E2 Metals Limited

ABN: 34 116 865 546
ASX Code: E2M

Level 4, 100 Albert Road
South Melbourne VIC 3205
P: +61 3 9692 7222
F: +61 3 9077 9233
E: info@e2metals.com.au

Directors / Secretary

Melanie Leydin
Chair & Company Secretary

Todd Williams
Managing Director

Alastair Morrison
Non-Executive Director

Issued Capital

91.9M fully paid ordinary shares

Exploration Update

14 October 2019

E2 Metals (**E2 or the Company**) is pleased to provide the following update on recent exploration activities at the Conserrat Project in Argentina.

Highlights

Phase 1 of the regional trenching program comprising 39 trenches for 3533m is complete, with infill trenching ongoing.

Trench assay results for **Veta Blanca** and the newly defined **Melisa** sectors have been received. Highlights include:

- Trenching at **Veta Blanca** has defined two veins over an area of 200m by 30m with very high silver and gold, including:
    - COT-01: 0.5m at 2gpt Au, 1700gpt Ag
    - COT-25: 0.8m at 3.8gpt Au, 760gpt Ag
- A third *hangingwall vein* has been located 50m to the southwest representing a new blind mineralised structure. High level chalcedonic veins from this zone returned 2m at 0.9gpt Au, 3gpt Ag from COT-23.
- The strike extensions of these structures were exposed in trenches 500m west-northwest at **Veta Blanca West** which intercepted similar high-level veins. Trenching is ongoing, but initial results include:
    - COT-12: 0.6m at 0.7gpt gold and 73gpt Ag
    - COT-11: 0.5m at 0.3ppm Au, 23ppm Ag
- Trenching has confirmed the potential of the newly defined **Melisa** sector to host additional veins, along a parallel fault corridor that partially outcrops 500m southwest of **Veta Blanca**. Initial results include:
    - COT-06: 0.8m at 2ppm Au, 2.6ppm Ag
    - COT-18: 0.8m at 1.5ppm Au, 2.2ppm Ag

- Precious metal values and vein textures at **Veta Blanca** are typical of mineralised ore shoots at nearby Cerro Vanguardia, where silver is reported to increase at depth. The mineralisation style at **Veta Blanca** *hangingwall zone* and **Melisa** are typical of the upper levels of epithermal vein system, indicating the potential for ore shoots at depth.
- An infill pole-dipole IP and regional CSAMT geophysical survey has commenced to refine drill targets at the new prospects. The CSAMT survey is complete and interpretation is ongoing.
- An update on drill planning, including trench results from Ro, Emilia and Florencia, and an interpretation of the new geophysical data is expected in two to three weeks.

Overview

E2 Metals Limited (**E2 or the Company**) is pleased to provide an update on exploration work programs at the **Conserrat**, located in the mining friendly Santa Cruz province of Argentina. The Conserrat Project is located along trend from AngloGold Ashanti's world-class Cerro Vanguardia epithermal vein field (historical and current reserves of 8.9Moz Au, 137Moz Ag) and hosts a large but partially exposed vein system that was defined by the Company earlier this year.

