E2 Metals Limited

ABN 34 116 865 546

Annual Report - 30 June 2019

Directors	Mr Todd Williams (Managing Director) Ms Melanie Leydin (Non-Executive Chairperson) Mr Alastair Morrison (Non-Executive Director)
Company secretaries	Ms Melanie Leydin
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205 Phone: 03 9692 7222 Fax: 03 9077 9233
Principal place of business	Level 7 24-28 Collins Street Melbourne VIC 3000
Share register	Link Market Services Tower 4, 727 Collins Street Docklands VIC 3008 Phone: 1300 554 474
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Annual general meeting	20 November 2019
Stock exchange listing	E2 Metals Limited shares are listed on the Australian Securities Exchange (ASX: E2M)

Managing Director's Report

The past year has been transformative for E2 Metals. On 20 December 2018 the Company acquired an 80% interest in a highly prospective gold and silver portfolio in the mining friendly Santa Cruz province of Argentina.

The portfolio included prized properties along trend from two of the largest gold and silver mining operations in the province - Newmont Goldcorps' Cerro Negro mine and AngloGold Ashanti's Cerro Vanguardia mine - positioning E2 Metals as a leading explorer in a world-class district.

An active work program was immediately pursued at Conserrat, where a large but partially concealed gold and silver vein field has been identified some 20 kilometres along trend from Cerro Vanguardia (total endowment 9Moz Au, 137Moz Ag). Importantly, prior to E2 Metals the project was held by IAMGOLD but was never systematically explored.

Results from these work programs exceeded our expectations. A high-grade surface discovery was announced at Veta Blanca (up to 7.46 gpt gold and 7510 gpt silver in outcropping vein samples), and the regional soil program provided the first indication of the scale of the targets.

What was not clear however was the relationship between the prospects in the central and southern areas given they are separated by a veneer of younger volcanic cover. The ensuing Induced Polarisation (IP) geophysical survey was designed to see under this cover and was successful in mapping what appears to be a large single vein system that extends from Veta Blanca in the north to Florencia in the south.

In March 2019 the Company shifted focus 120km to the west to the Sierra Morena project where it had received permits to commence a maiden drill program. The principal focus for the drill program was a series of outcropping vein targets at the SM6 prospect where historical sampling had identified high-grade surface gold and silver mineralisation.

The Sierra Morena project's potential is supported by its proximity to El Tranquillo gold and silver district (total endowment 1.1Moz Au and 32Moz Ag), located 30km to the west.

The results of the initial 23-hole Sierra Morena drill program were encouraging and returned broad zones of gold and silver mineralisation in shallow holes at both the Western and Eastern Vein targets (e.g. SMRC-02: 12m at 0.33gpt Au and 64gpt Ag from 30m). While the program did not intercept high-grade mineralisation, which is a hallmark of the Santa Cruz deposits, the high ratios of silver relative to gold is typical of the upper parts of an epithermal system, reinforcing the potential for 'bonanza' style mineralisation at depth.

There is also untested regional potential at Sierra Morena that was revealed with the first systematic exploration at the Southern Project Area. This work defined the most compelling soil targets for the project to date, with precious metal values an order of magnitude greater than those for the SM6 prospect.

Looking forward, shareholders of E2 Metals can expect another busy summer as we move into 2020. A key milestone will be the first drill program at Conserrat where we see great discovery potential given the proximity to Cerro Vanguardia. Any success at Conserrat will be enhanced by the gold price that has recently hit six-year highs.

Finally, I thank all involved in our journey to date. Specifically, our investors for all their support during 2019, and our dedicated team in the field who endure the often-blustery Patagonian winter to deliver outcomes for E2 Metals and all its stakeholders.

Todd Williams
Managing Director

Santa Cruz Gold and Silver Projects, Argentina

Overview

E2 Metals holds an 80% interest in 90,000 hectares of exploration titles in the Santa Cruz and Rio Negro provinces of Argentina (Figure 1). The Santa Cruz projects are prospective for multi-million-ounce Low Sulphidation (LS) epithermal deposits associated with Jurassic age andesitic to rhyolitic volcanic and volcaniclastic rocks of the Chon Aike Formation. The emerging Rio Negro province to the north hosts similar Jurassic-age volcanic rocks but has experienced limited modern exploration and the projects are at an early stage.

Figure 1: E2 Metals Santa Cruz and Rio Negro Projects

The Company's principal focus is Santa Cruz, which is regarded as one of the most prospective and mining friendly gold provinces in Argentina. Large-scale gold production commenced in the late 1990s at AngloGold Ashanti's Cerro Vanguardia mine (historical and current reserves of 9Moz Au and 137 Moz Ag), followed by the discovery and development of multi-million-ounce vein systems at the San Jose, Cerro Negro and Cerro Moro mines (Figure 2). Most discoveries to date have been by junior explorers such as Andean Resources and Extorre Resources who were acquired by Goldcorp and Yamana for US$3.4B and C$413M respectively.

Access to the region is via internal flights from Buenos Aires or Mendoza to Comodoro Rividavia. The projects are connected by paved highways and all-season roads between small towns that provide infrastructure services to the petroleum and mining industries. The project areas are situated on 'estancias' or farms that were vacated following the eruption of Chile's Mt Hudson in 1991. The agricultural industry has never recovered and rural areas are economically reliant on the oil and gold industries.

The province is home to senior precious metal miners such as AngloGold Ashanti, Newmont Goldcorp, Yamana, and Pan American Silver. It is considered one of the best mining destinations in South America having permitted seven new mines in the past 15 years. Newmont Goldcorps' Cerro Negro mine is the province's largest mining operation by annual production with 2019 guidance of 345koz at an AISC of US$775 per ounce.

E2 Metals holds a unique portfolio of under-explored ground with a specific focus for overlooked epithermal vein fields or surface deposits (fossil geothermal springs, sinters) along trend from gold and silver districts with proven endowment. Exploration in Santa Cruz by E2 Metals commenced in December 2018 following the transaction with the project vendors Circum Pacific Pty Ltd. Work up to the end June 2019 included programs at the Conserrat and Sierra Morena projects (Figure 2).

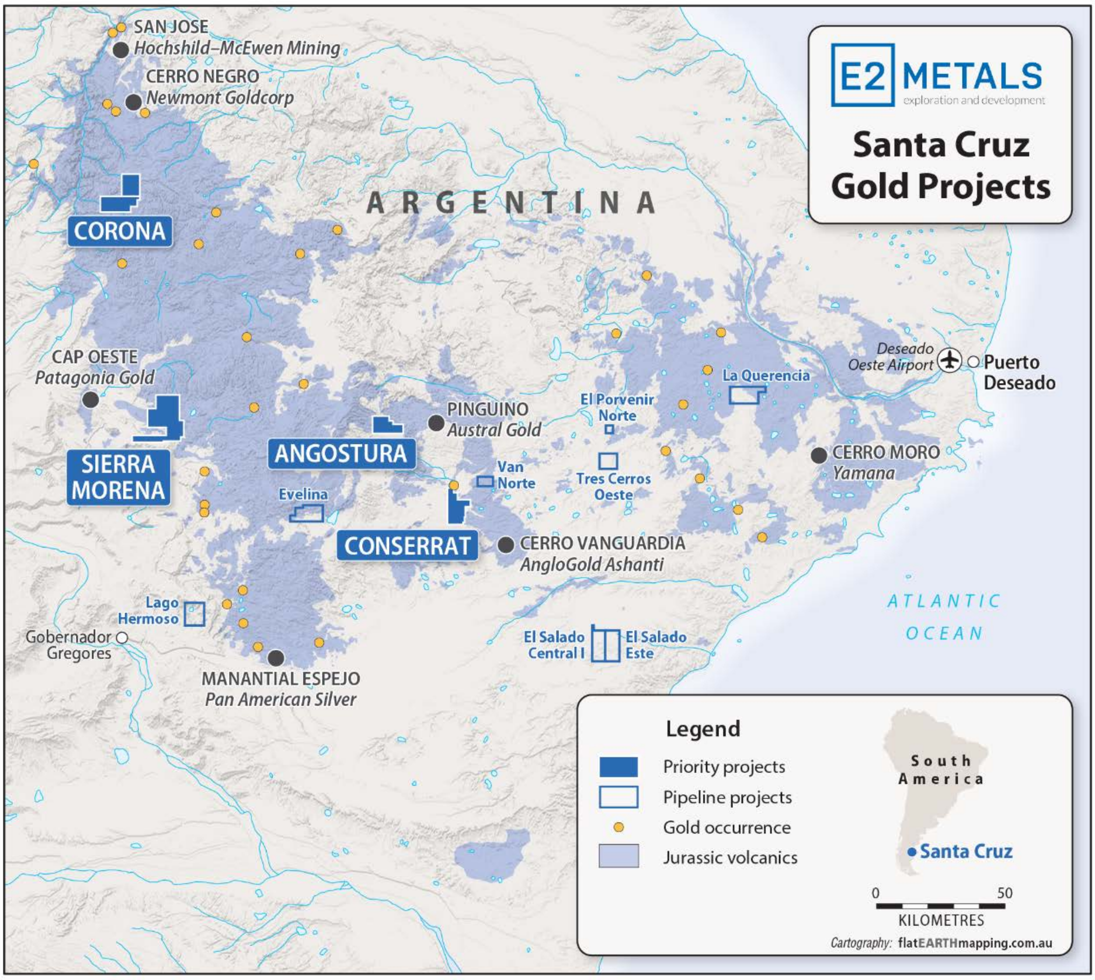

Figure 2: Santa Cruz projects and major gold mines

Conserrat Project

The Conserrat Project (Figure 3) is a single title totalling 8,696 hectares located 130km northwest of Puerto San Julian and some 30km west-northwest of AngloGold Ashanti's Cerro Vanguardia mine. The project is centred on the continuation of same Jurassic volcanic rocks and structures that host the largest epithermal vein field in the Deseado Massif geological province. Approximately 70% of the project is covered by a veneer of younger Tertiary basalt cover. Veins like those mined at Cerro Vanguardia have been identified at four prospects in the central and southern project areas where 'erosional windows' expose the underlying prospective volcanics (Figures 4 to 5).

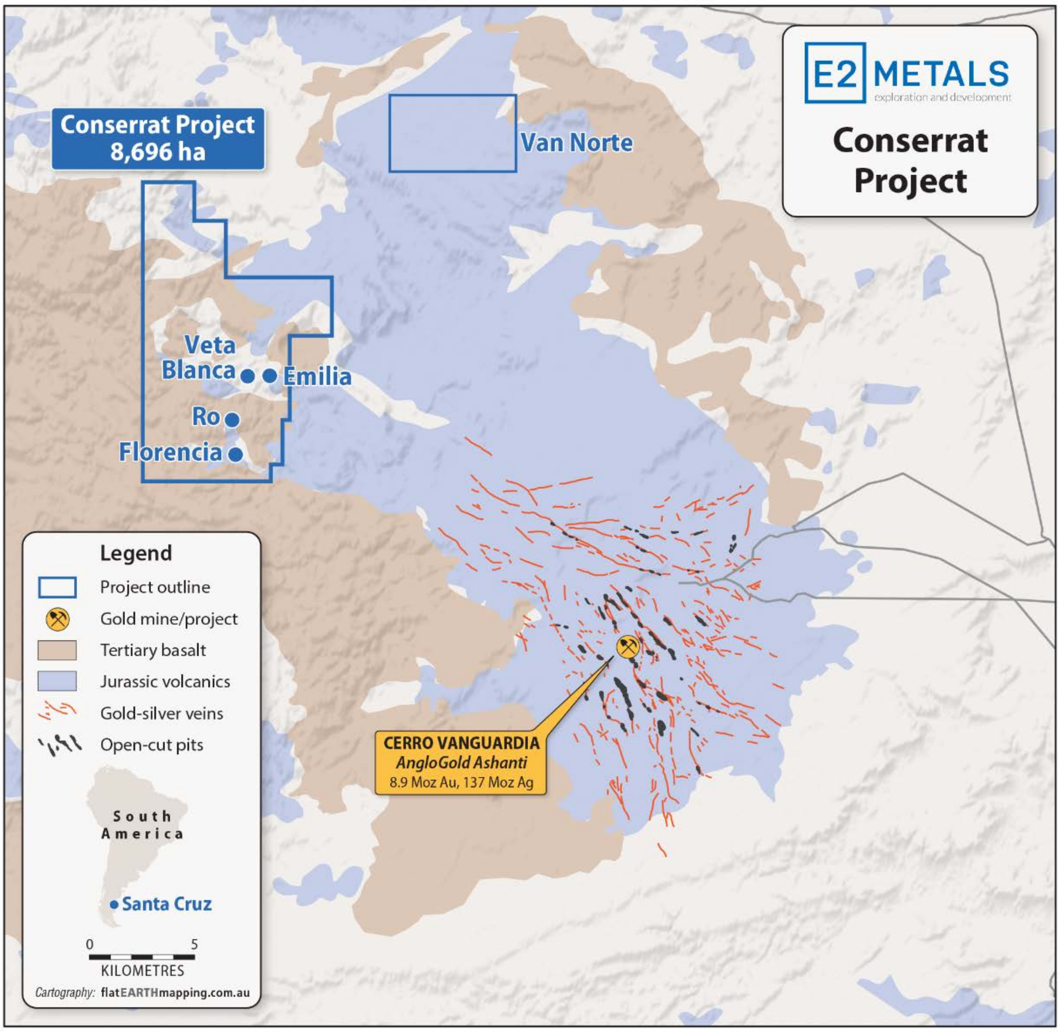

Figure 3: Conserrat project location plan

Conserrat is a unique exploration opportunity in the context of the Santa Cruz district in that although the project has clear potential it has never been systematically explored or drilled. The project was previously held by IAMGOLD in the early 2000's, but little work was done prior to the company exiting Argentina.

