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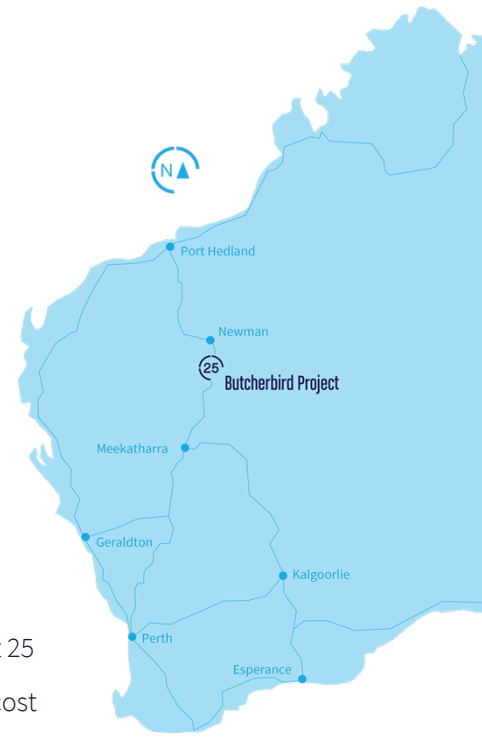
QUARTERLY REPORT

30 SEPTEMBER 2020

Highlights

Project Development Activities

- Project financing strategy implemented, completion pending AGM shareholder approvals.
- All approvals submitted and in progress.
- Offtake commercial terms agreed for 100% of Stage 1 ore production.
- All key equipment items on schedule for delivery to meet the planned commissioning target of Quarter 1, calendar 2021.
- Water bore pump tests confirm availability of process water.



The quarter ending 30 September 2020 has seen ongoing, rapid progress for Element 25 Limited (**Company** or **E25**), as the Company moves towards delivery of a low capital cost early cashflow Stage 1 operation exporting manganese concentrate form the Butcherbird Manganese Project (**Project**). A Pre-Feasibility Study published in May 2020 (**PFS**), returned outstanding economics and the Company is working to deliver the Project as soon as practicable with a contracted development timeline targeting first production in the first quarter of calendar 2021.



Company Snapshot

ASX Code:	E25	Board of Directors:	
Shares on Issue:	128.7M	Seamus Cornelius	Chairman
Share Price:	$0.85	Justin Brown	MD
Market Capitalisation:	$109M	John Ribbons	NED

Element 25 Limited is developing the world class Butcherbird manganese project in Western Australia to produce high purity manganese sulphate for lithium ion batteries and electrolytic manganese metal.

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Butcherbird Project Development Update

Butcherbird Project Financing Update

Subsequent to quarter end, the Company announced[1] a material financing package for the Project including a placement to sophisticated, professional and institutional investors to raise up to a total of $9,750,000 (before costs) through a placement of 12,500,000 fully paid ordinary shares (Shares) at an issue price of $0.78 per Share (Placement).

The placement includes subscriptions from potential off take partners and additionally, E25 is pleased that it has approved subscriptions for a total of $309,000 from senior executives of the Company.

In addition to the placement funds, OM Materials (S) Pte Ltd (OMS), a wholly owned subsidiary of ASX Listed company OM Holdings Ltd (ASX: OMH) (OMH) will advance a further $2,000,000 under a convertible note which is currently being drafted and is expected to be finalised shortly.

The funds raised under the Placement will be used for the development of the Project by allowing for the finalisation of equipment purchase, mobilisation and construction to establish the first stage of ore production.

The Placement comprises two tranches. Tranche 1, comprising the issue of 8,800,000 shares has been completed pursuant to the Company's existing capacity under ASX Listing Rules 7.1 (7,750,000 shares) and LR7.1A (1,050,000 shares). Tranche 2, comprising 3,700,000 shares, is subject to available capacity at the conclusion of the Company's Annual General Meeting (AGM).

Completion of the OMH convertible note is also subject to available capacity at the conclusion of the AGM. The Company's AGM is currently scheduled for 4 November 2020.