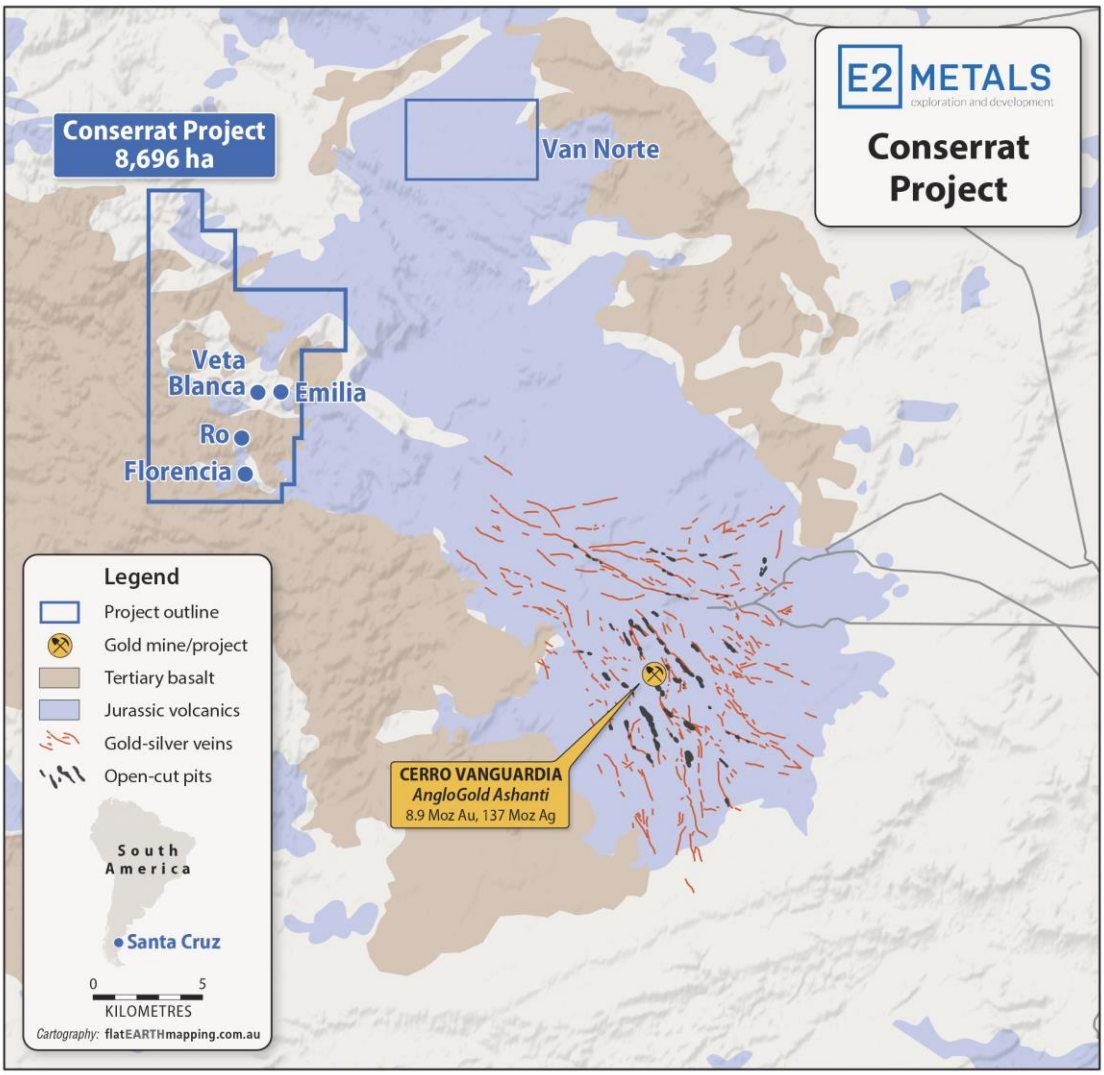

Figure 1: Conserrat Project

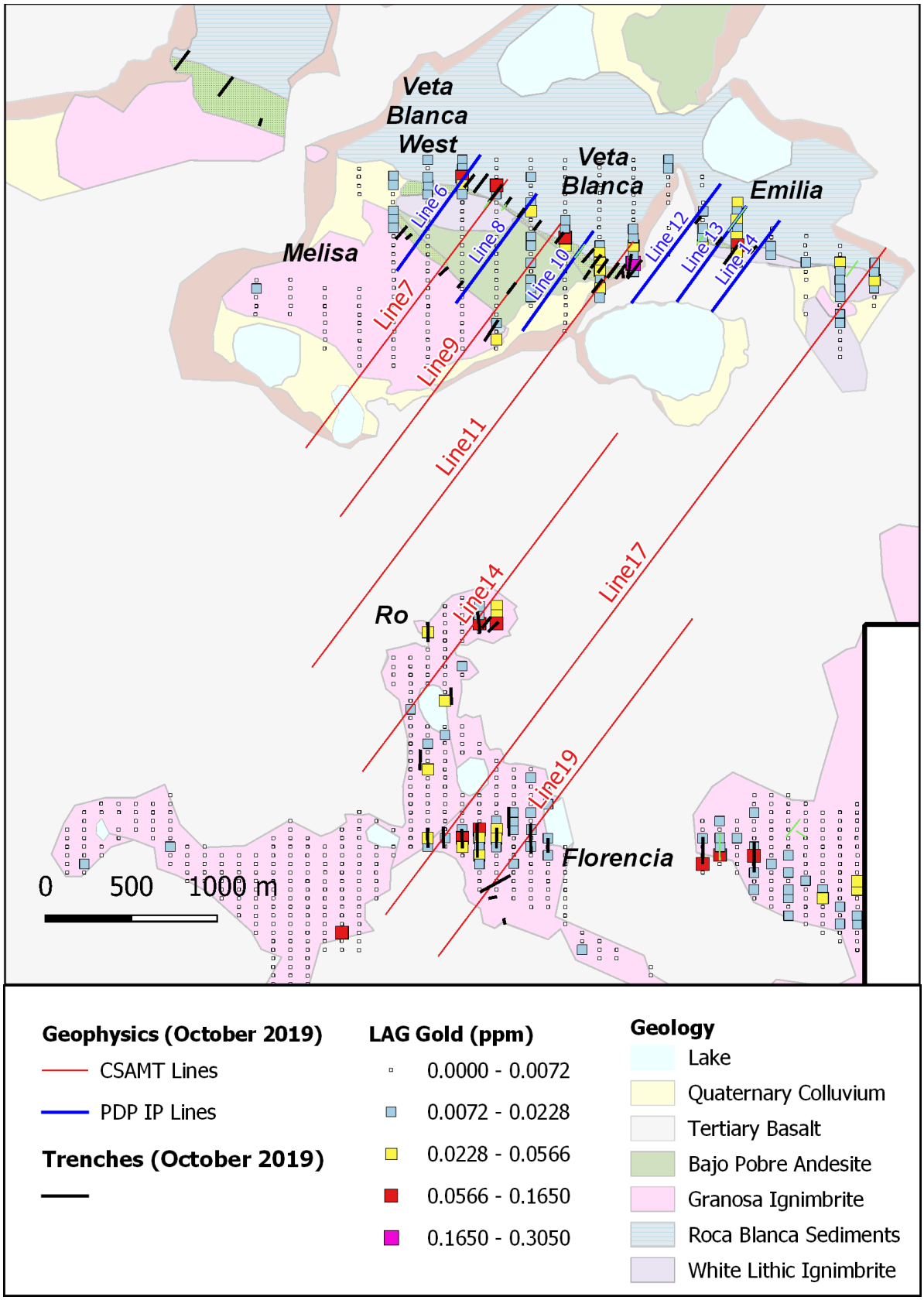

Figure 2: Location of new trenches and geophysical lines

Exploration at Conserrat re-commenced on 22 August 2019 following the winter field break. Since then activities have accelerated in anticipation of the maiden drill program that is planned for November 2019, as the company seeks to rank and prioritise targets within the project area.

Current work programs have comprised a regional trench program and additional geophysics (Figure 2). The first phase of trenching included 39 trenches for 3533m program and targeted gold and silver soil anomalies[1] that have been defined over an area of 4 km by 2.5 km, as the limits of the target vein field. Excavations were made on north and north-east orientated lines 50m to 150m long, to expose the underlying basement rocks and mineralised veins.

In addition, the Company recently commenced a regional Controlled Source Audio-frequency Magnetotellurics (CSAMT) geophysical survey to map major basin-related structures that are fundamental controls on the location of epithermal veins elsewhere in the district. The technique is also capable of mapping horizontal layering in the Jurassic volcanic stratigraphy, making it possible to map the target depths of rock units that are more prospective vein hosts.

The CSAMT program comprises 6 north-northeast lines for a total 14.5-line kilometres, with lines orientated perpendicular to the interpreted structural fabric and vein orientation. The program is now complete but interpretation of all vertical sections and 2D inversions is ongoing. Experienced local contractor Quantec Geoscience has managed the survey.

The geophysical crew have now commenced an infill pole-dipole Induced Polarisation (IP) survey in the central zone between the Veta Blanca West and Emilia sectors. The work will infill previously acquired IP data to reduce line spacing from 400m to 200m, which is considered an optimal resolution for targeting epithermal vein deposits.

Trench Results