Exploration by E2 commenced in December 2018. The objectives for the first campaign of systematic exploration at Conserrat were to:

1. Sample all outcropping veins and determine the potential to host economic gold and silver mineralisation
2. Undertake a regional soil grid within areas of shallow colluvium to map potential extensions of those veins under shallow topsoil and gravels
3. Complete the first ground electrical survey over the entire district to define possible vein targets beneath the younger Tertiary basalt cover

On 7 February 2019 the Company announced the results of the systematic rock chip sampling program that included the high-grade surface discovery at the Veta Blanca prospect where up to 7.46 gpt gold and 7510 gpt silver is present in surface veins (*see ASX Release 7th February 2019 "High-grade rock chip samples Veta Blanca prospect"*).

The Veta Blanca prospect is located on the faulted contact between sediments of the Roca Blanca Formation and the Bajo Pobre Andesite, a Jurassic age volcanic unit that hosts many mineralised veins in the Deseado Massif geological province (i.e. Huevos Verdes vein, San Jose; Las Marianas veins, Cerro Negro).

The potential of this trend was reinforced by the results from the regional LAG sampling (Figure 5) that showed the Veta Blanca prospect and the host structure to be associated with an over 2-kilometre-long coherent anomaly with up to 305 ppb gold and 10.1 gpt silver, with coincident high arsenic and antimony (*see ASX Release 27th February 2019 "Surface LAG geochemistry expands Veta Blanca targets")*.

Additional first-order LAG anomalies were also defined at the Ro (up to 165 ppb gold) and Florencia (up to 112 ppb gold) prospects spaced two and three kilometres to the south respectively, indicating the potential for multiple parallel mineralised trends within the project.

The LAG survey was followed by a project-scale gradient array induced polarisation (GAIP) geophysical survey to map the subsurface extensions of known veins under the Tertiary basalt cover. The results show that all veins and geochemical anomalies are associated with resistive and chargeable lineaments that extend far beyond what can be observed in outcrop (Figure 6, *see ASX Release 27th March 2019 "Geophysics identifies vein targets at the Conserrat project").* The survey also identified multiple target trends in areas of shallow cover where the prospective geology is concealed, and geochemical prospecting is ineffective.

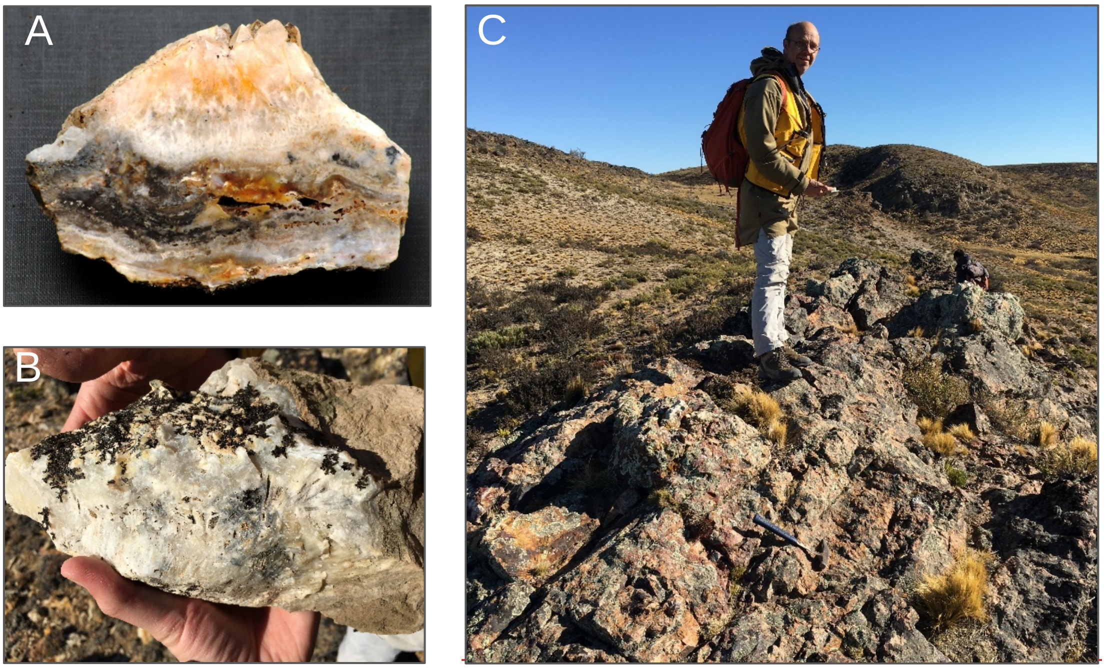

Figure 4: Conserrat Project, **A)** crustiform banded chalcedony-quartz ± adularia and **B)** chalcedonic quartz and bladed carbonate vein from Veta Blanca Prospect, **C)** outcropping silica rib, eastern Emilia Prospect.

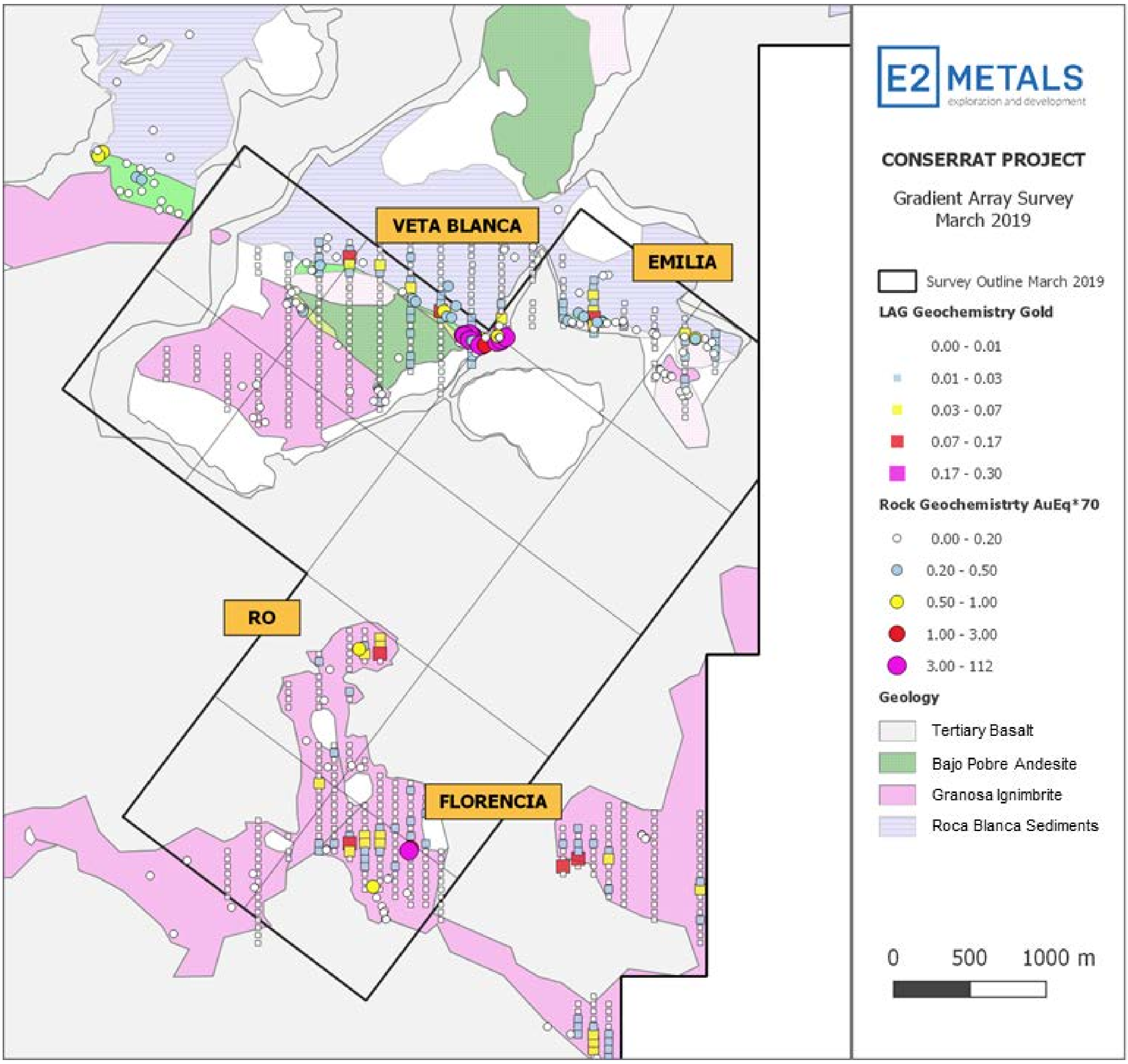

Figure 5: Results of the surface rock and soil geochemistry, and outline of the GAIP survey

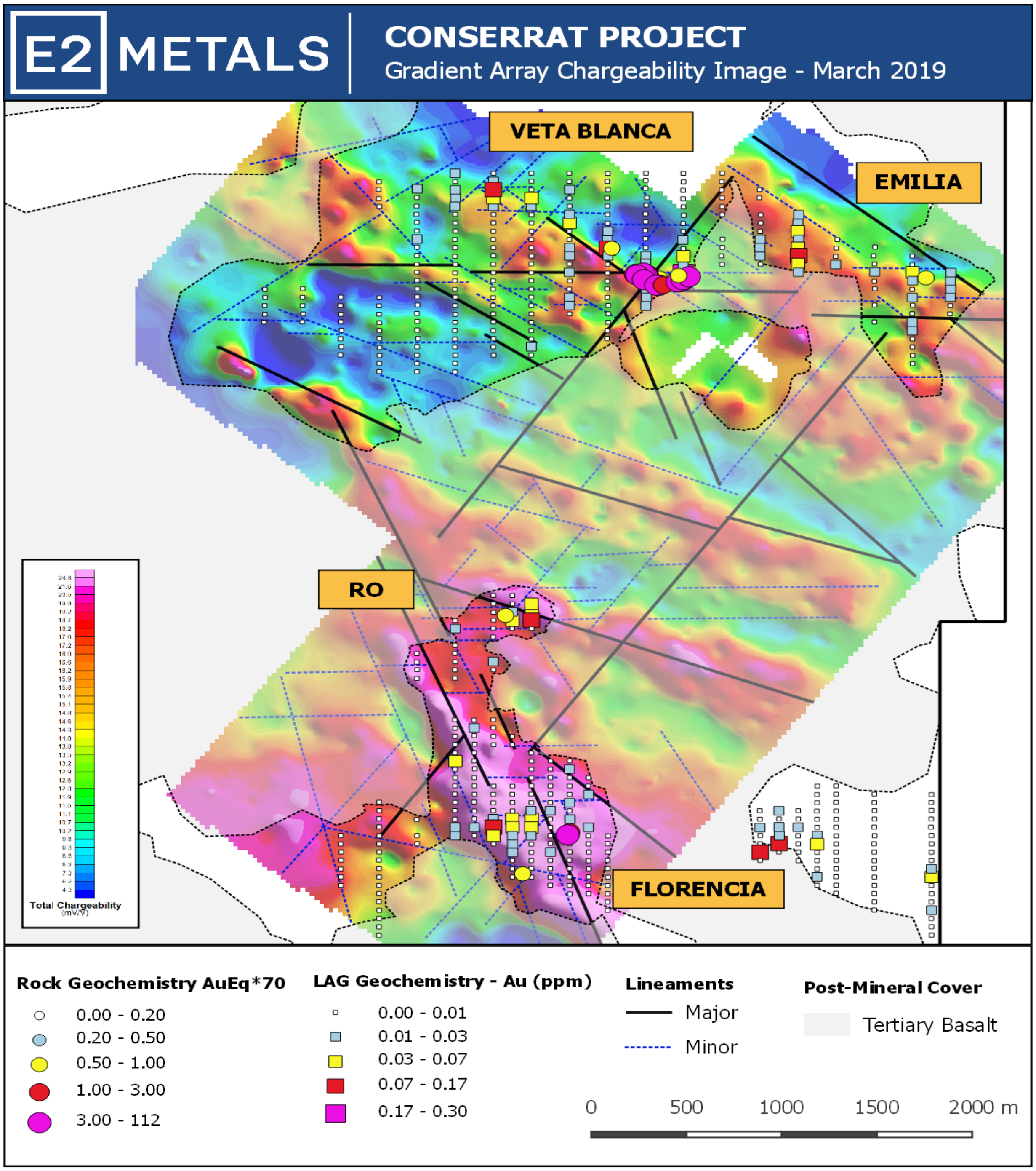

Figure 6: Processed Chargeability Image, Conserrat GAIP survey

Sierra Morena Project

The Sierra Morena Project (Figure 7) is located in the central western margin of the Deseado Massif geological province, some 400km north-northwest of the provincial capital Rio Gallegos. The project comprises two titles totalling 19,676 hectares and is host to epithermal vein prospects centred 30km east of the El Tranquillo gold and silver district. All prospects are aligned on a major WNW structural corridor.