Product Offtake

In addition to the successful project financing transactions, subsequent to quarter end, key commercial terms were also been agreed under a non-binding term sheet (Term Sheet) to sell 100% of the manganese ore produced (up to 365,000 tonnes per annum) from the first stage of the Project development to OM Materials (S) Pte Ltd (OMS), a wholly owned subsidiary of ASX listed company OM Holdings Limited (ASX:OMH) (OMH) under a take-or-pay offtake arrangement[2].

[1] Reference: Company ASX release dated October 12 2020.
[2] Reference: Company ASX release dated October 12 2020.

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About OM Holdings Limited

OM Holdings Limited is an integrated manganese and silicon company. It is engaged in the business of mining and trading raw ores, as well as the smelting and marketing of processed ferroalloys. With an established history of over 25 years in the industry, OMH is listed on the ASX and captures value across the entire process chain through operations in Australia, China, Japan, Malaysia, Singapore, and South Africa. Its latest project is a smelter complex in Sarawak, Malaysia, which successfully commenced production in 2014.

Long Lead Time Items

Detailed engineering design work subsequent to the PFS announced on 19 May 2020 has identified a number of specific items of equipment for integration into the beneficiation plant at the Project.

In order to meet what is a relatively condensed Project delivery timeline, the Company has placed orders and associated down payments with a number of suppliers. This represents a key milestone in the Project development strategy and provides certainty on pricing. The pricing obtained in the firm quotations are, in aggregate, below the budgeted prices detailed in the PFS.

Vibrating Screens

There are several vibrating screens that are included in the flowsheet design to manage sizing of the plant feed both to remove waste material and to optimise feed size ranges to allow effective ore sorting. These have been ordered from Vipro out of South Africa.

Ore Sorters

The process flowsheet requires two ore sorters which have been ordered from Steinert Australia. The sorters will be manufactured at the Steinert factory in Germany.

MCC

A containerised Motor Control Centre (MCC) will form an integral part of the control systems for the processing plant. It will be manufactured by ISAS. Integrated Switch Gear and Systems in Welshpool, Western Australia.

Crusher and Dry Screen

The first stage of the processing plant comprises a jaw crusher which has been sized, selected and ordered from Max Plant, a Western Australian company.

The second stage of the process is a dry screen to remove fine grained clay material which will be utilised in civil construction works and/or be disposed of in a dry-stack tail facility.

Log Washer

To facilitate efficient optical ore sorting, the log washer provides an attrition scrubbing step which removes any remaining clays and physically breaks down a portion of the non manganiferous shale material. The logwasher has been ordered from CDE Global Ltd in Northern Ireland.

Delivery of these key items is currently scheduled for December 2020.

Permitting

Several key permitting applications have been submitted to the relevant government departments to start the approvals process. These include:

Native Vegetation Clearing Permit

The clearing provisions of the Environmental Protection Act require the clearing of native vegetation to be authorised by a clearing permit. The application for this permit has been lodged and approved by the Department of Mines, industry, Regulation and Safety (DMIRS). The clearing permit will allow for the removal of vegetation in the key work areas such as the open pit, the process plant, and the tails storage facility footprints.

Water Abstraction Licence

The Department of Water and Environmental Regulation (DWER), as Western Australia's water resource management agency, has responsibility for assessment and decision making for licences and permits to extract water for the processing plant operations. This permit application has been lodged with DWER, and is supported by detailed hydrogeological modelling of the proposed aquifer which was defined in the recent test bore pump test programme[3].

Works Approval

Before a mining company can construct, install, alter or operate a plant, they must obtain a works approval and licence from the DWER, in accordance with the Environmental Protection Act 1986. This permit application has been lodged.

[3] Reference: Company ASX release dated 3 Augustl 2020.

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Great Northern Highway Access

In addition to these key permit applications, the Company has now received approval for the proposed design of the access road where it intersects the Great Northern Highway. This approval was granted by Main Roads Western Australia.