Gold and silver analyses have been received for 24 of the 39 phase 1 trenches (Figure 3), with a majority located at Veta Blanca (n=9) and the newly defined Veta Banca West (n=6) and Melisa (n=6) sectors. Sampling at Emilia, Ro and Florencia is ongoing with the results of only one trench for each prospect available at the time of this announcement.

Veta Blanca

Trenching at Veta Blanca was designed to test a series of high-grade veins with reported rock chip assay values up to 7.46 Au and 7510 Ag[2]. The mineralised veins partially outcrop so the objective of this trench program was to better expose the veins hosting high-grade mineralisation and enable mapping of the veins under shallow surrounding cover.

The work has defined silver mineralisation in two footwall veins spaced 30m apart, with a measured strike of 200m. The veins have an easterly orientation and are located within the footwall of Roca Blanca sediments, north of the interpreted faulted contact with Bajo Pobre andesite to the south (hanging wall). Results from Veta Blanca include:

- **COT-01:** 0.5m at 2ppm Au, 1700ppm Ag
- **COT-25:** 0.8m at 3.9ppm Au, 760ppm Ag
- **COT-07:** 1.3m at 0.7ppm Au, 571ppm Ag

[1] E2 Metals ASX Announcement 27 February 2019, Surface LAG Geochemistry Expands Veta Blanca Gold-Silver Targets
[2] E2 Metals ASX Announcement 7 February 2019, Significant High-Grade Rock Chip Samples at the Veta Blanca Prospect, Conserrat Project

- **COT-02**: 2.0m at 1.9ppm Au, 319ppm Ag
- **COT-08:** 1.1m at 0.5ppm Au, 225ppm Ag

A single trench (COT-23) located 50m southwest of the Veta Blanca veins has intersected a zone of chalcedonic veinlets within Bajo Pobre andesite that has returned strong gold and silver anomalism. Initial results for the zone include 2m at 0.9gpt Au and 3gpt Ag, within a broader zone of 15.4m at 0.3gpt Au and 1.9gpt Ag, defining a new previously unrecognised *hangingwall vein*.

These results are encouraging in terms of confirming the very high silver grades and gold grades at surface, as well as understanding the potential for parallel mineralised veins to be developed in the hanging wall position. The epithermal target model suggests the potential for additional blind high-grade zones where hangingwall structures pass downward into the Bajo Pobre andesite which is the favoured vein host for the district.