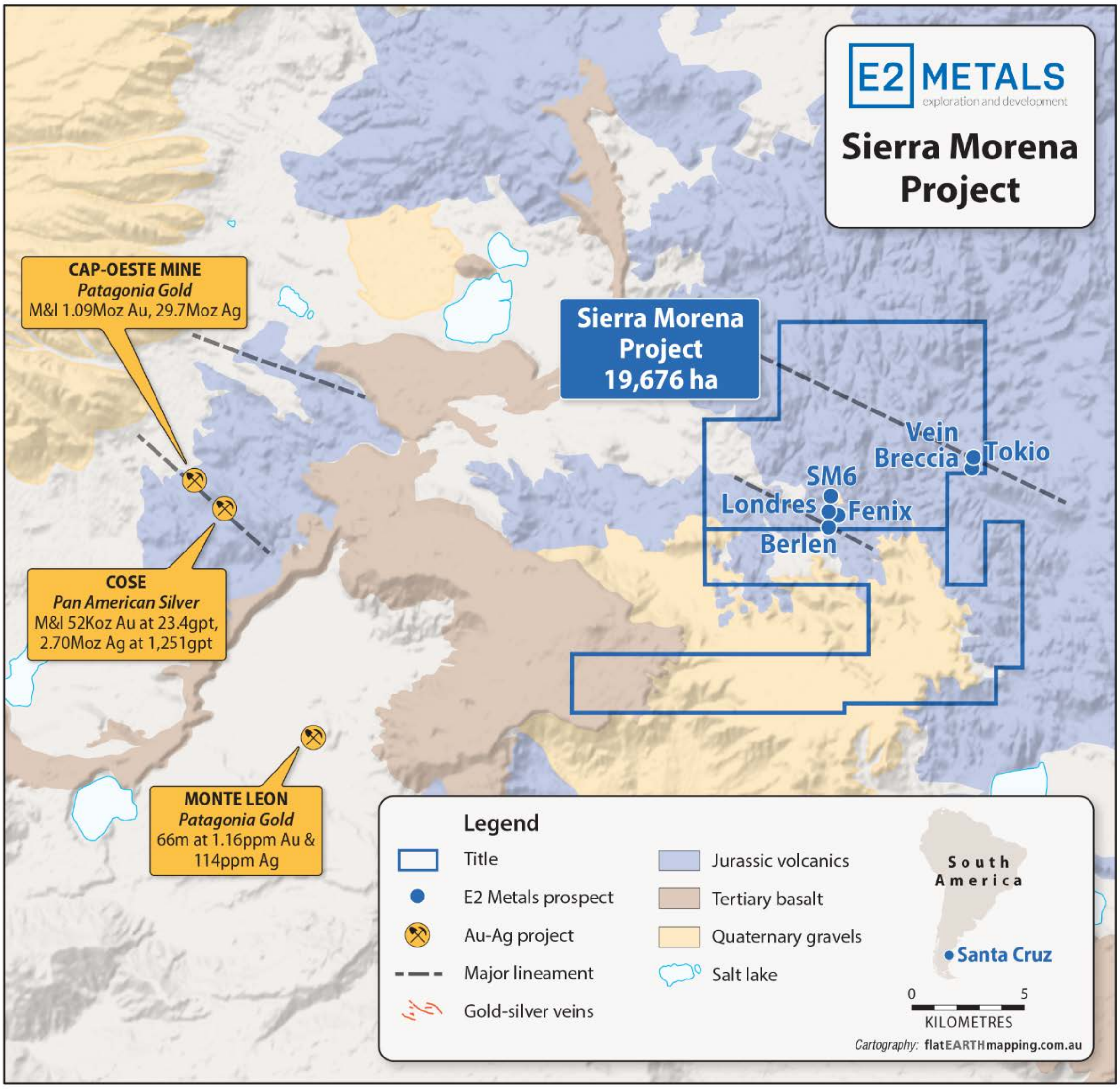

Figure 7: Sierra Morena project location plan

El Tranquillo is an alteration and vein system that hosts Pan American Silver's (TSX: PAAS) COSE and Patagonia Gold's (LSE: PGD) Cap Oeste gold and silver projects with total historical and current resources estimated to be 1.14 million ounces gold and 32.5 million ounces silver. This includes the Cap-Oeste heap leach mine that is currently on care and maintenance and the new underground development at COSE where high grade ore will be transported 180km to Pan American Silver's Manantial Espejo processing plant.

Exploration by E2 commenced in March 2019. The objectives for the first campaign of exploration at Sierra Morena were to:

1. Drill test known gold and silver mineralised veins at the SM6 Prospects to shallow depths
2. Confirm vein orientations and geometries
3. Expand targeting into the unexplored Southern Project Area

During the period March to April 2019 the Company completed an initial 1903m Reverse Circulation (RC) drill program (Figure 8) to test the subsurface continuity of mineralised veins identified at the SM6 prospect, where high surface grades had been encountered at the Eastern and Western Vein targets. The program included scout drilling at the Acid Sulphate Cap prospect (ASC) and Southern Project Area (*see ASX announcement 20 May 2019 "Sierra Morena drill results")*.

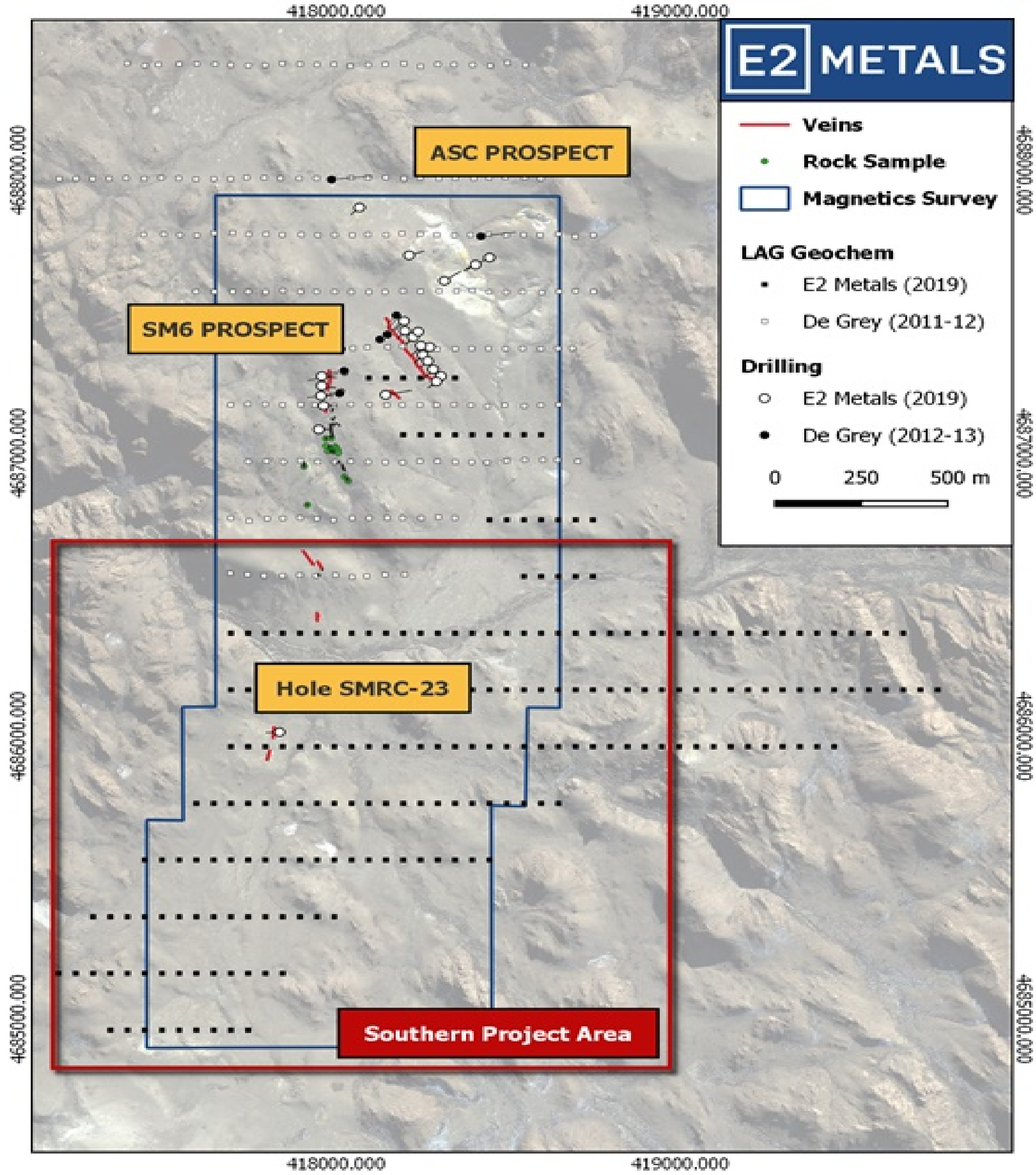

Figure 8: Sierra Morena prospects and March-April 2019 work programs

Eleven holes totalling 1022m were drilled at the Eastern Vein prospect (Figure 9). All holes intercepted a shallow gold and silver system over a strike of 160m. Mineralisation is open to the southeast.

Hole SMRC-02 returned the broadest intercept of 12m at 0.33 gpt gold and 64.3 gpt silver from 32 metres downhole depth, including 1m at 0.46 gpt gold and 204 gpt silver. Gold dominated veins assaying up to 3.47gpt gold over 1 metre are associated with narrow intensely silicified vein breccias with low sulphide content, whereas silver rich veins assaying up to 224 gpt silver over 1 metre are associated with unoxidized 'black silica' sulphide alteration. The black sulphide is interpreted to be fine-grained acanthite (a silver mineral) which was recorded by De Grey Mining Limited (De Grey) in historical drill holes.

Hole SMRC-21 was drilled 140 metres southwest of the Eastern Vein (Figure 9) and intercepted a 'blind' vein with no outcrop that returned 1m at 0.16 gpt gold and 61.3 gpt silver from 46m downhole depth, highlighting the potential for additional parallel mineralised structures.

Five holes totalling 339m were drilled at the Western Vein to follow up on two deep drill holes completed by De Grey during 2012 and 2013 (Figure 9). Both historical holes were collared in the opposite direction to E2's drill holes and intercepted the outcropping vein subparallel to the drill orientation at vertical depths ranging from 110m to 170m below the surface. The best De Grey hole SM-12-06 returned 1m at 5.56 gpt gold and 67 gpt silver.

The E2 drilling intercepted the Western Vein at shallow depths confirming the Company's interpretation of a westerly dipping orientation of the vein. The northernmost hole SMRC-15 returned 1m at 1.45 gpt gold and 198 gpt silver from 29m downhole depth and is open to the north. This was within a broader zone of 4m at 0.73 gpt gold and 98.4 gpt silver from 28m.

The interpretation from limited drilling suggests that the gold: silver ratio appears to be increasing at depth and mineralisation is plunging to the south.

A single hole SMRC-23 was drilled in the Southern Project Area to test a prominent ridge of intense silicification within a broader outcrop of white argillic alteration. This hole returned 22m at 0.12 gpt gold and 6.8 gpt silver from surface, including 1m at 0.35 gpt gold and 31.4 gpt silver from 19 metres downhole depth. The hole was located over 1km south of the southernmost hole drilled at the Western Vein prospect, highlighting the potential for the discovery of additional mineralisation in the Southern Project Area where there has been little historical exploration.

Drilling at the ASC prospect was reconnaissance in nature and did not return significant gold or silver intercepts, although hole SMRC-20 intercepted a zone of intense epithermal clay alteration from 100m downhole depth, demonstrating further potential for additional blind veins.