Mining Proposal/Mine Closure Plan

The Mining Proposal and Mine Closure Plan considers the environmental aspects of the mining operation and the rehabilitation activities at the conclusion of mining. An approved Mining Proposal and Mine Closure Plan are a pre-requisite to the commencement of operations. This application has been lodged with DMIRS and is awaiting approval.

Project Management Plan

Under the Mines Safety and Inspection Act 1994 (WA) (**MSI Act**), the commencement of mining operations is not permitted until a project management plan (**PMP**) has been approved. The PMP details the approach to managing hazards associated with the construction and operation of the proposed mine site. This application has been lodged with DMIRS.

Water Bore Pump Testing

Pump testing of a water production bore completed within a shallow (6 - 16m depth) aquifer at the Butcherbird Project has confirmed sufficient process water supply for planned production at the Project.

Yields from the aquifer were higher and depths were shallower than previously assumed potentially allowing sufficient water to be recovered from fewer, shallower bores, thereby reducing capital and operating costs for the borefield.

A number of standard pump tests were conducted to test the aquifer potential and groundwater flow modelling has been completed to analyse a number of potential borefield designs.

Figure 1: Water test bore drilling programme.



Samples from test bore BBPB03 were analysed for salinity with the test results shown in Table 1. The groundwater is classified as Marginal Potable, with a salinity of 1,200 mg/L Total Dissolved Solids (TDS). This is ideally suited to the proposed processing method at the Project.

Archaeological and Ethnographic surveys have been completed over the proposed borefield area and no impediments or sites were recorded.

