

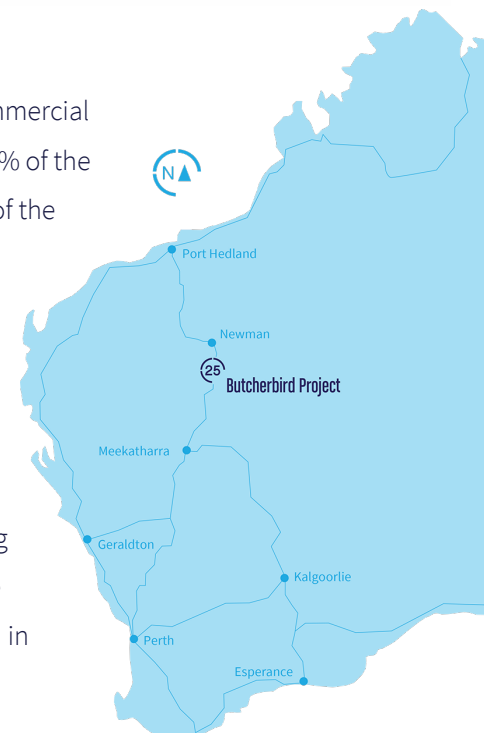
Offtake Terms Agreed with OM Holdings Limited

Element 25 Limited (E25 or Company) (ASX:E25) is pleased to advise that key commercial terms have 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 Butcherbird Project development (**Project**) 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.

The parties are also negotiating the final terms of a \$2M convertible funding agreement which will be a part of the overall project financing.

The Term Sheet provides for a 60 day exclusivity period (**Exclusivity Period**) during which the parties expect to finalise definitive documents in relation to the offtake terms (**Offtake Agreement**). The key terms of the proposed agreement as detailed in the Term Sheet are as follows:

- OMS to take 100% of the manganese ore from the Project under the proposed first stage of development up to 365,000 tonnes per annum.
- The parties propose a pricing mechanism which is calculated as a discount against the Fast Markets published 44% Mn benchmark price (adjusted for FOB delivery terms).
- The parties have agreed to the specification and pricing formula for the delivered ore between a manganese grade of 28%-35%.
- The parties have agreed on minimum and maximum levels/ratios of certain impurities including iron, silica, phosphorous and moisture.
- It is envisaged that the Offtake Agreement will detail any discounts or premia for ore that is delivered outside these agreed ranges.
- The term of the Offtake Agreement will be 5 years, with provision for an extension subject to satisfactory performance by OMS measured against KPI's to be agreed.
- Trade terms will include a provision in the first six months for payment to be made on delivery of parcel sizes as small as 1,000 tonne to port, significantly reducing E25's working capital requirements.



Company Snapshot

ASX Code:	E25	Board of Directors:	Element 25 Limited is developing the world class
Shares on Issue:	118M	Seamus Cornelius	Chairman
Share Price:	\$0.85	Justin Brown	MD
Market Capitalisation:	\$100.3M	John Ribbons	NED
			Butcherbird Manganese Project in Western Australia to produce high quality manganese concentrate and high purity manganese products for traditional and new energy markets.

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- The ore will be delivered on an FOB basis.
- The parties acknowledge that certain premia may be available to E25 for ore with particularly low levels of certain impurities. The framework for calculating these premia, where established will be documented in the Offtake Agreement.
- The Offtake Agreement will include conditions precedent in relation to due diligence, board approvals, shareholder approvals (including any applicable ASX Listing Rules, Chapter 10 requirements) and any other regulatory approvals that may be required (including FIRB).

E25 Managing Director Mr Justin Brown commented, “*This is a landmark moment for E25 as it pursues the development of the Butcherbird Project. OMH are ideally placed to partner with E25 given their extensive smelting infrastructure in Malaysia and their experience in the Silicomanganese markets into which the E25 ore will be placed. E25 regard this as the start of a long term mutually beneficial arrangement and looks forward to building on the progress to date.*”

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 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, 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,

¹ Reference: Company ASX release dated 17 April 2019.

² Reference: Company ASX release dated 19 May 2020

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)

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.

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 Director.

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