

E25's HIGH-PURITY MANGANESE PROJECT AWARDED US\$166M GRANT UNDER U.S. DoE GRANT PROGRAM

Element 25 Limited (E25 or the Company) (ASX: E25; OTCQX: ELMTF) is pleased to announce it has been formally awarded and the Grant Agreement has been signed for **US\$166 million** (A\$268 million)¹ in grant funding from the U.S. Department of Energy (DoE) under the Battery Materials Processing Grant Programme. This landmark funding will support the construction of its proposed battery-grade high-purity manganese sulphate monohydrate (HPMSM) facility in Louisiana, USA (Facility), which will bring domestic production of a key critical battery raw material to the USA. The grant award is in addition to the **US\$115 million** (A\$185 million) already committed by offtake partners General Motors LLC (GM) and Stellantis N.V. (Stellantis).

HIGHLIGHTS:

- E25's planned HPMSM facility in Louisiana awarded **US\$166 million** (A\$268 million) grant from the U.S. DoE.
- E25 and DoE have signed the DOE grant agreement and **grant funding has been formally awarded**.
- Project commencement date under the grant contract is 1 April 2025, with work able to commence up to 90 days prior.
- **Grant is in addition to US\$115 million** (A\$185 million) in project funding secured from GM and Stellantis².

The grant application was submitted under the DoE's Battery Materials Processing Grant Programme of the Office of Manufacturing and Energy Supply Chains, which is funded by the Bipartisan Infrastructure Law. The program is designed to provide grants for battery materials processing to ensure that the United States has a viable battery materials processing industry. The grant forms a key element of E25's financing strategy for the Facility, and the project execution team will now work to finalise the project implementation schedule.

E25 plans to produce HPMSM from manganese ore sourced from its Butcherbird mine in Western Australia and shipped to Louisiana. It has developed an innovative, advanced processing flowsheet to convert Butcherbird manganese concentrate into HPMSM, a critical raw material for the manufacture of lithium-ion batteries. The proprietary flowsheet reduces energy consumption, virtually eliminates waste and delivers the lowest reported carbon intensity HPMSM globally².

Element 25 Managing Director Justin Brown said: *"This grant from the U.S. Department of Energy, represents a major milestone in our development of the Louisiana HPMSM Project and adds to the commitments already received from GM and Stellantis which include both offtake and financing agreements in support of the refinery. The grant will fund up to half of the construction capital costs for the project and when combined with existing commitments, will propel the project towards financial close and commencement of construction, creating long-term jobs for Louisiana and delivering ethically sourced, IRA compliant HPMSM to our customers."*

¹ USD:AUD conversion rate 0.62. Reference: www.xe.com

² Company ASX Release dated 21 February 2023.

E25's process offers a pathway to the delivery of expanding volumes of ethically sourced, traceable, transparent HPMSM supply to US markets. E25 plans to produce up to 135Kt per annum of HPMSM (65Kt per annum per processing train) for US electric vehicle (EV) supply chains³ in a facility that is a first-of-its-kind processing facility in Louisiana.

The grant comprises a total of US\$166,128,094 in grant funding, broken into five budget periods, each relating to a staged phase of project execution. The structure of the grant is based on matching funding (cost-share) being provided by the Company for a total of US\$166,128,095 in cost-share. The grant agreement outlines the tasks and milestones required for each budget period with associated reporting and approval requirements.

Grant funding is made available during each budget period in accordance with the approved budget items and the terms and conditions of the grant award. The budget periods, milestones and stage gates have been agreed between the DoE contracts team and the Company as part of the grant negotiation and award process subsequent to the announcement that the project had been selected for the grant award⁴.

COMMUNITY BENEFITS PLAN

The proposed Facility is supported by local communities, stakeholders, and the State of Louisiana, which has approved a substantial incentives package to support the project⁵, in acknowledgement of its significant local benefits. The Company is committed to supporting the local economy during and after the construction of the Facility, including a desire to recruit workers from the oil and gas industry and a recently closed refinery that can potentially provide a skilled workforce to the Facility. The Company intends to prioritise local workforce recruitment, including training programmes and engaging with local suppliers. The project is expected to create 400 jobs during construction and 144 full-time ongoing roles once production commences.

PROJECT FINANCING STRATEGY

In 2023, E25 secured a US\$85 million loan under an agreement with GM, whereby E25 will, in turn, supply up to 32,500 metric tons of manganese sulphate annually for GM's Ultium battery plant requirements, which added to the commitments from Stellantis that include take-or-pay offtake commitments for 45ktpa of HPMSM over five years and US\$30 million of project funding⁶. The two transactions, combined with the grant award, total US\$281M in financing support for the project, with only minor additional funding now required to complete the project financing structure. E25 has been co-ordinating a process to secure the balance of funding for the project's construction costs, which were estimated in the Company's April 2023 Feasibility Study at US\$289 million².

