

# Element 25 Limited Investor Update

Building a globally significant, low cost, high purity manganese project to supply high growth markets.

AMEC Convention - June 2019



# Disclaimer

This presentation contains only a brief overview of Element 25 Limited and its associated entities ("Element 25") and their respective activities and operations. The contents of this presentation, including matters relating to the geology of Element 25's projects, may rely on various assumptions and subjective interpretations which it is not possible to detail in this presentation and which have not been subject to any independent verification.

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The information contained in this presentation is not a substitute for detailed investigation or analysis of any particular issue. Current and potential investors and shareholders should seek independent advice before making any investment decision in regard to Element 25 or its activities.

# Corporate Overview

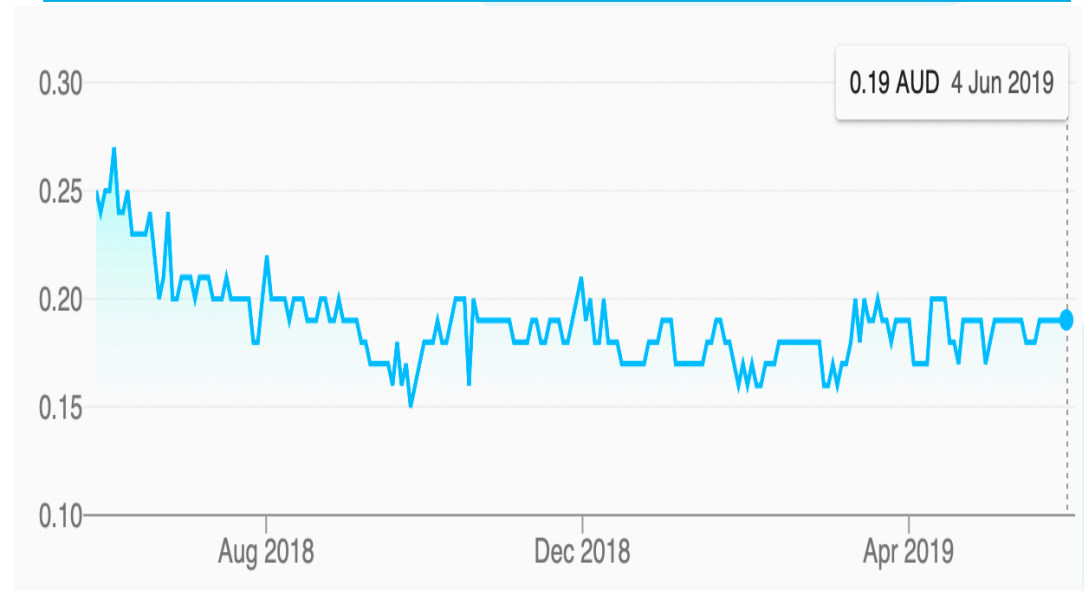
## Financial Information

|                                        |         |
|----------------------------------------|---------|
| ASX Ticker                             | E25     |
| Shares on Issue                        | 89M     |
| Share Price                            | \$0.19  |
| Market Capitalisation                  | \$16.9M |
| Cash & Investments ( at 31 March 2018) | ~\$8.5M |
| Debt                                   | Nil     |
| Enterprise Value                       | ~\$8.5M |

## Board and Management

|                  |                        |
|------------------|------------------------|
| Seamus Cornelius | Chairman               |
| Justin Brown     | Executive Director     |
| John Ribbons     | Non Executive Director |
| Ian Huitson      | Study Manager          |
| Sias Jordaan     | Marketing Manager      |

## Share Price Performance



## Major Shareholders

|                              |       |
|------------------------------|-------|
| Top 20 Shareholders          | 67%   |
| Board and Management         | 8.2%  |
| JP Morgan Nominees Australia | 11.4% |
| Duketon Mining Ltd           | 6.5%  |



# The High Purity Manganese Market

Processing ore to to high purity chemical products, NOT manganese concentrate for bulk shipping.



HPMSM

EMM

EMD



# What is High Purity (Class 1) Manganese?



## Electrolytic Manganese Metal (“EMM”)

- E25 Primary product
  - Well understood
  - Bankable

- Used in series 200 SS and specialty alloys
- Largest market, ~1.8Mt or ~US\$4B annually, steady growth
- Chinese producers: lack of domestic ore = African ore = high costs
- Easy to market, simple offtake, predictable pricing, US\$2K-\$3K/t
- Forms the E25 base case to underpin debt finance
- E25 expects to be the lowest cost producer globally

- **ESTABLISHED DEMAND**
- **STEADY GROWTH**
- **EASY OFFTAKE**
- **MOST BANKABLE**

## Battery Grade Manganese Sulphate

- E25 Secondary product
  - New, fast growing market
  - Huge blue sky upside potential
  - Will increase exposure over time

- Used in fertilisers and new energy NMC and LNMO batteries
- Small market, ~0.1Mt or ~US\$0.2B/a, BUT (very?) fast growth
- Currently produced by dissolving EMM
- Challenging to market for now, small parcels BUT highest price, US\$3.5-4K/t
- Market growth potentially 10 fold to 2030
- E25 expects to be the lowest cost producer globally