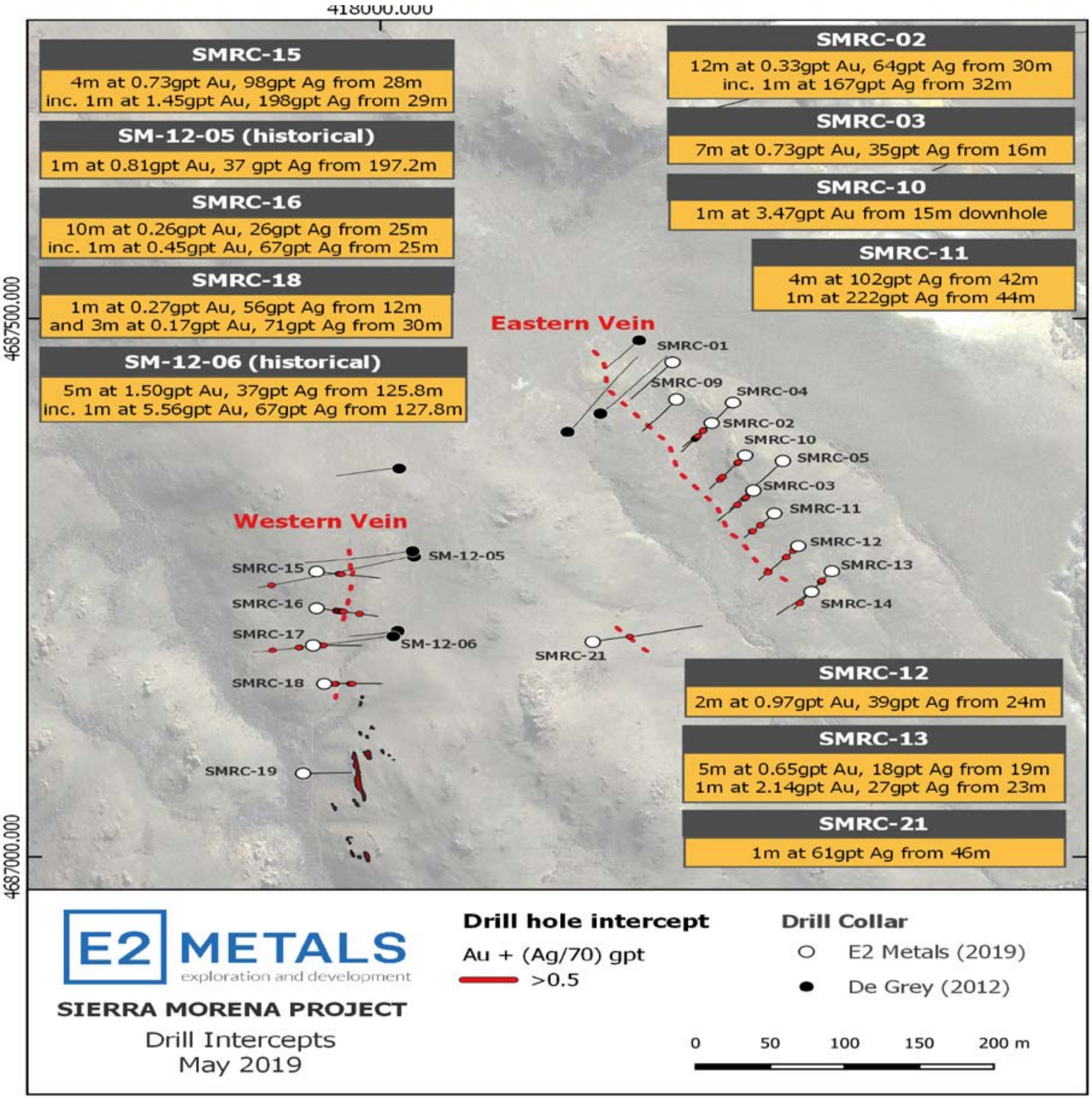

Figure 9: Sierra Morena SM6 drilling and key intercepts

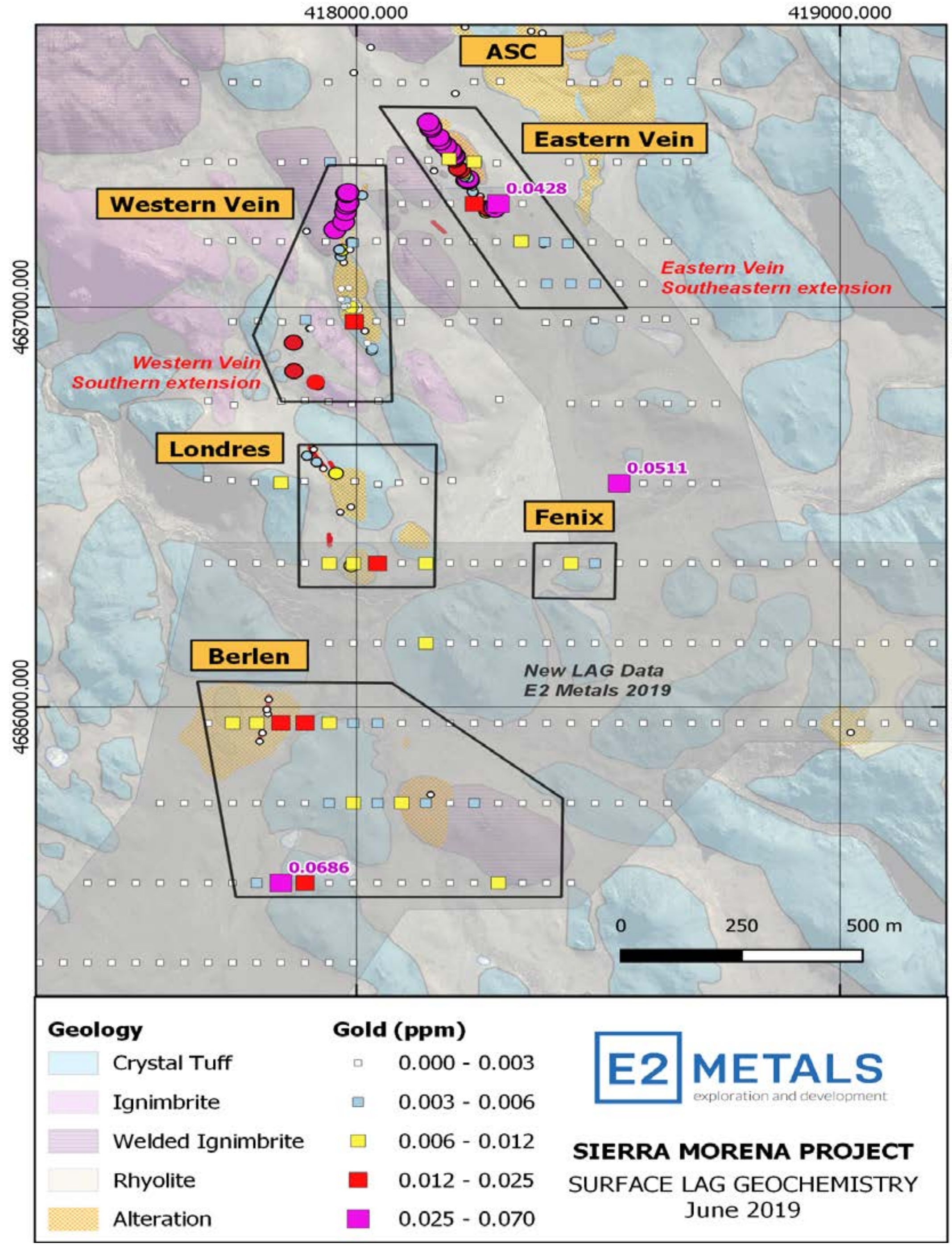

Figure 10: Southern Project Area soil survey – gold values

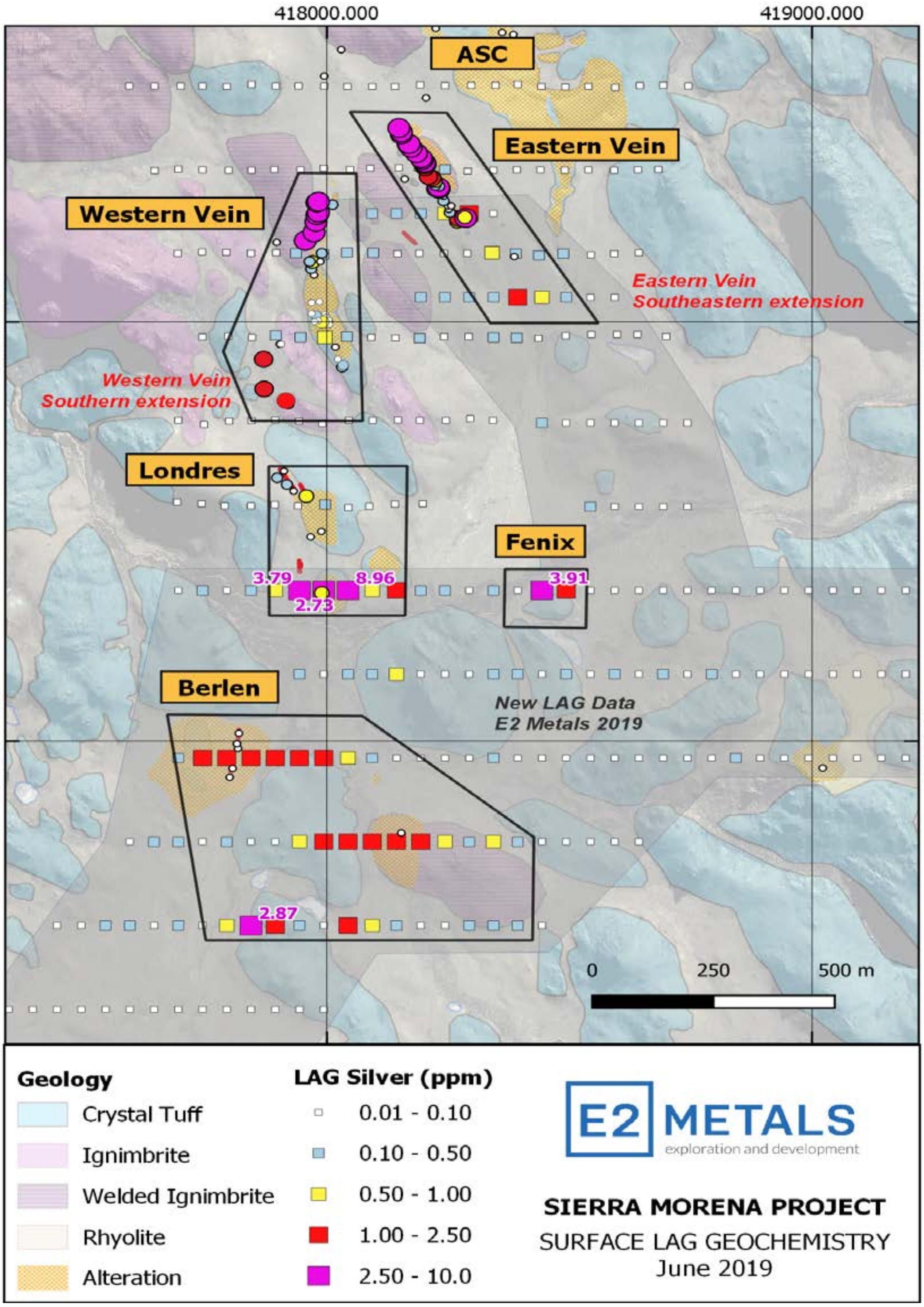

Figure 11: Southern Project Area soil survey – silver values

In parallel with the SM6 drill program, the Company commenced regional exploration which included a coarse fraction (LAG) soil survey in the Southern Project Area. The objective of the survey was to evaluate the area's potential for extensions of the mineralisation identified at the SM6 prospect.

A total of 226 samples were collected on a 200m by 50m grid starting at the southern terminus of the SM6 – Western and Eastern Vein prospects and extending south for 1600m. The results (*see ASX announcement 19 August 2019, Sierra Morena – Southern Project Area Soil Targets*) define four new soil targets associated with prospective Jurassic Chon Aike volcanic rocks (Figure 10-11). These targets will form the basis of ongoing exploration at Sierra Morena.

Mount Hope Project, Cobar Superbasin

E2 holds a 100% interest in a strategic 273km^2 land package over the historic Mount Hope copper gold district located in the Cobar Superbasin, New South Wales (Figure 12). The Cobar Superbasin is one of the pre-eminent polymetallic districts in Australia and is prospective for high grade lead, zinc, copper and precious metal deposits (eg Cobar, Nymagee, Hera, Mallee Bull). It is also host to two emerging discoveries at Peel Mining's (ASX: PEX) Wagga Tank - Southern Nights and Aurelia Metals (ASX: AMI) Federation prospects.

Southern Nights is located on the southwestern margin of the Cobar Superbasin within a geological domain of marine sedimentary and volcanic rocks collectively known as the Mount Hope Trough. The discovery was announced during November 2018 and has since advanced to a maiden resource of 3.8Mt @ 5.5% zinc, 2.1% lead, 75gpt silver, 0.27% copper and 0.31gpt gold. Mineralisation is distinct from other deposits in the Cobar region in that the alteration and mineralogy is more comparable to volcanic hosted massive sulphide (VHMS) deposits and therefore represents a new target type for the Mount Hope region. Potential exists for similar discoveries within E2's portfolio given the similar geological setting and relative proximity being only 30km to the southeast.

Aurelia Metals announced an additional discovery in the Cobar region in May 2019 at the Federation prospect where drilling intercepted high-grade polymetallic lead and zinc mineralisation located 10km south of the Hera mine. Limited drilling to date has returned 26m at 6.3% lead, 10.1% zinc, 0.3% copper from 500m.

Both Southern Nights and Federation are blind discoveries that were aided by modern geophysics. The Company is assessing options to apply similar geophysics to its project to expand targeting beyond the historical prospects (i.e. Mount Solitary and Mount Hope) into covered areas with very little modern exploration.

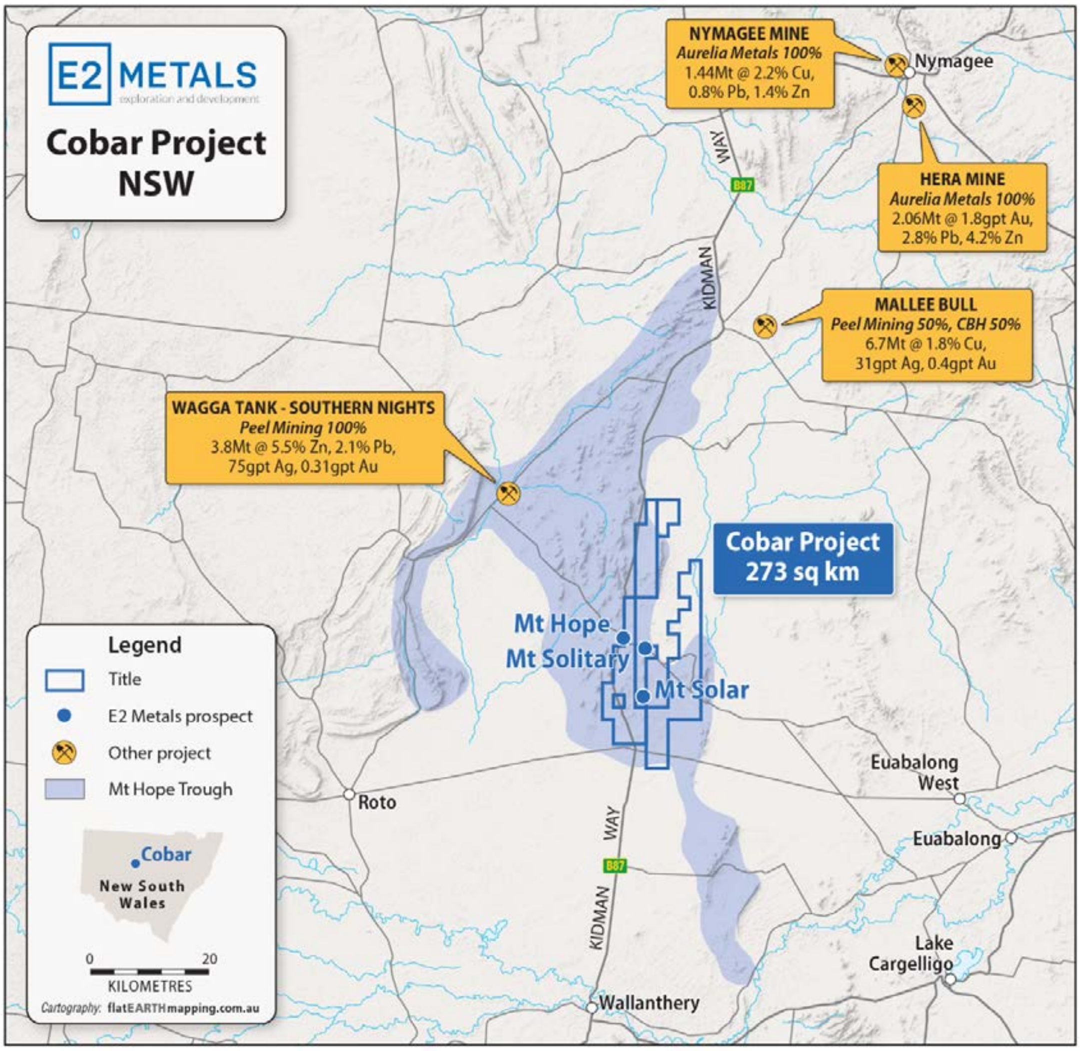

Figure 12: Cobar Project, New South Wales

Neavesville Project, New Zealand

On 20 December 2018 the Company advised that it had terminated the Share Sale Agreement with Eurasian Minerals Inc and Eurasian Holdings (BVI) Inc, effectively relinquishing all interest in the Neavesville gold and silver project in New Zealand. The decision was made on political grounds following changes to the zoning of mining activities within the Thames Coromandel District that impacted the company's ability to explore for and develop gold and silver deposits within the project area.

