

Element 25 and OM Holdings Sign Offtake Memorandum of Understanding

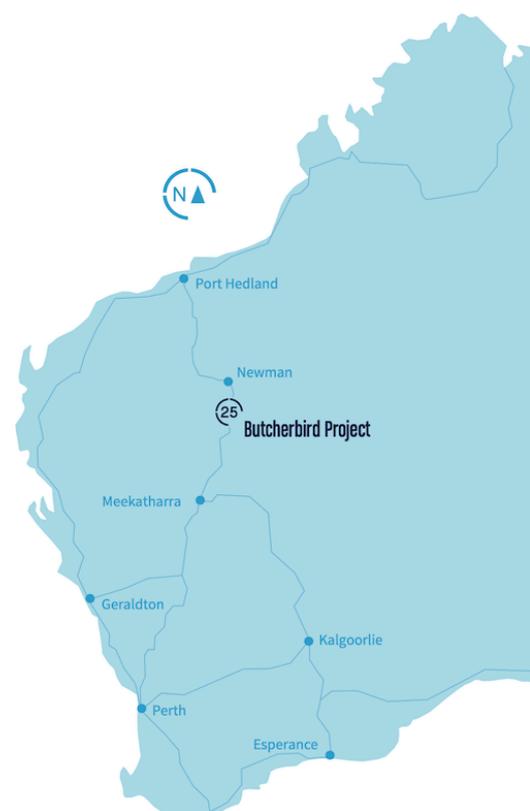
Element 25 Limited (E25 or Company) (ASX:E25) is pleased to announce it has entered into a non-binding memorandum of understanding (MOU) with OM Materials (S) Pte Ltd (OMS), a wholly owned subsidiary of OM Holdings Limited (OMH) (ASX:OMH) to supply manganese concentrate products from its proposed development at the Company's 100% owned Butcherbird manganese project (Project).

This represents the first formal milestone in E25's engagement with OMH and follows a number of positive discussions between the parties over recent weeks since the Company released its manganese concentrate Pre-Feasibility Study on 19 May 2020.

Under the MOU, E25 and OMH will negotiate a formal offtake agreement over coming months as part of the development of the Project. The final terms of the offtake agreement are subject to further negotiations, however the MOU provides a framework for discussions around the following key parameters:

- Binding offtake of between 50% and 100% of the concentrate produced from the Project.
- Pricing mechanisms based on agreed published benchmark pricing.
- An initial term of up to 5 years.
- Optimising the logistics solution for the Project.

E25 Managing Director Mr Justin Brown commented, "E25 is very pleased to be able to report this important milestone in what we hope will be a long and mutually beneficial relationship. Discussions with OMH and others have highlighted the demand for high quality, reliable supply of manganese from Australia."



Company Snapshot

| | | | |
|------------------------|--------------------------------|---------------------|--|
| ASX Code: | E25 | Board of Directors: | Element 25 Limited is developing the world class |
| Shares on Issue: | 98M | Seamus Cornelius | Butcherbird manganese project in Western Australia to |
| Share Price: | \$0.40 | Justin Brown | produce high purity manganese sulphate for lithium ion |
| Market Capitalisation: | \$39.2M | John Ribbons | batteries and electrolytic manganese metal. |
| | | | |
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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.

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 ore¹. 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 requirement². The outstanding economics and low capital hurdle of less than A\$15 million will allow the Company to develop the project in a shorter timeframe than would have otherwise been possible.

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, complimentary 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.

¹ Reference: Company ASX release dated 17 April 2019.

² Reference: Company ASX release dated 19 May 2020

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 categories³.

| 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.

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

³ Reference: Element 25 Limited Reserve Statement lodged with ASX 19 May 2020.