

Element 25 Ltd

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Element 25 shares jump 95% after Butcherbird PFS highlights robust, short lead time opportunity

Element 25 Ltd (ASX:E25) has released a pre-feasibility (PFS) for its Butcherbird Manganese Project in Pilbara, WA which highlights a robust, short lead time start-up opportunity.

Measure	Unit	Life of Mine	Years 1-5
Ore Mined	ktpa	1,200	1,200
Manganese Concentrate Produced	ktpa	311	357
Manganese Concentrate Grade	Mn%	33	33
Manganese Price (base)	US\$/dmtu 33% Mn FOB Port Hedland	4.87	4.79
Undiscounted Cashflow	A\$M pa	24.4	32.1
Mine Life	Years	42	42
NPV _{s Real} (pre-tax)	A\$M	283	
IRR _{Real} (pre-tax)	%	223	
Operating Cost (AISC)	A\$/dmtu 33% FOB Port Hedland	4.43	4.06
	US\$/dmtu 33% FOB Port Hedland	3.09	2.80
Capital Cost	Project Capital A\$M	12.6	
	Contingency A\$M	1.9	
	Working Capital A\$M	9.3	
	Total capital A\$M	23.8	

Butcherbird financial summary.

The PFS contemplates the export and sale of manganese concentrate from the project over a long mine life and delivers outstanding economic metrics further confirming the potential for the project to be Australia's next significant manganese mine.

E25 has also revealed a maiden proved and probable ore reserve of 50.55 million tonnes at 10.3% manganese, containing 5.22 million tonnes of manganese.

Deposit	Classification	Tonnes (Mt)	Grade (Mn%)	Contained Mn (Mt)
Yanneri Ridge	Proved	14.4	11.5	1.65
Yanneri Ridge	Probable	36.2	9.8	3.56
Total		50.6	10.3	5.22

Butcherbird ore reserve estimate as at May 19, 2020.

Butcherbird requires a modest start-up capital investment of \$14.5 million, plus a working capital allowance of \$9.3 million.

This is expected to deliver a simple payback period of just 6 months from the start of operations and average annual operating cash flow of \$32.1 million for years 1-5.

E25's PFS estimates a pre-tax net present value (NPV) of \$441 million in nominal terms or \$283 million in real terms.

Price: 1.5

Market Cap: \$198.95 m

1 Year Share Price Graph



January 2020 July 2020 January 2021

Share Information

Code: E25

Listing: ASX

52 week High Low
1.72 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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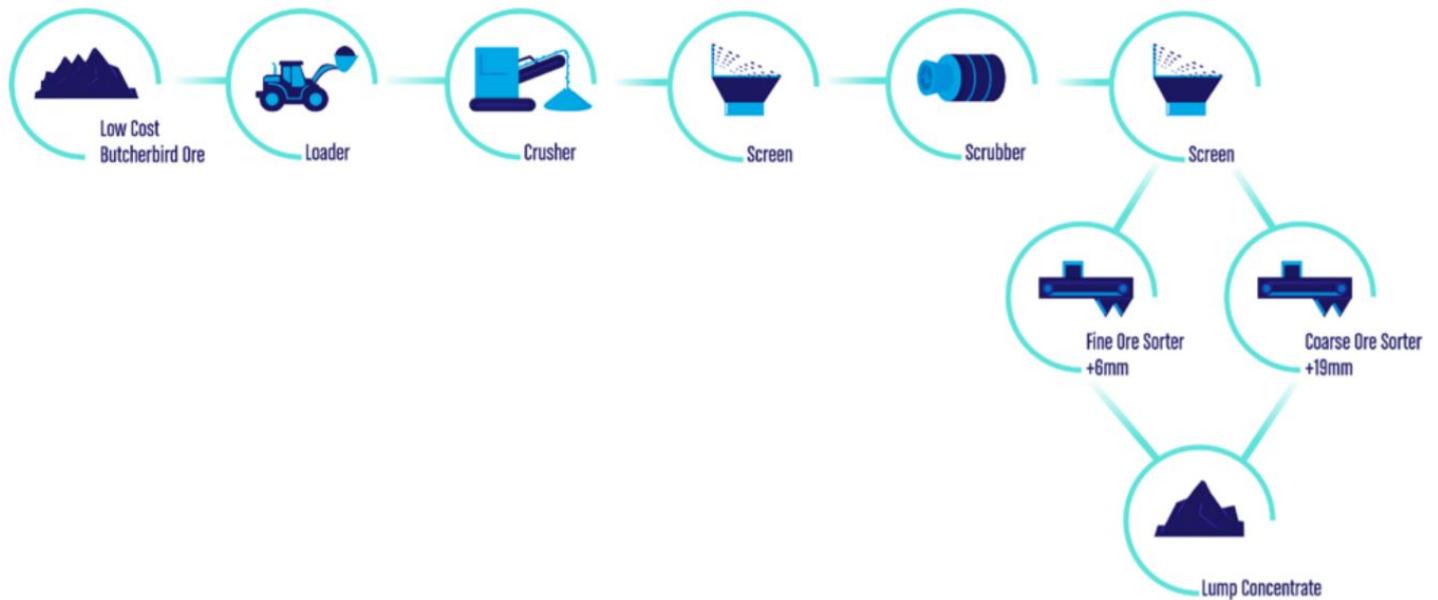
This equates to an internal rate of return (IRR) of 255% (nominal) or 223% (real).