- **NEW DEMAND**
- **HIGHEST GROWTH**
- **DIFFICULT OFFTAKE**
- **BANKABLE?**

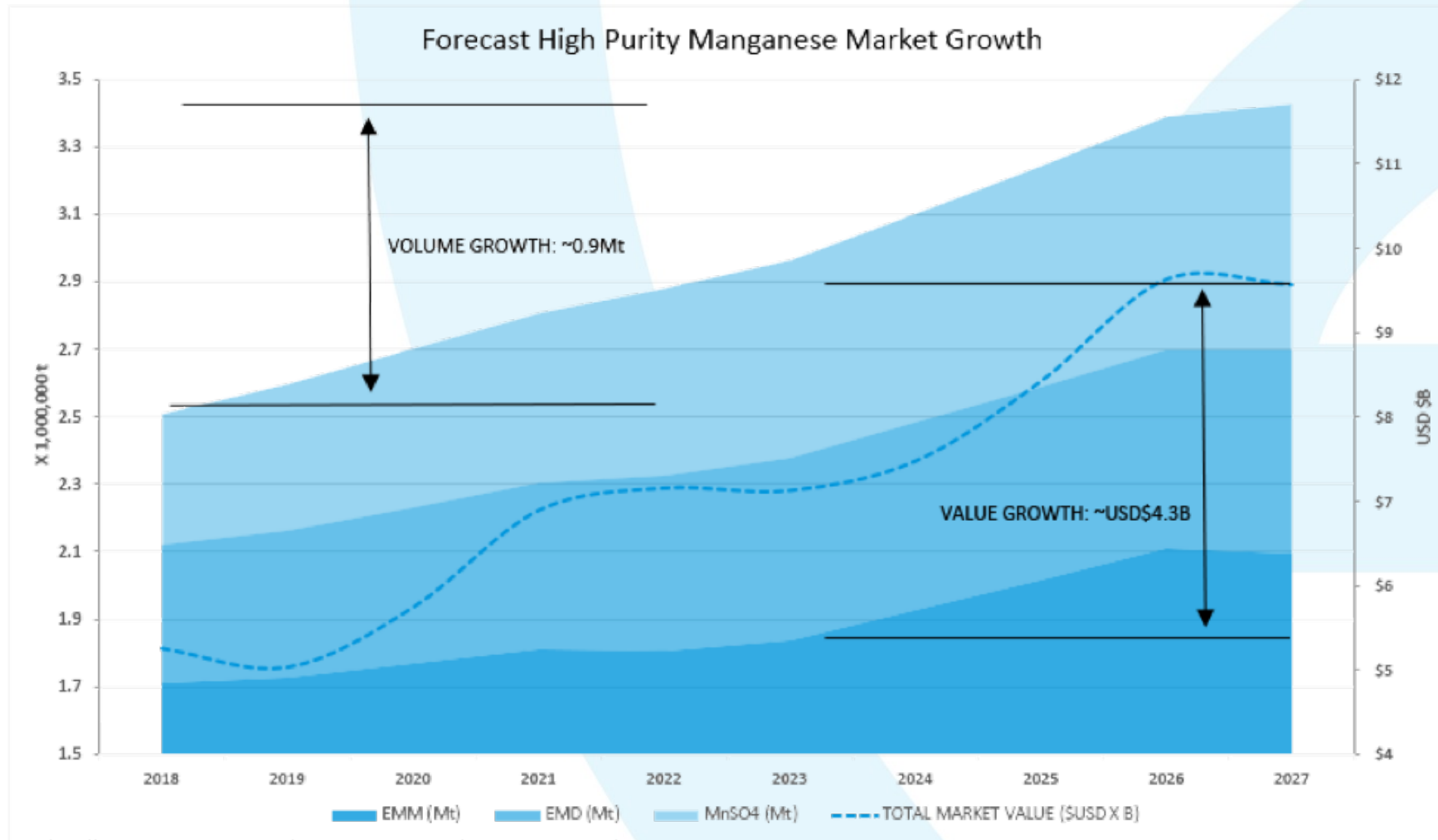
## Electrolytic Manganese Dioxide

- Used in traditional dry cell and older LMO batteries
- Intermediate market, ~0.4Mt or US\$1B annually, steady growth
- More difficult to market, long qualifying periods, risky, no price advantage

- **ESTABLISHED DEMAND**
- **STEADY GROWTH**
- **DIFFICULT OFFTAKE**
- **NOT BANKABLE**

# High Purity Manganese Market Forecast = Strong Growth

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Reference: Metal Bulletin Commissioned Manganese Market Report April 2018

An aerial photograph of an industrial construction or mining site, featuring a large crane and heavy machinery. The image is overlaid with a dark blue gradient.

# Competitor's Costs are Rising

China's competitiveness is being eroded by rising costs.



# Chinese Producers are struggling to control costs...

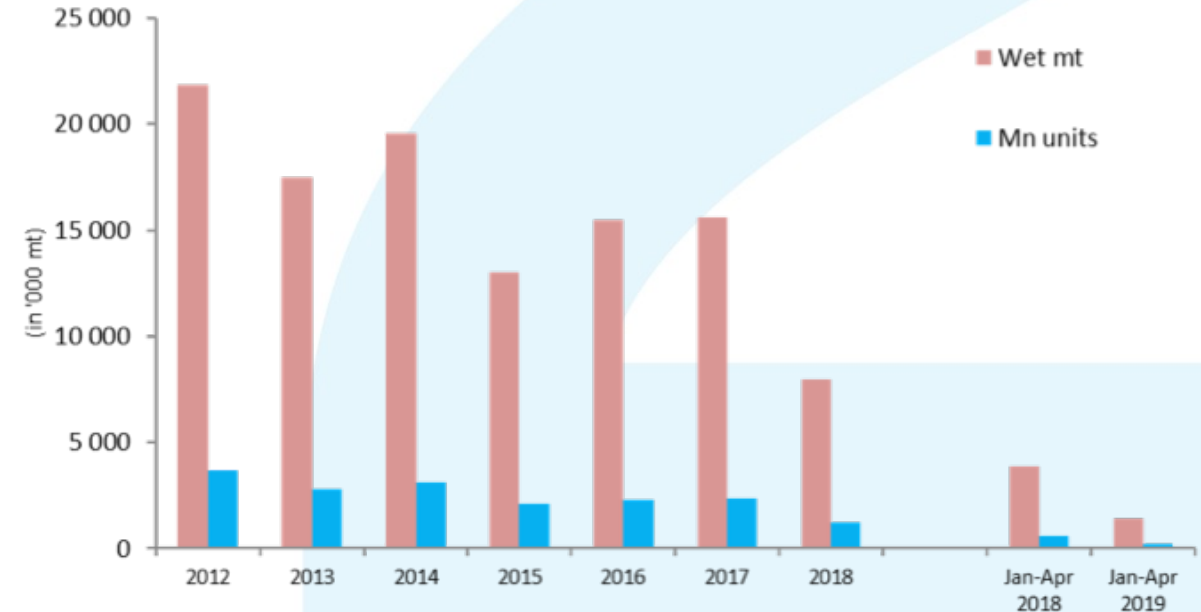
- Ageing infrastructure.
- Expensive African ore; local ores are depleted.
- Labour intensive processes.
- Difficulties sourcing labour and rising costs.
- Increasing power costs
- Complex logistics.
- Waste disposal and other environmental problems rife.



