

E25 APPROVED FOR US\$57M OF LOUISIANA TAX INCENTIVES

Element 25 Limited (**E25** or **Company**) (**ASX: E25; OTCQX: ELMTF**) is pleased to announce it has achieved all milestones for the Louisiana State Industrial Tax Exempt Program (**ITEP**) incentive package to support E25's planned lithium-ion battery grade high purity manganese sulphate (**HPMSM**) processing facility in Ascension Parish, Louisiana (**Facility** or **Project**). Governor Jon Bel Edwards has now approved the incentive agreement between E25, the Louisiana Department of Economic Development, and the Louisiana Board of Commerce and Industry.

This represents a significant milestone for the Project and concludes several months of active stakeholder engagement with multiple levels of state and local government and local community members to explain the benefits that will flow from the proposed Facility. The total benefits available to the Project from State Incentives have been estimated by EY at US\$57M¹.

Louisiana Governor John Bel Edwards said: "Louisiana's long standing status as a national pacesetter in foreign direct investment is no accident. It is the result of sustained relationship building. Companies such as Element 25 see the strategic advantages of doing business in our state, from top notch logistics to our skilled, dynamic workforce."²

Program	Description	Estimated Value (US\$)
Industrial Tax Exempt Program (ITEP)	The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is a state incentive program, which offers an attractive tax abatement for manufacturers who make a commitment to jobs and payroll in the state. This program provides an 80% property tax abatement for an initial term of five years and the option to renew for five additional years at an 80% property tax abatement on a manufacturer's qualifying capital investment related to the manufacturing process in the state.	\$34.3M
Quality Jobs Program	The Quality Jobs, or QJ, program provides a cash rebate to companies that create well-paid jobs and promote economic development. The program provides up to a 6% cash rebate of annual gross payroll for new direct jobs for up to 10 years.	\$14.8M
Performance-Based Cash Grants	Performance-based grant to be used for qualified permanent infrastructure improvements on site. This will be administered pursuant to a cooperative endeavour agreement and requires company compliance with and adherence to agreed upon employee and payroll goals.	\$6.0M
LED FastStart	FastStart offers essential workforce services such as employee recruitment and screening, safety and teamwork training, leadership development for managers, and specialized assistance for employees as they transition to a new community and a new job.	\$2.0M
TOTAL		\$57.1M

Table 1. Summary of Louisiana State incentives available to the E25 HPMSM Project slated for Ascension Parish in Louisiana.

¹ Reference: EY

² <https://www.opportunitylouisiana.gov/led-news/news-releases/news/2023/04/12/element-25-proposes-ev-battery-materials-facility-in-ascension-parish>

The incentive package that has been agreed with the State includes direct and indirect measures of financial support for the Project, which will reduce the required funding to construct the Facility.

To meet the requirements of the incentive agreement, E25 has committed to:

- Construct the Facility with a minimum expenditure of US\$211,640,709 on fixed plant and equipment and buildings/fixed structures.
- Where feasible and practical, consider using local labour and manufacturing capability in the construction of the Facility.
- Operate the Facility in order to provide employment in the State of Louisiana.
- Create and maintain sixty five (65) jobs with payroll totaling US\$5.85M per annum for the duration of the incentive agreement.

In all cases, the current development plan for the Facility meets or exceeds all required thresholds to secure the State's support under the agreement.

Earlier this year, E25 engaged EY to undertake an analysis of the likely value of the Louisiana incentives, both were included in the ITEPA summary of the benefits available to the Company under the Louisiana State incentives listed in Table 1. The total forecast Project benefit is estimated at approximately US\$57M.

E25's Louisiana Project is expected to create 220 new direct jobs with average annual salaries of more than US\$90,000.

Louisiana Economic Development estimates the Project will result in an additional 408 new indirect jobs, for a total of 628 new jobs in the Capital Region.



Figure 1. Members of the E25 HPMSM team met with Governor Jon Bel Edwards of Louisiana (3rd from left) in September 2023.

Element 25 will import manganese concentrate from its Butcherbird Mine in Western Australia to produce EV battery materials and its proprietary production process will also produce three reusable by-product streams which can be repurposed as fertiliser feedstocks, ferro alloy feedstock and in other industrial operations. As a result, the facility will minimise solid and liquid wastes. Furthermore, the majority of the reagents will be sourced from within Louisiana.

About Element 25

Element 25 Limited (**ASX:E25**) produces a high silica manganese oxide ore from its 100%-owned Butcherbird Mine, located in the southern Pilbara region of Western Australia. The ore is mined with a core focus on ESG. Mining extracts material above the water table to minimise environmental impact, and processing uses water only to wash the ore and remove clays and other impurities. The concentrate is exported to international customers for processing into silicomanganese alloys.

The Company is currently building a processing facility in Louisiana, USA to convert the Butcherbird concentrate using its proprietary technology to produce high quality, low carbon, ethically sourced battery-grade, high purity manganese sulphate monohydrate (**HPMSM**), a critical raw material used in the manufacturing of electric vehicle (**EV**) lithium-ion batteries.

As the EV industry makes the expected shift to higher manganese cathode content to meet volume and cost requirements, the demand for HPMSM is expected to rise. Element 25's very large resource base, long mine life, and innovative, low-carbon processing technology will place it in an industry-leading position to capture significant market share in an expanding industry.

This announcement is authorised for market release by Element 25 Limited's Board of Directors. Company information, ASX announcements, investor presentations, corporate videos, and other investor material in the Company's projects can be viewed at: www.element25.com.au.

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