Veta Blanca West

Veta Blanca West is located approximately 500m west-northwest of Veta Blanca and is interpreted to be the extension of the same structure and geological contact that hosts the high-grade silver and gold veins. Outcrop is sparse and trenches were planned to resolve a large soil anomaly (up to 116ppb Au and 2.13gpt Ag) that continues towards Veta Blanca over a strike of 1000m.

The trenching successfully defined alteration and veining with anomalous gold and silver over a strike of 470m, including a 150m zone that returned strong anomalism associated with opaline and chalcedonic quartz veinlets, with values of:

- **COT-12:** 0.6m at 0.7ppm Au, 73ppm Ag
- **COT-11:** 0.5m at 0.3ppm Au, 23ppm Ag

Additional trenches are currently being excavated to the west and east of Veta Blanca West to define the limits and position of the prospective contact. All trenches to date have terminated in Roca Blanca sediments except for COT-11 where mineralisation is associated with Bajo Pobre andesite.

Melisa

The Melisa prospect is host to a major west-northwest structural corridor that parallels Veta Blanca but is located 500m to the southwest. The prospect hosts iron oxide-altered structures that overprint a crystal rich ignimbrite assigned to the Granosa member of the Chon Aike volcanics. Importantly, the Granosa ignimbrite is the primary vein host at the nearby Cerro Vanguardia mine. To the southeast Granosa rocks have been observed in contact with Bajo Pobre andesite, which is interpreted to be the southern limit of andesites at Veta Blanca.

Widespread kaolinite and illite clay alteration typical of epithermal vein systems has been mapped in outcrop over an 1100m strike and corresponds to a major demagnetised zone in magnetics images (Figure 4).

Trenching at Melisa has identified structures characterised by iron oxide (hematite, limonite and jarosite) alteration and gold in trenches spaced 800m apart, with values of:

- **COT-06:** 0.8m at 2gpt Au, 2.6gpt Ag
- **COT-18:** 0.8m at 1.5gpt Au, 2.2gptAg

The Melissa structure remains largely untested geochemically as exploration is hindered by cover. However, the structure has a strong geophysical signature and the confirmation of bedrock-hosted gold mineralisation is encouraging.