Corporate

During the reporting period the Company made several changes to the board to reflect its new direction in Argentina.

On 20 December 2018 the Company appointed Todd Williams as the Managing Director. Todd was the founder and principal of private explorer Circum Pacific, the vendor of the Argentinean portfolio. Todd managed exploration for Circum Pacific in South America for the previous four years and assembled the Santa Cruz and Rio Negro portfolios.

This was followed by the 12 February 2019 appointment of Alastair Morrison as a Non-Executive Director. Alastair is a geologist with more than 30 years' experience in mineral exploration and investment.

On 19 July 2019 Michael Sapountzis resigned as Joint Company Secretary and Melanie Leydin remains as sole Company Secretary.

In June 2019 the Company completed a non-brokered placement of 15.4M shares at 15.5 cents to raise just over $2.39M. The new shares were within the Company's placement capacity under ASX Listing Rule 7.1 and 7.1A. The funds raised will be used to accelerate exploration the Company's Conserrat Project including the first drill program. The company held $3.9M cash as of 30 June 2019.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of E2 Metals Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were Directors of E2 Metals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ms Melanie Leydin (Chairperson)
Mr Todd Williams (Managing Director) - appointed on 20 December 2018
Mr Simon Peters (Managing Director) - resigned on 20 December 2018
Mr Alastair Morrison (Non-executive Director) - appointed on 12 February 2019
Mr Justin Klintberg (Non-executive Director) - resigned on 15 February 2019

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of exploration and evaluation of mineral deposits in Australia, New Zealand and Argentina.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Operating and financial review

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $2,979,521 (30 June 2018: $908,700).

For information on the operating and financial performance and position of the consolidated entity refer to the Review of Operations in the preceding section.

Significant changes in the state of affairs

In December 2018, the Company has surrendered the mineral exploration permit related to Neavesville project situated in the Hauraki Goldfield to the New Zealand government.

On 20 December 2018, Todd Williams replaced Simon Peters as the Managing Director of the Group. This resulted in lapse of 2,250,000 Performance Rights previously granted to Simon Peters. On 20 December 2018, the Group has granted 2,250,000 Performance Rights to Todd Williams.

On 21 February 2019, the Company acquired 100% of the issued capital of Los Domos Pty Ltd, which owns interests in a portfolio of epithermal gold and silver projects through its 80% owned subsidiary Minera Los Domos S.A (an Argentinian company). Minera Los Domos S.A. holds a 90,000 hectare portfolio of highly prospective gold and silver projects in the Santa Cruz and Rio Negro provinces, Argentina. The portfolio consists of various projects and related tenements including the Sierra Morena, Conserrat, Corona and Angostura projects in Santa Cruz.

In consideration for the acquisition, the Company issued 15,000,000 fully paid ordinary shares in the capital of the Company at nil consideration. The Acquisition was completed on 21 February 2019 as per the shareholder approval received on 5 February 2019. Please refer Note 17 of the financial statements for further details.

On 8 April 2019, the Company issued 682,490 fully paid ordinary shares in the capital of the Company at an issue price of $0.2 (20 cents) per share following the exercise of Loyalty Options as per the terms and conditions outlined in the Company's Prospectus lodged with ASX on 18 February 2017.

During June 2019, the Company issued 15,479,358 fully paid ordinary shares in the capital of the Company at an issue price of $0.1550 (15.50 cents) per share to raise approximately $2.4 million.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The likely developments of the consolidated entity will be to exploit its current exploration areas of interest in Argentina and the Cobar Basin of New South Wales. The consolidated entity continues to seek suitable opportunities for acquisition or farm-in, while progressing the company's operations.

Environmental regulation
The consolidated entity holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the Directors' knowledge, the consolidated entity has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

Information on Directors

Name:	Ms Melanie Leydin
Title:	Non-Executive Director and Chairperson
Qualifications:	B.Bus, CA
Experience and expertise:	Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of LeydinFreyer. The practice provides outsourced company secretarial and accounting services to public and private companies specialising in ASX listed entities. Ms Leydin has over 25 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.
Other current directorships:	Director of Alchemia Limited (ASX:ACL) and Medibio Limited (ASX:MEB)
Former directorships (last 3 years):	3D Oil (ASX: TDO) (resigned 14 October 2016)
Interests in shares:	816,800 fully paid ordinary shares

Name:	Mr Todd Williams
Title:	Managing Director
Qualifications:	BSc
Experience and expertise:	Mr Williams is an exploration geologist with a Bachelor of Science graduating from the University of Adelaide in 2011. From 2015 to his appointment as Managing Director of E2 Metals, Mr Williams was the founder and principal of Circum Pacific Pty Ltd, a private Australian-based but South American focused gold explorer. During this time, he managed the development of greenfields projects in Colombia and Argentina, including the Company's Santa Cruz and Rio Negro projects.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,200,000 fully paid ordinary shares
Interests in rights:	2,250,000 performance rights, expiring on 30 December 2023.

Name:	Mr Alastair Morrison
Title:	Non-executive Director
Qualifications:	MSc (Hons) (Geology), Grad Dip App Fin & Inv, GAICD, MAIG
Experience and expertise:	Mr Morrison is a geologist with more than 30 years' experience in mineral exploration and investment. Mr Morrison worked for North Flinders Mines in the Northern Territory during the development of the +5 million-ounce Callie gold deposit. He then worked in Tanzania for East African Gold Mines Limited during the exploration, development and construction of the North Mara Gold Project. He managed the exploration team that discovered the high-grade Gokona gold deposit. For the past 15 years Mr Morrison has worked as an analyst and investment manager for a private resource-oriented investment fund. During this time, he has been involved in several exploration ventures in South America, more recently as a consultant to Circum Pacific Pty Ltd, a private Australian-based prospect generator responsible for assembling E2 Metals' Santa Cruz and Rio Negro Projects in Argentina.
Other current directorships:	Orecorp Limited (ASX:ORR)
Former directorships (last 3 years):	None
Interests in shares:	900,000 fully paid ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Melanie Leydin, CA

Ms Leydin has 25 years' experience in the accounting profession including 13 years in the Corporate Secretarial professions and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor. Since February 2000, Ms Leydin has been the principal of LeydinFreyer. The practice provides outsourced company secretarial and accounting services to public and private companies specialising in ASX listed entities.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Melanie Leydin	11	11
Todd Williams*	5	5
Simon Peters*	6	6
Alastair Morrison**	4	4
Justin Klintberg***	7	7

Held: represents the number of meetings held during the time the Director held office.

* Mr Williams was appointed to the board on 20 December 2018 and on the same day Mr Peters resigned from the board.
** Mr Morrison was appointed to the board on 12 February 2019.
*** Mr Klintberg resigned from the board on 15 February 2019.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairperson's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairperson is not present at any discussions relating to the determination of her own remuneration.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 12 November 2018, where the shareholders approved an aggregate remuneration of $300,000.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:
- base pay and non-monetary benefits
- long-term performance incentives; and
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Incentives are payable to Executives based upon the attainment of agreed corporate and individual milestones and are reviewed and approved by the Board of Directors. In 2019 no cash incentives were paid (2018: nil).

Executives are issued with equity instruments as LTIs (long term incentives) in a manner that aligns this element of remuneration with the creation of shareholder wealth. LTI grants are made to Executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the creation of shareholder wealth. During the 2017 financial year, Mr Simon Peters was issued 2,250,000 performance rights which vest on the condition Mr Peters achieves specified performance objectives. These performance were rights lapsed upon resignation of Mr Peters on 20 December 2018. On 20 December 2018, the Company issued 2,250,000 performance rights to the Managing Director, Mr Todd Williams. The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the exploration findings of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the 'Additional Information' disclosure for a summary of earnings of the Company.

Use of remuneration consultants
During the financial year ended 30 June 2019, the consolidated entity did not engage any remuneration consultants.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following Directors of E2 Metals Limited:
- Ms Melanie Leydin (Chairperson)
- Mr Todd Williams (Managing Director) - appointed on 20 December 2018
- Mr Simon Peters (Managing Director) - resigned on 20 December 2018
- Mr Alastair Morrison (Non-executive Director) - appointed on 12 February 2019
- Mr Justin Klintberg (Non-executive Director) - resigned on 15 February 2019

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Termination Benefit	
2019	Salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	$	Total $
Non-Executive Directors:								
Melanie Leydin	60,000	-	-	-	-	-	-	60,000
Justin Klintberg*	26,667	-	-	-	-	-	-	26,667
Alastair Morrison*	12,177	-	-	1,157	-	-	-	13,334
Executive Directors:								
Simon Peters**	21,044	-	-	4,564	-	(144,816)	48,786	(70,422)
Todd Williams**	87,634	-	-	7,830	305	16,471	-	112,240
	207,522	-	-	13,551	305	(128,345)	48,786	141,819

* Mr Morrison was appointed to the board on 12 February 2019 and Mr Klintberg resigned from the board on 15 February 2019.

** On 20 December 2018 Mr Peters resigned as a Managing Director and the Company appointed Mr Williams as the Managing Director. ($144,816) in the share based payment for Mr Peters represent the reversal of share-based expenses related to the performance rights issued to Mr Peters, which lapsed on his resignation. Mr Peters overall remuneration appears negative due to this reversal.

Mr Williams salaries and fees includes $ 5,217 movement in annual leave provision.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	Salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Melanie Leydin	60,000	-	-	-	-	-	60,000
Justin Klintberg	40,000	-	-	-	-	-	40,000
Chris Spurway*	16,667	-	-	-	-	-	16,667
Executive Directors:							
Simon Peters**	136,220	-	-	7,442	273	116,144	260,079
Other Key Management Personnel:							
Justin Mouchacca***	90,000	-	-	-	-	-	90,000
	342,887	-	-	7,442	273	116,144	466,746

* Mr Spurway resigned on 30 November 2017.

** Included in cash salary and fees is $6,318 in movement in annual leave provision, and $33,568 in consulting fees paid to Sustainable Project Services Pty Ltd, an entity associated with Mr Peters.

*** Fees paid to Leydin Freyer Corp Pty Ltd in respect of company secretarial and accounting services, an entity associated with Ms Leydin and Mr Mouchacca

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2019	2018	2019	2018	2019	2018
Non-Executive Directors:						
Melanie Leydin	100%	100%	-	-	-	-
Alastair Morrison	100%	-	-	-	-	-
Justin Klintberg	100%	100%	-	-	-	-
Executive Directors:						
Todd Williams	85%	-	-	-	15%	-
Simon Peters	100%	54%	-	-	-	46%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Melanie Leydin
Title:	Non-Executive Chairperson
Agreement commenced:	28 March 2017
Term of agreement:	No fixed term.
Details:	Annual salary is $60,000.

Name:	Todd Williams
Title:	Managing Director
Agreement commenced:	20 December 2018
Term of agreement:	Six months' notice in writing.
Details:	Annual salary of $180,000 including superannuation of 9.5%

Name:	Alastair Morrison
Title:	Non- Executive Director
Agreement commenced:	12 February 2019
Term of agreement:	No fixed term
Details:	Annual salary is $40,000.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

Performance rights
On 20 December 2018, the Company issued 2,250,000 performance rights to Mr Todd Williams (Managing Director). The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Exercisable date	Expiry date	Exercise price	Value per right at grant date
20 December 2018	30 December 2023	30 December 2023	$0.00	$0.070

Performance rights granted carry no dividend or voting rights.

Additional information
The earnings of the consolidated entity for the three years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $
Revenue	65,345	39,334	10
Loss after income tax	(3,237,499)	(908,700)	(1,548,254)
Total comprehensive income	(3,203,200)	(927,886)	(1,548,707)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Todd Williams*	-	-	1,200,000	-	1,200,000
Melanie Leydin	816,800	-	-	-	816,800
Alastair Morrison*	-	-	900,000	-	900,000
Simon Peters**	300,000	-	-	(300,000)	-
Justin Klintberg**	1,039,201	-	-	(1,039,201)	-
	2,156,001	-	2,100,000	(1,339,201)	2,916,800

* Mr Todd Williams and Mr Alastair Morrison joined the Company on 20 December 2018 and 12 February 2019, respectively.

** Mr Simon Peters and Mr Justin Klintberg resigned from the Company on 20 December 2018 and 15 February 2019, respectively. The disposal represent their respective shareholding at the time of their resignation.

