

## NAIF TO PROVIDE \$50 MILLION FINANCE PACKAGE FOR BUTCHERBIRD EXPANSION PROJECT

### HIGHLIGHTS:

- Northern Australia Infrastructure Facility (**NAIF**) to provide up to AU\$50 million senior debt facility for Element 25's Butcherbird Manganese Expansion Project (**BBX**) in Western Australia's (**WA**) Pilbara region.
- Updated BBX Feasibility Study (**BBX FS**) released in January 2025 based on a 1.1Mtpa manganese ore operation and delivers outstanding metrics<sup>1</sup>.
- Butcherbird manganese concentrate will be the primary feedstock for Element 25's planned battery grade, high purity manganese sulphate monohydrate (**HPMSM**) processing facility in Louisiana, USA which has been awarded **US\$166 million in grant funding** from the USA Department of Energy<sup>2</sup>.
- Manganese concentrate not required for HPMSM conversion will be sold to customers in the manganese alloy and steel industries.
- BBX is fully approved under WA Regulatory Framework including WA Department of Water (**DWER**)<sup>3</sup> and Environmental Regulation and WA Department of Energy, Mines, Industry Regulation and Safety (**DEMIRS**)<sup>4</sup>.
- Under the current project financing strategy for BBX, NAIF will act as the sole senior secured lender to the project with the balance of required funds to be sourced from alternative financiers including offtake prepayment, subordinated debt and royalty financing as potential mechanisms.
- Finalisation of formal documentation for the funding package, including a AU\$7.5 million cost overrun facility, is scheduled for completion in line with the BBX project plan.

Element 25 Limited (**Element 25, E25 or Company**) (**ASX: E25; OTCQX: ELMTF**) is pleased to announce it has secured a senior debt finance facility of up to AU\$50 million from the Federal Government's Northern Australia Infrastructure Facility (**NAIF**) towards expansion of its Butcherbird Manganese Project in WA.

NAIF is a Commonwealth Government financier providing concessional loans for the development of infrastructure projects in northern Australia and the Australian Indian Ocean Territories to deliver

<sup>1</sup> E25 Company ASX Announcement dated 22 January 2025

<sup>2</sup> E25 Company ASX Announcement dated 20 January 2025

<sup>3</sup> E25 ASX Announcement dated 12 March 2025

<sup>4</sup> E25 ASX Announcement dated 13 January 2025

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economic and social growth<sup>5</sup>. NAIF completed a strategic assessment and due diligence process over the BBX Project in 2024<sup>6</sup>.

NAIF will provide AU\$42.5 million in senior debt and AU\$7.5 million cost overrun facility to support Element 25's plans to expand Butcherbird's production capacity to 1.1 million tonnes per annum (Mtpa)<sup>1</sup> of manganese oxide concentrate. Butcherbird's expansion will enable it to supply manganese concentrate feedstock for Element 25's planned battery grade, high purity manganese sulphate monohydrate (**HPMSM**) processing facility which it plans to build in Louisiana, USA<sup>7</sup>, as well as securing concentrate sales to other customers.

The Company is in discussions with a number of potential financiers for the balance of the required project finance for BBX via a range of potential structures including offtake prepayment and royalty instruments.

Table 1: NAIF Debt Facility Approvals

AGENCY	AMOUNT (AU\$)	DESCRIPTION
NAIF	\$42.5 million	Senior Debt Facility
NAIF	\$7.5 million	Cost Overrun Facility
<b>Total</b>	<b>\$50.0 million</b>	<b>Senior Debt and Cost Overrun Facility</b>

**Element 25 Managing Director Justin Brown said:** "Securing this support from the Federal Government's Northern Australia Infrastructure Facility reaffirms the government's commitment to developing Australia's critical minerals sector and Butcherbird's economic importance to Australia and the Pilbara region of WA. Our Feasibility Studies have confirmed Butcherbird's pedigree as a long-life manganese concentrate production hub from its 274 million tonne resource, which is integral to our plans for HPMSM in the USA as well as potentially other locations around the world. This support from NAIF is critical to our plans to expand Butcherbird to meet this growing demand as the world continues to shift towards electrification and energy transition. Batteries will potentially use as much as 10 times more manganese if battery chemistry shifts towards lithium manganese rich, or LMR, chemistries as recently announced by various tier 1 OEMs and battery makers including General Motors, Ford and Posco FM. We want to expand Butcherbird to help meet this demand, and look forward to delivering the expansion with NAIF's support."

