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INTERIM REPORT

Interim Financial Report
For the Half Year Ended 31 December 2023

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PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Introduction

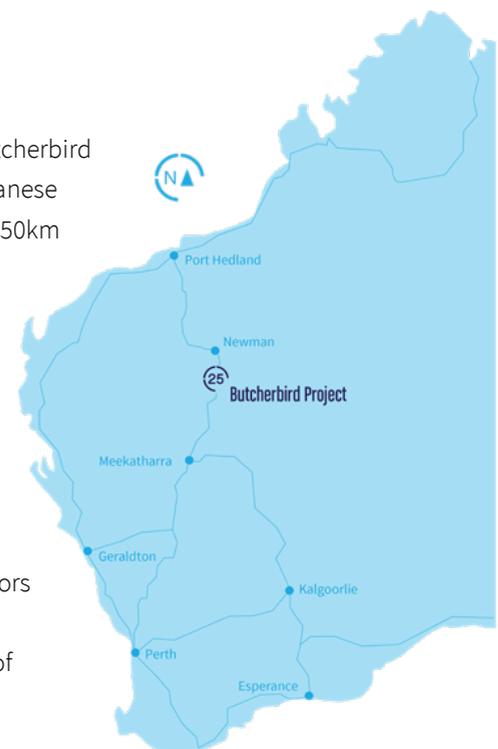
Element 25 Limited (E25 or Company) (ASX: E25; OTCQX: ELMTF) is the operator of the Butcherbird Manganese Project (Butcherbird or Project) which hosts Australia's largest onshore manganese resource with current JORC resources of over 260Mt of manganese ore¹. Butcherbird is 1,050km north of Perth and 130km south of Newman in the Pilbara region of Western Australia.

E25's goal is to become an industry leading low-carbon battery materials manufacturer, producing high quality manganese concentrate and battery grade High Purity Manganese Sulphate Monohydrate (HPMSM) products for traditional and new energy markets. The Company plans to construct a HPMSM facility in Louisiana, USA, having completed a Feasibility Study (FS) for this project in April 2023². The facility will use concentrate from E25's existing operations at Butcherbird in WA as feedstock.

The facility is supported by key offtake and funding agreements in place with General Motors LLC (GM) and Stellantis N.V. (Stellantis), which are contributing a combined US\$115M in project funding through equity, pre-payment and senior debt alongside offtake for ~65% of planned HPMSM production from the first production train³.

Key operational milestones achieved during the first six months of the year included:

- Butcherbird Expansion Feasibility Study targeting 1.1 million tonnes per annum (Mtpa) manganese production demonstrated pre-tax Net Present Value of A\$228 million (8% discount) with an Internal Rate of Return of 113% and annual cashflow of A\$57.3M.
- Front-end Engineering and Design (FEED) completed to optimise HPMSM plant design for preferred Louisiana site and detailed engineering activities commenced
- Detailed Butcherbird Expansion project execution schedule finalised with mechanical completion on track for 2025 target.
- Site assessments including cultural, environmental and geotechnical surveys completed, with no issues or concerns.
- Contractual milestones under the GM and Stellantis offtake and funding packages remain on track with GM, importantly, completing due diligence and accepting the HPMSM Feasibility Study in September 2023⁴.
- Final project schedule remains subject to finalisation of project financing and project financial close.
- Approval of US\$57 million of tax incentives under Louisiana State's Industrial Tax Exemption Program (ITEP)⁵.
- Two key international patents lodged under the Patent Co-Operation Treaty, expected to be processed in 2024⁶.



¹ Reference: Company 2023 Annual Report to Shareholders

² Reference: Company ASX Release dated 12 April 2023

³ References: Company ASX Releases dated 9 January 2023 and 26 June 2023

⁴ Reference: Company ASX Releases dated 18 September 2023

⁵ Reference: Company ASX Releases dated 19 December 2023

⁶ Reference: Company ASX Releases dated 27 November 2023

DIRECTORS' REPORT

Your directors submit their financial report for the consolidated entity (the Group, the Company or E25) consisting of Element 25 Limited and its controlled entities for the half-year ended 31 December 2023.

DIRECTORS

The names of Directors who held office during or since the end of the half-year are set out below. Directors were in office for this entire period unless otherwise stated.

- Seamus Cornelius (resigned 28 November 2023)
- Justin Brown
- John Ribbons
- Sam Lancuba
- Fanie Van Jaarsveld

COMPANY SECRETARY

Michael Jordon

BUTCHERBIRD OPERATIONS SUMMARY

Safety

For the six months ending December 2023, E25 sustained two Lost Time Injuries (LTI's) and two Medical Treatment Injuries (MTI's). Both MTIs were First Aid Treatment Injuries and both of which were minor in nature.

A specialist external medical provider conducted a site visit to review the Company's medical and emergency management system and provide support and improvements. Continuous improvement activities are ongoing.