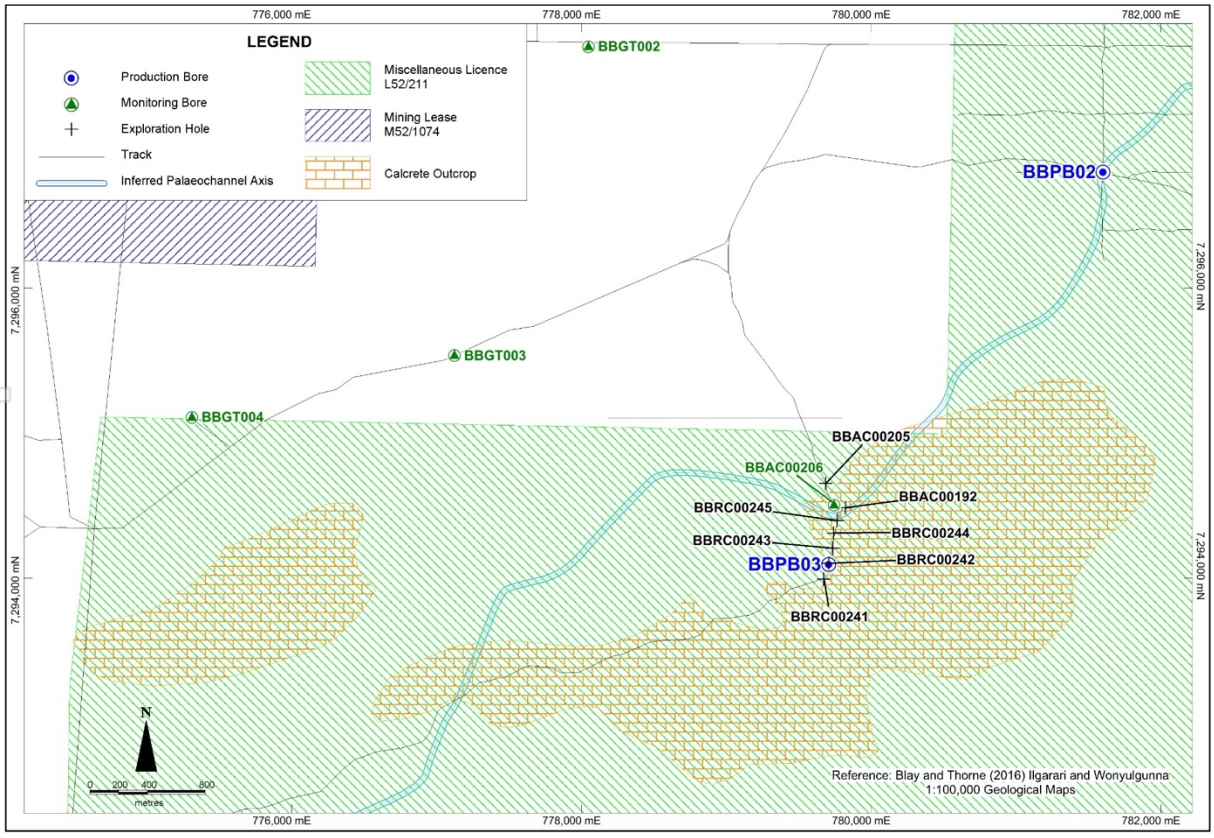
Table 1: Groundwater Chemistry Summary

Bore ID	Sample Depth	Sample Date	EC (field) (uS/cm)	Calc TDS (mg/L)	Measured TDS (mg/L)
BBPB03	11	12-July 20	1792	1201	1200

Table 2: Water bore, monitoring bore and water exploration drillhole collar locations.

Bore ID	Easting	Northing	Hole Depth	Purpose
BBRC00241	779675	7293991	16	Water Exploration
BBRC00242	779711	7294101	16	Water Exploration
BBRC00243	779739	7294205	16	Water Exploration
BBRC00244	779744	7294308	16	Water Exploration
BBRC00245	779768	7294395	16	Water Exploration
BBPB03	779724	7294185	12	Water Production

Figure 2: Collar locations of water exploration drillholes, test bores and monitoring bores.



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About the Butcherbird Manganese Project

The Butcherbird Manganese Project is a world class manganese resource with current JORC resources in excess of 263 Mt of manganese ore[4]. The Company has recently completed a Pre-Feasibility Study with respect to developing the deposit to produce manganese concentrate for export to generate early cashflow with a modest capital requirement[5]. The outstanding economics and low capital hurdle of less than A$15 million will allow the Company to develop the project in a relatively short timeframe.

This is envisaged as the first stage of a staged ramp up for the project and has the advantage of potentially providing early cashflow to strengthen the Company's balance sheet and assist in funding of the larger high purity manganese production hub which is the subject of a parallel, complementary work stream.

The Project straddles the Great Northern Highway and the Goldfields Gas Pipeline providing turnkey logistics and energy solutions. The Company is also intending to integrate renewable energy into the power solution to minimise the carbon intensity of the Project as well as reducing energy costs. A cleaner, lower carbon flowsheet and high penetration renewable energy will place Butcherbird at the forefront of sustainable metal production.

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)

[4] Reference: Company ASX release dated 17 April 2019.
[5] Reference: Company ASX release dated 19 May 2020

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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 categories[6].

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**

[6] Reference: Element 25 Limited Reserve Statement lodged with ASX 19 May 2020.

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Corporate

Share Purchase Plan

The Share Purchase Plan (SPP) announced on 6 July 2020 closed on 21 July 2020 heavily oversubscribed with the Company having received applications for over $3.2 million.

The SPP booklet outlined that the Company was seeking a target of $1.5 million from the SPP however, given the strong support shown by shareholders, the Board decided to use its discretion under the terms of the SPP and accept all shareholder applications.

Deferred Consideration Payment Received from REE

During the quarter, payment of $1M was received in relation to the deferred consideration for the sale of the Cummins Range Rare Earth deposit to RareX Limited (RareX).

On 27 September 2019, the Company announced the sale of the Cummins Range Project for total consideration of $3M. The first tranche of $1M was received at settlement and the Company has now received the second tranche of $1M which was settled via the payment of $500,000 in cash and the issue of 7,462,687 fully paid shares in the capital of RareX at a deemed issue price of 6.7c per share. The shares are subject to a six-month voluntary escrow period. The sale agreement in relation to the Cummins Range Project also includes future payment as follows:

- Within 36 months of settlement (which occurred on 27 September 2019), and subject to the completion of a positive Bankable Feasibility Study (BFS) on the Cummins Range project, RareX must pay or issue $1,000,000 in cash or shares or a combination thereof to a total value of $1,000,000 (Further Deferred Consideration).
- If a BFS is unable to be completed within 36 months of the date of settlement, the further Deferred Consideration is not payable and RareX will, in lieu, grant E25 a 1% Net Smelter Return Royalty on future production from the Cummins Range project capped at $1,000,000.