A Feasibility Study for Butcherbird expansion updated in January 2025 estimated a capital cost of **AU\$64.8 million** with a pre-tax Net Present Value (NPV) of **AU\$561 million** with a **96% pre-tax Internal Rate of Return (IRR)**, generating an average of **AU\$70.5 million per year cashflow** over a mine life of more than **18 years**<sup>8</sup>.

<sup>5</sup> <https://www.naif.gov.au/>

<sup>6</sup> E25 Company ASX Announcement dated 8 April 2024

<sup>7</sup> E25 Company ASX Announcement 12 April 2023

<sup>8</sup> E25 Company ASX Announcement dated 22 January 2025

NAIF's support for the Butcherbird Expansion Project follows Element 25's awarding of a Grant Agreement for US\$166 million (AU\$268 million) from the U.S. Department of Energy (DoE) under the Battery Materials Processing Grant Program<sup>9</sup> to support construction of its planned HPMSM facility in Louisiana, which will bring domestic production of a key critical battery raw material to the USA. Element 25 has also secured US\$115 million from its offtake partners General Motors LLC (**GM**) and Stellantis N.V. (**Stellantis**)<sup>10</sup>.

Using manganese ore sourced from Element 25's Butcherbird mine and shipped to Louisiana, Element 25 plans to leverage its innovative, advanced processing flowsheet to convert Butcherbird manganese concentrate into HPMSM, a critical raw material for the manufacture of lithium-ion batteries. The proprietary flowsheet reduces energy consumption, virtually eliminates waste and delivers the lowest reported carbon intensity HPMSM globally<sup>11</sup>.

Recent industry developments include a potential industry shift towards lithium manganese rich (**LMR**) battery chemistry, rather than a high nickel formulation, with Element 25's offtake partner GM one of the first automakers looking to adopt this technology, after spending more than a decade on research<sup>12</sup>. While high nickel battery cells typically use about 5-10% manganese, LMR battery cells use around to 50-70% manganese<sup>13</sup> increasing the required manganese by a factor of around ten.

Element 25's process offers a pathway to the delivery of expanding volumes of ethically sourced, traceable, transparent HPMSM supply to US markets. Element 25 plans to produce up to 135Kt per annum of HPMSM for US electric vehicle (**EV**) supply chains in a first-of-its-kind processing facility in Louisiana<sup>14</sup>.

## APPROVALS

Element 25 has all necessary approvals in place for BBX after receiving final statutory approval from the WA Department of Water and Environmental Regulation (**DWER**) in March 2025<sup>15</sup>, and works approval of its Mining Proposal and Mine Closure Plan by WA Department of Energy, Mines, Industry Regulation and Safety (**DEMIRS**) in January 2025<sup>16</sup>.

All other required approvals and access agreements are in place and established from Butcherbird's Stage 1 pilot operations including water abstraction, heritage clearances, Native Title and pastoral agreements.