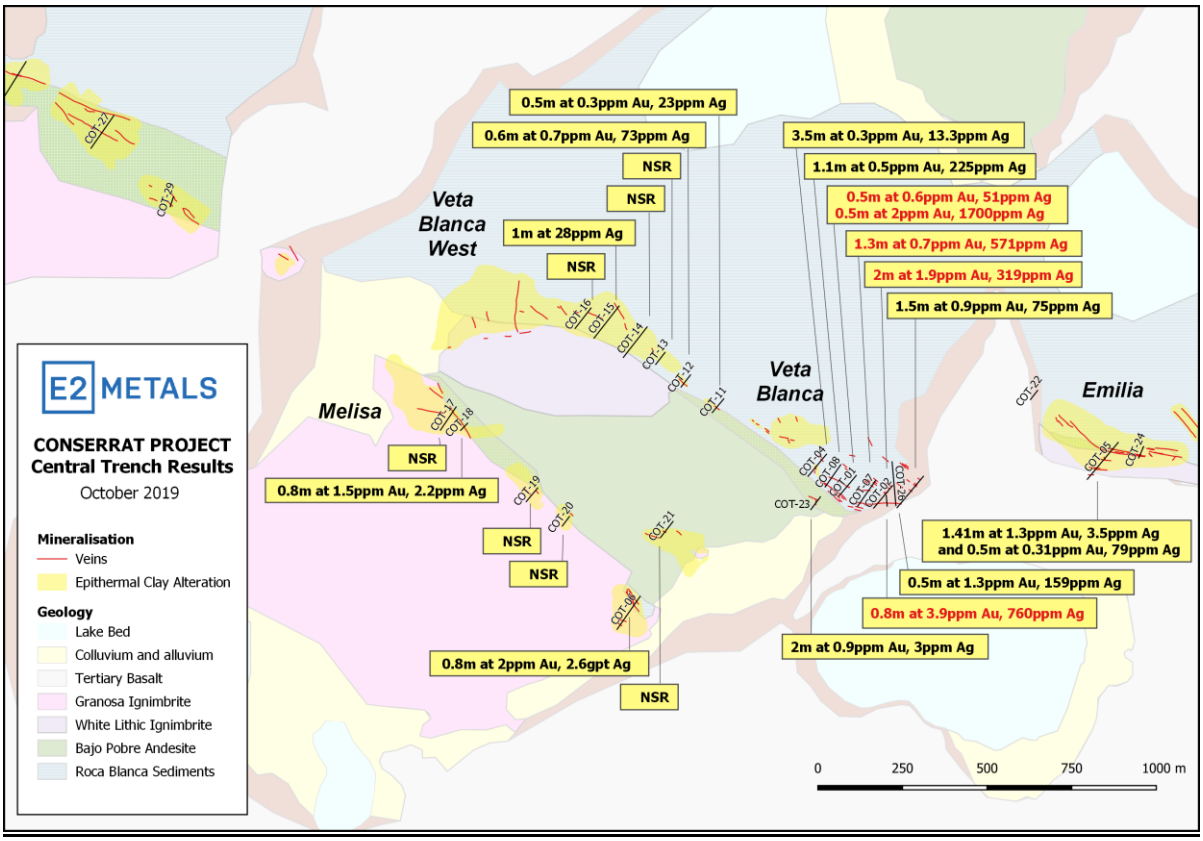

Figure 3: Trench results, Veta Blanca, Emilia and Melisa sectors

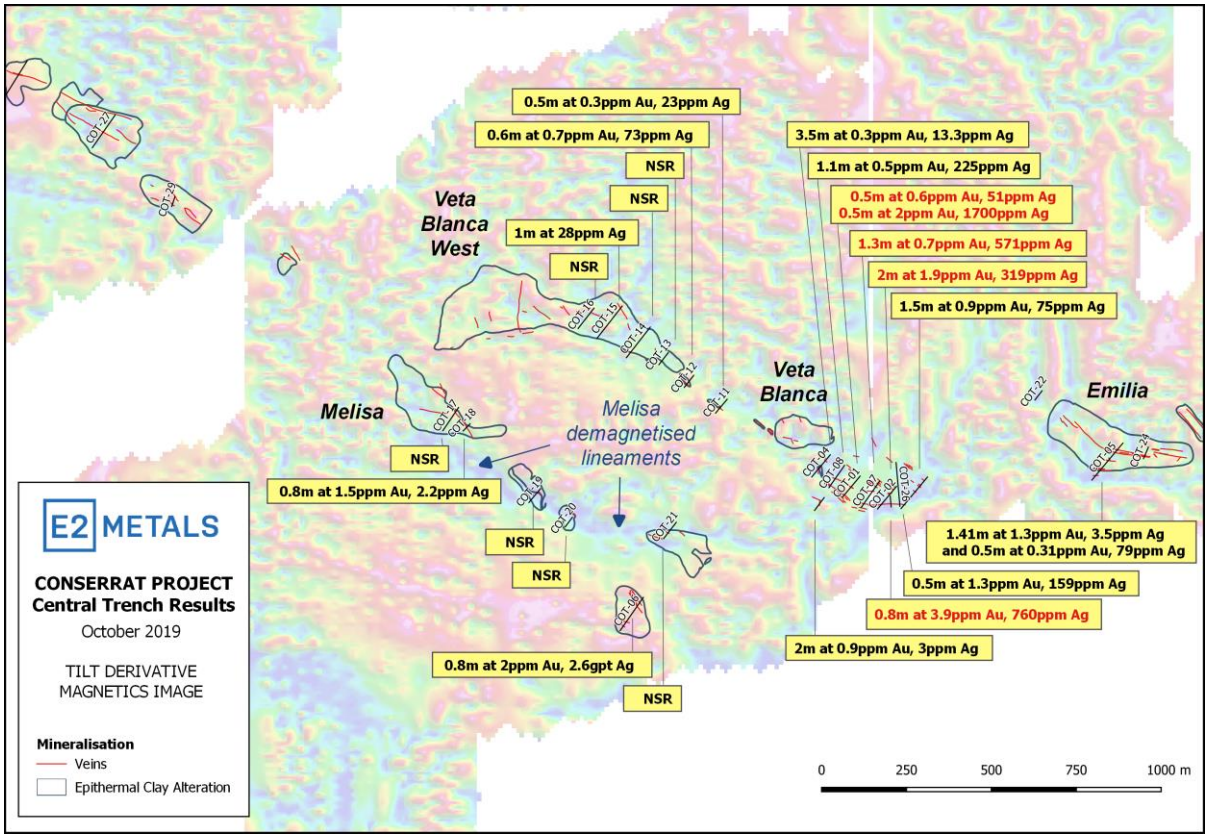

Figure 4: Trench results on magnetics image, Veta Blanca, Emilia and Melisa sectors

Ro, Florencia and Emilia

Trench sampling continues at the Ro, Florencia and Emilia prospects and the assay results for only one trench from each area have been received to date.

Trenching at Ro has targeted a zone of sporadic vein outcrop within a broader soil anomaly (up to 99ppb Au and 1.84 Ag). Results from the first trench have intersected a well-developed vein breccia within a zone of intense silicification. Gold and silver values include 1.1m at 1.6ppm Au and 39ppm Ag within a broader interval of 12.8m at 0.5ppm Au and 11ppm Ag.

At Florencia the first trench testing a large soil anomaly 1200m south of Ro returned 1.2m at 0.64ppm Au but will be extended because sampling terminated in mineralisation.

At Emilia trenching is focused on a series of veins thought to be the eastern extensions of Veta Blanca partially offset by a northeast structure that trends between the two prospects. The first trench intercepted a grey chalcedonic vein with 79gpt silver and 0.3gold over 0.5m, and a chalcedonic veinlet zone with 1.3 gpt gold over 1.4m.

CSAMT Preliminary Results – Line 7 Melisa & Veta Blanca West

In addition to the trench program, a 14.5-line kilometre CSAMT survey was completed in the second week of October. The objective of the survey was to define the subsurface geology to depths of 500m and correlate chargeable zones (sulphide alteration) in IP data with major structures as potential epithermal vein targets.

