has strong business development expertise and will be a key asset in achieving the Company's production targets at the current manganese operation as well as helping to guide the planning and implementation of the expanded production plans at the Project and the downstream production of HPMSM.

Mr Lancuba is a chemical engineer with more than 40 years' experience in the global fertiliser industry. Mr Lancuba has worked in research and development, process engineering, manufacturing and management. Following 27 years at Incitec Pivot Limited, an ASX top 50 company, Mr Lancuba has been providing expert consulting services for industry clients in Australia, New Zealand, USA, South America, Europe, India and China.

Mr Lancuba currently advises fertiliser industry clients in a range of areas including plant design and maintenance, project management, project evaluation and marketing strategies for fertiliser products. He has extensive experience in chemical processing, project development and operations in the chemical industry as well. Mr Lancuba will be a valuable asset as the Company moves toward the construction of the first processing plant globally to produce ethical, traceable HPMSM using the Company's proprietary process to convert Australian manganese ore to HPMSM for EV batteries.

OTCQX Listing

E25 commenced trading on the US-based OTCQX® Best Market, upgrading from the Pink® Market, trading under the symbol "ELMTF" from 24 August 2023. The listing aimed to improve liquidity and provide greater accessibility for global investors, particularly in the US.

Standby Equity Facility

E25 signed an At-the-Market Subscription Agreement (**ATM**) with Acuity Capital to provide E25 with up to \$30 million of standby equity capital over a 36-month period. This standby facility may be used to fund the development of the High Purity Manganese Sulphate Facility Project and working capital.

Details of this agreement can be found in ASX Announcement dated 10 February 2023.

Appointment of Joint Chief Financial Officer and Joint Company Secretary

Errol Turner stepped down as Joint Company Secretary, effective 29 July 2022 as part of the Company's transition towards streamlining the corporate functions of the business. Michael Jordon continued as Chief Financial Officer and Company Secretary.

Change of Auditor

Pricewaterhouse Coopers (**PwC**) was appointed as the Company's auditors effective 23 June 2023 and this appointment will continue until the next annual general meeting of the Company¹³.

The appointment followed the resignation of Rothsay Audit & Assurance Pty Ltd (**Rothsay**) and the Australian Securities and Investments Commission's (**ASIC**) consent to the resignation in accordance with s329(5) of the Corporations Act 2001.

MINERAL RESOURCES AND ORE RESERVES

Butcherbird Mineral Resource Estimate as at 30 June 2023

Butcherbird Manganese project Mineral Resource Classification as first reported on 17 April 2019¹⁴. Movements in mineral resource estimate in the year ended 30 June 2023 is as follows:

Category	Tonnes (Mt)	Mn (%)	Si (%)	Fe (%)	Al (%)
30-Jun-22					
Measured	15.3	11.5	20.6	11.7	5.7
Indicated	40.9	10.0	20.9	11	5.8
Inferred	206	9.8	20.8	11.4	5.9
Total²	262	9.9	20.8	11.4	5.9
Less mining					
Measured	1.6	12.1	20.5	12.0	5.4
Indicated	0	0.0	0	0	0
Inferred	0	0.0	0	0	0
Total	1.6	12.1	20.5	12.0	5.4
Plus ROM Stocks Movement¹					
Measured	+0.4	10.8	20.7	11.5	5.4
Total	0.4	10.8	20.7	11.5	5.4
30-Jun-23					
Measured	14.1	11.4	20.6	11.7	5.7
Indicated	40.8	10.0	20.9	11.0	5.8
Inferred	206.0	9.8	20.8	11.4	5.9
Total	260.9	9.9	20.8	11.4	5.9

Notes:

¹Closing ROM stocks at 30 June 2023 included in production figure

²Includes Stocks at 30 June 2022

- 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)

Butcherbird Mineral Ore Reserve as at 30 June 2023

Butcherbird Manganese project Mineral Reserve Classification as first reported on 19 May 2020. Movements in mineral reserves in the year ended 30 June 2023 is as follows

Classification	Tonnes (Mt)	Grade (Mn%)	Contained Mn (Mt)	Recovered Mn (Mt)
30-Jun-22				
Proved	14.2	11.2	1.6	1.3
Probable	36.2	9.9	3.6	3.0
Total²	50.4	10.3	3.0	2.5
Less mining				
Proved	1.6	12.1	0.2	0.2
Probable	0.0	0.0	0.0	0.0
Total	1.6	12.1	19.0	15.5
Plus ROM Stocks Movement¹				
Proved	+0.4	10.8	0.4	0.4
Total	0.4	10.8	0.4	0.4
30-Jun-23				
Proved	13.0	11.1	1.4	1.2
Probable	36.2	10.1	3.6	3.0
Total	49.2	10.2	5.0	4.1

Notes:

¹ ROM stocks movement at 30 June 2022 - 30 June 2023 included in production figure

² Includes Stocks at 30 June 2022

The Company's ore reserve and mineral resource estimates for the Butcherbird Operations in accordance with the JORC code, involve elements of estimation and judgement. The preparation of these estimates involves application of significant judgement and no guarantee or assurance of mineral recovery levels, or the commercial viability of deposits can be provided. The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources. Further, ore reserves are valued based on assumed future costs and future commodity prices and, consequently, the value of actual ore reserves including their economic extraction, and mineral resources may differ from those estimated, which may result in either a negative or positive effect on operations. E25 takes a medium-term view to these inputs in the formulation of ore reserves and then monitors operating conditions to allow the Company to respond accordingly should negative variances occur.

Review of Material Changes

The Company updated its Mineral Resource estimates for the Project on 17 April 2019. Total reported Measured, Indicated and Inferred Mineral Resource estimates at that date was 263 million tonnes at 10.0% per cent manganese for 26 million tonnes of contained manganese.

A Maiden Reserve for the Project was announced on 19 May 2020. Total Proved and Probable Reserves are 49.8 million tonnes at 10.2% Mn for 4.2 million tonnes of contained manganese.

Other than mining depletion, shown above, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements dated 17 April 2019 and 19 May 2020 and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

External Factors and Material Business Risks Affecting Company Results

The Company'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 Company's business, affecting the Company results and impacting the Company's prospects for future financial years.

Commodity Prices

The Company 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 Company's control, making it susceptible to adverse price movements. The Company uses foreign exchange hedging to manage commodity price and currency exchange risk. Declining commodity prices can impact the financial returns from existing operations. The Company closely monitors Manganese concentrate pricing and where necessary, can modify operations to minimise exposure to adverse price movements and maximise upside during times of above average pricing.

Production, Operating and Capital Costs

The Company'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 Company'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 Company'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 Company's control, therefore E25 may be faced with varied production and higher operating costs in the future compared to current costs. The Company manages risks associated with costs through a centralised contracts and procurement function.

Transport Services

The Company'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. E25 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, COVID-19 related travel restrictions, weather problems or other factors could have a material adverse effect on E25's ability to transport product and materials to meet schedules, which may in turn impact E25's business, results of operations and financial performance.

Governance Controls

The Company reports its Mineral Resources and Ore Reserves on an annual basis, with Mineral Resources inclusive of Ore Reserves. Reporting is in accordance with the 2012 Edition of the Australasian Code for Report of Exploration Results, Mineral Resources and Ore Reserves and the ASX Listing Rules. All Competent Persons named by E25 are suitably qualified and experienced as defined in the JORC Code 2012 Edition.

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves listed in the table below is based on, and fairly represents, information and supporting documentation prepared by the Competent Person whose name appears in the same row. Each person named in the table below has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he/she has undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Each person identified in the list below consents to the inclusion in this announcement of the material compiled by them in the form and context in which it appears.

Activity	Competent Person	Membership Institution
Exploration Results	Justin Brown	Australian Institute of Mining and Metallurgy
Yanneri Ridge, Coodamudgi, Mundawindi and Ritchies Mineral Resource Estimates	Greg Jones	Australian Institute of Mining and Metallurgy
Bindi, Ilgarrari, and Cadgies Mineral Resource Estimates	Mark Glassock	Australian Institute of Mining and Metallurgy
Mining, Metallurgy and Financial Modelling in relation to Mineral Reserves	Ian Huitson	Australian 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. Greg Jones, who acts as Consultant Geologist for E25 is a full time employee of IHC Robbins.

At the time that the Mineral Resources were compiled, Mr Glassock was a consultant to Element 25 Limited.

Mr Ian Huitson is employed by Mining Solutions Pty Ltd. Mr Huitson is a shareholder of Element 25 Limited. Mr Huitson has visited site on a number of occasions as part of the ongoing studies of the Project.

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.



DIRECTOR'S REPORT

Your Directors submit their report on the consolidated entity (**Group, Company** or **E25**) consisting of Element 25 Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

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

Names, qualifications, experience, and special responsibilities



SEAMUS CORNELIUS

(Non-Executive Chairman, Chairman of Remuneration Committee, Audit Committee member)

Mr Cornelius is an experienced international corporate lawyer and company director. He was a partner with a major international law firm from 2000 to 2010 and resided in China from 1993 until 2017. In 2010, Mr Cornelius commenced as a company director and is currently a Director and Non-Executive Chairman of Buxton Resources Limited and Duketon Mining Limited and Executive Chairman of Danakali Limited. Mr Cornelius has not held any former directorships in the past three years.