Expansion Study

Post half year-end in January 2024, E25 released a Feasibility Study (BB FS)⁷ on the proposed expansion of the Butcherbird Mine to produce 1.1 million tonnes per annum (Mtpa) of manganese concentrate. The BB FS demonstrated strong economics with robust economic returns and rapid capital payback, with highlights including:

Capital Cost	NPV _e	IRR	Cashflow	Payback
AU\$49.8	AU\$234M	108%	AU\$62.8M	1.33
(incl. contingency)	(Pre-tax, real)		(annual)	(years)

- Expansion to 1.1Mtpa manganese concentrate production using expanded open-cut mining methods, a modified primary comminution circuit and a dense media separation (DMS) back-end solution to optimise grade and recoveries.
- Expanded operation will establish Butcherbird as a low-cost Mn operation with a US\$2.76/dmtu C1 (direct production cost) FOB (Free on Board) cost – which will ensure sustainable profitability at lower manganese prices compared to the current pilot operation.
- The BB FS utilises all the available Measured and Indicated resources within the mine plan. The Company plans to undertake infill drilling in areas containing inferred resources, outside the current mine plan, within the next 12 months, targeting an additional 20-25 years of mine reserves at the proposed production levels.
- Measured, Indicated and Inferred Mineral Resources used to support the 7.2 years mine life from 2024 to 2031 represents approximately 36.0% of the total mineral resource inventory within granted mining lease M52/1074.
- Low capital cost of A\$49.8M.
- Average base case annual operating cashflow of A\$57.3M at full production.
- Payback period of 14 months from start of operations based on forecast cashflows.
- Process plant commissioning is currently estimated to be achievable within approximately 11 months from a final investment decision (FID).
- The base case contemplates annual production and sale of 1.1M tpa of manganese ore grading 32% Mn.
- Expanded concentrate production strategy complements and enhances E25's plan to develop a HPMSM plant in Louisiana.

The BB FS results confirm that the economics of the mine are improved under the planned expansion scenario, which benefit from the inherent economies of scale achieved in the larger-scale production operations. This results in better utilisation of mining and processing equipment, improved operational efficiencies and better utilisation of the large resource/reserve base underpinning the Project.

The seven-year project utilises 86% of the Measured resources and 61% of the Indicated resources available within the Butcherbird resource base.

⁷ Reference: Company ASX Release dated 23 January 2024

Mining and Processing

With manganese prices at cyclical lows during the reporting period, E25 restructured production at Butcherbird to reduce ore production and costs to align with this lower price environment. This helped to preserve cash and allow the team to focus on E25's downstream project. In-pit mining ceased and production shifted focus to processing stockpiles to minimise operational costs.

With the release of E25's Expansion Study for Butcherbird, the Company subsequently suspended Butcherbird's production operations to re-focus resources and available cash on implementing the mining and processing expansion plan. Senior management are well progressed with regards to securing the capital required to fund the expansion project and have identified a Government grant that is available for Critical Minerals and is preparing an application.

HPMSM PROJECT

E25 is progressing with plans for construction of an integrated battery grade high purity manganese sulphate facility in Louisiana, USA to produce battery-grade HPMSM, a critical raw material used in the construction of lithium-ion battery cathode precursor materials to power the electrification of the global vehicle fleet. The HPMSM produced in Louisiana will be used in the manufacture of electric vehicle Pre-Cathode Active Materials (pCAM).

The Facility will utilise concentrate produced from E25's existing operations at the Butcherbird Manganese Mine which exports high silica manganese concentrate for use in the steel industry. The concentrate produced at Butcherbird is uniquely suited for conversion to HPMSM using Element 25's proprietary process, which has a number of unique advantages over existing processes used in China.

It is supported by key offtake and funding agreements with General Motors LLC (GM) and Stellantis N.V. (Stellantis), which are contributing a combined US\$115M in project funding through a combination of equity, pre-payment and senior debt alongside offtake for approximately 65% of the planned HPMSM production from the first production train.

E25 continued to engage local engineering firms CSRS Inc (CSRS) and FIDES (a CSRS subsidiary) as owner's engineers and CDI Engineering Solutions (CDI) and Universal Plant Services (UPS) as design and construction engineers to refine the engineering and design of the facility prior to commencement of construction. Key focus areas included:

- Front-end Engineering and Design (FEED).
- Site assessments and permitting.
- Inbound and outbound logistics and reagent supply.
- Project financing.

The FEED work programme included engineering conducted to a greater level of rigor and detail compared to a Feasibility Study. It aims to provide additional engineering and cost estimation detail as a project transition from conceptual design to an Engineering, Procurement and Construction (EPC) contract.

The scope of the study covers engineering disciplines including:

- Site layout optimisation.
- Civil and Structural design and layout.
- Process flow diagrams.
- Process and instrumentation diagrams.
- Electrical design.
- Piping and mechanical design.
- Material take-offs to inform cost estimation activities.

E25 commissioned FIDES, CDI and UPS to undertake the next phase of detailed engineering and design which will advance the project through to FID.

Supply Agreements

E25 commenced negotiations regarding utility, service and reagent suppliers, including natural gas, power and sulphuric acid. Finalisation of these contracts will only occur once the proposed site for the construction of the Facility is formally selected. E25 is negotiating contractual arrangements with local suppliers, or nearby facilities to utilise their existing infrastructure to provide key process and logistical inputs to the project including:

- Sulphuric Acid;
- Steam;
- Raw water;
- Water treatment;
- Construction materials offloading; and
- Manganese ore offloading.

Sourcing this infrastructure and related services without needing to build dedicated infrastructure is an important part of E25's strategy to minimise capital costs.

Site Surveys

E25 completed surveys including a cultural survey, a wetland delineation survey and geotechnical, boundary and topographical surveys, which did not highlight any issues or concerns.