Butcherbird has a 42-year mine life based on measured and indicated resources.

"Will be transformational"

E25 managing director Justin Brown said: "The opportunity for a low capital and operating cost, rapid start-up will transform Element 25 into producer status much earlier than previously anticipated.

"The robust cashflows will be transformational in growing the company and generating long-term shareholder value."



Butcherbird schematic flowsheet - the beneficiation process plant and other infrastructure have been designed in accordance with normal industry practice and the unit operations included in the flowsheet are well established within the resources and other industries.

Market potential

The majority of manganese ore is used to produce manganese alloys, with a smaller proportion used to produce high-value electrolytic manganese metal.

Manganese ore production has grown more than threefold in the last 20 years.

The decline in low-grade ore production in China has resulted in the average manganese content of ore increasing over the same period.

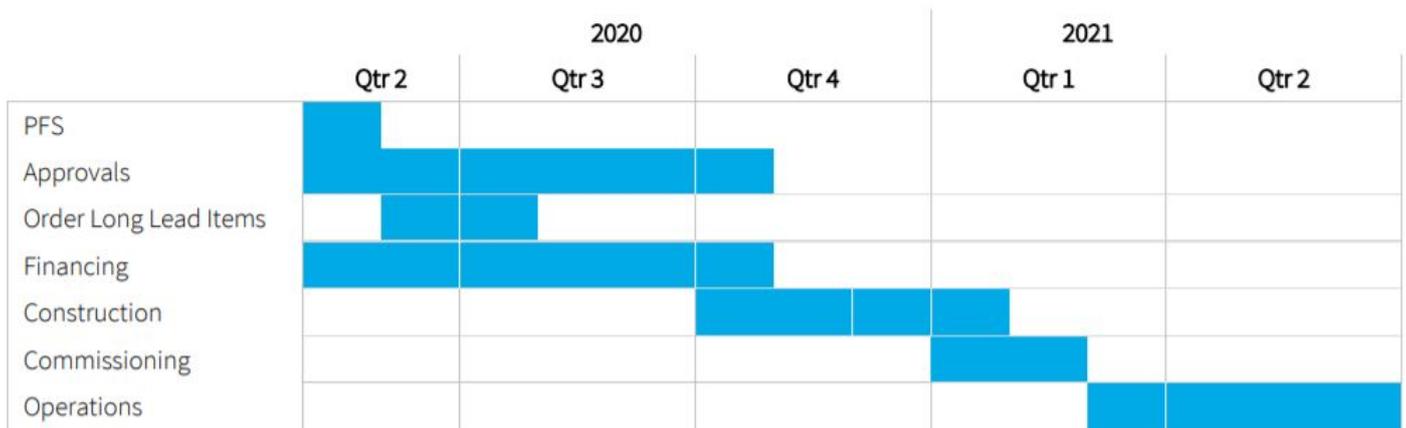
Existing high-grade Australian mines are becoming depleted and domestic Chinese ore production continues to decline.

In parallel, the production from less stable jurisdictions such as Africa are often affected by government regulations, power and logistics issues and other problems.

Consequently, the medium grade manganese ore markets have been expanding and E25 believes that this presents an exciting opportunity to place manganese concentrate from the project strategically into a growing market.

Next steps

A project development timeline has been developed with key milestone and activities below.



The timeline indicates that the first production is targeted for early 2021.

E25 currently has cash at bank and ASX listed investments of \$5 million before creditor payments.

Budget estimates of \$2 million have been factored in for the remaining three quarters of 2020 including prepayments for long lead time items and the board is confident that appropriate funding strategies are in place to meet these requirements.

Burnvoir Corporate Finance has been engaged to assist with project financing and engage with potential lenders.

In addition, the company has been approached and is in discussions with a number of potential funders, at a level commensurate with the current stage of the project.

E25 has also actively engaged with potential partners to progress discussions with respect to offtake.

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