JUSTIN BROWN

B.Sc. (Hon), (Managing Director, Audit Committee member)

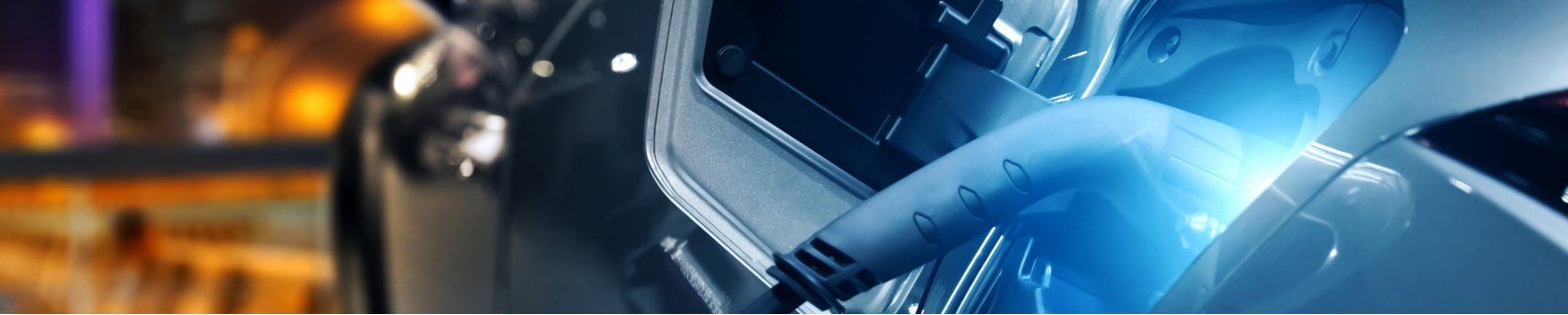
Mr Brown is a geologist with over 25 years of experience in global mineral exploration, mining and business development. He has been involved in the full spectrum of mineral exploration from greenfield through to mining and downstream processing in a range of metals. Mr Brown founded Element 25 in 2006 taking a corporate leadership role as founding Managing Director, guiding the business through numerous economic cycles and being the architect of multiple successful value accretive transactions in multiple commodities. In addition to an executive role with Element 25 Limited since 2006, Mr Brown has also held a number of board positions, and has a strong track record of closing successful commercial transactions.



JOHN RIBBONS

B.Bus, CPA, ACIS (Non-Executive Director, Chairman of Audit Committee, Remuneration Committee member)

Mr Ribbons is an accountant who has worked in the resources industry for more than 20 years in Group Financial Controller, Chief Financial Officer and Company Secretary roles. Mr Ribbons has extensive knowledge and experience with ASX-listed production and exploration companies, including experience with operating mines and has also been involved with ASX listings for several exploration companies. Mr Ribbons has experience in capital raising, ASX and TSX compliance and regulatory requirements. Mr Ribbons has not held any former directorships in the past three years.



RUDOLPH (FANIE) VAN JAARSVELD (appointed 30 January 2023)

ND Analytical Chemistry (Non-Executive Director)

Mr Fanie van Jaarsveld is an experienced company director and has held numerous senior management and executive positions over a career spanning more than 40 years. With a demonstrated history of working in the mining and metals industry, Mr van Jaarsvelds Managing Director for OM Manganese which operates the Bootu Creek manganese mine in the Northern Territory and highly skilled in mining, mineral processing and operational management. Mr van Jaarsveld has a ND Analytical Chemistry from the Cape Peninsula University of Technology, Cape Town.



SALVATORE (SAM) LANCUBA (appointed 30 January 2023)

B.Eng (Chem Eng) (Non-Executive Director)

Mr Lancuba is a chemical engineer with more than 40 years' experience in the global fertiliser industry across research and development, process engineering, manufacturing and management. Following 27 years at Incitec Pivot Limited, an ASX top 50 company, Mr Lancuba has consulted to industry clients in Australia, New Zealand, USA, South America, Europe, India and China in areas including plant design and maintenance, project management, project evaluation and marketing strategies. He has extensive experience in chemical processing, project development and operations in the chemical industry.



COMPANY SECRETARY

MICHAEL JORDON

B.Bus, CPA

Mr Jordon has extensive experience across many industries with a focus on manufacturing and service delivery sectors. He has held positions of Chief Financial Officer and Chief Operating Officer most recently and has been responsible for business start-up development, merger and acquisition and business financing activities across Australia and Europe.

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

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

	Ordinary Shares	Options over Ordinary Shares
Seamus Cornelius	6,555,177	1,450,000
Justin Brown	8,005,360	3,000,000
John Ribbons	1,800,000	1,450,000
Rudolph Van Jaarsveld	-	-
Salvatore Lancuba	-	-

PRINCIPAL ACTIVITIES

The Element 25 Group is focused on the production of high purity lithium-ion battery grade manganese sulphate monohydrate (**HPMSM**), developing the first HPMSM facility in the USA in partnership with global automakers Stellantis NV and General Motors LLC.

E25 has 100 percent ownership of the Butcherbird Manganese Mine in Western Australia, the largest onshore manganese deposit in the country. The operation is producing and exporting high-quality manganese concentrate currently used in the manufacture of manganese alloys.

The Company commenced production with the current pilot processing plant at Butcherbird in 2021 and has process proven operation as a sound foundation for expansion. Plans are now underway to expand production up to 1 million tonnes per annum by optimising its engineering processes and installing additional plant and equipment. The large reserves at Butcherbird support a project life in excess of 40 years on current drilling with room to grow.

Once the HPMSM processing facilities are operational, the concentrate from the Butcherbird operation will be the primary feedstock for E25's world-first US HPMSM processing facility to be located in the USA. HPMSM is a critical raw material used in the manufacture of lithium-ion batteries to power electric vehicles (**EVs**). The USA based HPMSM project will be the first of its kind and is being part funded by Stellantis and General Motors who are contributing US\$115M towards project finance in return for HPMSM to supply their EV supply chains.

Dividends

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



Results

During the year ended 30 June 2023, the Company recognised revenue of \$33,469,168 (2022: \$21,101,612) in respect to the shipments of ore from the Group's 100% owned Butcherbird Manganese Project located in Australia, and other income of \$322,008 (2022: \$396,664).

During the year the Company incurred cost of sales of \$47,533,950 (2022: \$34,360,760) in respect to direct material and production costs attributable to the extraction, processing, and transportation of manganese ore.

During the year the Company incurred an exploration and pre-feasibility amounted to \$6,644,123 (2022: \$1,009,110), a general and administration expenditure amounting to \$4,426,197 (2022: \$4,152,771), and a finance expense amount to \$65,708 (2022: \$79,030). This has resulted in an operating loss after income tax for the year ended 30 June 2023 of \$24,878,802 (2022: \$18,103,395).

The Group had a cash balance of \$28,885,874 as at 30 June 2023.

Risk Management

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

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

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

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

Significant Changes In The State Of Affairs

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.

No other significant changes in the state of affairs of the Group occurred during the financial year

Significant Events After The Balance Date

On 7 July 2023, Stellantis completed a US\$15,000,000 first equity investment in Element 25 after conditions of the companies' agreement announced in January 2023 were satisfied. 22,569,967 fully paid ordinary shares were issued at A\$1 per share. The proceeds will be used to fund the HPMSM project.

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

Likely Developments and Expected Results

The Group expects to continue the mining operations at the Project located in Australia as well as advancing the planned HPMSM processing facility.

Environmental Regulation and Performance

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

Remuneration Report (Audited)

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

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration Policy

E25's remuneration policy was designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of E25 believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group.

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

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

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

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

The Executive Directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 10.5% for the 2023 financial year, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

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

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting (currently \$350,000). Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Performance based remuneration

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

Group performance, shareholder wealth and key management personnel remuneration

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

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2023.

Details of remuneration

The key management personnel of the Group include only the Directors as per page 18. Details of the remuneration of the key management personnel of the Group are set out in the following table:

	Short-Term	Post-Employment	Long-Term		Share-based Payments	Total
	Salary & Fees	Superannuation	Annual Leave	Long Service Leave	Options	
	\$	\$	\$	\$	\$	\$
Seamus Cornelius						
2023	54,794	5,753	-	-	138,000	198,547
2022	54,794	5,479	-	-	-	60,273
Justin Brown						
2023	275,000	28,875	17,981	4,593	345,000	671,449
2022	242,916	24,292	11,545	4,573	-	283,326
John Ribbons						
2023	42,000	-	-	-	138,000	180,000
2022	42,000	-	-	-	-	42,000
Rudolph van Jaarsveld						
2023	35,261	-	-	-	-	35,261
2022	-	-	-	-	-	-
Salvatore Lancuba						
2023	23,020	-	-	-	-	23,020
2022	-	-	-	-	-	-
Total key management personnel compensation						
2023	430,075	34,628	17,981	4,593	621,000	1,085,703
2022	339,710	29,771	11,545	4,573	-	385,599

SERVICE AGREEMENTS

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

Justin Brown, Managing Director:

Term of agreement – until terminated in accordance with the agreement. The Company may terminate without cause at any time by giving six months' written notice, whilst the executive must provide three months' written notice of termination (unless breach or agreement by the Company). The agreement contains standard clauses on immediate termination for breach of contract or misconduct.

- Annual salary of \$275,000 (plus statutory superannuation), plus the provision of income protection insurance. Mr Brown's salary is reviewed on an annual basis. In addition, the Company has provided the following bonus incentives to Justin Brown:
 - Cash bonus of \$27,500 upon the Company achieving steady state nameplate production at the Project for a continuous period of not less than three months; and
 - Cash bonus of \$27,500 upon the Company achieving a cashflow positive quarter as reported in the Company's Appendix 5B to the ASX.
- In the event the Managing Director is terminated as a result of one of the following circumstances the Company will make a six calendar months termination payment at the base salary and any unvested incentive options will vest immediately:
 - The executive is demoted from his position as Managing Director of the Company;
 - The executive is terminated by reason of the liquidation of the Company for the purpose of reconstruction or amalgamation;
 - The executive is requested to assume responsibilities or perform tasks not reasonably consistent with his position as Executive Director of the Company; or
 - The Company is subject to a change of control event as described by the Corporations Act including but not limited to a takeover, merger or a resolution passed at a general meeting of the Company which results in a change to the majority of the Board of Directors.