Option holding
The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted/ (exercised)	Expired/ forfeited/ other*	Balance at the end of the year
Options over ordinary shares				
Simon Peters*	33,333	-	(33,333)	-
Justin Klintberg*	1,200,000	-	(1,200,000)	-
	1,233,333	-	(1,233,333)	-

* Mr Simon Peters and Mr Justin Klintberg resigned from the Company on 20 December 2018 and 15 February 2019, respectively. The options presented under "Expired/forfeited/other" represent the option holding at the time of resignation.

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted during the year	Expired/ forfeited/ other*	Balance at the end of the year
Simon Peters*	2,250,000	-	(2,250,000)	-
Todd Williams**	-	2,250,000	-	2,250,000
	2,250,000	2,250,000	(2,250,000)	2,250,000

*During 2017 financial year, the Company issued 2,250,000 performance rights to Mr Simon Peters which were subject to performance hurdles relating to the consolidated entity achieving JORC resource targets. Expired rights above represents these performance rights lapsed upon his resignation on 20 December 2018.

**On 20 December 2018, the Company issued 2,250,000 performance rights to Mr Todd Williams (Managing Director). The vesting of the performance rights is to take place in three tranches, The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets laid out in the performance conditions.

Other transactions with key management personnel and their related parties
Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of E2 Metals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
19 April 2017	19 April 2020	$0.25	1,500,000
23 March 2019	22 March 2022	$0.22	1,000,000
			2,500,000

* On 19 April 2017, the Company issued 1,500,000 advisory options convertible into 1,500,000 fully paid ordinary shares exercisable at $0.25, expiring on 19 April 2020. As at the date of this report, 1,350,000 of these options are classified by ASX as restricted securities to be held in escrow for a period of 24 months from the date of official quotation.

** On 25 March 2019, the Company issued 1,000,000 unlisted options convertible into 1,000,000 fully paid ordinary shares exercisable at $0.2204, expiring on 22 March 2022.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of E2 Metals Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
20 December 2018	30 December 2023	$0.00	2,250,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights
There were no ordinary shares of E2 Metals Limited issued on the exercise of performance rights during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers
During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd
There are no officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd.

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 immediately after this Directors' report.

Auditor
William Buck Audit (Vic) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Melanie Leydin
Chairperson

25 September 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF E2 METALS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Dated this 25th day of September 2019

ACCOUNTANTS & ADVISORS
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williambuck.com

	Note	Consolidated 2019 $	Consolidated 2018 Restated $
Interest income		61,636	34,536
Other income		3,709	4,798
Expenses			
Administrative expenses		(196,896)	(31,648)
Corporate expenses		(546,209)	(281,463)
Employment expenses		(264,444)	(333,654)
Exploration expenses		(2,295,295)	(301,269)
Loss before income tax expense		(3,237,499)	(908,700)
Income tax expense	6	-	-
Loss after income tax expense for the year		(3,237,499)	(908,700)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		34,299	(19,186)
Other comprehensive income/(loss) for the year, net of tax		34,299	(19,186)
Total comprehensive loss for the year		(3,203,200)	(927,886)
Loss for the year is attributable to:			
Non-controlling interest		(257,978)	-
Owners of E2 Metals Limited		(2,979,521)	(908,700)
		(3,237,499)	(908,700)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(257,978)	-
Owners of E2 Metals Limited		(2,945,222)	(927,886)
		(3,203,200)	(927,886)
		Cents	Cents
Basic loss per share	27	(3.24)	(1.50)
Diluted loss per share	27	(3.24)	(1.50)

Refer to note 4 for detailed information on Change in accounting policy – Exploration and Evaluation costs.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2019 $	Consolidated 2018 Restated $	1 July 2017 Restated $
Assets				
Current assets				
Cash and cash equivalents	7	3,946,719	2,703,480	4,608,339
Trade and other receivables	8	146,935	27,784	106,178
Other current assets	9	29,843	1,027,777	26,632
Total current assets		4,123,497	3,759,041	4,741,149
Non-current assets				
Other non-current assets	10	30,000	50,000	30,000
Total non-current assets		30,000	50,000	30,000
Total assets		4,153,497	3,809,041	4,771,149
Liabilities				
Current liabilities				
Trade and other payables	11	157,001	71,778	228,735
Borrowings	12	26,606	-	-
Employee benefits		5,217	10,108	3,790
Total current liabilities		188,824	81,886	232,525
Non-current liabilities				
Employee benefits		305	444	171
Total non-current liabilities		305	444	171
Total liabilities		189,129	82,330	232,696
Net assets		3,964,368	3,726,711	4,538,453
Equity				
Issued capital	13	11,855,059	8,381,747	8,381,747
Reserves	14	339,164	337,320	240,362
Accumulated losses		(7,971,877)	(4,992,356)	(4,083,656)
Equity attributable to the owners of E2 Metals Limited		4,222,346	3,726,711	4,538,453
Non-controlling interest		(257,978)	-	-
Total equity		3,964,368	3,726,711	4,538,453

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2017	8,381,747	210,322	30,040	(2,626,742)	-	5,995,367
Adjustment for change in accounting policy (note 4)	-	-	-	(1,456,914)	-	(1,456,914)
Balance at 1 July 2017 - restated	8,381,747	210,322	30,040	(4,083,656)	-	4,538,453
Loss after income tax expense for the year	-	-	-	(908,700)	-	(908,700)
Other comprehensive loss for the year, net of tax	-	-	(19,186)	-	-	(19,186)
Total comprehensive loss for the year	-	-	(19,186)	(908,700)	-	(927,886)
Vesting of Share based payments	-	116,144	-	-	-	116,144
Balance at 30 June 2018	8,381,747	326,466	10,854	(4,992,356)	-	3,726,711

Refer to note 4 for detailed information on Change in accounting policy – Exploration and Evaluation costs.

Consolidated	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	8,381,747	326,466	10,854	(4,992,356)	-	3,726,711
Issue of share capital	3,510,948	-	-	-	-	3,510,948
Capital raising cost	(37,636)	-	-	-	-	(37,636)
Lapse of performance rights	-	(144,816)	-	-	-	(144,816)
Vesting of share-based payments	-	112,361	-	-	-	112,361
Balance at 1 July 2018	11,855,059	294,011	10,854	(4,992,356)	-	7,167,568
Loss after income tax expense for the year	-	-	-	(2,979,521)	(257,978)	(3,237,499)
Other comprehensive income for the year, net of tax	-	-	34,299	-	-	34,299
Total comprehensive income/(loss) for the year	-	-	34,299	(2,979,521)	(257,978)	(3,203,200)
Balance at 30 June 2019	11,855,059	294,011	45,153	(7,971,877)	(257,978)	3,964,368

	Note	Consolidated 2019 $	2018 Restated $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(2,257,540)	(921,015)
Interest received		61,636	34,536
Interest and other finance costs paid		(3,367)	(3,123)
Other income		-	4,743
Net cash used in operating activities	26	(2,199,271)	(884,859)
Cash flows from investing activities			
Payments for deposits		-	(1,020,000)
Proceeds from release of security deposits		20,000	-
Proceeds from release of term deposits		1,000,000	-
Net cash from/(used in) investing activities		1,020,000	(1,020,000)
Cash flows from financing activities			
Proceeds from issue of shares		2,543,918	-
Equity raising costs		(37,636)	-
Repayment of borrowings		(118,075)	-
Net cash from financing activities		2,388,207	-
Net increase/(decrease) in cash and cash equivalents		1,208,936	(1,904,859)
Cash and cash equivalents at the beginning of the financial year		2,703,480	4,608,339
Effects of exchange rate changes on cash and cash equivalents		34,303	-
Cash and cash equivalents at the end of the financial year	7	3,946,719	2,703,480

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover E2 Metals Limited as a consolidated entity consisting of E2 Metals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is E2 Metals Limited's functional and presentation currency.

E2 Metals Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 September 2019. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about the transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of E2 Metals Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. E2 Metals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Specifically, the consolidated entity controls an investee if and only if the consolidated entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the consolidated entity has less than a majority of the voting or similar rights of an investee, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The consolidated entity’s voting rights and potential voting rights

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is E2 Metals Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments
The Consolidated Entity has adopted AASB 9 from 1 July 2018. The Consolidated Entity has elected to apply the modified retrospective method of adoption. This transition method requires the cumulative effect of initially applying AASB 9 as an adjustment to the opening balance of retained earnings from the date of initial application. In accordance with the modified retrospective method, comparative figures are not restated.

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

In applying AASB 9, there were no adjustments required or impact on the financial statements.

Revenue recognition
The consolidated entity recognises revenue as follows:

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 July 2018. The Consolidated Entity has elected to apply the modified retrospective method of adoption. This transition method requires the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of retained earnings from the date of initial application. In accordance with the modified retrospective method, comparative figures are not restated.

The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

In applying AASB 15, there were no adjustments required or impact on the financial statements as the Consolidated Entity does not had any contracts with the customers at the adoption date

Interest and other income
Other income
Other income is recognised when it is received or when the right to receive payment is established.

Interest income
Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All interest revenue is stated net of the amount of goods and services tax (GST).

Note 2. Significant accounting policies (continued)

Income Tax
The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the assets is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of deferred tax assets can be utilised.

When temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set off exists, the deferred assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 2. Significant accounting policies (continued)

Financial Instruments

(i)Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in (ii) below.

(ii) Allowance for expected credit loss

The consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(iii) Trade and other payables

Trade payables are unsecured and are usually paid within 30-90 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(iv) Loans and borrowings

Loans and borrowings are recognised initially at fair value, being the consideration received, less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. Any gains or losses arising from non - substantial modifications are recognised immediately in the statement of profit and loss and the financial liability continues to amortise using the original effective interest rate. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as noncurrent.

Exploration and Development Expenditure

Exploration and evaluation expenditure incurred are expensed in full in the statement of profit or loss as they are incurred. Expenditure are capitalised as development expenditure when technical feasibility and commercial viability of extracting a mineral resource is established.

During the exploration stages the Consolidated Entity does not provide for site restoration costs due to the uncertainties around the timing of such commitments. However, cost of site restoration is provided for once a mine plan / production phase has commenced and a known mine plan is evident. Site restoration costs usually include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology. Costs are discounted back to present value, using an applicable cost of capital relevant to the Consolidate Entity and then amortised over the life of the mine. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

Refer to note 4 for detailed information on Change in accounting policy – Exploration and Evaluation costs

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019, however, does not expect the impact to be significant as the consolidated entity is not party to any operating lease arrangements.

Note 3. Critical accounting judgements, estimates and assumptions

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Share based payment transactions
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Details of Consolidated Entity’s deferred tax assets, liabilities and tax losses are detailed in note 6 to the financial statements.

Business Combination
Business combinations are accounted for using the acquisition method. Significant judgment required to determine if a transaction can be recognised as business combination. To recognise the transaction as a business combination, the acquisition of a business should meet qualitative and quantitative criteria of a business as defined by AASB 3 Business Combination, in particular the following as per AASB 3.B7;

- Inputs – an economic resource (e.g. non-current assets, intellectual property) that creates outputs when one or more processes are applied to it
- Process – a system, standard, protocol, convention or rule that when applied to an input or inputs, creates outputs (e.g. strategic management, operational processes, resource management)
- Output – the result of inputs and processes applied to those inputs

If a transaction does not meet the definitions of a business combination, they are accounted as an asset acquisition under AASB 3.2 (b). Under this method all identifiable assets and liabilities of the company acquired and; value of the purchase consideration accounted at their fair values.

On 21 February 2019, the Company acquired 100% of the issued capital of Los Domos Pty Ltd, which owns interests in gold and silver projects in Argentina through its 80% owned subsidiary Minera Los Domos S.A (an Argentinian company). In the absence of proven or probable reserves and a plan for site development, management concluded that this acquisition does not meet the definitions of a business under AASB 3 and therefore recognized the transaction as an asset acquisition. Further information of this acquisition are detailed in note 16 to the financial statements.

Note 4. Change in accounting policy – Exploration and Evaluation costs

Change in accounting policy
AASB 6 Exploration for and Evaluation of Mineral Resources allows to either capitalise or expense the exploration and evaluation expenditure incurred by the Consolidated Entity.

The previous accounting policy was to capitalise and carry forward exploration and evaluation expenditure as an asset when rights to tenure of the area of interest were current and costs were expected to be recouped or activities in the area of interest had not, at the reporting date, reached a stage that permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest were continuing.

The Consolidated Entity has made a voluntary change to its accounting policy relating to exploration and evaluation expenditure. The new accounting policy was adopted for the year 30 June 2019 with effect from 1 July 2018 and has been applied retrospectively.

The new exploration and evaluation accounting policy charges exploration and evaluation expenditure against profit and loss as incurred, except for expenditure incurred after a decision to proceed to development is made, in which case the expenditure is capitalised as an asset. The impact on the consolidated statement of cash flows is a movement from investing activities to a movement in operating activities. This amendment to the accounting policy has had a significant effect on the consolidated financial performance and consolidated financial position of the Consolidated Entity because it previously capitalised exploration expenditure in the period it was incurred.

The Consolidated Entity is of the view that the change in policy has resulted in the financial report providing more relevant and no less reliable information because capitalisation of costs will only begin once a decision to proceed with development has been made.

