

Successful A\$35 Million Placement to Fund Company Growth

ASX ANNOUNCEMENT 17 NOVEMBER 2022

Element 25 Limited (**E25** or the **Company**) (ASX:E25) is pleased to announce it has 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 \$35million (minimum \$30M).

Funds raised from the Placement will fund the Company's battery grade High Purity Manganese Sulphate (**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.

Managing Director, Mr Justin Brown said:

"We are delighted with the support for the placement and welcome a number of highly credentialled new investors to the register. On behalf of the Board of Directors, I would also like to thank our existing security holders for their ongoing support.

Placement funds will assist in the continued optimisation of our Butcherbird Manganese Project, as we progress our staged development plan. We are also successfully continuing our negotiations with potential offtake partners, including offtake financing strategies, which remain on schedule to be finalised in line with feasibility study completion in December 2022.

This capital injection will allow the Company to continue its rapid growth strategy centred around the world class Butcherbird Project to supply both the traditional and new energy battery markets."

Placement Overview

E25 has received firm commitments for A\$35 million in gross proceeds via a Placement at an issue price of A\$1.12 per shares (**Placement Price**). The Placement Price of A\$1.12 per share represents a 22.0% discount to the last traded price and a 13.1% discount to the 10 traded day VWAP of the Company's shares to 15 November 2022.

E25 will issue a total of 31,250,000 new shares (15,948,964 under ASX Listing Rule 7.1 and 15,301,036 under ASX Listing Rule 7.1A).

The Placement is expected to settle on or around 22 November 2022 with new shares to be issued on 23 November 2022.

COMPANY SNAPSHOT

Market Summary

ASX code: E25
 Shares on issue: 153M
 Share price: \$1.43

Board of Directors:

Seamus Cornelius Chairman
 Justin Brown MD
 John Ribbons NED

Element 25 Limited is developing the world class Butcherbird Manganese Project in Western Australia to produce high quality manganese concentrate and high purity manganese products for traditional and new energy markets.

Element 25 Team Strategy

E25's Operations team continues to focus on delivering sustained nameplate production as well as on the Stage 2 expansion of the concentrate business. This work is being undertaken in parallel with the Battery Materials division to deliver the Stage 3 development of a conversion facility to convert the concentrate material into **HPMSM** for EV batteries to power the global transition away from fossil fuel powered mobility.

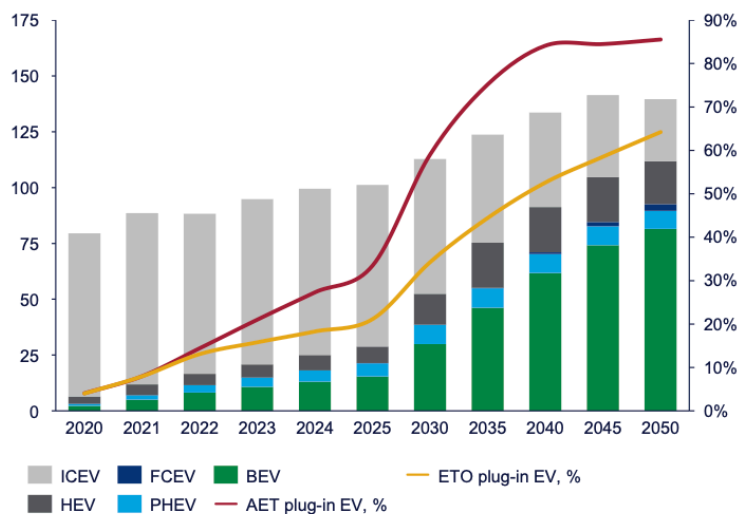
Manganese is emerging as an increasingly important ingredient for EV batteries, with potential supply constraints for nickel and cobalt forcing battery manufacturers to look to high manganese cathodes to produce the vast amount of cathode material required by the EV industry in coming years¹.

In western markets, battery makers are looking to manganese rich cathode chemistries to help solve the supply chain bottleneck for cathode materials. Adding **manganese** to the popular LFP formula is also becoming more widely adopted, as it increases the voltage and energy density of the battery cells, hence **LMFP** (an LFP cathode with around 25% elemental manganese² is becoming an important option for some battery suppliers.³

The Project is ideally placed to feed this potential demand, with **advanced flowsheet development** work undertaken in 2019 and 2020 confirming a simple leach process for E25 ores which, when combined with offsets, will target the world's first **Zero Carbon Manganese** for EV cathode manufacture⁴.

The Company released a Scoping Study (**Study**) in January 2022⁵ to update the market prior to the release of the Feasibility Study which is currently being completed.

Automotive sales by powertrain, M units



Source: Wood Mackenzie

Table 1. Europe BEV sales volumes (m) and penetration (%)

¹ <https://thenextavenue.com/2021/01/22/svolt-opens-orders-for-its-nmx-nickel-manganese-batteries/>

² <https://pushevs.com/2022/07/12/catl-will-soon-mass-produce-lmfp-batteries/>

³ <https://electrek.co/2022/07/22/catl-m3p-batteries/>

⁴ Reference: Company ASX release dated 12 February 2019

⁵ Reference: Company ASX release dated 18 January 2022

Battery EV Penetration Rate Forecast to Increase

As battery electric vehicle (BEV) makers seek to increase the uptake of electric vehicles, one commercial driver is cost reduction. VW's Power Day suggested a 50% cost reduction for batteries with cell design (-15%), production process (-10%), **cathode/anode materials (-20%)** and battery systems (-5%) driving the change. Global BEV penetration is expected to rise to 15.2% by 2025 and 39.5% in 2030 – led by Europe and China, according to Morgan Stanley's latest report⁶. The main driver in the cathode materials is a shift to a high manganese cathode material for the volume production, which is expected to underpin strong demand growth for battery-grade manganese sulphate. Current estimates put demand by 2030 at 13 times current supply and a deficit of 1.3Mt even factoring in planned supply increases⁷.

ESG in Focus

Meeting future battery raw material supply requirements from operations which meet tightening ESG requirements will be challenging.

Few jurisdictions offer low ESG risk opportunities, however Australia is one of the jurisdictions that

satisfies many ESG and geopolitical concerns. Element 25 is working towards a zero carbon future by undertaking an initial baseline carbon survey on its current operations and is in the process of completing a life cycle assessment of its planned HPMSM operations which will be an important source of supply of manganese for electric vehicle batteries.



About the Butcherbird Manganese Project

E25's Butcherbird Manganese Project is a world-class manganese resource with current JORC resources of more than 260Mt of manganese ore⁸. The Project straddles the Great Northern Highway and the Goldfields Gas Pipeline, providing turnkey logistics and energy solutions. The Company plans to integrate renewable energy into the power solution over time to target a zero-carbon footprint for the Project, which is expected to also reduce energy costs. A cleaner, lower carbon flowsheet and high penetration renewable energy will place Butcherbird at the forefront of sustainable high purity manganese production.

⁶ Morgan Stanley Research published 3 September 2021

⁷ Euromanganese company presentation dated September 2021

⁸ Reference: Company ASX release dated 17 April 2019.

Mineral Resources

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

Notes:

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

Mining Reserve

Based on the results of the Pre-Feasibility Study completed in May 2020, E25 has published a Maiden Ore Reserve for the Project of 50.55Mt in the Proved and Probable categories⁹.

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

Justin Brown

Managing Director

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

Competent Persons Statement

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

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

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

⁹ Reference: Element 25 Limited Reserve Statement lodged with ASX 19 May 2020.