SHARE-BASED COMPENSATION

Options

Options are issued to key management personnel as part of their remuneration. The options are not issued based on performance criteria but are issued to the majority of key management personnel of E25 to increase goal congruence between key management personnel and shareholders. The following options were granted to or vesting with key management personnel during the year:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price	Value per option at grant date ⁽¹⁾	Exercised Number	% of Remuneration
Seamus Cornelis	28 November 2022	200,000	-	28 November 2027	1.58	\$138,000	-	-
John Ribbons	28 November 2022	200,000	-	28 November 2027	1.58	\$138,000	-	-
Justin Brown	28 November 2022	500,000	-	28 November 2027	1.58	\$345,000	-	-

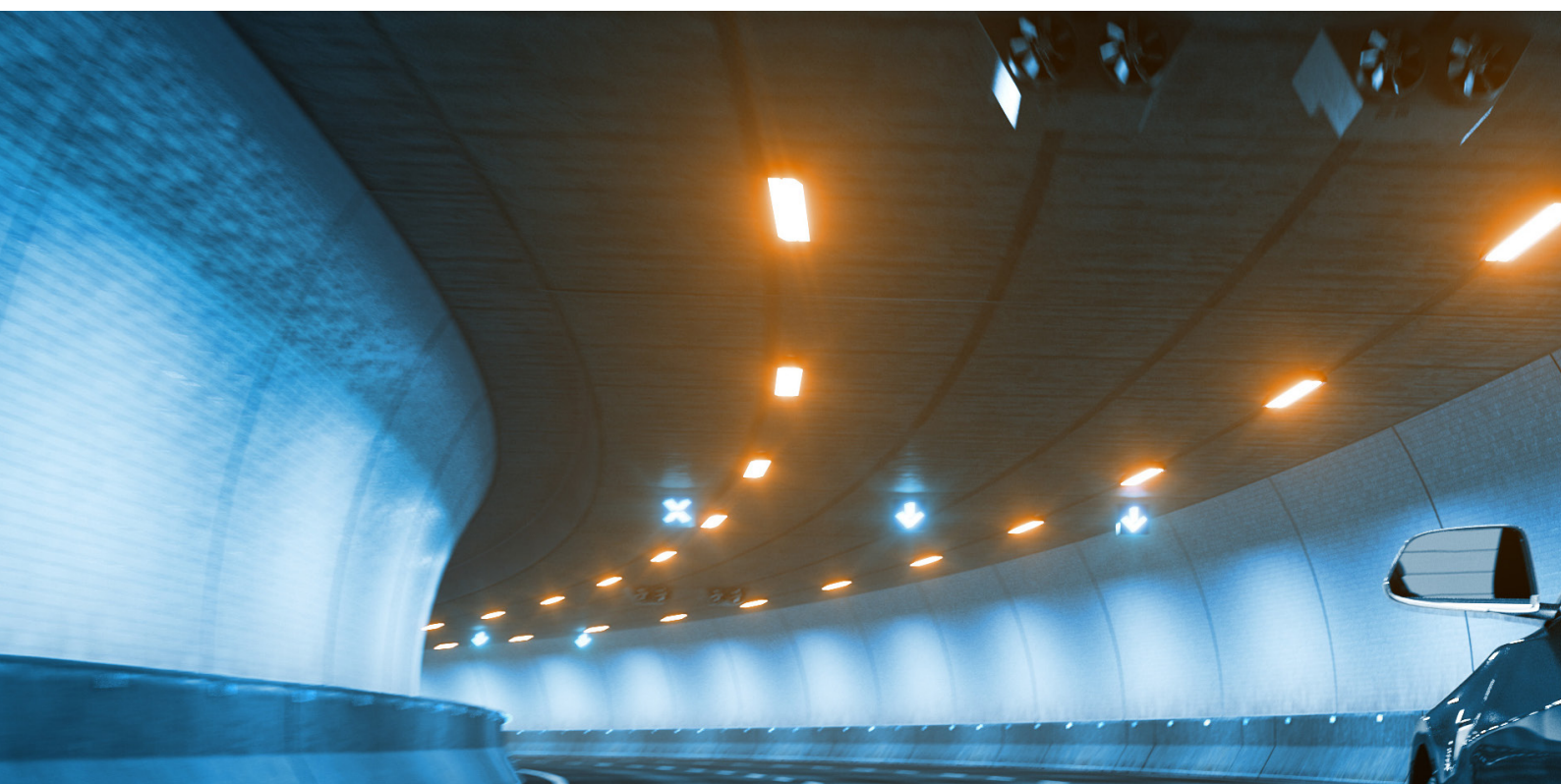
Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to key management personnel of the Group are set out below:

	Number of ordinary shares issued on exercise of options during the year	Amount paid per ordinary share	Value exercised (\$) ⁽¹⁾
Seamus Cornelius	300,000	\$0.355	\$220,500
John Ribbons	300,000	\$0.355	\$220,500
Justin Brown	600,000	\$0.355	\$441,000

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

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

Equity instruments held by key management personnel



Share holdings

The number of shares in the Company held during the financial year by each Director of E25 and other key management personnel of the Group, including their personally related parties, and any nominally held, are set out below. There were no shares granted during the reporting period as compensation.

2023	Balance at start of the year 1 July 2022	Acquired during the year on the exercise of options	Additions	Disposals	Balance at year end 30 June 2023
Seamus Cornelius	6,255,177	300,000	-	-	6,555,177
Justin Brown	7,405,360	600,000	-	-	8,005,360
John Ribbons	1,500,000	300,000	-	-	1,800,000
Rudolph van Jaarsveld	N/A	-	-	-	-
Salvatore Lancuba	N/A	-	-	-	-

Option holdings

The options over ordinary shares in the Company held during the financial year by each Director of E25 and other key management personnel of the Company, including their personally related parties, are set out below:

2023	Balance at start of the year 1 July 2022	Granted as compensation	Exercised	Balance at year end 30 June 2023	Vested and exercisable	Unvested
Seamus Cornelius	1,550,000	200,000	(300,000)	1,450,000	1,450,000	-
Justin Brown	3,100,000	500,000	(600,000)	3,000,000	3,000,000	-
John Ribbons	1,550,000	200,000	(300,000)	1,450,000	1,450,000	-
Rudolph van Jaarsveld	N/A	-	-	-	-	-
Salvatore Lancuba	N/A	-	-	-	-	-

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

Loans to key management personnel

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

-- End of audited Remuneration Report --



DIRECTORS' MEETINGS

During the year, the Company held 11 Board meetings. The attendance of Directors at meetings of the Board were:

	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Meetings Attended	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend
Seamus Cornelius	10	11	2	3	1	1
Justin Brown	11	11	3	3	N/A	N/A
John Ribbons	11	11	3	3	1	1
Rudolph van Jaarsveld	4	4	1	1	N/A	N/A
Salvatore Lancuba	4	4	1	1	N/A	N/A

SHARES UNDER OPTION

Unissued ordinary shares of E25 under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price (cents)	Number of options
22 November 2019	20 November 2024	27.3	2,000,000
22 February 2019 and 26 June 2020	22 February 2024	26.0	500,000
29 November 2018	28 November 2023	26.1	2,000,000
26 June 2020	25 June 2025	50.0	500,000
4 November 2020	4 November 2025	120.9	1,980,000
22 December 2020	13 July 2025	44.0	1,000,000
29 September 2022	1 July 2027	65.4	500,000
25 October 2022	29 September 2027	117.47	1,000,000
23 December 2022	23 December 2027	146.75	50,000
25 November 2022	25 November 2027	158.0	900,000
29 September 2022	23 September 2027	128.06	500,000
Total number of options outstanding at the date of this report			10,930,000

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

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, E25 paid a premium of \$108,225 to insure the Directors of the Company.

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

NON AUDIT SERVICES

There were no non audit services provided by the entity's auditor, Pricewaterhouse Coopers, or associated entities, during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 28.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, appearing to read 'JB', is positioned above the printed name and title.

Justin Brown
Managing Director
29 September 2023



Auditor's Independence Declaration

As lead auditor for the audit of Element 25 Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Craig Heatley'.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
29 September 2023

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2023 which reports against ASX Corporate Governance Council's Principles and Recommendations may be accessed from the Company's website at www.element25.com.au.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 (Restated) \$
Revenue	30(ii)* & 4	33,469,168	21,101,612
Cost of sales	30(ii)* & 6	(47,533,950)	(34,360,760)
GROSS PROFIT		(14,064,782)	(13,259,148)
Other income	5	322,008	396,664
Exploration and pre-feasibility expenditure	7	(6,644,123)	(1,009,110)
General and administration expenses	30(i) & 8	(4,426,197)	(4,152,771)
Finance expense		(65,708)	(79,030)
LOSS BEFORE INCOME TAX		(24,878,802)	(18,103,395)
INCOME TAX EXPENSE	9	-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(24,878,802)	(18,103,395)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(15,215)	3,802
Other comprehensive income for the year, net of tax		(15,215)	3,802
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(24,894,017)	(18,099,593)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted loss per share (cents per share)	33	(14.26)	(11.98)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

*See note 30 for details regarding the restatement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 (Restated) \$
CURRENT ASSETS			
Cash and cash equivalents	10	28,885,874	14,927,576
Trade and other receivables	11	975,551	6,887,914
Inventory	30(ii)* & 12	12,135,790	11,481,773
Financial assets at fair value through profit or loss	13	651,440	2,054,254
TOTAL CURRENT ASSETS		42,648,655	35,351,517
NON-CURRENT ASSETS			
Restricted cash	14	528,560	628,535
Property, plant and equipment	30(iii)* & 15	22,464,399	23,529,706
Assets under construction	15	1,026,401	76,109
Deferred exploration and evaluation expenditure	16	890,340	489,548
Right of use asset	17	504,549	842,037
TOTAL NON-CURRENT ASSETS		25,414,249	25,565,935
TOTAL ASSETS		68,062,904	60,917,452
CURRENT LIABILITIES			
Trade and other payables	30(ii)* & 18	9,401,012	6,533,292
Deferred Revenue	30(ii)* & 19	-	5,831,120
Provisions	20	630,633	506,402
Lease liability	21	367,263	342,967
TOTAL CURRENT LIABILITIES		10,398,908	13,213,781
NON-CURRENT LIABILITIES			
Lease liability	21	180,023	547,284
Provisions	30(iii)* & 20	2,057,317	1,878,001
TOTAL NON-CURRENT LIABILITIES		2,237,340	2,425,285
TOTAL LIABILITIES		12,636,248	15,639,066
NET ASSETS		55,426,656	45,278,386
EQUITY			
Issued capital	22	111,448,309	77,691,579
Reserves	23	7,156,814	5,838,104
Accumulated losses		(63,178,467)	(38,251,297)
TOTAL EQUITY		55,426,656	45,278,386