The following tables summarises the impact of the voluntary change in the accounting policy on exploration and evaluation costs, set out in the Group's 2018 consolidated financial statements:

Statement of profit or loss and other comprehensive income

		Consolidated	
	2018 $ Reported	**$ Adjustment**	**2018 $ Restated**
Interest income	34,536	-	34,536
Other income	4,798	-	4,798
Expenses			
Administrative expenses	(31,648)	-	(31,648)
Corporate expenses	(281,463)	-	(281,463)
Employment expenses	(333,654)	-	(333,654)
Exploration expenses	-	(301,269)	(301,269)
Loss before income tax expense	(607,431)	(301,269)	(908,700)
Income tax expense	-	-	-
Loss after income tax expense for the year	(607,431)	(301,269)	(908,700)
Other comprehensive loss			
Foreign currency translation	-	(19,186)	(19,186)
Other comprehensive loss for the year, net of tax	-	(19,186)	(19,186)
Total comprehensive loss for the year	(607,431)	(320,455)	(927,886)

Note 4. Change in accounting policy – Exploration and Evaluation costs (continued)

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(1.00)	(0.50)	(1.50)
Diluted earnings per share	(1.00)	(0.50)	(1.50)

Statement of financial position at the end of the earliest comparative period

	Consolidated		
	2018 $ Reported	$ Adjustment	2018 $ Restated
Assets			
Current assets			
Cash and cash equivalents	2,703,480	-	2,703,480
Trade and other receivables	27,784	-	27,784
Other current assets	1,027,777	-	1,027,777
Total current assets	3,759,041	-	3,759,041
Non-current assets			
Exploration and evaluation	1,758,183	(1,758,183)	-
Other non-current assets	50,000	-	50,000
Total non-current assets	1,808,183	(1,758,183)	50,000
Total assets	5,567,224	(1,758,183)	3,809,041
Liabilities			
Current liabilities			
Trade and other payables	71,778	-	71,778
Employee benefits	10,108	-	10,108
Total current liabilities	81,886	-	81,886
Non-current liabilities			
Employee benefits	444	-	444
Total non-current liabilities	444	-	444
Total liabilities	82,330	-	82,330
Net assets	5,484,894	(1,758,183)	3,726,711
Equity			
Issued capital	8,381,747	-	8,381,747
Reserves	337,320	-	337,320
Accumulated losses	(3,234,173)	(1,758,183)	(4,992,356)
Total equity	5,484,894	(1,758,183)	3,726,711

Note 4. Change in accounting policy – Exploration and Evaluation costs (continued)

Statement of financial position at the beginning of the earliest comparative period

	Consolidated		
	2017 $ Reported	$ Adjustment	2017 $ Restated
Assets			
Current assets			
Cash and cash equivalents	4,608,339	-	4,608,339
Trade and other receivables	106,178	-	106,178
Other current assets	26,632	-	26,632
Total current assets	4,741,149	-	4,741,149
Non-current assets			
Exploration and evaluation	1,456,914	(1,456,914)	-
Other non-current assets	30,000	-	30,000
Total non-current assets	1,486,914	(1,456,914)	30,000
Total assets	6,228,063	(1,456,914)	4,771,149
Liabilities			
Current liabilities			
Trade and other payables	228,735	-	228,735
Employee benefits	3,790	-	3,790
Total current liabilities	232,525	-	232,525
Non-current liabilities			
Employee benefits	171	-	171
Total non-current liabilities	171	-	171
Total liabilities	82,330	-	82,330
Net assets	5,995,367	(1,456,914)	4,538,453
Equity			
Issued capital	8,381,747	-	8,381,747
Reserves	240,362	-	240,362
Accumulated losses	(2,626,742)	(1,456,914)	(4,083,656)
Total equity	5,995,367	(1,456,914)	4,538,453

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(1.89)	(1.11)	(3.00)
Diluted earnings per share	(1.89)	(1.11)	(3.00)

Note 5. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into three operating segments: Australia projects, New Zealand projects and Argentina projects. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews financial management accounts on a monthly basis. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The reportable segments are:

New Zealand
Australia
Argentina

Intersegment transactions
There were no material intersegment transactions during the reporting period.

Intersegment receivables, payables and loans
There were no material intersegment receivables, payables and loans during the reporting period.

Major customers
The consolidated entity does not have any customers.

Operating segment information

Consolidated - 2019	New Zealand $	Australia $	Argentina $	Unallocated $	Total $
Other income	3,709	61,636	-	-	65,345
Administrative expenses	-	-	-	(196,896)	(196,896)
Corporate expenses	-	-	-	(546,209)	(546,209)
Employment expenses	-	-	-	(264,444)	(264,444)
Exploration expenses	(47,249)	(111,181)	(2,136,865)	-	(2,295,295)
Loss before income tax expense	(43,540)	(49,545)	(2,136,865)	(1,007,549)	(3,237,499)
Income tax expense					-
Loss after income tax expense					(3,237,499)
Assets					
Unallocated assets:					
Cash and cash equivalents					3,946,719
Trade and other receivables					146,935
Other current assets					29,843
Other non-current assets					30,000
Total assets					4,153,497
Liabilities					
Unallocated liabilities:					
Trade and other payables					157,001
Employee Benefits					5,217
Other liabilities					26,911
Total liabilities					189,129

Note 5. Operating segments

Consolidated - 2018 (Restated)	New Zealand $	Australia $	Unallocated $	Total $
Other income	4,798	34,536	-	39,334
Administrative expenses	-	-	(31,648)	(31,648)
Corporate expenses	-	-	(281,463)	(281,463)
Employment expenses	-	-	(333,654)	(333,654)
Exploration expenses	(82,722)	(218,547)	-	(301,269)
Loss before income tax expense	(77,924)	(184,011)	(646,765)	(908,700)
Income tax expense				-
Loss after income tax expense				(908,700)
Assets				
Unallocated assets:				
Cash and cash equivalents				3,703,480
Trade and other receivables				27,784
Prepayments				27,777
Other non-current assets				50,000
Total assets				3,809,041
Liabilities				
Unallocated liabilities:				
Trade and other payables				71,778
Employee Benefits				10,552
Total liabilities				82,330

Note 6. Income tax

	Consolidated 2019 $	Consolidated 2018 Restated $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,237,499)	(908,700)
Tax at the statutory tax rate of 27.5%	(890,312)	(249,893)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	(8,925)	31,940
	(899,237)	(217,953)
Current year tax losses not recognised	945,694	256,826
Current year temporary differences not recognised	(46,457)	(38,873)
Income tax expense	-	-

	Consolidated 2019 $	Consolidated 2018 Restated $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	6,965,515	3,301,960
Potential tax benefit @ 27.5%	1,915,517	908,039

Note 6. Income tax (continued)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

There was no income tax expense or other tax balances created for the year ended 30 June 2019 and 30 June 2018 due to the losses from operations.

At 30 June 2019, the consolidated entity reviewed the quantum of its unrecognised carry forward tax losses. As at that date there are unrecognised carry forward tax losses of $6,952,873 (2018: $3,301,960) potentially available to offset against future years' taxable Income.

The balance of future income tax benefit arising from current year tax losses and timing differences has not been recognised as an asset because recovery is not virtually certain.

The future income tax benefit, which has not been recognised as an asset, will only be obtained if:

(i) the company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;

(ii) the company continues to comply with the conditions for deductibility imposed by law; and

(iii) no changes in tax legislation adversely affect the company realising the benefit.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

E2 Metals Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Note 6. Income tax (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2019 $	2018 $
Cash at bank	2,926,719	1,703,480
Cash on deposit	1,020,000	1,000,000
	3,946,719	2,703,480

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held at call with banks.

Note 8. Current assets - trade and other receivables

	Consolidated	
	2019 $	2018 $
GST receivable and other receivables	146,935	27,784

GST receivables includes VAT on expenditure incurred by Minera Los Domos S.A in Argentina. Under the Mining Investment Law in Argentina, the VAT is reimbursable after 12-month period since the expenditure was incurred. The Company expects the VAT refunds in May 2020.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 9. Current assets - Other current assets

	Consolidated 2019 $	Consolidated 2018 $
Prepayments	29,843	27,777
Term deposits	-	1,000,000
	29,843	1,027,777

Term deposits are made for varying periods from three to twelve months.

Note 10. Non-current assets - other non-current assets

	Consolidated 2019 $	Consolidated 2018 $
Security deposits	30,000	50,000

Note 11. Current liabilities - trade and other payables

	Consolidated 2019 $	Consolidated 2018 $
Trade payables	73,034	16,617
Accrued expenses	51,161	33,902
Other payables	32,806	21,259
	157,001	71,778

Refer to note 17 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-90 days of recognition.

Note 12. Current liabilities - borrowings

	Consolidated 2019 $	Consolidated 2018 $
Non-interest bearing loan	26,606	-

Refer to note 17 for further information on financial instruments.

Minera Los Domosa S.A, a subsidiary of the Company, entered into an interest free loan agreement with RN Gold Pty Ltd, an entity associated with the minority shareholders with a borrowing facility of USD 1 million. A balance of USD15,914 is payable as at 30 June 2019.

Note 12. Current liabilities - borrowings (continued)

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Note 13. Equity - issued capital

	Consolidated			
	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	91,869,786	60,707,938	11,855,059	8,381,747

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	60,707,938		8,381,747
Balance	30 June 2018	60,707,938		8,381,747
Share Issued for the acquisition of Los Domos Group	21 February 2019	15,000,000	$0.06	975,000
Share issued on the exercise of loyalty options	8 April 2019	682,490	$0.20	136,498
Share placement to sophisticated investors	14 June 2019	14,834,196	$0.15	2,299,450
Share placement to sophisticated investors	19 June 2019	645,162	$0.15	100,000
Capital raising cost		-	$0.00	(37,636)
Balance	30 June 2019	91,869,786		11,855,059

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the consolidated entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity manages its capital to ensure that entities in the group will be able to continue as a going concern maximising and optimising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 12 and 13, respectively. The consolidated entity operates globally, primarily through subsidiary companies established in the markets in which the consolidated entity trades. None of the consolidated entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the consolidated entity's assets.

The Consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues its activity in mineral exploration.

Note 13. Equity - issued capital (continued)

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 14. Equity - reserves

	Consolidated 2019 $	Consolidated 2018 $
Foreign currency reserve	45,153	10,854
Share based payment reserve	294,011	326,466
	339,164	337,320

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations of Minera Los Domos S.A, Hauraki Gold and EMX New Zealand (BVI) to Australian dollars.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Share based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 14. Equity - reserves (continued)

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees and advisors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payment reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2017	210,322	30,040	240,362
Foreign currency translation	-	(19,186)	(19,186)
Share based payment	116,144	-	116,144
Balance at 30 June 2018	326,466	10,854	337,320
Foreign currency translation	-	34,299	34,299
Issue of performance rights	112,361	-	112,361
Share based payment	(144,816)	-	(144,816)
Balance at 30 June 2019	294,011	45,153	339,164

Note 15. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 16. Acquisition of Los Domos Pty Ltd

On 21 February 2019, the Company acquired 100% of the issued capital of Los Domos Pty Ltd, which owns interests in a portfolio of epithermal gold and silver projects through its 80% owned subsidiary Minera Los Domos S.A (an Argentinian company). Minera Los Domos S.A. holds a 90,000 hectare portfolio of highly prospective gold and silver projects in the Santa Cruz and Rio Negro provinces, Argentina. The portfolio consists of various projects and related tenements including the Sierra Morena, Conserrat, Corona and Angostura projects in Santa Cruz.

In consideration for the Acquisition, the Company issued 15,000,000 fully paid ordinary shares in the capital of the Company at nil consideration. The Acquisition was completed on 21 February 2019 as per the shareholder approval received on 5 February 2019.

The Company used 30-day volume weighted average price (VWAP) of its shares, immediately prior to the announcement date (which was 20 December 2018) to determine the share price of shares issued as part of purchase consideration. The Company determined effective VWAP at $0.065 per share. The management concluded the use of pre-announcement VWAP as the equitable basis for this transaction, as it eliminates any volatility to the share price post announcements related to this acquisitions and developments in the projects in Los Domos Group.

The Company, at the time of acquisition, assessed that in the absence of proven or probable reserves and a plan for site development this acquisition does not meet the definition of a business under AASB 3 - Business combinations. Therefore, the acquisition is accounted as an asset acquisition and all identifiable assets and liabilities of Los Domos Pty Ltd and its subsidiary Minera Los Domos S.A and; value of the purchase consideration were accounted at the acquisition date at their fair values in the financial statements.

Los Domos Pty Ltd is accounted for using the acquisition method of accounting in these financial statements with non-controlling interest in Minera Los Domos S.A is recognised directly in equity section as non-controlling interest.

Note 17. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk analysis in respect of investment portfolios to determine market risk.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Generally, the consolidated entity's main exposure to exchange rate risk relates primarily to trade payables and cash denominated in US dollars, arising in relation to its activities in Argentina. The Consolidated entity did not seek to hedge its exposure but where a payable is significant, US dollars may be purchased on incurring the liability or commitment.

Note 17. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets 2019 $	Assets 2018 $	Liabilities 2019 $	Liabilities 2018 $
US dollars	31,163	-	154,835	-
New Zealand dollars	3,841	3,094	-	-
Argentine Peso	4,125	-	16,267	-
	39,129	3,094	171,102	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument assets and liabilities. The tables have been drawn up based on the undiscounted cash flows based on the earliest date on which the financial assets and liabilities are required to be paid.