Investment Portfolio (as at 30 September 2020)

In addition to cash reserves, the Company also currently holds securities in the following listed entities:

Listed securities at market value:	No. Held	Closing Price	Market Value
Anova Metals Ltd (ASX:AWV)	7,000,000	$0.026	$182,000
Buxton Resources Ltd (ASX:BUX)	356,001	$0.096	$34,176
Duketon Mining (ASX:DKM)	1,450,000	$0.23	$333,500
Danakali Limited (ASX:DNK)	6,794,097	$0.405	$2,751,609
Rare X Limited (TSX:REE)	7,462,687	$0.115	$858,209
Total			4,159,494

During the quarter aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation totalled $86,000.

Justin Brown

Managing Director

Company information, ASX announcements, investor presentations, corporate videos and other investor material on 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.

Disclaimer

The views expressed herein are not necessarily the views of the Australian Government, and the Australian Government does not accept responsibility for any information or advice contained herein.

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ASX Additional Information for Quarterly Report to 30 September 2020

	Tenement reference	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of quarter
The mining tenements held at the end of the quarter and their location	E09/2415	Isle Bore WA	100%	N/A	100%
	E20/659	Eelya Hill WA	10%	N/A	10%
	E20/948	Yallon Well WA	100%	N/A	100%
	E20/953	Sunday Well WA	100%	N/A	100%
	E28/2577	Pinnacles WA	100%	N/A	100%
	E28/2761	Flanker South WA	100%	N/A	100%
	E28/2908	Pinnacles WA	100%	N/A	100%
	E37/1295	Leonora WA	100%	Disposed	0%
	E39/2135	Mulga Tank	100%	N/A	100%
	E46/1352	Black Hill WA	100%	Disposed	0%
	E46/1366	Black Hill WA	0%	Acquired	100%
	E52/1529	Mt Padbury WA	100% (Note 1)	N/A	100% (Note 1)
	E52/2350	Butcher Bird WA	100%	N/A	100%
	E52/3606	Yanneri Bore WA	100%	N/A	100%
	E52/3706	Yanneri Pool WA	100%	N/A	100%
	E52/3708	Millidie Creek WA	100%	Disposed	0%
	E52/3735	Limestone Bore WA	100%	N/A	100%
	E52/3738	Mt Padbury WA	100%	N/A	100%
	E52/3762	Dead Camel WA	100%	Disposed	0%
	E52/3769	Kumarina WA	100%	N/A	100%
	E52/3779	Beyondie Bluff WA	100%	N/A	100%
	E52/3788	Neds Gap WA	100%	N/A	100%
	E52/3789	Coner Bore WA	100%	N/A	100%
	E52/3840	Woolgatharra Pool WA	100%	N/A	100%
	E52/3849	Dead Camel WA	0%	Acquired	100%
	E52/3858	Yanneri Well WA	0%	Acquired	100%
	L52/211	Limestone Bore WA	100%	N/A	100%
	L52/215	Butcherbird East 1 WA	100%	N/A	100%
	L52/216	Butcherbird East 2 WA	100%	N/A	100%
	L52/217	Butcherbird East 3 WA	100%	N/A	100%
	L52/218	Butcherbird East 4 WA	100%	N/A	100%
	L52/220	Butcherbird East 5 WA	0%	Acquired	100%
	L52/221	Butcherbird East 6 WA	0%	Acquired	100%
	M52/1074	Yaneri Ridge WA	100%	N/A	100%

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	Tenement reference	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of quarter
	E57/1060	Victory Well WA	20%	N/A	20%
	E59/2408	Twin Peaks WA	100%	N/A	100%
	E63/2027	Lake Johnston WA	0%	N/A	100%
	E80/5056	Eileen Bore WA	100%	N/A	100%

Notes:

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

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