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

*See note 30 for details regarding the restatement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Note	Contributed Equity	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2021		76,788,557	5,874,424	(40,122)	(20,147,902)	62,474,957
Loss for the year (restated)	30(ii)*	-	-	-	(18,103,395)	(18,103,395)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	3,802	-	3,802
TOTAL COMPREHENSIVE LOSS		-	-	3,802	(18,103,395)	(18,099,593)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	22	907,679	-	-	-	907,679
Share issue transaction costs	22	(4,657)	-	-	-	(4,657)
BALANCE AT 30 JUNE 2022 (restated)	30(ii)*	77,691,579	5,874,424	(36,320)	(38,251,297)	45,278,386
Loss for the year		-	-	-	(24,878,802)	(24,878,802)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	33,153	(48,368)	(15,215)
TOTAL COMPREHENSIVE LOSS		-	-	33,153	(24,927,170)	(24,894,017)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year - placement	22	34,999,999	-	-	-	34,999,999
Shares issued during the year - exercise of options	22	523,500	-	-	-	523,500
Employee and consultant share-based payments	22	-	1,285,557	-	-	1,285,557
Shares issue transaction costs	22	(1,766,769)	-	-	-	(1,766,769)
BALANCE AT 30 JUNE 2023		111,448,309	7,159,981	(3,167)	(63,178,467)	55,426,656

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

*See note 30 for details regarding the restatement.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 (Restated) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		33,573,516	21,149,000
Payments to suppliers and employees		(48,679,813)	(41,220,442)
Interest received		22,414	36,010
Interest and other financing costs paid		(49,043)	(50,090)
Other government grants received		211,621	137,902
Expenditure on HPMSM		(5,707,858)	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	32	(20,629,163)	(19,947,620)
CASH FLOWS FROM INVESTING ACTIVITIES			
Movement in cash from restricted to non-restricted		99,975	154,680
Proceeds on sale of mining interests		30,000	330,000
Proceeds from disposal of financial assets at fair value through profit or loss		2,416,066	-
Payments for plant and equipment		(1,236,837)	(1,514,116)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		1,309,204	(1,029,435)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares	22	35,523,499	907,679
Payment of share issue transaction costs	22	(1,766,769)	(4,656)
Principal elements of lease payments		(266,883)	(368,465)
NET CASH INFLOW FROM FINANCING ACTIVITIES		33,489,847	534,558
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		14,169,888	(20,442,498)
Cash and cash equivalents at the beginning of the financial year		14,927,576	34,822,585
Effects of exchange rate changes on cash and cash equivalents		(211,590)	547,489
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	10	28,885,874	14,927,576

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of E25 and its subsidiaries. The financial statements are presented in the Australian currency. E25 is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the Directors on 29 September 2023. The Directors have the power to amend and reissue the financial statements.

a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. E25 is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the E25 Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has reviewed all new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The Group has determined that there are no new, revised or amending Accounting Standards and Interpretations issued by the AASB that has an impact on the Group in the current reporting period.

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is that they are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(iv) Historical cost convention

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

b. Principles of Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

c. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

d. Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is E25 functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.
- On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

e. Revenue Recognition

(i) Revenue from contracts with customers

The Group is principally engaged in the business of producing manganese ore. Revenue is measured at the amount the Group expects to be entitled to in exchange for those goods or services and is recognised at the point at which control of the goods or services is transferred to the customer.

Revenue from the sale of products is recognised when control has passed to the customer, no further work or processing is required by the Group, the quantity and quality of the products have been determined with reasonable accuracy, the price can be reasonably estimated and collectability is reasonably assured. The above conditions are generally satisfied when title passes to the customer, typically on the bill of lading date when manganese ore is delivered to the vessel.

Shipping revenue is recognised over the period during which the shipping service has been provided.

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

f. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

g. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

h. Leases

The Group enters into contractual arrangements for the leases of mining plant and buildings.

The nature of these arrangements can be lease contracts or service contracts with embedded assets. Typically, the duration of these contracts is for periods of between two and four years, some of which include extension options.

Leases are recognised on the balance sheet as a right of use asset, representing the lessee's entitlement to the benefits of the identified asset over the lease term, and a lease liability representing the lessee's obligation to make the lease payments. Each lease payment is allocated between its liability and finance cost component. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is amortised on a straight-line basis over the shorter of the useful life of the asset and lease term. When the right of use asset is used in the extraction, processing and transportation of ore, depreciation is included in inventory.

Liabilities arising from contractual arrangements which contain leases are initially measured at the present value of the future lease payments. These payments include the present value of fixed payments prescribed in the contract; variable lease payments based on an index or prescribed rate; amounts expected to be payable by the lessor under residual value guarantees; and exercise price of a purchase option if it is reasonably certain that the option will be exercised.

Right of use assets are initially measured at the amount of the initial lease liability plus any lease payments at or before commencement date less incentives received, plus any initial direct costs, and any costs required for dismantling and rehabilitation. Right of use assets are subsequently measured at cost less any accumulated depreciation and accumulated impairment losses; and any adjustment for remeasurement of the lease liability. Lease liabilities are subsequently measured at present value, adjusted for any variations to the underlying contract terms.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the Group's incremental borrowing rate is used, which is the rate which the Group would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment over a similar term and security.

Payments for short term leases and low value assets are recognised on a straight-line basis as an expense in the income statement. Short term leases are for a period of 12 months or less and contracts involving low value assets typically comprise small items of IT hardware and minor sundry assets.

i. Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

j. Cash and Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

k. Investments and Other Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

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

Equity instruments

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

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

(iv) Impairment

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

l. Inventories

Diesel fuel stock, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost for raw materials and stores is determined as the purchase price. 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;
- Production and transportation overheads; and
- Depreciation of property, plant and equipment used in the extraction, processing and transportation of manganese.

Manganese ore stockpiles represent manganese ore that has been extracted and is available for further processing or sale. Quantities are assessed primarily through internal and third-party surveys. Where there is an indication that inventories are obsolete, damaged or recorded above net realisable value, these inventories are written down to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

m. Property, Plant and Equipment

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

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

Depreciation of plant and equipment is calculated using the straight-line method over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The estimated useful lives for the principal categories of property, plant and equipment depreciated on a straight-line basis are as follows:

- Buildings – 3 to 20 years
- IT equipment – 3 years
- Mine properties and development – 10 to 40 years
- Plant and equipment – 1.5 to 20 years

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

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

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

The process of removing waste materials to access mineral deposits is referred to as stripping. Stripping is necessary to obtain access to mineral deposits and occurs throughout the life of an open-pit mine. Development and production stripping costs are classified as Mine properties and development in property, plant and equipment.

Costs required for dismantling and rehabilitation are included in the rehabilitation estimates.

n. Assets Under Construction

The cost of assets includes the cost of materials and direct labour and any other costs directly attributable to bringing an asset to a working condition ready for its intended use. Assets under construction are recognised separately in assets under construction. Upon commissioning, which is the date when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, the assets are transferred into property, plant and equipment.

o. Exploration and Evaluation Costs

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the

relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

p. Trade and Other Payables

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

q. Employee Benefits

(i) Wages and salaries and annual leave

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Share-based payments

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 34.

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

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No

adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest.

r. Rehabilitation Provision

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The mining, extraction and processing activities of the Company give rise to obligations for site rehabilitation. Rehabilitation obligations include decommissioning of facilities, removal or treatment of waste materials, land rehabilitation and site restoration.

The extent of work required and the associated costs are estimated using current restoration standards and techniques. The initial measurement of the rehabilitation provision is to discount expected expenditures to settle the obligation by using Australian Government bond market yields that match the timing of estimates.

The Group has conducted an assessment for estimate of reasonable 'at present' expenditure required to restore the Butcherbird mine site. At each reporting date, the Group will remeasure the rehabilitation liability to account for any new disturbance, for changes in estimated reserves and lives of operations, new regulatory requirements, environmental policies and revised discounted rates. The company adjusts the rehabilitation provision accordingly.

s. Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

t. Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

u. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

v. Critical Accounting Judgements, Estimates and Assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

(i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 34.

(ii) Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the Directors. These estimates consider both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending final lodgement of Income Tax Returns.

(iii) Rehabilitation estimate

The accounting policy for the recognition of rehabilitation provisions requires significant estimates including the magnitude of possible works required for the removal of infrastructure and of rehabilitation works, future cost of performing the work, the inflation and discount rates and the timing of cash flows. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

2. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The 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 is 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.

Sensitivity Analysis

At 30 June 2023, if the value of the assets held in foreign currency had increased/decreased by 5% with all other variables held constant, post-tax loss for the Group would have been \$924,085 lower/higher, with no changes to other equity balances, as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss (2022: \$307,348 lower/higher post-tax loss).

(ii) Price risk

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

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

Sensitivity analysis

At 30 June 2023, if the value of the equity instruments held had increased/decreased by 15% with all other variables held constant, post-tax loss for the Group would have been \$97,716 lower/higher, with no changes to other equity balances, as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss (2022: \$308,138 lower/higher post-tax loss).

(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 \$28,885,874 (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 0.08% (2022: 0.15%).

Sensitivity analysis

At 30 June 2023, if interest rates had changed by +/- 50 basis points from the weighted average rate for the year with all other variables held constant, post-tax profit for the Group would have been \$146,000 higher/lower (2022: \$117,000 lower/higher post-tax loss on +/- 50 basis points) as a result of higher/lower interest income from cash and cash equivalents.

b. Credit Risk

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

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.

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

	2023	2022
	\$	\$
Financial Assets		
Cash and cash equivalents	28,885,874	14,927,576
Restricted cash	528,560	628,535
Trade and other receivables	975,551	6,887,914
Financial assets at fair value through profit or loss	651,440	2,054,254
Total Financial Assets	31,041,425	24,498,279
	2023	2022
	\$	(Restated) \$
Financial Liabilities		
Trade and other payables	9,401,012	6,533,292
Unearned revenue	-	5,831,120
Total Financial Liabilities	9,401,012	12,364,412

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 \$
30 June 2023				
Financial assets at fair value through profit or loss	651,440	-	-	651,440
	651,440	-	-	651,440
30 June 2022				
Financial assets at fair value through profit or loss	2,054,254	-	-	2,054,254
	2,054,254	-	-	2,054,254

3. SEGMENT INFORMATION

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

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

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

	Australia		France		Total	
	2023	2022 (Restated)	2023	2022	2023	2022 (Restated)
	\$	\$	\$	\$	\$	\$
Segment Revenue						
Revenue	33,469,168	21,101,612	-	-	33,469,168	21,101,612
Total revenue	33,469,168	21,101,612	-	-	33,469,168	21,101,612
Segment Results						
Revenue	33,469,168	21,101,612	-	-	33,469,168	21,101,612
Other income	322,008	396,664	-	-	322,008	396,664
Depreciation	(2,358,203)	(2,399,271)	-	-	(2,358,203)	(2,399,271)
Other cost of sales and expenses	(56,311,775)	(37,148,927)	-	(53,473)	(56,311,775)	(37,202,400)
Net (loss) before tax	(24,878,802)	(18,049,922)	-	(53,473)	(24,878,802)	(18,103,395)
Operating Assets						
Segment operating assets	68,062,904	60,901,607	-	15,845	68,062,904	60,917,452
Total assets	68,062,904	60,901,607	-	15,845	68,062,904	60,917,452
Operating Liabilities						
Segment operating Liabilities	(12,636,248)	(15,635,269)	-	(3,797)	(12,636,248)	(15,639,066)
Total Liabilities	(12,636,248)	(15,635,269)	-	(3,797)	(12,636,248)	(15,639,066)

4. REVENUE

	Note	2023 \$	2022 (Restated) \$
Sale of manganese	30(ii)	32,527,217	20,001,082
Shipment revenue		941,951	1,100,530
		33,469,168	21,101,612

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 the vessel 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 Free On Board (FOB) basis.