# Chinese manganese mines are depleted...

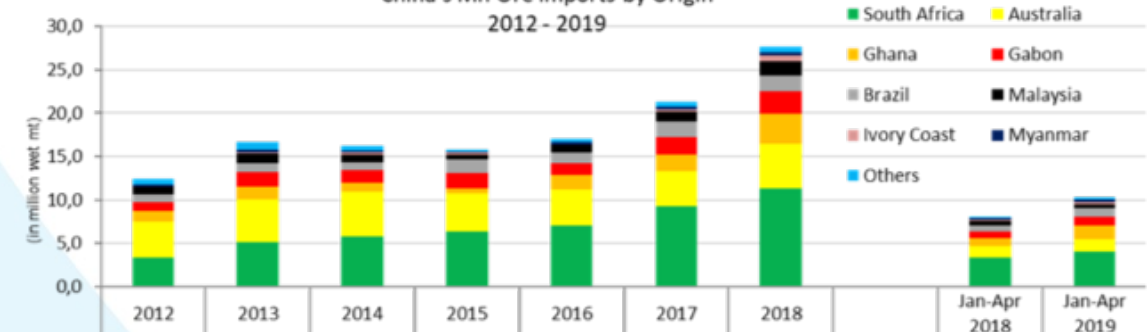
- Local production is dropping YoY.
- Grades are declining YoY.
- Imports rising each year.
- Demand continues to grow.
- Ore costs are now the biggest cost driver for Chinese high purity manganese producers.
- Has a negative impact on Chinese production costs.

China's Mn ore production  
2012 - 2018



Source: IMNI

China's Mn Ore Imports by Origin  
2012 - 2019

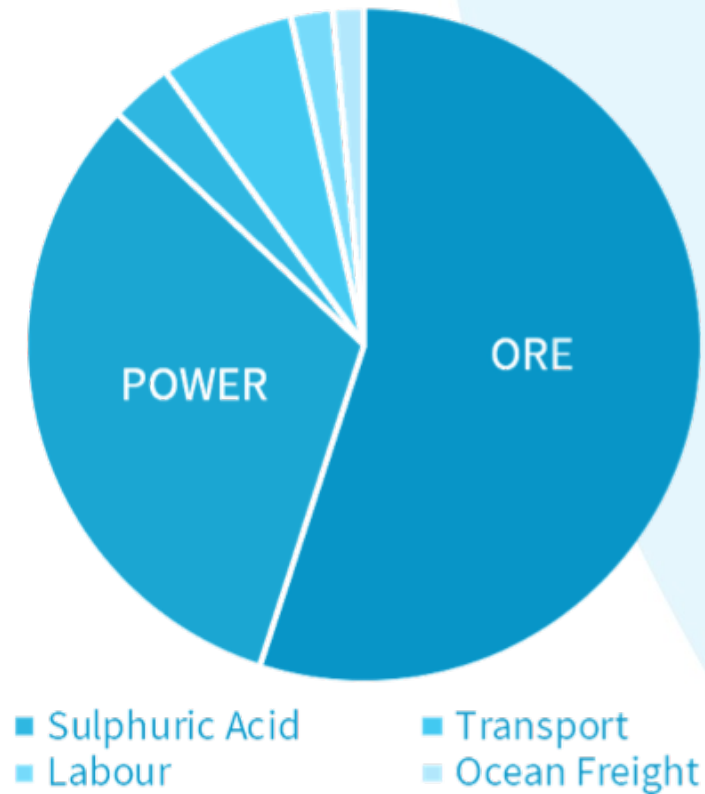


# Costs Are Going Up in China

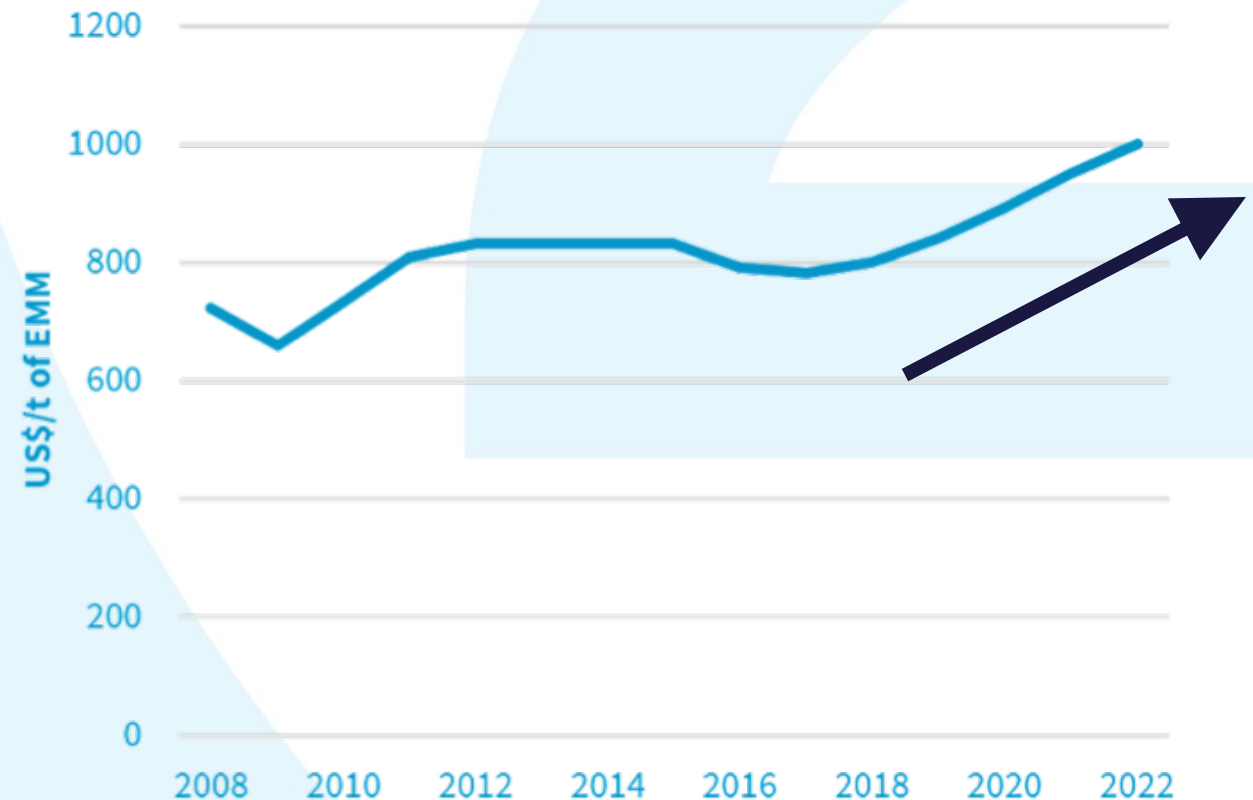
And... quality domestic ore supplies are largely exhausted...

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Average End-Product Cost Breakdown of Chinese EMM Plants



Average Chinese EMM Costs Over Time (US\$/t before ore costs)







# World Class Manganese Resource

Australia's largest onshore manganese resource is ripe for development to produce high purity products, NOT manganese concentrate for bulk shipping. Multiple competitive advantages mean lower costs of production.