Pilot-Scale Metallurgical Test Programme

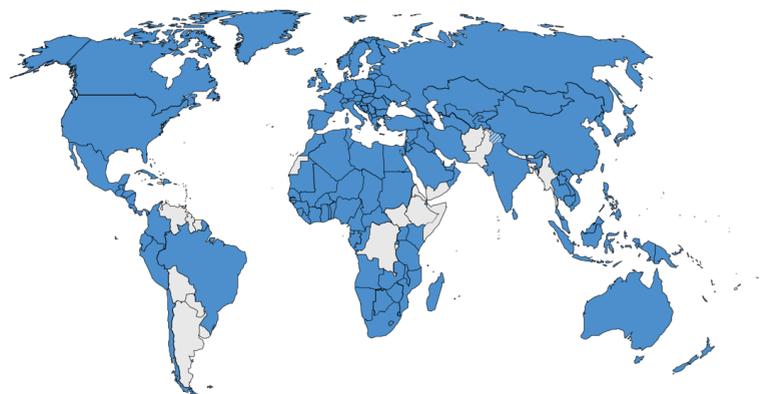
A final pilot-scale process verification test programme for the E25 flowsheet was completed at Veolia HPD's North America facility, utilising the purified leach solution (PLS) previously produced and processed it through the Veolia pilot scale crystalliser facility using optimised conditions established in previous tests.

This was successful, producing HPMSM well within the required specifications for battery applications and well inside the E25 Standard Specification which is the quality stipulated in the agreements with both Stellantis and GM.

The results exceeded expectations and confirmed the E25 process is able to deliver into existing requirements but also to offer opportunities to supply higher purity product options into the future as battery technology develops and higher purities are required. The programme also yielded significant quantities of HPMSM which has been packaged and stored in suitable conditions before being dispatched to E25's existing offtake partners as well as potential future offtake and funding partners to assist in ongoing discussions.

Patent Applications

The Company uses a proprietary processing flowsheet to convert Butcherbird manganese concentrate into HPMSM, a critical raw material for the manufacture of lithium-ion batteries. The flowsheet reduces energy consumption, targets zero waste and delivers the lowest carbon intensity HPMSM globally based on publicly available information. The process offers a pathway to the delivery of expanding volumes of ethically sourced, traceable, transparent HPMSM supply to US and global markets. Using this technology, E25 is developing a first-of-its-kind processing facility in Louisiana to produce up to 135Kt per annum of HPMSM for US electric vehicle (EV) supply chains.



PCT Participant countries are shown in blue (Reference: World Intellectual Property Organisation - <https://www.wipo.int/pct/en/>)

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In November 2023, E25 finalised and lodged two key international patent applications in relation to its battery grade HPMSM production process, lodging these under the Patent Co-Operation Treaty (PCT), claiming priority from Australian Patent Application(s) 2022903576 & 2022903573.⁸

The patent applications are expected to provide protection for two key manganese processing steps in the Element 25 flow sheet, which are critical to delivering the advantages of its HPMSM process compared to existing processes currently in production, namely:

- Reduced energy consumption compared to roast reduction processing.
- Reduced reagent consumption compared to traditional neutralisation.

Separation of waste residues in forms that can be used in existing industrial processes, thereby minimising or eliminating waste disposal requirements. These innovations mean that the E25 process can claim industry-leading low carbon intensity and compete on cost in target markets when compared with existing producers.

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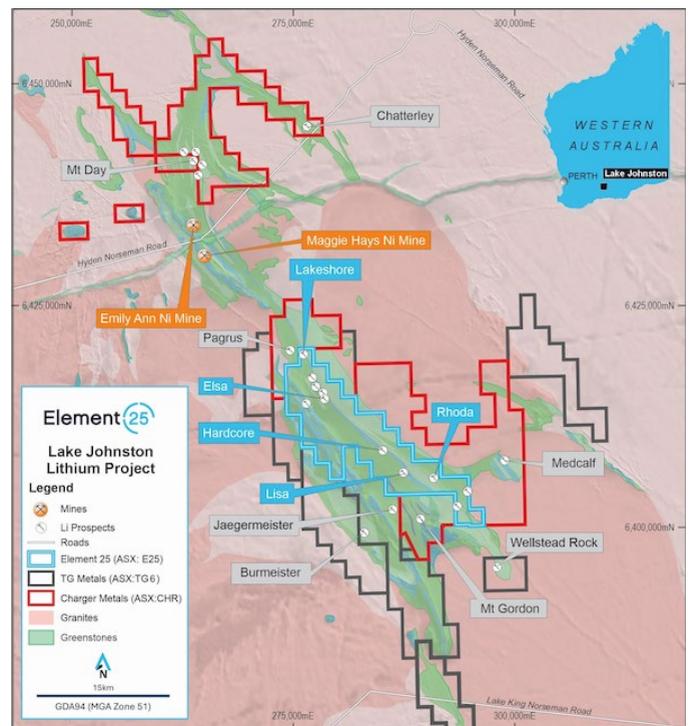
LAKE JOHNSON PROJECT, WA

In November, E25 provided an update on exploration activities at its Lake Johnston Lithium Project in WA, with the Lake Johnston area rapidly becoming an emerging province for hard rock pegmatite-hosted lithium mineralisation. The Company holds significant exploration tenure over the Lake Johnston Greenstone Belt, where recent exploration activities continue to enhance the belt's potential for commercial lithium mineralisation.