** The comparative amounts for Shipment revenue has been adjusted upwards by \$1,100,530 to reflect the allocation of revenue between its performance obligations. The net adjustment to Revenue was nil.*

5. OTHER INCOME

	2023 \$	2022 \$
Net gain on sale of mining interests	30,000	205,000
Government grant funding	211,621	137,902
Bank interest and other income	80,387	53,762
	322,008	396,664

6. COST OF SALES

	Note	2023 \$	2022 (Restated) \$
Mining costs	30(ii)*	(11,455,356)	(8,865,101)
Processing costs		(9,926,408)	(8,839,363)
Site administration costs		(4,591,866)	(3,237,202)
Haulage costs		(15,209,858)	(11,768,742)
Port and shipping		(3,133,838)	(4,323,107)
Sales and marketing costs		(289,076)	(274,104)
Royalty costs		(1,723,520)	(1,526,868)
Depreciation of processing equipment		(1,194,733)	(1,117,722)
Depreciation of mining equipment		(259,030)	(197,020)
Depreciation of right of use assets		(260,586)	(260,586)
Inventory movement		510,321	6,049,055
		(47,533,950)	(34,360,760)

**See note 30 for details regarding the restatement.*

7. EXPLORATION AND PRE-FEASIBILITY EXPENDITURE

	2023	2022
	\$	\$
Exploration	(82,640)	(32,190)
Product Development General	(200,525)	(30,378)
Product Development HPMSM	(6,360,958)	(946,542)
	(6,644,123)	(1,009,110)

8. GENERAL AND ADMINISTRATION EXPENSES

	Note	2023	2022
		\$	(Restated) \$
	30(i)*		
Depreciation expense		(566,952)	(573,446)
(Loss)/ Gain of foreign exchange		(207,990)	461,837
Gain of sale of asset		-	2,631
Fair value gain/(loss) on remeasurement of financial asset		1,013,252	(1,338,163)
Share-based payment expense		(1,285,558)	-
Director fees, salaries and wages and other staff costs		(1,216,246)	(694,805)
Consultants		(643,021)	(738,885)
ASX and other compliance costs		(280,517)	(182,938)
Insurance		(571,233)	(301,332)
Occupancy		(138,935)	(139,512)
Investor relation expenses		(145,170)	(130,966)
Depreciation of right of use assets		(76,902)	(250,497)
Other administration expenses		(306,925)	(266,695)
		(4,426,197)	(4,152,771)

*See note 30 for details regarding the restatement.

9. INCOME TAX

	2023	2022
	\$	(Restated) \$
a) Income tax benefit		
Current tax	-	-
Deferred tax	-	-
	-	-
b) Reconciliation of income tax expense/(benefit) to prima facie tax payable		
(Loss) from continuing operations before income tax expense	(24,879,231)	(18,105,080)
Prima facie tax (benefit)/expense at the Australian tax rate of 25.0% (2022: 25.0%)	(6,219,808)	(4,526,270)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	321,389	105,500
R&D refund	(52,905)	283,451

Gains/losses on investments	(33,635)	-
Others	(6,269)	-
	(5,991,228)	(4,137,319)
Movements in unrecognised temporary differences	1,922,798	188,183
Tax effect of current year tax losses for which no deferred tax asset has been recognised	4,068,430	3,949,136
Income tax expense/(benefit)	-	-

c) Recognising temporary differences

Deferred Tax Assets at 25.0% (2022: 25.0%)

On Income Tax Account

Capital raising expenses	592,471	359,059
Accruals and provisions	199,943	157,714
Lease liabilities	136,821	222,563
Capitalised project expenditure	3,065,781	1,243,909
Australian carry forward tax losses	395,532	2,487,803
Rehabilitation provision	514,329	469,500
	4,904,877	4,940,548

Deferred Tax Liabilities at 25.0% (2022: 25.0%)

Unrealised FX on cash balances	22,876	156,113
Prepayments	16,150	-
Property, Plant & Equipment	4,225,385	4,104,426
Right of use asset	126,137	210,509
Rehabilitation asset	514,329	469,500
	4,904,877	4,940,548

d) Unrecognising temporary differences

Deferred Tax Assets at 25.0% (2022: 25.0%)

Foreign carry forward tax losses	224,071	224,071
Australian carry forward tax losses	13,476,798	7,183,035
	13,700,869	7,407,106

e) Total Deferred Tax Assets at 25% (2022: 25.0%)

On Income Tax Account

Capital raising expenses	592,471	359,059
Accruals and provisions	199,943	157,714
AASB 16 lease liability	136,821	222,563
Project pool	3,065,782	1,243,909
Foreign carry forward tax losses	224,071	224,071
Australian carry forward tax losses	13,872,330	9,670,839
Rehabilitation provision	514,329	469,500
	18,605,747	12,347,654

Total Net Deferred Tax Asset / Deferred Tax Loss

	13,700,869	7,407,106
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Net deferred tax assets were not brought to account as it was not considered probable within the immediate future that tax profits would be available against which deductible temporary differences and tax losses could be utilised.

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

In April 2017, the Australian Government enacted legislation which reduces the corporate rate for small and medium business (base rate) entities from 30% to 25% over the next decade. For the 2021 financial year, the tax rate decreased to 26% and then 25% for the 2022 and later financial years. Element 25 Limited satisfies the criteria to be a base rate entity.

10. CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank and in hand	28,885,874	14,927,576
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	28,885,874	14,927,576

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

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

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Trade receivables	-	5,831,340
Sundry receivables	348,461	717,029
Prepayments	627,090	339,545
	975,551	6,887,914

12. INVENTORY

	Note	2023	2022 (Restated)
		\$	\$
Raw materials and stores	30(ii)*	10,005,448	5,822,691
Finished goods at cost		-	665,119
Finished goods at fair value less costs to sell		2,019,742	4,933,629
Warehouse stores and materials		110,600	60,334
		12,135,790	11,481,773

*See note 30 for details regarding the restatement.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	\$	\$
Australian listed equity securities	651,440	2,054,254
	651,440	2,054,254

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 and Loss and Comprehensive Income for losses.

14. RESTRICTED CASH

	2023	2022
	\$	\$
Bank guarantees and term deposits	528,560	628,535
	528,560	628,535

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	IT Equipment	Mine Properties and Development	Plant and Equipment	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$
Carrying amount – at cost						
At 30 June 2021	4,773,729	286,859	6,303,844	11,281,557	176,774	22,822,763
Additions	-	-	902,222	352,637	81,122	1,335,981
Disposals	-	-	-	-	-	-
Change in restoration and rehabilitation estimate	-	-	1,878,001	-	-	1,878,001
Other	(123,407)	(7,654)	-	-	(181,787)	(312,848)
At 30 June 2022 (Restated)	4,650,322	279,205	9,084,067	11,634,194	76,109	25,723,897
Additions	5,346	-	370,503	400,243	1,031,371	1,807,463
Disposals	-	-	-	-	-	-
Change in restoration and rehabilitation estimate	-	-	179,316	-	-	179,316
Other	-	-	-	-	(81,079)	(81,079)
At 30 June 2023	4,655,668	279,205	9,633,886	12,034,437	1,026,401	27,629,597
Accumulated depreciation						
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	-	-	-	-	-	-
At 30 June 2022	(521,247)	(106,405)	(212,945)	(1,277,485)	-	(2,118,082)
Depreciation expense	(475,444)	(91,508)	(259,030)	(1,194,733)	-	(2,020,715)
Disposals	-	-	-	-	-	-
Other	-	-	-	-	-	-
At 30 June 2023	(996,691)	(197,913)	(471,975)	(2,472,218)	-	(4,138,797)
Net book value						
At 30 June 2021	4,732,751	273,631	6,287,919	11,121,794	176,774	22,592,869
Additions	-	-	2,780,223	352,637	81,122	3,213,982
Depreciation expense	(480,269)	(93,177)	(197,020)	(1,117,722)	-	(1,888,188)
Disposals	-	-	-	-	-	-
Change in restoration and rehabilitation estimate	-	-	1,878,001	-	-	1,878,001
Other	(123,407)	(7,654)	-	-	(181,787)	(312,848)
At 30 June 2022 (Restated)	4,129,075	172,800	8,871,122	10,356,709	76,109	23,605,815
Additions	5,346	-	370,503	400,243	1,031,371	1,807,463

Depreciation expense	(475,444)	(91,508)	(259,030)	(1,194,733)	-	(2,020,715)
Disposals	-	-	-	-	-	-
Change in restoration and rehabilitation estimate	-	-	179,316	-	-	179,316
Other	-	-	-	-	(81,079)	(81,079)
At 30 June 2023	3,658,977	81,292	9,161,911	9,562,219	1,026,401	23,490,800

Assets under construction at the end of the year of \$1,026,401 (2022: \$76,109) includes costs directly attributable to bringing assets to a working condition so they are ready for their intended use. The assets which are currently under construction mainly include \$916,991 for mine properties and development.

**See note 30 for details regarding the restatement.*

16. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2023	2022
	\$	\$
Balance at the beginning of the period	489,548	94,021
Expenditure incurred	400,792	489,548
Impairment expense	-	(94,021)
Balance at the end of the period	890,340	489,548

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

17. RIGHT OF USE ASSET

	2023	2022
	\$	\$
Cost	1,296,105	1,296,105
Accumulated depreciation	(791,556)	(454,068)
	504,549	842,037
Balance as at beginning of year	842,037	1,122,205
Acquisition of plant and equipment by means of finance leases	-	230,915
Depreciation of right of use assets	(337,488)	(511,083)
Balance at end of year	504,549	842,037

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. On initial adoption of AASB 16 the Group has adjusted the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease assets that is impaired.