# The Butcherbird Manganese Project

- Huge resource, currently **>260 Mt of manganese** ore in Measured, Indicated and Inferred JORC resources\*.
- Excellent local infrastructure (**bitumen road and gas pipeline**).
- 100% owned by Element 25 Limited.
- Located in WA, a tier 1 mining jurisdiction.
- Very simple geology, no strip and free dig.
- Measured and Indicated resources are the focus of the **PFS**.
- Metallurgically process proven.
- Scoping Study completed, Pre Feasibility Study well advanced.

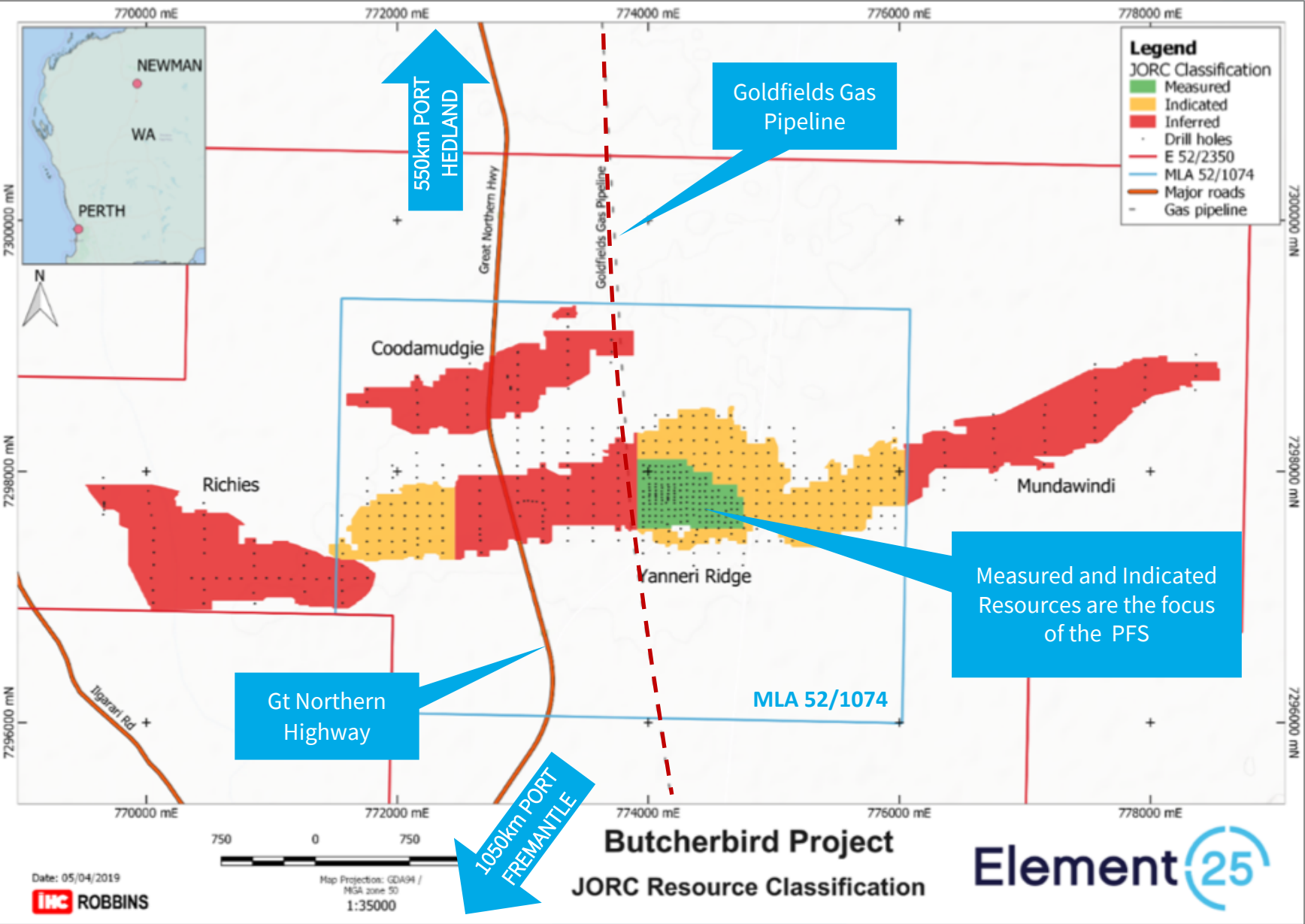


\*Reference: Element 25 Limited ASX release dated 17 April 2018.



# World Class Resource, Great Infrastructure Endowment

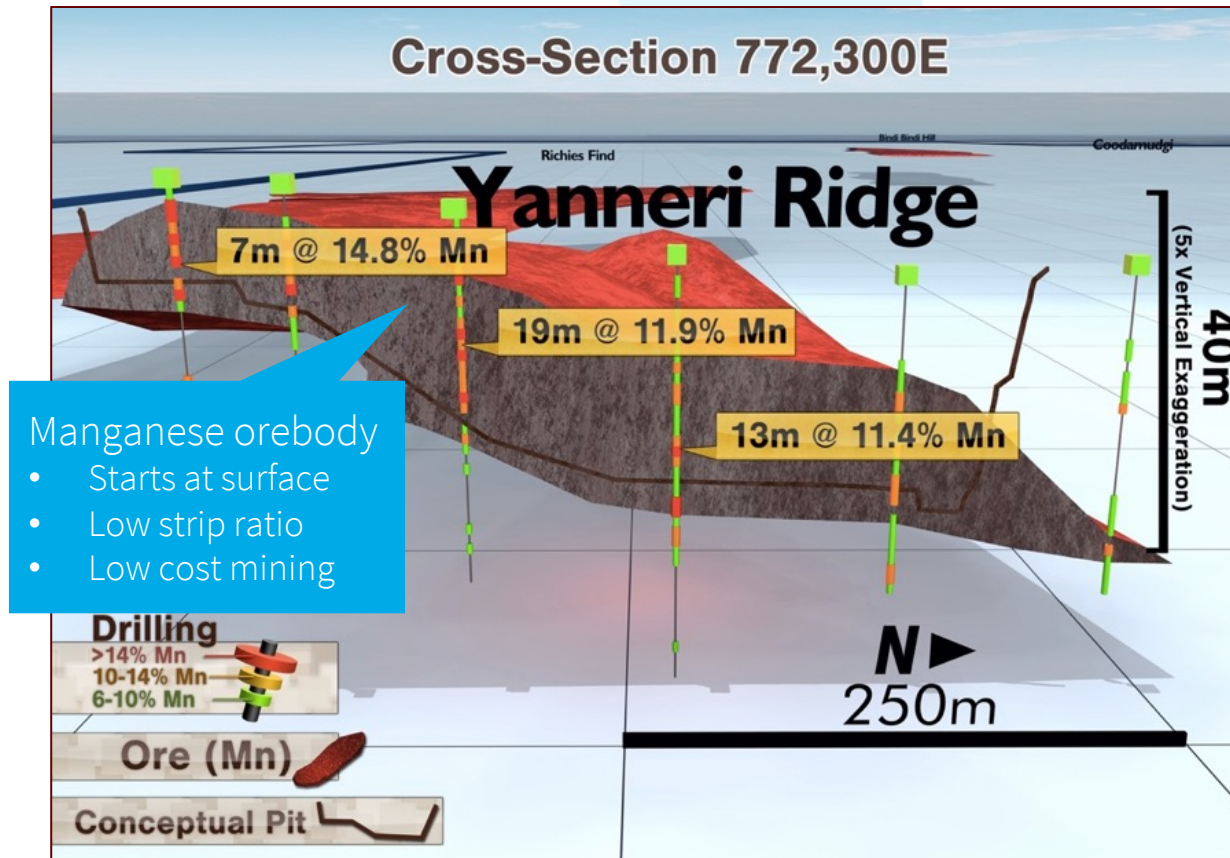
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# Simple Geology