Despite the recent increase in global lithium exploration activity, the Lake Johnston greenstone belt remains relatively underexplored, with exploration previously focusing on gold and nickel. Recent results announced by explorers, including TG Metals Limited (ASX: TG6) and Charger Metals Limited (ASX: CHR), however, demonstrate there is significant potential for lithium mineralisation in the belt.

CHR, whose exploration tenure abuts E25's ground to the east, confirmed economic grades of primary lithium mineralisation in drilling at the Medcalf Prospect and has also identified significant anomalous lithium in soil sampling at the Mt Day Prospect.

TG6 holds ground abutting the southwestern margin of Element 25's tenure and recently announced highly encouraging drilling intercepts at the Burmeister Prospect. Accordingly, E25 completed data compilation and target generation in the area to identify high-priority targets for follow-up testing. Activities included the compilation of historical exploration results, re-processing and reinterpreting available geophysical datasets, and analysing satellite imagery and other remote sensing data sets to identify potential outcropping pegmatites or other geological or geochemical targets.



⁸ Reference: Company ASX Release dated 27 November 2023

E25 has identified several high-priority targets including:

- Hardcore Prospect – where historic drilling intersected broad zones of pegmatites. Drill chips have been submitted for assay.
- Lisa Prospect – satellite image interpretation has identified a potential target which requires on-ground follow-up.
- Rhoda Prospect – identified through Geological Survey of Western Australia (GSWA) regional mapping data.

Subsequent to the end of the quarter, an application for forfeiture was lodged by Cacique Resources Pty Ltd in relation to E63/2027. The application for forfeiture claims that the tenement holder has failed to comply with the expenditure conditions for the year ending 2023. Element 25 denies that it has failed to comply with the minimum expenditure commitment for the expenditure year the subject of the application and intends to defend the application.

CORPORATE

Board Changes

John Ribbons assumed the role of Chairperson of the E25 Board at the Company's Annual General Meeting on 28 November 2023, following long-serving Chairman Seamus Cornelius' decision to tender his resignation.⁹

Mr Ribbons is a long-standing Non-Executive Director of E25. Initially appointed to the Board in July 2010, Mr Ribbons has worked within the resources industry for more than 20 years in financial and company secretary roles and is a qualified CPA and Chartered Secretary. Mr Ribbons has extensive knowledge and experience with ASX-listed production and exploration companies. He has considerable mine-site operations experience and has also been involved with the ASX listing of several exploration companies. He has experience in capital raisings, ASX and TSX compliance and regulatory requirements.

Mr Ribbons' extensive experience within the industry will add value to E25's strategic plan to grow operations and extend its high-purity manganese sulphate (HPMSM) project globally.

The Company thanked Mr Cornelius for his contribution to E25 after joining the Board in 2011. Mr Cornelius left a strong legacy and felt it was the appropriate time to step away as the Company moves into the next strategic phase.

E25's Board now comprises three independent Non-Executive Directors and the Company's Managing Director.

Louisiana Tax Incentives

In December 2023, E25 announced it had achieved all milestones for the Louisiana State Industrial Tax Exemption Program (ITEP) incentive package to support E25's planned HPMSM processing facility in Ascension Parish, Louisiana. Governor Jon Bel Edwards approved the incentive agreement between E25, the Louisiana Department of Economic Development, and the Louisiana Board of Commerce and Industry.¹⁰

This concluded several months of active stakeholder engagement with multiple levels of state and local government and local community members to explain the benefits that will flow from the proposed Facility. The total benefits available to the Project from State Incentives have been estimated by EY at US\$57M.

The incentive package agreed with the State includes direct and indirect measures of financial support for the Project, which will reduce the required funding to construct the Facility. To meet the requirements of the incentive agreement, E25 has committed to:

⁹ Reference: Company ASX Release dated 30 November 2023

¹⁰ Reference: Company ASX Release dated 19 December 2023

- Construct the Facility with a minimum expenditure of US\$211,640,709 on fixed plant and equipment and buildings/fixed structures.
- Where feasible and practical, consider using local labour and manufacturing capability in the construction of the Facility.
- Operate the Facility in order to provide employment in the State of Louisiana.
- Create and maintain sixty-five (65) jobs with payroll totalling US\$5.85M per annum for the duration of the incentive agreement.

In all cases, the current development plan for the Facility meets or exceeds all required thresholds to secure the State's support under the agreement. E25's Louisiana Project is expected to create 220 new direct jobs with average annual salaries of more than US\$90,000. Louisiana Economic Development estimates the Project will result in an additional 408 new indirect jobs, for a total of 628 new jobs in the Capital Region.

US OTCQX Market Trading

In August 2023, E25 began trading on the OTCQX market in the United States under the symbol "ELMTF", upgrading from the Pink® market. OTC Markets Group Inc. (OTCQX: OTCM) operates regulated markets for trading 12,000 U.S. and international securities. Its data-driven disclosure standards form the foundation of three public markets: OTCQX® Best Market, OTCQB® Venture Market and Pink® Open Market.

Upgrading to the OTCQX Market is an important step for companies seeking to provide transparent trading for their U.S. investors. For companies listed on a qualified international exchange, streamlined market standards enable them to utilize their home market reporting to make their information available in the U.S.

To qualify for OTCQX, companies must meet high financial standards, follow best practice corporate governance and demonstrate compliance with applicable securities laws.