** The comparative amounts for cost and accumulated depreciation have been adjusted down by \$1,397,067 to reflect the correct recording of disposals. The net book value of disposals was nil.*

18. TRADE AND OTHER PAYABLES

	Note	2023	2022 (Restated)
		\$	\$
Trade payables		5,765,866	4,794,097
Payroll tax payable		39,260	31,846
Other payables and accruals		3,595,886	1,707,349
	30(i)*	9,401,012	6,533,292

*See note 30 for details regarding the restatement.

19. DEFERRED REVENUE

	Note	2023	2022 (Restated)
		\$	\$
Opening Balance as at beginning of year	30(ii)*	5,831,120	-
Deferred revenue		-	5,831,120
Realised deferred revenue during the year		(5,831,120)	-
Balance at end of year		-	5,831,120

20. PROVISIONS

	Note	2023	2022 (Restated)
		\$	\$
Current			
Provision for annual leave		506,783	391,093
Provision for long service leave		123,850	115,309
		630,633	506,402
Non-Current			
Rehabilitation provision	30(iii)*	2,057,317	1,878,001
		2,057,317	1,878,001

The cost of rehabilitation is recorded at the present value of the estimated future costs of legal and constructive obligations to restore the Butcherbird mine site. The discount rate used reflects current market assessments of time value of money and risks. Factors, such as change in discount rate, change in policies or regulations, change in the life of the mine plan, change in market prices of associated costs, may significantly impact measurement and value of the rehabilitation cost. The Company reviews the rehabilitation provision on an annual basis and will disclose any material changes.

*See note 30 for details regarding the restatement

21. LEASE LIABILITIES

	2023	2022
	\$	\$
Current		
Lease liabilities	367,263	342,967
	367,263	342,967
Non-Current		
Lease liabilities	180,023	547,284
	180,023	547,284

22. ISSUED CAPITAL

	2023	2023	2022	2022
	Number of	\$	Number of	\$
	Shares		Shares	
Ordinary shares fully paid	194,960,368	111,448,309	152,710,369	77,691,579
Total issued capital	194,960,368	111,448,309	152,710,369	77,691,579

	2023	2023	2022	2022
	Number of	\$	Number of	\$
	Shares		Shares	
a) Movement in ordinary share capital				
Balance at the beginning of the financial year	152,710,369	77,691,579	148,790,369	76,788,557
– Controlled placement agreement collateral shares (a)	9,500,000	-	-	-
– Placement (b)	31,249,999	34,999,999	-	-
– Exercise of options (c)	1,500,000	523,500	3,920,000	907,679
Transaction costs	-	(1,766,769)	-	(4,657)
Total issued capital	194,960,368	111,448,309	152,710,369	77,691,579

a) During 2023, 9,500,000 collateral shares were issued pursuant to an At-the-Market Subscription Agreement (ATM) with Acuity Capital to provide up to \$30 million of standby equity capital over a three-year period. This standby facility may be used to fund the development of the High Purity Manganese Sulphate Facility Project and working capital. Under the terms of the ATM, the Company has full discretion as to whether or not to utilise the ATM, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any). There are no requirements on the Company to utilise the ATM and may terminate the ATM at any time without cost or penalty. As collateral for the ATM, the Company agreed to place 9,500,000 fully paid ordinary E25 shares at nil cash consideration to Acuity Capital.

b) 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.

- 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.

- c) *During the year ending 30 June 2023, the Company issued the following shares upon the exercise of options:*
- On 18 October 2022 the Company issued 100,000 shares upon the exercise of options of \$0.325 per share which expire on 3 November 2022
 - On 31 October 2022 the Company issued 200,000 shares upon the exercise of options of \$0.325 per share which expire on 3 November 2022
 - On 28 November 2022 the Company issued 300,000 shares upon the exercise of options of \$0.355 per share which expire on 28 November 2022
 - On 28 November 2022 the Company issued 300,000 shares upon the exercise of options of \$0.355 per share which expire on 28 November 2022
 - On 28 November 2022 the Company issued 600,000 shares upon the exercise of options of \$0.355 per share which expire on 28 November 2022
 - During the year ending 30 June 2022, the Company issued the following shares upon the exercise of options:
 - On 23 November 2021 the Company issued 2,000,000 shares upon the exercise of options of \$0.20 per share which expire on 24 November 2021
 - On 23 November 2021 the Company issued 500,000 shares upon the exercise of options of \$0.20 per share which expire on 1 April 2025
 - On 23 November 2021 the Company issued 300,000 shares upon the exercise of options of \$0.325 per share which expire on 3 November 2022
 - On 23 November 2021 the Company issued 1,000,000 shares upon the exercise of options of \$0.26 per share which expire on 22 February 2024
 - On 14 January 2022 the Company issued 100,000 shares upon the exercise of options of \$0.26 per share which expire on 22 February 2024
 - On 14 January 2022 the Company issued 20,000 shares upon the exercise of options of \$1.209 per share which expire on 4 November 2025

	2023	2022
	\$	\$
b) Movement in options on issue		
Beginning of the financial year	9,480,000	13,400,000
Issued during the year		
– Exercisable at \$0.6547, on or before 1 July 2027	500,000	-
– Exercisable at \$1.2806, on or before 23 September 2027	500,000	-
– Exercisable at \$1.1747, on or before 29 September 2027	1,000,000	-
– Exercisable at \$1.580, on or before 25 November 2027	900,000	-
– Exercisable at \$1.4657, on or before 23 December 2027	50,000	-
Exercised during the year		
– At \$0.325, on or before 3 November 2022	(100,000)	-
– At \$0.325, on or before 3 November 2022	(200,000)	-
– At \$0.325, on or before 28 November 2022	(300,000)	-
– At \$0.325, on or before 28 November 2022	(300,000)	-
– At \$0.325, on or before 28 November 2022	(600,000)	-
Exercised during the year		
– At \$0.20, on or before 23 November 2021	-	(2,000,000)

– At \$0.26, on or before 23 November 2021	-	(1,000,000)
– At \$0.325, on or before 23 November 2021	-	(300,000)
– At \$0.20, on or before 23 November 2021	-	(500,000)
– At \$0.26, on or before 18 January 2022	-	(100,000)
– At \$1.209, on or before 18 January 2022	-	(20,000)
	10,930,000	9,480,000

c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

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

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

d) Capital risk management

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

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet operating expenditure and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements. The working capital position of the Group at 30 June 2023 and 30 June 2022 are as follows:

	2023	2022
	\$	(Restated)
	\$	\$
Cash and cash equivalents	28,885,874	14,927,576
Restricted cash	528,560	628,535
Trade and other receivables	975,551	6,887,914
Financial assets at fair value through profit or loss	651,440	2,054,254
Trade and other payables	(9,401,012)	(6,533,292)
Unearned revenue	-	(5,831,120)
Employee benefit obligations (current)	(630,633)	(506,402)
Working capital position	21,009,780	11,627,465

23. RESERVES

		2023	2022
		\$	\$
Foreign currency translation reserve	(a)	(3,167)	(36,320)
Share-based payments reserve	(b)	7,159,981	5,874,424
		7,156,814	5,838,104

a) *Foreign currency translation reserve*

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

b) *Share-based payments reserve*

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

24. DIVIDENDS

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

25. REMUNERATION OF AUDITORS

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

	2023	2022
	\$	\$
PricewaterhouseCoopers - audit and review of financial reports	95,000	-
Rothsay Auditing- audit and review of financial reports	18,000	54,000
Total remuneration for audit services	113,000	54,000

26. CONTINGENCIES

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

27. COMMITMENTS

a. Exploration Commitments

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

	2023	2022
	\$	\$
Within one year	192,700	508,700
Later than one year but not later than five years	875,800	1,336,800
Later than five years	2,039,800	2,039,800
	3,108,300	3,885,300

28. RELATED PARTY TRANSACTIONS

a. Parent Entity

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

b. Subsidiaries

Interests in subsidiaries are set out in note 29.

c. Key Management Personnel Compensation

	2023	2022
	\$	\$
Short-term benefits	430,075	339,710
Post-employment benefits	34,628	29,771
Other long-term benefits	22,574	16,118
Share-based payments	621,000	-
	1,108,277	385,599

d. Loans to Related Parties

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

29. SUBSIDIARIES

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

Name	Country of Incorporation	Class of Shares	2023	2022
			Equity Holding %	Equity Holding %
Element 25 (Malaysia) SDN BHD	Malaysia	Ordinary	100	-
Cordier Mines SAS	France	Ordinary	-	100
Element 25 Butcherbird Project Pty Ltd	Australia	Ordinary	100	100
Element 25 (USA) LLC	United States of America	Ordinary	100	-
Element 25 (Louisiana) LLC	United States of America	Ordinary	100	-
Element 25 (HPMSM) LLC	United States of America	Ordinary	100	-

30. RESTATEMENT OF PRIOR YEAR

(i) Reclassification of expenses within the Consolidated Statement of Comprehensive Income

The presentation of the Consolidated Statement of Comprehensive Income has been restated in the current year to reclassify expenses by function rather than by nature to align to peers in the industry. Share-based payment expense, Gain/Loss of foreign exchange and other Gain/Loss of sale of asset have now been reclassified to general & administrative expenses. Depreciation expenses have been re-allocated between cost of sales and general and administrative expenses. To ensure comparability, amounts disclosed for the comparative period have been reclassified. The impacts of the reclassification for the Group for FY2022 are as follows:

2022 Expenses as reported	2022 As reported	Allocated to Cost of sales	Allocated to general & administration expenses
Cost of sales	(33,046,018)	(33,046,018)	-
Administration expenses	(2,705,630)	-	(2,705,630)
Depreciation expense	(1,888,188)	(1,314,742)	(573,446)
(Gain) / Loss of foreign exchange	461,837	-	461,837
(Gain) / loss of sale of asset	2,631	-	2,631
Share-based payment expense	-	-	-
Total 2022 comparatives as reported in FY2023		(34,360,760)	(2,814,608)

(ii) Recognition of revenue

A shipment of manganese ore to OM Holding in August 2022 was incorrectly recognised as revenue in the year to 30 June 2022. Based on the contractual terms with the customer control does not transfer until the bill of lading date when ore is delivered to the vessel. This correction of this treatment to align to the contractual terms has resulted in an adjustment to revenue, shipment revenue, deferred revenue, cost of sales, royalties, port expense and inventory in the prior year. The following table sets out the impacts of the adjustment to each financial statement line item.