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- Flat lying stratiform ore body, very simple geology.
- Ore zone starts at surface and is laterally continuous.
- No selective mining required.
- Low strip ratio of 0.2:1 based on preliminary pit optimisations.
- Ore zone is above the water table.
- Free dig with localised ripping.

Note: All intersections are approximately true width

An aerial photograph of an industrial facility, likely a mining or processing plant, with a large central processing unit and extensive conveyor systems. The image is overlaid with a blue tint.

# A Lower Cost, Cleaner Processing Pathway

“Every once in a while, a new technology, an old problem, and a big idea turn into an innovation.”

Dean Kamen, Inventor.



# Breakthrough Technology

- CSIRO co-developed process produces high purity manganese with less energy and lower emissions.
- Products include high purity manganese sulphate (“HPSM”) for NMC Li-Ion battery cathodes and Electrolytic Manganese Metal (“EMM”) for specialty steels.
- These are high value products. Electrolytic Manganese Metal (EMM) is currently priced ~USD\$2,700/t<sup>1</sup>.



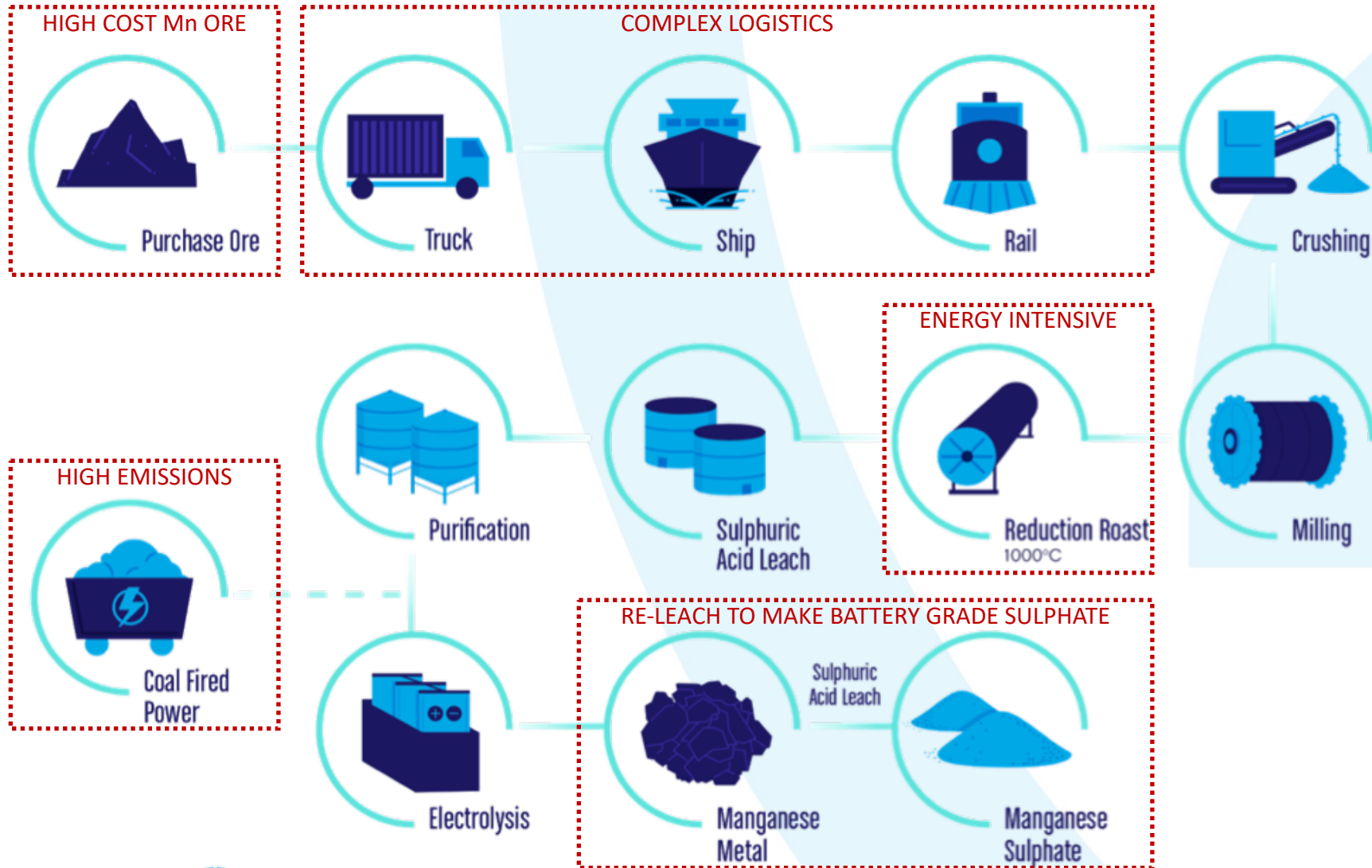
High purity  
manganese  
products, EMM  
and HPSM