RESULTS

During the half year ended 31 December 2023, the Company recognised revenue of \$4,566,764 (2022: \$13,490,055) in respect to the shipments of ore from the Group's 100% owned Butcherbird Manganese Project located in Australia and other income of \$111,111 (2022: \$1,340,417).

During the period the Group incurred cost of sales of \$15,046,132 (2022: \$18,952,532) in respect to direct material and production costs attributable to the extraction, processing and transportation of manganese ore.

During the period, exploration and pre-feasibility expenditures incurred by the Group amounted to \$189,562 (2022: \$2,069,527). The Group recognised general and administration expenditure incurred amounted to \$3,214,714 (2022: \$3,439,802), including corporate administration expense of \$2,578,964 (2022: \$1,543,498), depreciation expense of \$373,952 (2022: \$322,123), and \$261,798 (2022: \$1,574,181) on loss of foreign exchange, loss of sales of assets, share-based payment expense, and other expenses. This has resulted in an operating loss after income tax for the half year ended 31 December 2023 of \$13,793,391 (2022: \$9,650,497).

The Group had a cash balance of \$21,371,461 as at 31 December 2023.

Shareholder Return	2023	2022
	\$	\$
Basic and diluted loss per share (cents)	(6.35)	(6.24)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No other matters or circumstances, besides those disclosed at note 16, have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIVIDENDS

No dividends were paid or declared during the half year. No recommendation for payment of dividends has been made.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the Directors.



Justin Brown
Managing Director

Perth, 15 March 2024

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Auditor's Independence Declaration

As lead auditor for the review of Element 25 Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Element 25 Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'C. Heatley'.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
15 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023 \$	31 Dec 2022 (Restated) \$
Revenue	3 & 15(ii)	4,566,764	13,490,055
Cost of sales	4 & 15(ii)	(15,046,132)	(18,952,532)
GROSS PROFIT		(10,479,368)	(5,462,477)
Other income		111,111	1,340,417
Exploration and pre-feasibility expenditures		(189,562)	(2,069,527)
General and administration expenses	5 & 15(i)	(3,214,714)	(3,439,802)
Finance expense		(20,858)	(19,108)
LOSS BEFORE INCOME TAX		(13,793,391)	(9,650,497)
INCOME TAX EXPENSE		-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(13,793,391)	(9,650,497)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(113)	(12,047)
Other comprehensive loss for the year, net of tax		(113)	(12,047)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(13,793,504)	(9,662,544)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted loss per share (cents per share)		(6.35)	(6.24)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

See note 15 for details regarding the restatement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 Dec 2023	30 Jun 2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		21,371,461	28,885,874
Trade and other receivables		3,853,614	975,551
Inventory	6	14,649,006	12,135,790
Financial assets at fair value through profit or loss		405,370	651,440
TOTAL CURRENT ASSETS		40,279,451	42,648,655
NON-CURRENT ASSETS			
Restricted cash		578,560	528,560
Property, plant and equipment	7	21,631,449	22,464,399
Assets under construction	7	13,275,185	1,026,401
Deferred exploration and evaluation expenditure		1,065,938	890,340
Right of use asset		334,418	504,549
TOTAL NON-CURRENT ASSETS		36,885,550	25,414,249
TOTAL ASSETS		77,165,001	68,062,904
CURRENT LIABILITIES			
Trade and other payables	8	6,191,680	9,401,012
Deferred Revenue	9	3,161,382	-
Provisions	10	623,493	630,633
Lease Liability		349,126	367,263
TOTAL CURRENT LIABILITIES		10,325,681	10,398,908
NON-CURRENT LIABILITIES			
Lease Liability		17,568	180,023
Provisions	10	2,057,317	2,057,317
TOTAL NON-CURRENT LIABILITIES		2,074,885	2,237,340
TOTAL LIABILITIES		12,400,566	12,636,248
NET ASSETS		64,764,435	55,426,656
EQUITY			
Issued capital	11	134,533,276	111,448,309
Reserves		7,203,017	7,156,814
Accumulated losses		(76,971,858)	(63,178,467)
TOTAL EQUITY		64,764,435	55,426,656

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Contributed Equity \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2023		111,448,309	7,159,981	(3,167)	(63,178,467)	55,426,656
Loss for the period		-	-	-	(13,793,391)	(13,793,391)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	(113)	-	(113)
TOTAL COMPREHENSIVE LOSS		-	-	(113)	(13,793,391)	(13,793,504)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the period	11	23,091,967	-	-	-	23,091,967
Share issue transaction costs	11	(7,000)	-	-	-	(7,000)
Share-based payments			46,316			46,316
BALANCE AT 31 DECEMBER 2023		134,533,276	7,206,297	(3,280)	(76,971,858)	64,764,435
BALANCE AT 1 JULY 2022 (RESTATED)		77,691,579	5,874,424	(36,320)	(38,251,297)	45,278,386
Loss for the period		-	-	-	(9,650,497)	(9,650,497)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	36,320	(48,367)	(12,047)
TOTAL COMPREHENSIVE LOSS		-	-	36,320	(9,698,864)	(9,662,544)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the period		35,523,499	1,168,568	-	-	36,692,067
Share issue transaction costs		(1,754,300)	-	-	-	(1,754,300)
BALANCE AT 31 DECEMBER 2022		111,460,778	7,042,992	-	(47,950,161)	70,553,609