Consolidated Statement of Comprehensive Income (extract)	2022	Increase/ (Decrease)	2022 (Restated)
Revenue	\$	\$	\$
Sale of manganese	25,832,202	(5,831,120)	20,001,082
Shipment revenue	1,100,530	-	1,100,530
	26,932,732	(5,831,120)	21,101,612

Cost of Sales	2022	Increase/ (Decrease)	2022 (Restated)
	\$	\$	\$
Mining costs	(8,865,101)	-	(8,865,101)
Processing costs	(8,839,363)	-	(8,839,363)
Site administration costs	(3,237,202)	-	(3,237,202)
Haulage costs	(11,768,742)	-	(11,768,742)
Port and shipping	(4,854,607)	531,500	(4,323,107)
Sales and marketing costs	(274,104)	-	(274,104)
Royalty costs	(1,818,424)	291,556	(1,526,868)
Depreciation of processing equipment	-	(1,117,722)	(1,117,722)
Depreciation of mining equipment	-	(197,020)	(197,020)
Depreciation of right of use assets	(260,586)	-	(260,586)
Inventory movement	1,597,617	4,451,438	6,049,055
	(38,320,512)	3,959,752	(34,360,760)

Consolidated Statement of Financial Position (extract)	2022	Increase/ (Decrease)	2022 (Restated)
Inventory	\$	\$	\$
Inventory	6,970,001	4,451,438	11,421,439

	2022	Increase/ (Decrease)	2022 (Restated)
	\$	\$	\$
Deferred Revenue			
Deferred revenue	-	5,831,120	5,831,120
	-	5,831,120	5,831,120

	2022	Increase/ (Decrease)	2022 (Restated)
	\$	\$	\$
Trade and other Payables			
Trade payables	4,794,097	-	4,794,097
Other payables and accruals	2,530,405	(823,056)	1,707,349
	7,324,502	(823,056)	6,501,446

(iii) Rehabilitation

During the year ended 30 June 2023, the Company recognised a rehabilitation provision for the disturbances incurred at the Butcherbird mine site amounting to \$2,057,317. Of this an estimated value of \$1,878,001 was determined to have been incurred prior to the start of the financial year. A resulting adjustment has been reflected in the prior period balance sheet to reflect the liability incurred as at 30 June 2022. Disturbance incurred prior to 1 July 2021 was immaterial. The impact of the adjustment on the prior year financial statement line items was as follows:

	2022	Increase/ (Decrease)	2022 (Restated)
	\$	\$	\$
Assets			
Non-Current Assets			
Property, plant and equipment	21,727,814	1,878,001	23,605,815
	21,727,814	1,878,001	23,605,815
Non-Current Liabilities			
Provisions	-	1,878,001	1,878,001
	-	1,878,001	1,878,001

31. SUBSEQUENT EVENTS

On 7 July 2023, Stellantis completed a US\$15,000,000 first equity investment in Element 25 after conditions of the companies' agreement announced in January 2023 were satisfied. 22,569,967 fully paid ordinary shares were issued at A\$1 per share. The proceeds will be used to fund the HPMSM project.

No other matter or circumstance has arisen since 30 June 2023, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

32. CASHFLOW INFORMATION

	Note	2023	2022 (Restated)
	30*	\$	\$
Reconciliation of (loss)/profit after income tax to net cash outflow from operating activities			
(Loss) for the year		(24,878,802)	(18,103,395)
Non-cash items			
– Depreciation of non-current assets		2,020,715	1,888,188
– Net exchange differences and other		207,273	(542,509)
– Impairment of non-current assets		11,615	55,236
– Amortisation of right of use assets		337,488	511,083
Change in operating assets and liabilities			
– (Increase)/decrease in trade and other receivables		5,912,363	(6,010,400)
– (Increase)/decrease in financial assets at fair value through profit or loss		(1,402,814)	1,338,163
– (Increase)/decrease in restoration		(179,316)	(1,878,001)
– (Increase)/decrease in inventory		(654,017)	(6,043,075)
– Increase/(decrease) in trade and other payables		(2,307,215)	6,869,109
– Increase in restoration obligations		179,316	1,878,001
– Increase in employee benefit obligations		124,231	89,980
Net cash outflow from operating activities		(20,629,163)	(19,947,620)

*See note 30 for details regarding the restatement.

33. LOSS PER SHARE

a. Reconciliation of earnings used in calculating loss per share

	Note	2023	2022 (Restated)
	30(ii)*	\$	\$
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share		(24,878,802)	(18,103,395)

*See note 30 for details regarding the restatement.

b. Weighted average number of shares used as the denominator

	2023	2022
	\$	\$
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	174,495,121	151,131,743

c. Basic and diluted loss per share

	2023	2022
	\$	\$
Basic and diluted loss per share (cents per share)	(14.26)	(11.98)

d. Information on the classification of options

As the Group made a loss for the year ended 30 June 2023, 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.

34. SHARE-BASED PAYMENTS

a. Reconciliation of earnings used in calculating loss per share

The Company provides benefits to employees (including Directors) and contractors of the Company in the form of share-based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise price of the options granted and on issue at 30 June 2023 range from 26.00 cents to \$1.58 per option, with expiry dates ranging from 28 November 2023 to 23 December 2027.

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

Fair value of options granted

The weighted average fair value of the options granted during the year was 47.00 cents (2022: Nil cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2023	2022
	\$	\$
Weighted average exercise price	\$1.23	-
Weighted average life of the option (years)	5.0	-
Weighted average underlying share price (cents)	80.60	-
Expected share price volatility	80%	-
Risk free interest rate	3.56%	-

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

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

	2023	2023	2022	2022
	Number of	Weighted	Number of	Weighted average
	options	average exercise	options	exercise price
		price cents		cents
Outstanding at the beginning of the year	9,480,000	50.70	13,400,000	42.60
Granted	2,950,000	123.31	-	-
Forfeited	-	-	-	-
Exercised	(1,500,000)	34.90	(3,920,000)	23.20
Expired	-	-	-	-
Outstanding at year-end	10,930,000	72.00	9,480,000	50.70

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.1 years (2022: 2.1 years), and the exercise prices range from 26.00 cents to \$1.580 (2022: 26.00 cents to \$1.209).

b. Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2023	2022
	\$	\$
Options granted to employees and contractors expensed to profit or loss	1,285,558	-

35. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Element 25 Limited, at 30 June 2023. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

	Note	2023	2022 (Restated)
		\$	\$
	30(ii)*		
Current assets		42,575,088	35,335,672
Non-current assets		25,490,555	25,565,935
Total assets		68,065,643	60,901,607
Current liabilities		10,398,908	13,209,984
Non-current liabilities		2,237,340	2,425,285
Total liabilities		12,636,248	15,635,269
Issued capital		111,448,309	77,691,579
Share-based payments reserve		7,159,982	5,874,424
Accumulated losses		(63,178,896)	(38,299,665)
Total equity		55,429,395	45,266,338
Loss for the year		(24,878,802)	(18,103,395)
Total comprehensive loss for the year		(24,878,802)	(18,103,395)

*See note 30 for details regarding the restatement.

DIRECTOR'S DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 30 to 63 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) a statement that the attached financial statements are in compliance with *International Financial Reporting Standards* has been included in the notes to the financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by *section 295A* of the *Corporations Act 2001*.

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



Justin Brown

Managing Director

Perth, 29 September 2023



Independent auditor's report

To the members of Element 25 Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Element 25 Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit, we used overall Group materiality of \$1,243,000 which represents approximately 5% of the Group's loss before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- Having considered various other benchmarks, we chose Group's loss before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.



Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>As per note 4, to the consolidated financial statements, the group recognised manganese ore revenue of \$32,527,217 and shipping revenue of \$941,951 for the year ended 30 June 2023.</p> <p>Revenue from the sale of products is recognised when control has passed to the customer, no further work or processing is required by the Group, the quantity and quality of the products have been determined with reasonable accuracy, the price can be reasonably estimated, and collectability is reasonably assured. The above conditions are generally satisfied when title passes to the customer, typically on the bill of lading date when manganese ore is delivered to the vessel. Shipping revenue is recognised over the period during which the shipping service has been provided.</p> <p>This is a key audit matter given the significance of manganese ore and shipping revenue to the consolidated statement of comprehensive income. These factors combine to make this area a key audit matter.</p>	<p>We performed the following procedures amongst others:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the revenue recognition policy against the requirements of the accounting standards. • For a sample of sales transactions, tested the appropriateness of revenue recognised with reference to the contractual terms of the associated sales agreement. • For a sample of sales transactions, tested that revenue was recognised in the correct period by agreeing the recognition date to evidence supporting completion of the associated performance obligation. • Assessed the adequacy of the disclosures made in the financial report in light of the requirements of Australian Accounting Standards.
<p>Recoverable Value of Inventory</p> <p>As per note 12 to the consolidated financial statements, the Group's has inventory amounting to \$12,135,790 as at 30 June 2023. The Group is required to carry its inventory at the lower of cost or net realisable value in accordance with AASB 102 Inventories.</p> <p>We considered this as a key audit matter due to the judgement involved in the valuation of inventory at the lower of cost or NRV in accordance with the accounting standards as well as the financial significance to the Group's financial statements.</p>	<p>We performed the following procedures amongst others:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the inventory valuation policy in the context of the requirements of Australian Accounting Standards. • Evaluated the accuracy of inputs used in the inventory valuation model to underlying supporting evidence. • Tested the accuracy of the net realisable value adjustment by comparing unit cost of inventory to the latest available selling price based on recent transactions. • Assessed the adequacy of the disclosures made in the financial report in light of the requirements of Australian Accounting Standards.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report



Our opinion on the remuneration report

We have audited the remuneration report included in pages 22 to 25 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Element 25 Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in black ink that reads "Craig Heatley".