³ Company ASX Release dated 12 April 2023.

⁴ Company ASX Release dated 24 September 2024.

⁵ Company ASX Release dated 19 December 2023.

⁶ Company ASX Releases dated 9 January 2023 and 26 June 2023.

ABOUT THE E25 HPMSM LOUISIANA PROJECT

Element 25 (Louisiana) LLC (**Element 25 (Louisiana) / E25 LA**) plans to build and operate a first-of-its-kind, environmentally sustainable refining facility in the Baton Rouge area, Louisiana, to produce HPMSM, a critical raw material in lithium-ion batteries.

E25 LA plans to construct a 230,000 square-foot (~21,000m²) HPMSM refining facility that will employ an innovative process to produce approximately 71,650 tons (65,000 metric tonnes) of HPMSM annually from the first processing train using manganese ore sourced from Element 25's Butcherbird manganese mine in Western Australia (**Project**).

It will be one of the first commercial facilities to produce HPMSM in the U.S., reducing current dependency on Chinese sources. The Facility will create hundreds of highly-skilled, construction and permanent jobs for Louisianans. E25 LA has secured offtake and funding agreements, including five and seven-year supply agreements with global automakers Stellantis and GM⁷ and has now secured \$166M in grant funding from the US Department of Energy⁸.

Element 25 (Louisiana) controls all intellectual property to develop and operate the HPMSM facility. It also has developed a proprietary process to remove solid waste residue as byproducts, which each have industrial applications, thus eliminating the need for a solid waste landform.

Element 25's efficient process permits a mine-to-market carbon footprint that is approximately 67% lower than competitors in China⁹. The proposed site is located in the Baton Rouge area, and is proximal to raw materials suppliers, abundant utilities, and infrastructure, including ports and roads, which also boosts the Project's viability and bolsters the local economy surrounding the facility. Project commissioning and development will be supported by multiple U.S.-based companies, including those based in Louisiana.

ABOUT ELEMENT 25 LIMITED

Element 25 is an ASX-listed company (**ASX: E25**) that owns the world-class 100%-owned Butcherbird Manganese Project in Western Australia and is currently undertaking activities to expand production to approximately 1.1Mtpa of medium-grade high silica manganese ore for use in traditional and new energy markets¹⁰.

E25 is also commercialising innovative proprietary technology to produce battery-grade high-purity manganese sulphate monohydrate (**HPMSM**) for use in Electric Vehicle (**EV**) battery manufacturing. The Company plans to build its first HPMSM refinery in Louisiana, USA, to produce raw materials for the US EV market, in partnership with General Motors LLC (**GM**) and

⁷ Company ASX Release dated 9 January and 26 June 2023.

⁸ Company ASX Release dated 24 September 2024.

⁹ Company ASX Release dated 21 February 2023.

¹⁰ Company ASX Release dated 23 January 2024.

Stellantis N.V. (Stellantis)¹¹. E25 aims to become an industry-leading, world-class, low-carbon battery raw materials manufacturer.

The Louisiana refinery is planned as the first of several HPMSM facilities planned for development under E25's "Design One Build Many" commercialisation strategy which envisages a hub and spoke model, with ore supplied from E25's Butcherbird Mine in Western Australia to supply processing facilities in key regional markets to supply HPMSM to the rapidly growing EV servicing key global regions.

The addition of a potential HPMSM refinery site in Chiba prefecture in Japan in partnership with Nissan Chemical is another exciting step forward in realising the Company's strategic plan¹².

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.

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

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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 announcement dated 29 October 2024 continue to apply and have not materially changed. The Company confirms that it is not aware of any new information or data that materially affects information included in previous announcements, and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Investor Relations Disclaimer

Certain Statements included in this announcement are forward-looking statements concerning Element 25 Limited and its subsidiaries (E25) and its operations, economic performance, financial condition, plans and expectations. Without limiting the foregoing, statements including the words "believes", "anticipates", "plans", "expects", "could", "potential", "should" and similar expressions are also forward-looking statements.

All forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, business integration risks; uncertainty of production, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; currency fluctuations, the state of the capital markets, uncertainty in the measurement of mineral reserves and resource estimates, E25's ability to attract and retain qualified personnel and management, potential labour unrest, reclamation and closure requirements for mineral properties; unpredictable risks and hazards related to the development and operation of a mine or mineral or mineral deposit or mineral processing facility that are beyond E25's control, the availability of capital to fund all of the Company's projects and other risks and uncertainties.

You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. E25 cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. E25's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and E25 does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

¹¹ Company ASX Releases dated 9 January 2023 and 26 June 2023.

¹² Company ASX Release dated 3 September 2024.