Results for the first Line 7 are shown in Figures 5a-c, including the corresponding IP data and geological interpretation. The survey was successful in mapping the major basin-related faults that exert a first order control on the locations of mineralised veins in the district. Three major faults are defined between Veta Blanca West and Melisa. Of importance to exploration is that all faults correspond with vertical lineaments in IP data interpreted to be vein-like targets. At Melisa, these targets are within a broader chargeable zone (+25mV.V) that is interpreted to be a large volume of metallic sulphides (pyrite) as an alteration halo around the vein system.

The CSAMT data also maps the sub-horizontal volcanic stratigraphy between Melisa and Veta Blanca West, defining the subsurface extents of the Granosa Ignimbrite and Bajo Pobre Andesite as favoured vein hosts.

An integrated interpretation of the CSAMT and IP geophysical data, in addition to the mapped geology and trench geochemistry, for all prospects is anticipated in the coming weeks, and will represent the final drill targets for the first program in November.

Commenting on the results, Managing Director Todd Williams stated:

Our confidence in the potential for Conserrat to host a large gold and silver vein system is growing with the first phase of work for the summer defining additional blind veins and structures at all prospects. Precious metal values and vein textures observed in the trenches are typical of the upper parts of an epithermal vein system highlighting the potential for further sites of high-grade mineralisation at Veta Blanca and surrounds. These results are in line with many of the recent discoveries in Santa Cruz, where the most significant veins do not outcrop and are discovered with sound geological forensics built up over sometimes several phases of exploration. With the recent CSAMT survey generating a clearer picture of the underlying geology, the company is now well placed to launch into its maiden drill program planned for November.

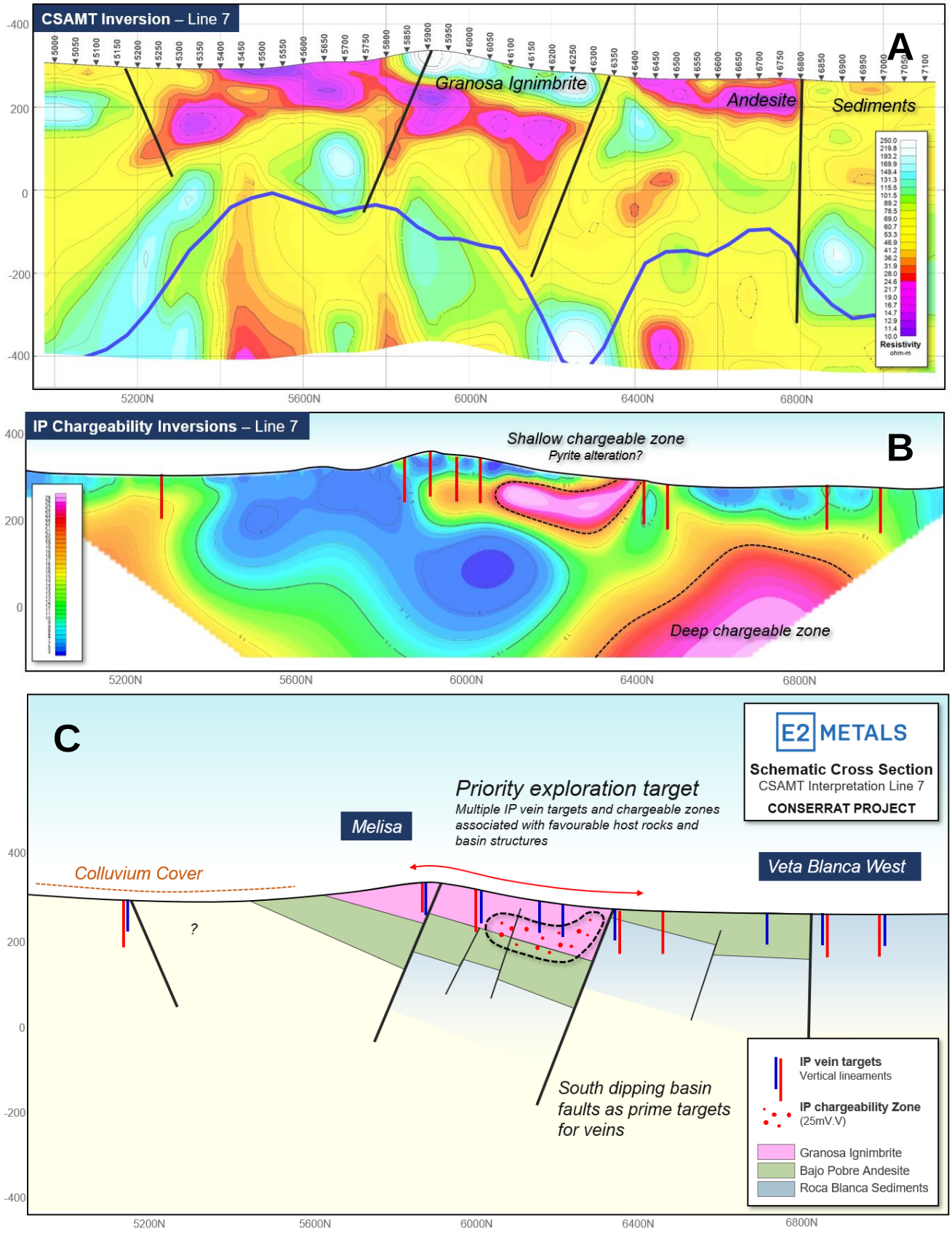

Figure 5: (a) CSAMT inversion, (b) IP Chargeability and (c) schematic cross section for Melisa and Veta Blanca West