Craig Heatley
Partner

Perth
29 September 2023

ASX ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 13 September 2023.

a. Distribution of equity securities

1	-	1,000
1,001	-	5,000
5,001	-	10,000
10,001	-	100,000
100,001		and over

The number of equity security holders holding less than a marketable parcel of securities are:

Ordinary shares	
Number of holders	Number of shares
867	479,402
1,243	3,336,365
533	4,285,325
969	31,984,159
210	177,445,085
3,822	217,530,336
977	602,908

b. Twenty largest shareholders

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

Listed ordinary shares			
	Number of shares	Percentage of ordinary shares	
1	Citicorp Nominees Pty Limited	28,507,097	13.10
2	BNP Paribas Nominees Pty Ltd ACF Clearstream	14,743,179	6.78
3	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	9,500,000	4.37
4	Aradia Ventures Pty Ltd<J & A Brown Family A/C>	7,198,215	3.31
5	Ranguta Limited	6,585,440	3.03
6	Mr Liam Raymond Cornelius	5,754,006	2.65
7	HSBC Custody Nominees (Australia) Limited	5,094,230	2.34
9	Duketon Consolidated Pty Ltd	4,991,170	2.29
9	Duketon Mining Limited	4,177,974	1.92
10	P R Perry Nominees Pty Ltd <Donesk Family A/C>	4,134,208	1.90
11	BNP Paribas Noms Pty Ltd<DRP>	3,674,006	1.69
12	BNP Paribas Nominees Pty Ltd<IB AU Noms Retailclient DRP>	3,574,242	1.64
13	Mr Jacobus Gerardus De Jong	3,545,781	1.63
14	Buttonwood Nominees Pty Ltd	3,159,500	1.45
15	Sino West Assets Pty Ltd	2,709,629	1.25
16	Hayes Investments Co Pty Ltd	2,046,429	0.94
17	Hajek Ft Custodians Pty Ltd<The Hajek Family A/C>	2,010,000	0.92
18	Mr Paul Hartley Watts	2,000,000	0.92
19	Mrs Antoinette Janet Ribbons	1,800,000	0.83
20	Jenny-Lynn Properties Pty Ltd<Manken Family A/C>	1,785,715	0.82
		116,990,821	53.78

c. Substantial shareholders

There were no substantial shareholders at 30 June 2023 who have notified the Company in accordance with section 671B of the Corporations Act 2001.

d. Voting rights

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

e. Schedule of interests in mining tenements as at 15 September 2023

Tenement reference	Location	Percentage held/earning
E20/659	Eelya Hill WA	10%
E46/1366	Black Hill WA	100%
E52/1529	Mt Padbury WA	100% (Note 1)
E52/2350	Butcher Bird WA	100%
E52/3606	Yanneri Bore WA	100%
E52/3706	Yanneri Pool WA	100%
E52/3735	Limestone Bore WA	100%
E52/3769	Kumarina WA	100%
E52/3779	Beyondie Bluff WA	100%
E52/3858	Yanneri Well WA	100%
E52/4064	Neds Gap WA	100%
E52/4149	Neds Gap WA	100%
E52/4153	Yanneri Well WA	100%
E52/4155	Weelarrana WA	100%
L52/211	Limestone Bore WA	100%
L52/215	Butcherbird East 1 WA	100%
L52/216	Butcherbird East 2 WA	100%
L52/217	Butcherbird East 3 WA	100%
L52/218	Butcherbird East 4 WA	100%
L52/220	Butcherbird East 5 WA	100%
L52/221	Butcherbird East 6 WA	100%
L52/225	Butcherbird East 7 WA	100%
M52/1074	Yaneri Ridge WA	100%
E57/1060	Victory Well WA	20%
E63/2027	Lake Johnston WA	100%

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

f. Unquoted Securities

At 13 September 2023, the Company had the following unlisted securities on issue:

Name	Unlisted options exercisable at \$0.261 expiring 28/11/23	Unlisted options exercisable at \$0.260 expiring 22/02/24	Unlisted options exercisable at \$0.273 expiring 20/11/24	Unlisted options exercisable at \$0.50 expiring 25/06/25
Aradia Ventures Pty Ltd	1,000,000	-	1,000,000	-
Mr John George Ribbons	500,000	-	500,000	-
Mrs Antoinette Janet Ribbons	-	-	-	-
Mr Seamus Cornelius	500,000	-	500,000	-
Kumarina Holdings Pty Ltd	-	500,000	-	-
Zoetmelksvlei (Pty) Ltd	-	-	-	500,000
	2,000,000	500,000	2,000,000	500,000

Name	Unlisted options exercisable at \$0.44 expiring 13/07/25	Unlisted options exercisable at \$1.209 expiring 4/11/25	Unlisted options exercisable at \$0.654 expiring 01/07/27	Unlisted options exercisable at \$1.281 expiring 23/09/27
Aradia Ventures Pty Ltd	-	500,000	-	-
Mr John George Ribbons	-	250,000	-	-
Mr Seamus Cornelius	-	250,000	-	-
Duketon Consolidated Pty Ltd	-	300,000	-	-
Karlka Nyiyaparlia Aboriginal Corp. RNTBC	1,000,000	-	-	-
Mr Michael Jordon	-	-	500,000	-
Mr Doug Flanagan	-	-	-	500,000
Holder < 20%	-	680,000	-	-
	1,000,000	1,980,000	500,000	500,000

Name	Unlisted options exercisable at \$1.175 expiring 29/09/27	Unlisted options exercisable at \$1.580 expiring 25/11/27	Unlisted options exercisable at \$1.467 expiring 23/12/27
Aradia Ventures Pty Ltd	-	500,000	-
Mr John George Ribbons	-	200,000	-
Mr Seamus Cornelius	-	200,000	-
Mr Sias Jordan	500,000	-	-
Ms Andrea Gertrud Graham	500,000	-	-
Holder < 20%	-	-	50,000
	1,000,000	900,000	50,000

CORPORATE DIRECTORY

Directors

Seamus Cornelius (Non-Executive Chairman)

Justin Brown (Managing Director)

John Ribbons (Non-Executive Director)

Fanie van Jaarsveld (Non-Executive Director)

Sam Lancuba (Non-Executive Director)

Secretary

Michael Jordon

Principal Place of Business

Level 1, Building B, Garden Office Park

355 Scarborough Beach Road, OSBORNE PARK WA 6017

Telephone: +61 8 6375 2525

Email: admin@e25.com.au

Website: www.element25.com.au

Registered Office

Level 1, Building B, Garden Office Park

355 Scarborough Beach Road

Osborne Park WA 6017

Solicitors

House Legal

86 First Avenue

MT LAWLEY WA 6050

Auditors

Pricewaterhouse Coopers (PwC)

Brookfield Place

15/125 St Georges Terrace

PERTH WA 6000

Share Registry

Automic Group

Level 2

267 St Georges Terrace

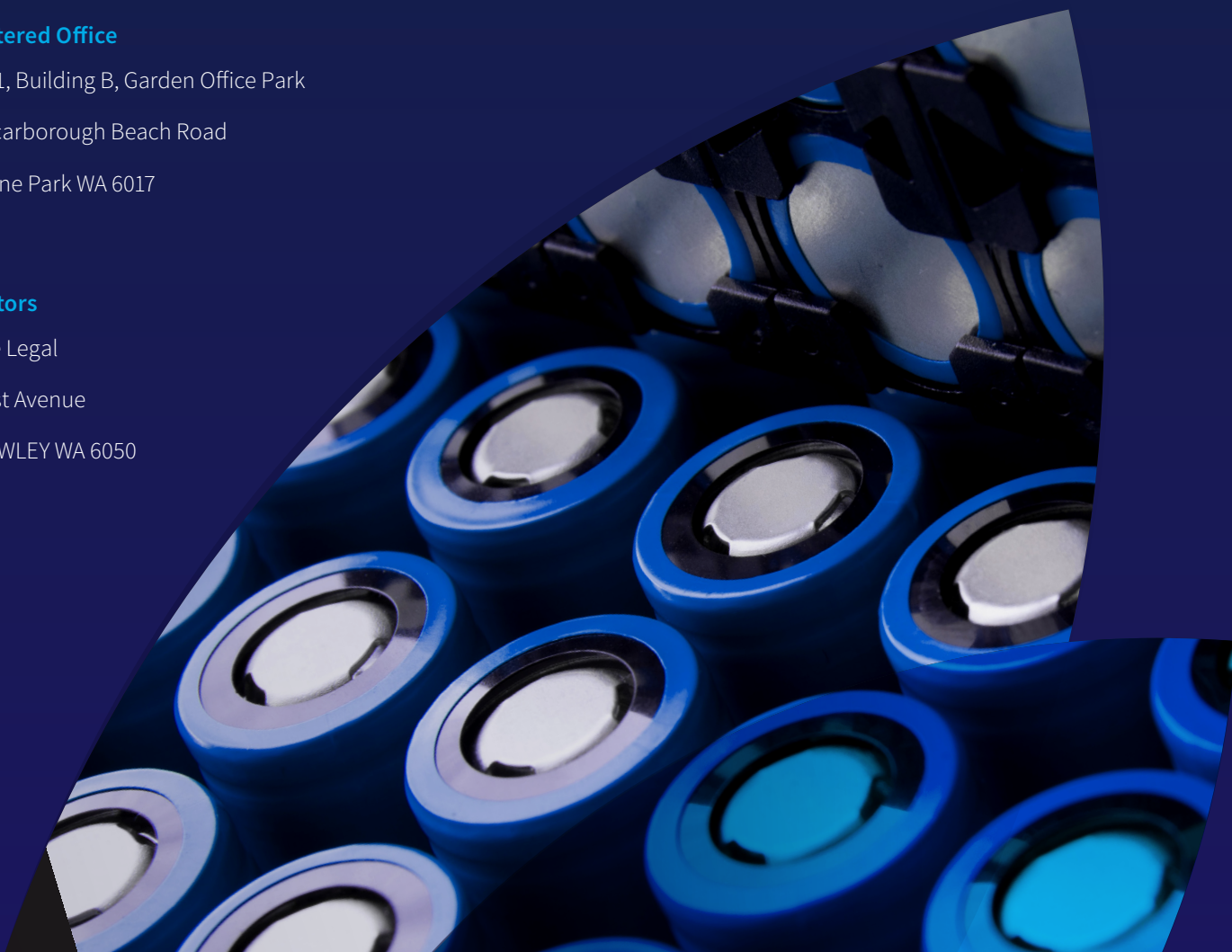
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