<sup>1</sup><https://www.metalbulletin.com/My-price-book.html?price=34473>



# Existing Producers use an Inefficient and Polluting Flowsheet

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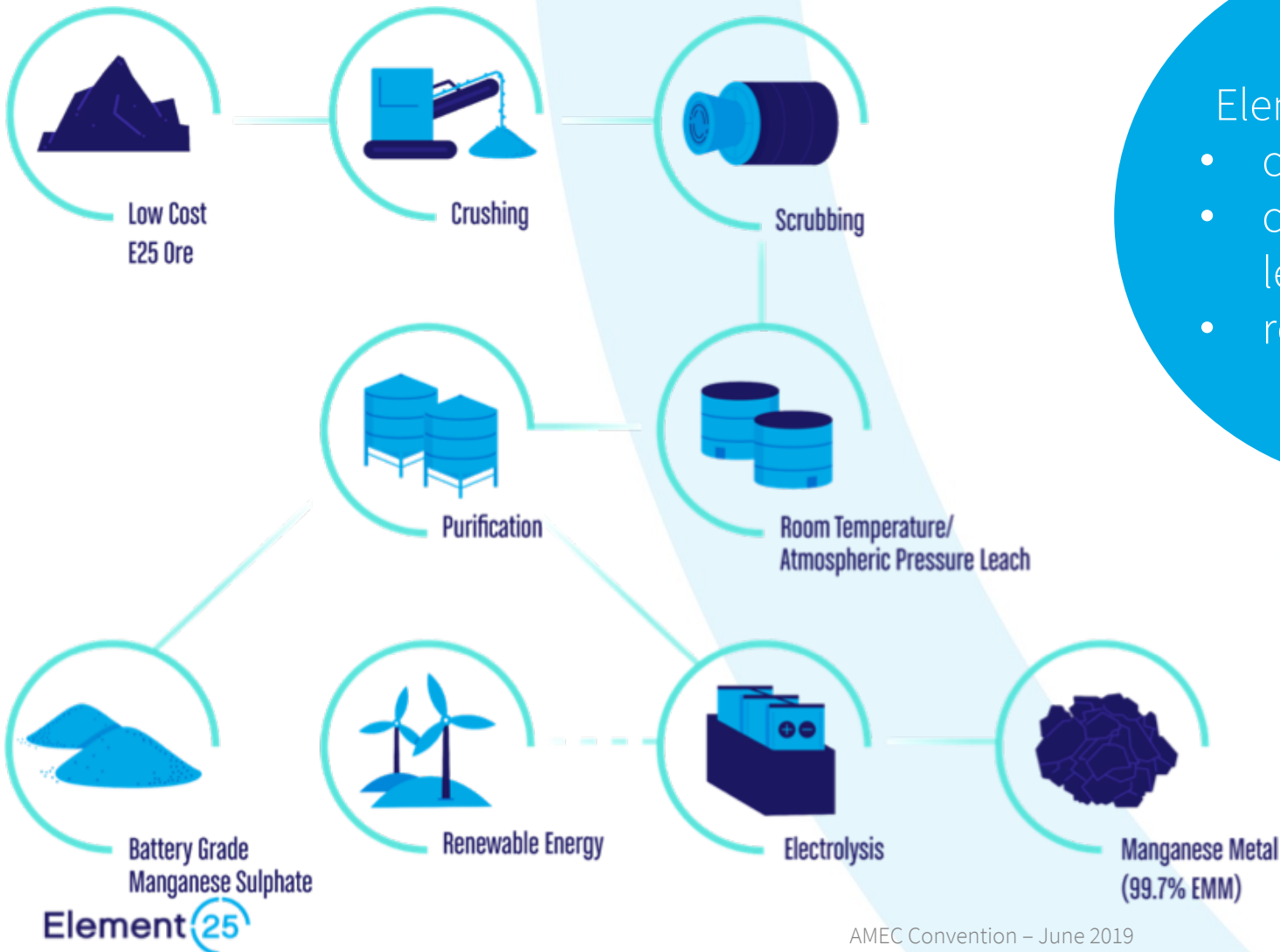


Current producers:

- energy intensive
- high emissions
- rising costs
- inefficient

# Element 25 Uses a Simpler, Lower Cost, Cleaner Process

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Element 25 Process:

- cheaper local ore
- cleaner, cheaper leach process
- renewable energy

simpler,  
lower cost,  
cleaner,  
greener



An aerial photograph of an oil rig on a dark sea, with the entire image tinted in a deep blue color. The rig's complex structure, including cranes and platforms, is visible against the dark water.

# Energy Solution: Gas, Wind or Solar

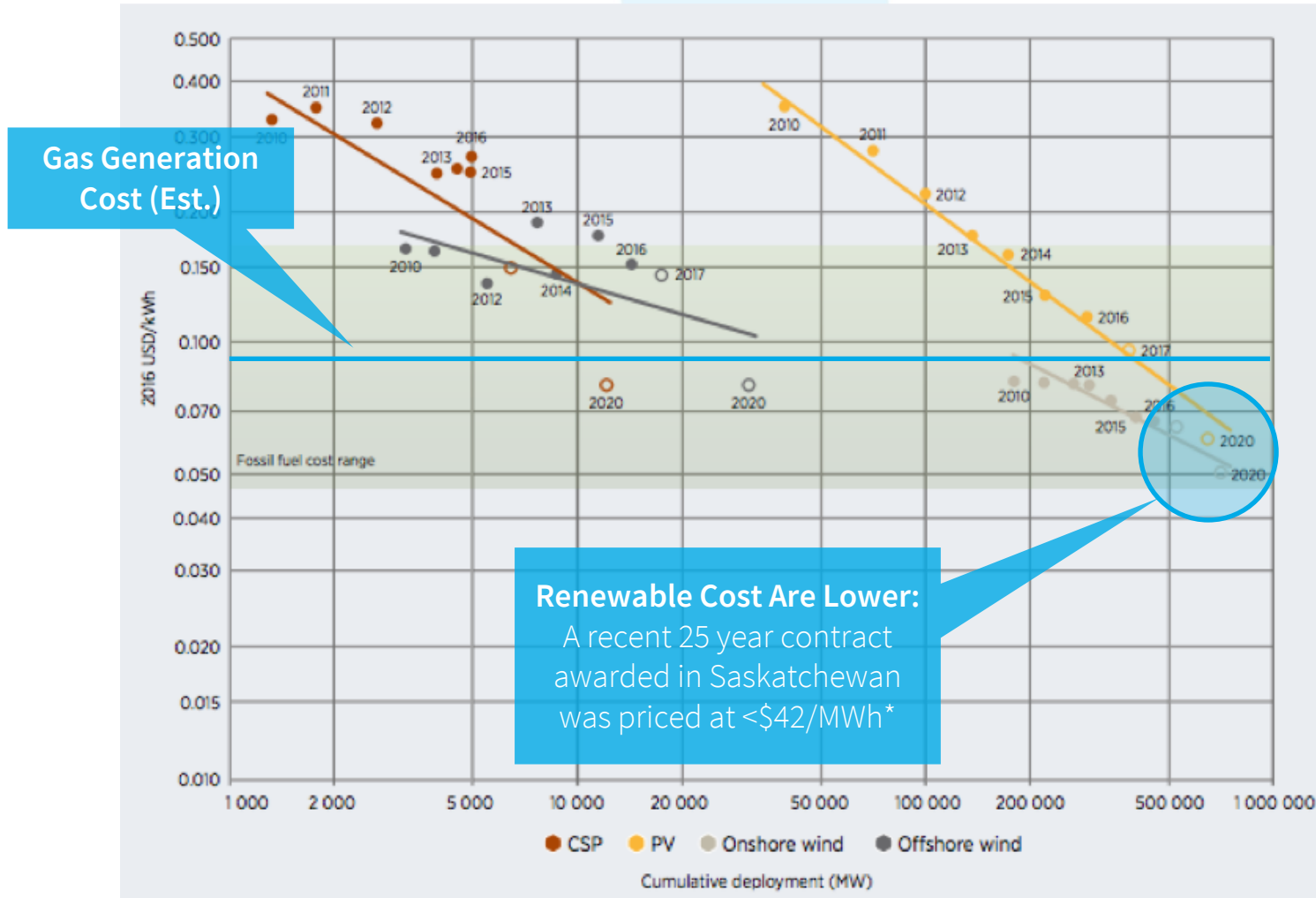
“Research from Morgan Stanley estimates that renewables will be the cheapest source of power in the world in less than three years.”

