

Element 25 Ltd

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Element 25 confident PFS will confirm commercial potential of Butcherbird

Element 25 Ltd (ASX:E25) is confident an ongoing pre-feasibility study (PFS) for Butcherbird high purity manganese project in WA will further confirm the commercial potential of the project.

As part of this work a metallurgical test program has yielded a high purity Electrolytic Manganese Metal (EMM) product grading 99.9% manganese, exceeding the required 99.7% purity required for commercial production.

The PFS is aimed at assessing the possible production of high purity manganese products, including manganese sulphate for lithium-ion batteries and Electrolytic Manganese Metal (EMM), from the project.

Further testing and a pilot plant program are scheduled for 2020.

Power generation

Element 25 intends to integrate renewable energy into the power solution to minimise the carbon intensity of the project as well as reduce energy costs.

Advisian (Worley Group) has completed a PFS-level report of the recommended power solution.

This is expected to comprise a hybrid wind/gas power station contracted over a 20-year power purchase agreement (PPA) term with a total life of mine (LOM) power cost of approximately \$94 per megawatt hour.

This is a significant improvement on the scoping study power cost estimates of around \$120 per megawatt hour using a gas only base case.

Discussions with tier one energy companies are ongoing.

Project finance

The Northern Australia Infrastructure Facility (NAIF) has determined that it will further investigate the potential to provide debt financing for the Butcherbird project.

This decision was taken after E25 provided NAIF with information detailing the benefits that will flow from the project and its associated infrastructure to local communities in the Pilbara region.

The NAIF chief executive has considered a strategic assessment paper for the project and has consented to the NAIF Executive to progress the project to the due diligence stage of assessment.

The next step for Element 25 to submit a formal investment proposal for the project capital expenditure necessary to develop the project.

Pilot plant funding

Price: 0.11

Market Cap: \$10.12 m

1 Year Share Price Graph



Share Information

Code: E25

Listing: ASX

52 week High Low
0.27 0.095

Sector: Rare earths & specialist minerals

Website: www.element25.com.au

Company Synopsis:

Element 25 Ltd's (ASX:E25) wholly-owned Butcherbird Project hosts a very large manganese resource which underpins the company's core strategy of producing high purity Electrolytic Manganese Metal (EMM) and Manganese Sulphate for use in specialty metals and lithium ion battery cathodes.

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During the December quarter, the company was awarded funding under the seventh round of the Cooperative Research Centres Project (CRC-P) grant program of \$1,342,223 for the pilot plant test program for Butcherbird.

The technology development will be undertaken in association with Lycopodium, ALS and Murdoch University and will focus on pilot-scale validation of the innovative leaching and purification process for manganese ores at Butcherbird.

The funding is provided by the Department of Industry, Innovation and Science.

Offtake opportunities

Offtake discussions are well advanced with several potential Japanese, Korean, US and European consumers of electrolytic manganese metal (EMM).

In discussions to date, the company has received strong indications that demand for non-Chinese production of high purity manganese products is robust which bodes well for the company's efforts to lock in bankable offtake arrangements with credible counterparties to underpin project financing discussions.

The company views these productive offtake meetings as highlighting the appetite for long-term stable supply in well-regulated jurisdiction, the demand for supply chain transparency, environmentally sustainable production methods and carbon intensity reduction.

These discussions are ongoing with the aim of entering into bankable offtake agreements with strategic end users.

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