For enquiries please contact:

Todd Williams
Managing Director
Ph: + 61 3 9692 7222

Competent Person's Statement

Information in this report that relates to Exploration results and targets is based on, and fairly reflects, information compiled by E2 Metals Limited and Colin Brodie, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Brodie is a Senior Technical Advisor and consultant to E2 Metals Limited. Mr. Brodie has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Brodie consents to the inclusion of the data in the form and context in which it appears.

Table 1: JORC Code Reporting Criteria

Section 1 Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling Techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	**CSAMT Survey October 2019** • Controlled Source Audio-frequency Magneto Telluric (CSAMT) surveys were conducted over a staked survey grid using the Transverse Magnetic (TM) mode and employing an array of six 50 m inline E-field dipoles normalised by a centrally-located, buried H-field Magneto Telluric coil. • The data acquisition was performed with a Zonge Engineering GDP-3224 Multi-function receiver paired with a Zonge GGT-30 30 kW transmitter. • A 2000 m transmitter bipole was located parallel and broadside to the survey lines, at a distance of between 5 and 8 kilometres from the target area. • Measurements were conducted in the frequency domain at 14 primary frequencies over the range 1 Hz to 8192 Hz, the measurement frequency being augmented in binary steps. At each frequency step CSAMT data were also recorded at the 3rd and 5th harmonic frequencies. The individual channel data were recorded as voltage (mV or µV) and phase (milliradians). The channel data were reduced to Cagniard resistivity and Impedance Phase (Ex-Hy), for each station and frequency, for Quality Control review and subsequent processing. • Data stacks (accumulated measurements where the values are averaged prior to digital storage) were monitored and saved to digital memory based operator criteria including monitoring the Standard Error of Mean during stack acquisition. At a minimum three repeated stacks were recorded for every frequency and every station. In the case that noise or significant variation was observed in the data, additional stacks were recorded and saved. In post processing, measurements falling outside the trend of the observed data were manually discarded prior to final averaging. • Final data presentation is made with 2-dimensional (2D) inverse models, presented as cross-sections, where 1 dimensional models were also generated as the starting point and eventual control for the 2D models. • The analogue channel cards of the CSAMT receiver were calibrated at the beginning of the survey campaign using a signal generator incorporated into the receiver. The calibration of selected channels was tested at the beginning of each survey day using an external signal generator, following the

Criteria	JORC Code Explanation	Commentary
		synchronization of the receiver to the transmitter. The transmitter output is calibrated periodically, and following any service alteration, by checking a test signal output provided on the instrument for this purpose. **Trench Program October 2019** • •Trench samples were collected using an electric grinder, cutting channels in the ground of the trench of approximately 3 cm depth by 3 to 5 cm wide. • •The samples were taken in continuous linear intervals in those zones were geologist recognize mineralization, with intervals with no samples in between. • •The length of the samples has a minimum of 0.5 m and a maximum of 2 m. • •Assay standards, blanks and duplicates were inserted into every 25 samples.
Drilling Techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	**Trench Program October 2019** • The sawn channel method used in this program was done using a De Walt electric grinder 2700 Watts, with 9" diameter segmented diamond discs. The channels were made on the floor of the trench, previously swept with a brush and mapped by the geologist, making cuts of approximately 3 cm depth by 3 to 5 cm wide, although the width of the channel does not vary within the same sample interval. • The samples were taken using hammer and iron chisel being careful to take all the material contained in the gutter continuously from beginning to end of the sample interval.
Drill Sample Recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	**Trench Program October 2019** • Sample recovery from channels was monitored by experienced technicians and field geologists to ensure the representativeness of samples. • There has not been any investigation into the relationship between sample recovery and grade. It is considered that there was not any preferential loss/gain of fine or coarse material.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	**Trench Program 2019** Systematic geological logging was undertaken using a hand lens to closely examine the trench ground. Data collected includes: • Lithology • Relationship between lithologies. • Alteration extent, nature and intensity. • Oxidation extent, mineralogy and intensity. • Sulphide types, nature and visually estimated percentage.