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

See note 15 for details regarding the restatement.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023	31 Dec 2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,446,280	13,539,342
Expenditure of mining interest		(51,948)	(415,884)
Payments to suppliers and employees		(21,321,605)	(23,444,129)
Interest received		319,375	5,210
Interest paid		(18,513)	(23,741)
Government grant funding received		-	211,621
Expenditure on exploration and pre-feasibility expenditure		(369,295)	(1,462,621)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(16,995,706)	(11,590,202)
CASH FLOWS FROM INVESTING ACTIVITIES			
Movement in cash from restricted to non-restricted*		(50,000)	149,975
Proceeds on sale of mining interests**		-	30,000
Proceeds from disposal of financial assets at fair value through profit or loss		-	1,065,160
Payments for plant and equipment		(13,211,786)	(403,222)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(13,261,786)	841,913
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares	11	23,091,967	35,523,499
Payment of share issue transaction costs	11	(7,000)	(1,754,300)
Principal lease repayments		(194,272)	(192,261)
NET CASH INFLOW FROM FINANCING ACTIVITIES		22,890,695	33,576,938
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,366,797)	22,828,649
Cash and cash equivalents at the beginning of the period		28,885,874	14,927,576
Effects of exchange rate changes on cash and cash equivalents		(147,616)	(405,612)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		21,371,461	37,350,613

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

*Proceeds on sale of mining interests has been reclassified to investing activities, which previously was classified as an operating activity in the 31 December 2022 Consolidated Statement of Cash Flow.

**Movement in cash from restricted to non-restricted has been reclassified to investing activities, which was classified as an operating activity in the 31 December 2022 Consolidated Statement of Cash Flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

For the period ended 31 December 2023, the Group has seen historical low manganese market sell prices which has been a factor in the suspension of its Butcherbird operations. This has contributed to the Group incurring a loss of \$13,793,391 (2022: \$9,650,497). The Group also incurred a net cash outflow from operating activities of \$16,995,706 (2022: \$11,590,202 outflow). In light of the future expenditures to be incurred in executing on the Group's current strategic plans to expand its Butcherbird operations and the HPMSM project, the Group will require to obtain financing through equity, debt or other means.

Management's decision to suspend the production at Butcherbird has enabled cash to be preserved whilst the completion of the funding of the initiatives of the Butcherbird upgrade and the HPMSM project can be implemented. The Group expects to be successful in financing the HPMSM and Butcherbird expansion projects based on the current funding opportunities available. These options include a combination of debt, equity and grant monies.

The directors believe the Group will be successful in securing funding to support its strategic plans and accordingly have prepared the financial report on a going concern basis.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Element 25 Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The half-year financial report covers the consolidated group comprising Element 25 Limited and its subsidiaries. The company is a for profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchanged.

Material Accounting Policies

The accounting policies applied in these financial statements are consistent with those applied by the Group in the 30 June 2023 consolidated financial statements, and the adoption of new and amended standards that became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for the 31 December 2023 interim reporting period and have not been applied in these financial statements. The Company is currently assessing the impact of these new standards and amendments on future financial statements.

2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of geographic location of assets given that the type of work done in each location is of a similar nature. Operating segments are therefore determined on this basis, with one segment being identified: Australia. The segment details are therefore fully reflected in the results and balances reported in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position.

3. REVENUE

	Note	31 Dec 2023	31 Dec 2022 (Restated)
	15(ii)	\$	\$
Sale of manganese		4,532,256	13,490,055
Shipment revenue		34,508	-
		4,566,764	13,490,055

See note 15 for details regarding the restatement.

4. COST OF SALES

	Note	31 Dec 2023	31 Dec 2022 (Restated)
	15(ii)	\$	\$
Mining costs		(3,315,373)	(5,718,644)
Processing costs		(6,371,247)	(4,340,214)
Site administration costs		(1,986,206)	(2,203,854)
Haulage costs		(3,489,907)	(5,431,834)
Port and shipping costs		(871,735)	(1,471,069)
Sales and marketing costs		(160,561)	(109,435)
Royalty costs		(262,133)	(312,431)
Depreciation of processing equipment		(615,763)	(586,910)
Depreciation of mining equipment		(131,645)	(129,382)
Depreciation of right of use asset		(131,364)	(131,364)
Inventory movement*		2,289,802	1,482,605
		(15,046,132)	(18,952,532)

*Inventory movement mainly includes inventory movement and net realisable value (NRV) adjustment on Manganese held by Element 25. Where there is an indication that inventories are obsolete, damaged or recorded above NRV, these inventories are written down to NRV. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. E25 revalues Manganese stock monthly and adjusts accordingly at month-end.

See note 15 for details regarding the restatement.

5. GENERAL AND ADMINISTRATION EXPENSES

	Note	31 Dec 2023	31 Dec 2022 (Restated)
	15(i)	\$	\$
Depreciation expense		(335,186)	(283,356)
Loss of foreign exchange expense		(154,997)	(417,228)
Loss of sales of assets		(60,485)	-
Share-based payment expense		(46,316)	(1,168,568)
Other expense		-	11,615
Director fees, salaries and wages and other staff costs		(994,942)	(733,003)
Consultants		(572,712)	(181,117)
ASX and other compliance costs		(143,890)	(216,368)
Insurance		(349,548)	(62,088)
Occupancy		(71,727)	(69,712)
Investor relation expenses		(50,717)	(32,491)
Depreciation of right of use asset		(38,766)	(38,767)
Other administration expenses		(395,428)	(248,719)
		(3,214,714)	(3,439,802)

See note 15 for details regarding the restatement.