Business Insider Australia, 8 July 2017.



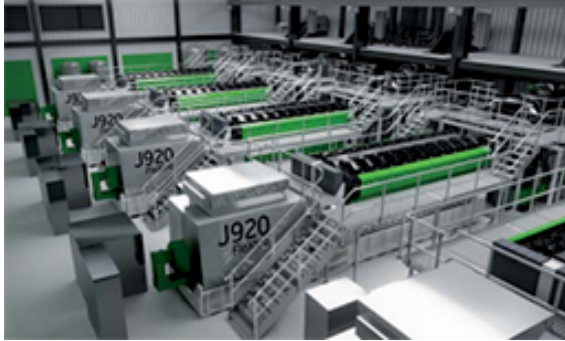
# Renewable Energy - Lower Emissions and Cost Effective

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- Cost of renewables steadily declining.
- Renewables are cheaper than fossil fuel sources.
- Maximising renewables will maximise project economics.
- Reduces carbon footprint.
- Decarbonises products for end users.

# Energy Optionality



## Gas generation:

- Reciprocating gas engines/turbines
- Cost effective base case power solution
- 100% gas power assumed in the Scoping Study

## Wind turbines:

- Competitive Levelised Cost Of Energy (“LCOE”)
- Long mine life supports favourable PPA terms
- Protection from gas price changes

## Solar photovoltaics:

- Competitive LCOE
- Offsets lower daytime wind speeds
- Assists in smoothing the renewable power supply

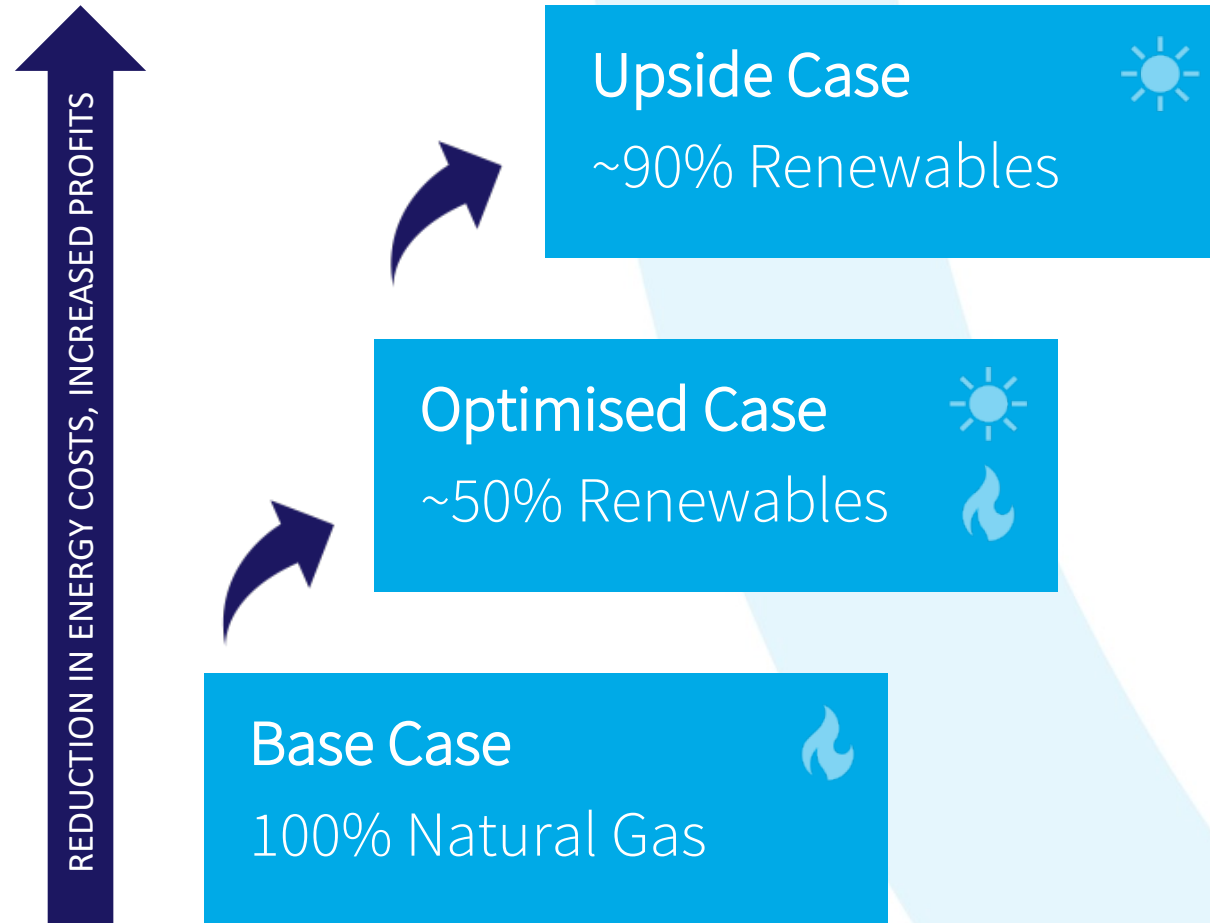
EMM EW  
consumes  
~6.5 MWh/t of  
electricity

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Expected  
energy mix is  
50% wind and solar  
plus 50% gas, halving  
emissions and  
reducing cost over  
gas only\*

# Making Metals with Renewables - IDE

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## INTERMITTENT DYNAMIC ELECTROWINNING

- Optimising electrowinning process to utilise dynamic energy supply.
- Finding the limits on key variables such as voltage, current density, solution chemistry.
- Designing management systems to use dynamic energy while maintaining quality.
- Co-funded to \$490K by the Australian Renewable Energy Agency (“ARENA”).