Criteria	JORC Code Explanation	Commentary
		• Quartz vein types, occurrence, width, textures and any relevant observation. • Structure types, width and measurements of dip and dip direction. • Crucial zones of interest are checked later.
	• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	
	• The total length and percentage of the relevant intersections logged.	
Sub-Sampling Techniques and Sample Preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	
	• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	**Trench Program October 2019** • Samples were collected in plastic bags of approx. 4 kg weight, properly labeled with sample number. • In the Alex Stewart preparation laboratory facilities samples were dried and crushed until more than 80% is finer than 10 mesh size, then a 600g split is pulverized until 95% is finer than 106 microns. • Certified Standard Reference materials and duplicate samples are inserted every 25 samples to assess the accuracy and reproducibility. • Sample sizes are considered appropriate.
Quality of Assay Data and Laboratory Tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	**Trench Program October 2019** • Standard assay procedures performed by a reputable assay lab (Alex Stewart) were undertaken. Gold assays are by a 50g fire assay with an atomic absorption finish. Silver was read by gravimetry on micro-balance. • No geophysical tools were used in the determination of the assay results. All assay results were generated by an independent third-party laboratory as described above. • Certified reference material, blanks or duplicates were inserted at least every 25 samples. Standards are purchased from a Certified Reference material manufacture company – Ore Research and Exploration. Standards were purchased in foil lines packets of between 60g and 100g. Different reference materials were used to cover high grade, medium grade and low grader ranges of gold and silver. The standard names on the foil packages were erased before going into the pre-numbered sample

Criteria	JORC Code Explanation	Commentary
		bag and the standards are submitted to the lab blind.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	**Trench Program October 2019** • The raw assay data forming significant intercepts are examined and discussed by at least two company personnel. • Trench logging data has been collected in paper form in the field, with careful verification by several staff, particularly of the sample numbers and sample intervals. This has later been entered into Excel spreadsheets by a trained clerical person, closely supervised by a geologist and verified by the other geologists involved in the projects. This data is then transferred to MapInfo format. • Assay data is provided by Alex Stewart in three formats, csv spreadsheets, Excel spreadsheets and signed pdf files. The csv files are used to merge the data into MapInfo files. Hard copy of this and other data is stored with the other drill hole data.
Location of Data Points	• Accuracy and quality of surveys used to locate drill holes (collar and down- hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	**CSAMT Survey October 2019** • The CSAMT survey points were located at 50m intervals surveyed utilising Garmin GPS Navigators (5-10m lateral precision) and were marked with labelled wooden pickets. During data acquisition, variation in a station location was checked and corrected by 'chaining' station separation using the pre-measured receiver array wires. • X, Y and Z coordinates were recorded during the gridding phase in the UTM projection for zone 19 South with the WGS84 datum. **Trench Program October 2019** • The beginning of the trench (collar) was measured using a Garmin handheld GPS accurate to ±5m. • Trenches are surveyed by geologists using a Brunton compass instrument at different intervals from of tens of meters according with relevant topography breaks. • All coordinates are based on UTM Zone 19S using a WGS84 datum. • Topographic control to date has used GPS data, which is adequate considering the small relief (<50m) in the area.
Data Spacing and Distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	**CSAMT Survey October 2019** • CSAMT lines were located at irregular intervals on a picketed grid previously surveyed with a gradient IP/Resistivity technique. Down-line station spacing for the CSAMT survey was 50 m, which has proven optimal in similar prior surveys to detect and delineate geological structures. Pole-dipole IP/resistivity surveys had also been applied previously, as follow-up to the gradient surveys; these lines being located at irregular intervals to test geologic, geochemical and/or geophysical features of potential interest. The CSAMT program duplicated much of the prior pole-dipole survey coverage with the objective to improve the

Criteria	JORC Code Explanation	Commentary
		investigated depth and resolving ability of the prior surveys. A high degree of repeatability has been observed between the CSAMT results and the prior pole-dipole resistivity results. **Trench Program October 2019** • •Conserrat is a new discovery and as a result the trench spacing is variable, with closer spacing on zones where surface sampling has given encouraging results (30-40m along strike) and some scout holes testing geophysical or conceptual targets hundreds of metres from the mapped veins. • •Not applicable as no Ore Resource or Reserve has been completed at Conserrat. • •No sample compositing has been applied.
Orientation of Data in Relation to Geological Structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	**CSAMT Survey October 2019** • The CSAMT survey grid was orientated to cross the target structural trends at near 90 degree angles, providing optimum sensitivity and accuracy for the survey results. **Trench Program October 2019** • Trenches were orientated to cross the interpreted mineralized veins at a high angle in horizontal sense.
Sample Security	• The measures taken to ensure sample security.	**CSAMT Survey October 2019** • All geophysical data were processed from the original instrument files. The original data files were provided to the company for detailed review and control. **Trench Program October 2019** • Chain of custody was managed by E2Metals. Samples were placed into taped polyethylene bags with sample numbers that provided no specific information on the location of the samples. Samples were transported from site to the Alex Stewart preparation lab in Puerto San Julian by E2Metals personnel and after preparation pulps were transported to Mendoza or Perito Moreno for final analysis using transport organized by Alex Stewart.
Audits or Reviews	• The results of any audits or reviews of sampling techniques and data.	No audit or review of the sampling regime at Conserrat has been undertaken.