6. INVENTORY

	31 Dec 2023	30 Jun 2023
	\$	\$
Raw materials	8,431,698	10,005,448
Finished goods at fair value less costs to sell	5,883,284	2,019,742
Warehouse stores and materials	334,024	110,600
	14,649,006	12,135,790

Manganese ore stockpiles represent manganese ore that has been extracted and is available for further processing or sale. For partly processed and saleable manganese, cost is based on the weighted average cost method and includes material and production costs directly attributable to the extraction, processing and transportation of manganese to the existing location and depreciation of property, plant and equipment used in the extraction, processing and transportation of manganese.

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings	IT Equipment	Mine Properties and Development	Plant and Equipment	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$
Carrying amount – at cost						
At 30 June 2023	4,655,668	279,205	9,633,886	12,034,437	1,026,401	27,629,597
Additions	59,455	13,533	38,085	166,242	12,351,126	12,628,441
Disposals	-	-	-	(27,670)	-	(27,670)
Other	-	-	-	-	(102,342)	(102,342)
At 31 December 2023	4,715,123	292,738	9,671,971	12,173,009	13,275,185	40,128,026
Accumulated depreciation						
At 30 June 2023	(996,691)	(197,913)	(471,975)	(2,472,218)	-	(4,138,797)
Depreciation expense	(238,219)	(45,535)	(183,078)	(615,763)	-	(1,082,595)
Disposals	-	-	-	-	-	-
Other	-	-	-	-	-	-
At 31 December 2023	(1,234,910)	(243,448)	(655,053)	(3,087,981)	-	(5,221,392)
Net book value						
At 30 June 2023	3,658,977	81,292	9,161,911	9,562,219	1,026,401	23,490,800
Additions	59,455	13,533	38,085	166,242	12,351,126	12,628,441
Depreciation expense	(238,219)	(45,535)	(183,078)	(615,763)	-	(1,082,595)
Disposals	-	-	-	(27,670)	-	(27,670)
Other	-	-	-	-	(102,342)	(102,342)
At 31 December 2023	3,480,213	49,290	9,016,918	9,085,028	13,275,185	34,906,634

Assets under construction at 31 December 2023 of \$13,275,185 (30 June 2023: \$1,026,401) includes costs directly attributable to bringing assets to a working condition so they are ready for their intended use. The assets which are currently under construction mainly include \$12,203,262 (30 June 2023: \$Nil) for HPMSM project and \$898,376 (30 June 2023: \$916,991) for mine properties and development.

In accordance with AASB - 136 Impairment of Assets, the Group assessed whether there were any indicators of impairment. The assessment considered the Group's statement of financial position, historically low manganese prices, the suspension of the Butcherbird operations and the market capitalisation in comparison to its net asset value. As a result of this assessment, management determined that indicators of impairment exist.

For the purposes of impairment testing, management identified the Group's wholly owned Butcherbird project as a single cash-generating unit ("CGU"). The estimated recoverable amount was determined using the Fair Value Less Cost of Disposal (FVLCD) method with reference to the Butcherbird expansion feasibility study. Management determined that the recoverable value of the CGU is greater than the carrying value and therefore no impairment has been recognised.

8. TRADE AND OTHER PAYABLES

	31 Dec 2023	30 Jun 2023
	\$	\$
Trade payables	3,728,860	5,805,126
Other payables and accruals	2,462,820	3,595,886
	6,191,680	9,401,012

9. DEFERRED REVENUE

	31 Dec 2023	30 Jun 2023
	\$	\$
Opening Balance as at beginning of year	-	5,831,120
Deferred revenue	3,161,382	-
Realised deferred revenue during the period	-	(5,831,120)
	3,161,382	-

10. PROVISIONS

	31 Dec 2023	30 Jun 2023
	\$	\$
Current		
Provision for annual leave	495,897	506,783
Provision for long service leave	127,596	123,850
	623,493	630,633
Non-Current		
Rehabilitation provision	2,057,317	2,057,317
	2,057,317	2,057,317

11. ISSUED CAPITAL

	31 Dec 2023	30 Jun 2023
	\$	\$
219,530,336 fully paid ordinary shares (30 June 2023: 194,960,368)	134,533,276	111,448,309

	31 Dec 2023		30 Jun 2023	
	Number	\$	Number	\$
a) Movement in ordinary share capital				
Balance at the beginning of the period	194,960,368	111,448,309	152,710,369	77,691,579
Controlled placement agreement collateral shares	-	-	9,500,000	-
Placement Issue (i)	22,569,967	22,569,967	31,249,999	34,999,999
Exercise of options (ii)	2,000,000	522,000	1,500,000	523,500
Transaction costs		(7,000)	-	(1,766,769)
Total issued capital	219,530,335	134,533,276	194,960,368	111,448,309

- (i) During the half year ended 31 December 2023, the Company issued 22,569,967 fully paid ordinary shares at an issue price of \$1.00 upon the placement.
- (ii) During the half year ended 31 December 2023, the Company issued the following shares upon the exercise of options:
- On 27 November 2023, the Company issued 1,000,000 shares upon the exercise of options (\$0.261; expiring 28 November 2023)
 - On 27 November 2023, the Company issued 500,000 shares upon the exercise of options (\$0.261; expiring 28 November 2023)
 - On 27 November 2023, the Company issued 500,000 shares upon the exercise of options (\$0.261; expiring 28 November 2023)

12. CONTINGENCIES

There are no material contingent assets or liabilities of the Company at balance date.