An aerial photograph of a large-scale industrial construction project, likely a port or a large-scale earthmoving operation. The image shows a vast area of dark, disturbed earth with numerous tracks from heavy machinery. In the upper right, a large crane or conveyor system is visible, extending over a body of water or a large excavation. The overall scene is one of intense industrial activity.

# Next Steps for Element 25?

Scoping Study complete and positive.  
What is the pathway to development..?

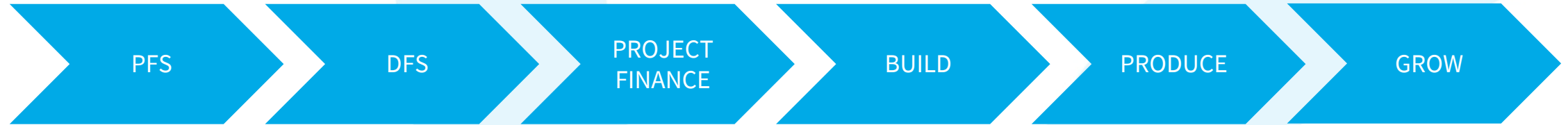
# Our Journey...

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# Our Journey...

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## Our Goal...

- Produce the cleanest, greenest manganese products globally.
- Become a globally significant high purity manganese producer.
- Achieve best in class quality and cost profile.
- Operate ethically and sustainably in a Tier 1 jurisdiction.
- Generate strong sustainable investor returns over the long term.



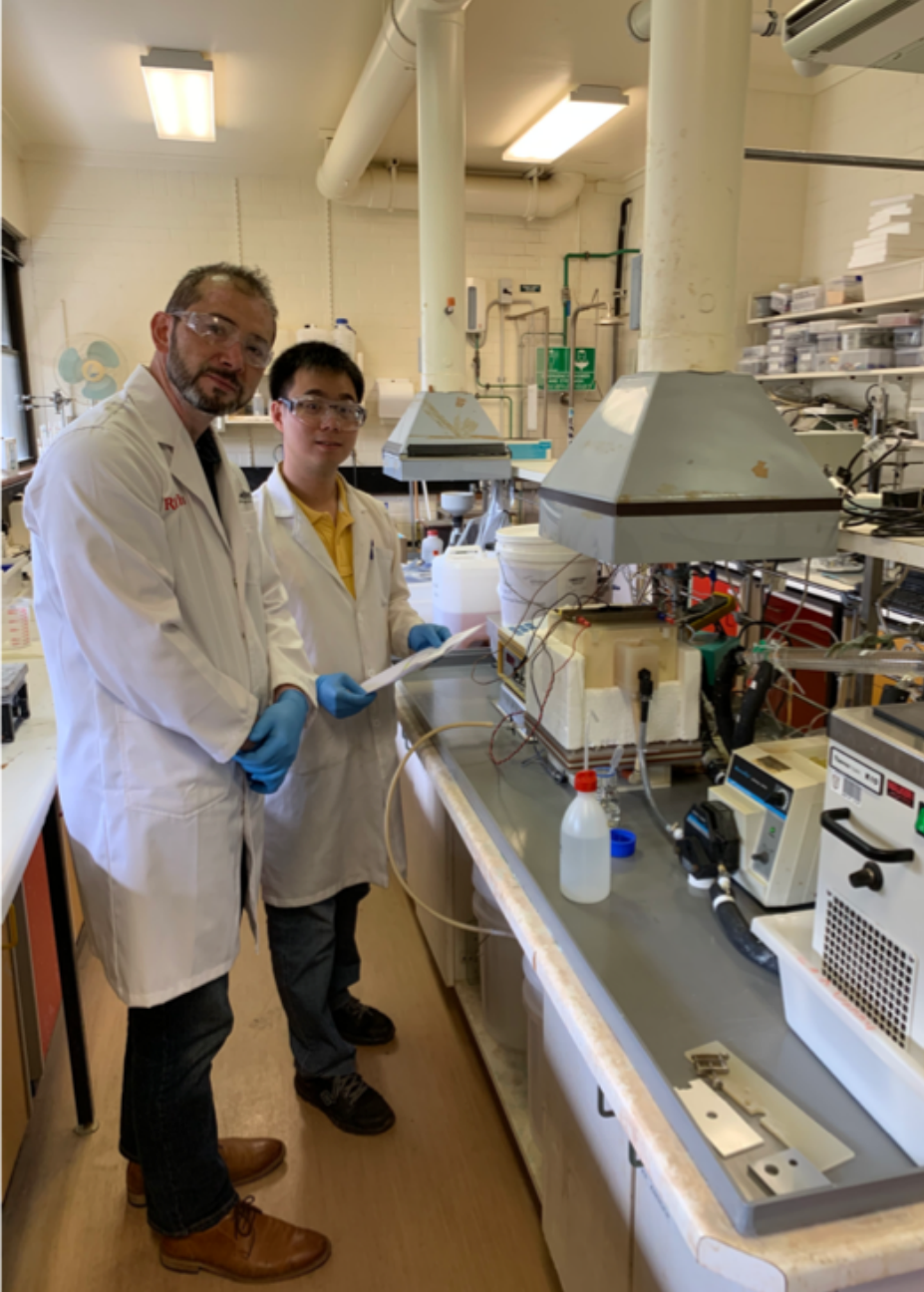














# Thank you.

For more information, please contact Element 25 Limited:

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# Appendices





# Competent Person's Statement

Note: The information in this presentation that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Mr Justin Brown who is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy.

Justin Brown 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'. Justin Brown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

All references to Mineral Resources pertain to the ASX release dated 16 April 2019. The Company confirms that all material assumptions, underpinning the estimations continue to apply and have not materially changed.

For further information on Element 25 Limited and its Projects please visit its website at [www.element25.com.au](http://www.element25.com.au) which contains copies of all continuous disclosure documents to ASX, Competent Persons' Statements and Corporate Governance Statement and Policies.

## 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.

# World Class Manganese Resource

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| 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    |

- Significant potential remains to increase the resource with further drilling.
- Scale of development not resource constrained.

Resource is  
not closed off  
and can be  
extended.

Reference: Element 25 Limited ASX release dated 16 April 2019.