## NEXT STEPS

The NAIF financing facility is subject to customary legal due diligence and the execution of formal contracts typical for a facility of this type. The balance of funds are currently being sourced from a range of potential financing groups including royalty, stream and offtake prepayment. The Company also has

<sup>9</sup> E25 ASX Announcement dated 20 January 2025

<sup>10</sup> E25 ASX Announcements dated 9 January and 26 June 2023

<sup>11</sup> E25 ASX Announcement dated 21 February 2023

<sup>12</sup> Article: [Why LMR batteries will change the outlook for the EV market](#)

<sup>13</sup> Article: [GM, LG Energy target commercializing manganese-rich batteries for EVs | Automotive Dive](#)

<sup>14</sup> E25 ASX Announcement dated 12 April 2023

<sup>15</sup> E25 ASX Announcement dated 12 March 2025

<sup>16</sup> E25 ASX Announcement dated 13 January 2025

strong relationships with various equity providers. The details of the financing structure to support the NAIF facility will be reported as they are finalised.

The Company has also been actively working with key suppliers to support the project, including engineering contractors, mining and haulage contractors and representatives from the Pilbara Ports Authority in regards to mining and logistics support services. Key commercial contracts will be finalised in accordance with the Project plan. The BBX Project team is working to a detailed project execution plan and schedule which will deliver the project in 2026.

## ABOUT ELEMENT 25

Element 25 is an ASX-listed company (ASX: **E25**) that operates the world-class 100%-owned Butcherbird Manganese Project in Western Australia and is currently undertaking activities to expand production to approximately 1.1Mtpa of medium-grade high silica manganese ore for use in traditional and new energy markets<sup>17</sup>.

Element 25 is also commercialising innovative proprietary technology to produce battery-grade high-purity manganese sulphate monohydrate (**HPMSM**) for use in Electric Vehicle (**EV**) battery manufacturing. The Company plans to build its first HPMSM refinery in Louisiana USA to produce raw materials for the US EV market, in partnership with General Motors LLC (**GM**) and Stellantis N.V. (**Stellantis**)<sup>18</sup>. Element 25 aims to become an industry leading, world class, low-carbon battery materials manufacturer.

The Louisiana refinery is planned as the first of several HPMSM facilities planned for development under Element 25's "*Design One Build Many*" commercialisation strategy which envisages a hub and spoke model, with ore supplied from Element 25's Butcherbird Mine in Western Australia to supply processing facilities in key regional markets to supply HPMSM to the rapidly growing EV servicing key global regions.

Company information, ASX announcements, investor presentations, corporate videos, and other investor material in the Company's projects can be viewed at: [www.element25.com.au](http://www.element25.com.au).

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

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### Competent Persons Statement

The Company confirms that in the case of Production Targets, all material assumptions underpinning the production target, or the forecast financial information derived from a production target, in the market announcement dated 22 January 2025 continue to apply and have not material changed. All estimates or Mineral Resources or Ore Reserves underpinning the production target have been prepared by a competent person or persons in accordance with the requirements of the JORC Code, Appendix 5A.

<sup>17</sup> E25 ASX Release dated 22 January 2025

<sup>18</sup> E25 ASX Releases dated 9 January 2023 and 26 June 2023

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The Company confirms that in the case of Mineral Resource or Ore Reserves, all material assumptions and technical parameters underpinning the estimates in the market announcements dated 29 October 2024 and 22 January 2025 continue to apply and have not materially changed.

The Company confirms that it is not aware of any new information or data that materially affects information included in previous announcements, and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

### Investor Relations Disclaimer

Certain Statements included in this announcement are forward-looking statements concerning Element 25 Limited and its subsidiaries (E25) and its operations, economic performance, financial condition, plans and expectations. Without limiting the foregoing, statements including the words "believes", "anticipates", "plans", "expects", "could", "potential", "should" and similar expressions are also forward-looking statements.

All forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, business integration risks; uncertainty of production, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; currency fluctuations, the state of the capital markets, uncertainty in the measurement of mineral reserves and resource estimates, E25's ability to attract and retain qualified personnel and management, potential labour unrest, reclamation and closure requirements for mineral properties; unpredictable risks and hazards related to the development and operation of a mine or mineral or mineral deposit or mineral processing facility that are beyond E25's control, the availability of capital to fund all of the Company's projects and other risks and uncertainties.

You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. E25 cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. E25's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and E25 does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

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