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	73,034	-	-	-	73,034
Other payables	-	83,963	-	-	-	83,963
Non-interest bearing loan	-	-	26,606	-	-	26,606
Interest-bearing - variable						
Term Deposit	2.40%	1,000,000	-	-	-	1,000,000
Total non-derivatives		1,156,997	26,606	-	-	1,183,603

Note 17. Financial instruments (continued)

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	16,617	-	-	-	16,617
Other payables	-	55,161	-	-	-	55,161
Interest-bearing - fixed rate						
Term deposits	2.62%	1,000,000	-	-	-	1,000,000
Total non-derivatives		1,071,778	-	-	-	1,071,778

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Recognition and measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Trade and other receivables are initially recognised at fair value less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Note 18. Key management personnel disclosures

Directors
The following persons were Directors of E2 Metals Limited during the financial year:

Ms Melanie Leydin (Chairperson)	
Mr Todd Williams (Managing Director)	- appointed on 20 December 2018
Mr Simon Peters (Managing Director)	- resigned on 20 December 2018
Mr Alastair Morrison (Non-executive Director)	- appointed on 12 February 2019
Mr Justin Klintberg (Non-executive Director)	- resigned on 15 February 2019

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2019	**2018**
	$	**$**
Short-term employee benefits	207,522	342,887
Post-employment benefits	13,551	7,442
Long-term benefits	305	273
Termination benefits	48,786	-
Share-based payments	(128,345)	116,144
	141,819	466,746

On 20 December 2018 Mr Peters resigned as a Managing Director and the Company appointed Mr Williams as the Managing Director. Share-based payments in the above table represent;

- a reversal of performance rights amounting to $(144,816) issued to Mr Peters, which were fortified on his resignation.
- a share-based payment expenses amounting to $16,471 pertaining performance rights issued to issued to Mr Williams.

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company:

	Consolidated	
	2019	**2018**
	$	**$**
Audit services - William Buck Audit (Vic) Pty Ltd		
Audit or review of the financial statements	31,100	24,000

Note 20. Commitments

	Consolidated	
	2019	**2018**
	$	**$**
Planned exploration expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	763,000	230,000
One to five years	2,496,000	245,000
	3,259,000	475,000

Note 20. Commitments (continued)

Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration, the consolidated entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and may otherwise be avoided by sale, farm out or relinquishment.

Included in exploration commitments payable between one to five years is the Conserrat and Sierra Morena projects based in Argentina (2018: Neavesville project based in New Zealand) and the Mount Hope project in New South Wales. The Consolidated Entity surrendered the Neavesville Project Permit 51767 during the year and as a results have no continuing commitments related to this project. The non-current deposits are pledged for meeting exploration commitments.

Note 21. Related party transactions

Parent entity
E2 Metals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 23.

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the Directors' report.

Transactions with related parties
The following transactions occurred with related parties (amounts are exclusive of GST):

	Consolidated	
	2019	**2018**
	$	**$**
Sale of goods and services:		
Payments to Leydin Freyer Corp Pty Ltd, an associated entity of Ms Melanie Leydin*	90,000	90,000
Payments to Sustainable Project Services, an associated entity of Mr Simon Peters**	61,257	51,568

* The amounts paid to Leydin Freyer Corp Pty Ltd relate to company secretarial and CFO services provided to the consolidated entity during the financial year.

** The amounts paid to Sustainable Project Services relate to Mr Simon Peters, former managing director, who resigned from the Company on 20 December 2018.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019	**2018**
	$	**$**
Current payables:		
Trade payables to Leydin Freyer Corp Pty Ltd, an entity associated to Ms Melanie Leydin	9,382	8,280
Trade payables to Sustainable Project Services, an entity associated to Mr Simon Peters	-	6,500

All related party transactions occurred on commercial arms-length terms.

Note 22. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2019 $	Parent 2018 $
Loss after income tax	(747,200)	(607,037)
Total comprehensive loss	(747,200)	(607,037)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	3,827,211	3,725,184
Total assets	8,430,286	5,693,074
Total current liabilities	125,581	81,885
Total liabilities	125,886	82,329
Equity		
Issued capital	10,941,233	7,467,921
Share based payment reserve	294,011	326,466
Accumulated losses	(2,930,844)	(2,183,642)
Total equity	8,304,400	5,610,745

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has a deed of cross guarantee in place with Land & Minerals Limited as per note 25.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

The parent entity information above reflects E2 Metals Limited as it remains the legal parent entity of the group.

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Land & Mineral Limited	Australia	100.00%	100.00%
Fisher Resources Pty Ltd	Australia	100.00%	100.00%
Hauraki Gold Limited	New Zealand	100.00%	100.00%
EMX New Zealand (BVI) Inc	British Virgin Islands	100.00%	100.00%
Los Domos Pty Ltd	Australia	100.00%	-
Minera Los Domos S.A	Argentina	80%	-

Note 24. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

E2 Metals Limited
Land & Mineral Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by E2 Metals Limited, they also represent the extended closed group.

Total liabilities for the closed Group at 30 June 2019 total $894,895 (2018: $750,770).

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	2019 $	2018 $
Revenue	61,636	34,536
Administrative expenses	(118,683)	(28,177)
Corporate expenses	(446,658)	(319,592)
Employment expenses	(244,944)	(295,079)
Loss before income tax expense	(748,649)	(608,312)
Income tax expense	-	-
Loss after income tax expense	(748,649)	(608,312)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(748,649)	(608,312)

Note 24. Deed of cross guarantee (continued)

Statement of financial position	2019 $	2018 Restated $
Current assets		
Cash and cash equivalents	3,890,102	2,675,611
Trade and other receivables	9,560	24,970
Other current assets	29,843	1,047,777
	3,929,505	3,748,358
Non-current assets		
Investments in subsidiaries	1,627,360	652,360
Exploration and evaluation	-	-
Other non-current assets	4,430,966	2,750,780
	6,058,326	3,403,140
Total assets	9,987,831	7,151,498
Current liabilities		
Trade and other payables	63,423	50,517
Other	62,157	31,367
	125,580	81,884
Non-current liabilities		
Borrowings	769,010	668,442
Other	305	444
	769,315	668,886
Total liabilities	894,895	750,770
Net assets	9,092,936	6,400,728
Equity		
Issued capital	12,716,521	9,246,209
Reserves	294,011	326,466
Accumulated losses	(3,917,596)	(3,171,947)
Total equity	9,092,936	6,400,728

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2019 $	Consolidated 2018 Restated $
Loss after income tax expense for the year	(3,237,499)	(908,700)
Adjustments for:		
Share-based payments	(32,455)	116,144
Foreign exchange differences	15,176	-
Exploration cost through shares issued	1,094,003	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(106,110)	78,394
Increase in prepayments	(2,066)	(1,143)
Increase/(decrease) in trade and other payables	74,549	(176,145)
Increase/(decrease) in employee benefits	(4,869)	6,591
Net cash used in operating activities	(2,199,271)	(884,859)

Note 27. Earnings per share

	Consolidated 2019 $	Consolidated 2018 Restated $
Loss after income tax	(3,237,499)	(908,700)
Non-controlling interest	257,978	-
Loss after income tax attributable to the owners of E2 Metals Limited	(2,979,521)	(908,700)
	Cents	**Cents**
Basic earnings per share	(3.24)	(1.50)
Diluted earnings per share	(3.24)	(1.50)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	91,869,786	60,707,938
Weighted average number of ordinary shares used in calculating diluted loss per share	91,869,786	60,707,938

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of E2 Metals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 27. Earnings per share (continued)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity has generated a loss for the year. As at 30 June 2019 there were 4,750,000 potential ordinary shares not considered dilutives.

Note 28. Share-based payments

Options

In March 2019, the consolidated entity issued 1,000,000 unlisted employee options.

During the 2017 financial year, the consolidated entity issued 1,500,000 unlisted advisor options. These options are held in escrow for a period of 24 months from the date of official quotation.

Set out below are summaries of options granted under the plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/04/2017	19/04/2020	$0.00	1,500,000	-	-	-	1,500,000
25/03/2019	22/03/2022	$0.22	-	1,000,000	-	-	1,000,000
			1,500,000	1,000,000	-	-	2,500,000

For the options granted during the financial year and the current year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
22/03/2019	22/03/2022	$0.19	$0.22	79.90%	-	1.43%	$0.0959

The volatility is determined based on the standard deviation on the movement in share price of the Company from the day of its initial public offering till the date of options issued.

Performance rights

The number of performance rights over ordinary shares in the Company held during the financial year, issued under the Company's share option plan, is set out below:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/04/2017	19/04/2020	-	2,250,000	-	-	2,250,000	-
20/12/2018	30/12/2023	-	-	2,250,000	-	-	2,250,000

Note 28. Share-based payments (continued)

In December 2018, the consolidated entity agreed to issue 2,250,000 performance rights to Mr Todd Williams with vesting conditions relating to performance hurdles. The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions.

Performance rights issued to Mr Simon Peters during 2017 financial year, lapsed in December 2018 upon his resignation as the Managing Director.

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees and advisors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Share based payments are delivered in the form of rights over shares which vest over a period of three to five years subject to meeting performance measures, with no opportunity to retest. The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving JORC resource targets.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 24 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Melanie Leydin
Chairperson

25 September 2019

E2 Metals Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of E2 Metals Limited (the Company) and the entities it controlled from time to time throughout the financial year (the Consolidated Entity), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the annual financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ACCOUNTANTS & ADVISORS
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Melbourne VIC 3000
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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ASSET ACQUISITION	
Area of focus	**How our audit addressed it**
On 21 February 2019, the Group completed its acquisition of shares in Los Domos Pty Ltd for consideration of 15,000,000 shares of E2M. Los Domos Pty Ltd holds a 80% shareholding in its subsidiary Minera Los Domos S.A in Argentina,. The acquisitions were determined by management to be asset acquisitions (notwithstanding that from a legal perspective it was an acquisition of shares). Determining the appropriate accounting treatment for the transactions was complex and required significant judgements and estimates by the Group.	Our audit procedures included: — Examining the legal documentation associated with the purchase to understand the key terms and conditions of the acquisition; — Assessing whether the appropriate acquisition accounting was an asset acquisition rather than as a business combination; and — Examining the fair value and treatment of the purchase consideration was in accordance with the requirements of Australian Accounting Standards. We also assessed the adequacy of the Group's disclosures in respect of the acquisition in the financial report.

CHANGE IN ACCOUNTING POLICY	
Area of focus	**How our audit addressed it**
The Group has made a voluntary change to its accounting policy relating to exploration and evaluation expenditure. The new accounting policy charges exploration and evaluation expenditure against profit and loss as incurred instead of capitalizing them as exploration and evaluation assets as previous years. The new accounting policy was adopted for the year 30 June 2019 with full retrospective application	Our audit procedures included: — Assessing whether the change in accounting policy was permitted and was in accordance with the requirements of Australian Accounting Standards. — Examining the prior year audited figures, which needed to be restated when a change in accounting policy is made. We also assessed the adequacy of the Group's disclosures in respect of the change in accounting policy in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity’s annual report for the year ended 30 June 2019 but does not include the financial report and the auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or they have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor’s report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of E2 Metals Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Melbourne, 25 September 2019

The shareholder information set out below was applicable as at 23 September 2019

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of unlisted options over ordinary shares	Number of holders of performance rights over ordinary shares
1 to 1,000	3,522	-	-
1,001 to 5,000	46	-	-
5,001 to 10,000	302	-	-
10,001 to 100,000	231	5	-
100,001 and over	124	4	1
	4,225	9	1
Holding less than a marketable parcel	3,529	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Dellta Pty Ltd	9,000,000	9.80
Commodity House Pty Ltd	8,435,000	9.18
CCF No.1 Pty Ltd	3,150,645	3.43
Penstock Advisory Pty Ltd	3,022,581	3.29
Capri Trading Pty Ltd	2,875,000	3.13
Mr James Henderson Allen	2,500,000	2.72
Lido Trading Ltd	2,135,406	2.32
Tykune Pty Ltd	1,676,667	1.83
Olivers Hill Pty Ltd	1,665,000	1.81
Mrs Dominique Skye Stewart	1,625,000	1.77
Dael Investments (Sa) Pty Ltd	1,612,903	1.76
Dael Investments (Sa) Pty Ltd	1,540,000	1.68
Rl & JE Investments Pty Ltd	1,500,000	1.63
Mr Petar Jurkovic & Ms Allison Parker	1,290,323	1.40
D & J Investments Pty Ltd	1,259,067	1.37
Todd Jarrad William	1,200,000	1.31
Bond Street Custodians Limited	1,136,661	1.24
Bonza View Superannuation Fund Pty Ltd	1,135,653	1.24
Mr Mark Ronald Penny	1,100,000	1.20
Rayne Investments Pty Ltd	1,046,723	1.14
	48,906,629	53.25

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	2,500,000	9
Performance rights over ordinary shares issued	2,250,000	1

Substantial holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Dellta Pty Ltd (Dellta Group)	10,612,903	11.64
Gregory William Seers	11,732,170	12.86
Martin James Donohue	4,565,911	5.01

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Fully paid ordinary shares	21 February 2020	15,000,000

Tenements

Description	Tenement number	Interest owned %
Mount Hope, Australia	EL6837	100.00
Main Road, Australia	EL8058	100.00
Broken Range, Australia	EL8290	100.00
Mount Hope, Australia	EL8654	100.00
Evelina, Argentina	423.826/MS/09	80.00
Lago Hermoso, Argentina	423.827/MS/09	80.00
El Salado Este, Argentina	423.828/MS/09	80.00
El Salado Central I, Argentina	424.985/MS/10	80.00
El Porvenir Norte, Argentina	421.672/MS/12	80.00
Tre Cerro Oeste, Argentina	422.990/MS/12	80.00
Querencia, Argentina	406.735/MS/04	80.00
Sierra Morena I, Argentina	430.269/MS/14	80.00
Sierra Morena II, Argentina	430.270/MS/14	80.00
Candalon La Angostura, Argentina	437.502/BVG/17	80.00
Van Norte, Argentina	437.503/BVG/17	80.00
Corona Norte, Argentina	437.470/BVG/17	80.00
Corona Sur, Argentina	437.472/BVG/17	80.00
Conserrat, Argentina	437.471/BVG/17	80.00
Cerros Blancos, Argentina	32.053/M/2007	80.00
Marinao, Argentina	32.055/M/2007	80.00
Arroyo de la Ventana, Argentina	32.056/M/2001	80.00
Laguna Redonda, Argentina	32.057/M/2007	80.00
Paredes, Argentina	42.056/M/2017	80.00