13. RELATED PARTY

There were no significant changes in the nature of related party transactions since 30 June 2023.

14. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Country of Incorporation	Class of Shares	31 Dec 2023	30 Jun 2023
			Equity Holding %	Equity Holding %
Element 25 (Malaysia) Sdn. Bhd.	Malaysia	Ordinary	100	100
Element 25 Butcherbird Project Pty Ltd	Australia	Ordinary	100	100
Element 25 (USA) LLC	United States of America	Ordinary	100	-
Element 25 (Louisiana) LLC	United States of America	Ordinary	100	-
Element 25 (HPMSM) LLC	United States of America	Ordinary	100	-

15. RESTATEMENT OF PRIOR YEAR

The following reclassifications and restatements are of the same nature as those presented in the Audited financial statements contained in the 30 June 2023 Financial Report.

(i) Reclassification of expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income

The presentation of the Consolidated Statement of Profit or Loss and Other Comprehensive Income has been restated to reclassify expenses by function rather than by the nature to align to peers in the industry. Loss of foreign exchange, share-based payment expenses, and other expenses have now been reclassified to general & administration expenses. Depreciation expenses have been reallocated between cost of sales and general administration expenses. To ensure comparability, amounts disclosed for the comparative period have been reclassified. The impacts of the reclassification for the Group for the comparative period are as follows:

2022 Expenses as reported	31 Dec 2022 As reported	Allocated to Cost of sales	Allocated to general & administration expenses
Cost of sales	(17,066,961)	(17,066,961)	-
Administration expenses	(1,582,265)	-	(1,582,265)
Depreciation expense	(999,648)	(716,292)	(283,356)
Loss of foreign exchange	(417,228)	-	(417,228)
Other expenses	11,615	-	11,615
Share-based payment expense	(1,168,568)	-	(1,168,568)
		(17,783,253)	(3,439,802)

(ii) Recognition of revenue

A shipment of manganese ore to OM Holding in August 2022 was incorrectly recognised as revenue in the year ended 30 June 2022. Based on the contractual terms with the customer control does not transfer until the bill of lading date when ore is delivered to the vessel. The correction of this treatment to align to the contractual terms has resulted in an adjustment to revenue, deferred revenue, cost of sales, royalties, and inventory in the prior year.

A shipment of manganese ore to OM Holding in January 2023 was incorrectly recognised as revenue in the half year ended 31 December 2022. Based on the contractual terms with the customer control does not transfer until the bill of lading date when ore is delivered to the vessel. The correction of this treatment to align to the contractual terms has resulted in an adjustment to revenue, deferred revenue, cost of sales, royalties, and inventory in the prior year.

The following table sets out the impacts of the adjustment to each financial statement line item.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (extract)	31 Dec 2022	Increase/ (Decrease)	31 Dec 2022 (Restated)
Revenue	\$	\$	\$
Sale of manganese	10,977,409	2,512,646	13,490,055
Shipment revenue	-	-	-
	10,977,409	2,512,646	13,490,055
	31 Dec 2022	Increase/ (Decrease)	31 Dec 2022 (Restated)
	\$	\$	\$
Cost of Sales			
Mining costs	(5,718,644)	-	(5,718,644)
Processing costs	(4,340,214)	-	(4,340,214)
Site administration costs	(2,203,854)	-	(2,203,854)
Haulage costs	(5,431,834)	-	(5,431,834)
Port and shipping	(939,569)	(531,500)	(1,471,069)
Sales and marketing costs	(109,435)	-	(109,435)
Royalty costs	(186,799)	(125,632)	(312,431)
Depreciation of processing equipment	-	(586,910)	(586,910)
Depreciation of mining equipment	-	(129,382)	(129,382)
Depreciation of right of use assets	(131,364)	-	(131,364)
Inventory movement	1,994,752	(512,147)	1,482,605
	(17,066,961)	(1,885,571)	(18,952,532)

16. SUBSEQUENT EVENTS

In January 2024 Element 25 released the Butcherbird Expansion Study which confirmed a strong case for expansion of the manganese ore production facility at the Butcherbird mine. The expansion of the processing facility supports the Company's commissioning target date for the planned battery grade high purity manganese sulphate monohydrate project to be built in Louisiana, USA, in partnership with General Motors LLC and Stellantis NV. In line with the favourable study results and recent weak manganese prices, Element 25 has commenced the detailed design, planning and procurement for the expansion project and has suspended current production operations at the Butcherbird mine to reduce operational cash outflows and focus available resources on implementation of the expansion plan.

No other matter or circumstance has arisen since 31 December 2023, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) The financial statements and notes of the Group for the half-year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Regulations 2001, and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Justin Brown
Managing Director

Perth, 15 March 2024

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Independent auditor's review report to the members of Element 25 Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Element 25 Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Element 25 Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Craig Heatley'.

Craig Heatley
Partner

Perth
15 March 2024

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CORPORATE DIRECTORY

Directors

John Ribbons (Non-Executive Chairman)

Justin Brown (Managing Director)

Fanie van Jaarsveld (Non-Executive Director)

Sam Lancuba (Non-Executive Director)

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