

E2 Metals Limited

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ASX Code: E2M

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Directors / Secretary

Melanie Leydin
Chair & Company Secretary

Todd Williams
Managing Director

Alastair Morrison
Non-Executive Director

Issued Capital

91.9M fully paid ordinary shares

March 2020 Quarterly Report

17 April 2020

E2 Metals Limited (**E2 or the Company**) is pleased to present the quarterly report for the period ended 31 March 2020, and provide an update on exploration activities at the Company's gold and silver projects in the Santa Cruz province of Argentina.

Highlights

- In January the Company completed a 10-hole RC drill program for 931m at the Conserrat Project, and reported encouraging gold and silver mineralisation at the **Veta Blanca** prospect. **Mineralisation is open at depth and to the west.** Results include:
 - CORC-33 3m at 4.43gpt Au, 49gpt Ag from 38m, *including*
1m at 10.2gpt Au, 91gpt Ag from 39m
 - CORC-31 9m at 0.85gpt Au, 7.5gpt Ag from 21m, *including*
1m at 3.66gpt Au, 14.2gpt Ag from 23m
- The *Northern Vein* with up to **1722gpt Ag and 1.96gpt Au** (see ASX announcement, 14 October 2019, *Conserrat Project Exploration Update*) remains **untested by drilling**.
- In parallel with the January drill program, regional mapping and sampling at Conserrat identified **high-grade surface gold and silver mineralisation at Mia and Patricia**, associated with banded epithermal veins. Reported gold and silver rock chip assays include:
 - Mia **43.9gpt Au, 1128gpt Ag**
 - Patricia **40.4gpt Au, 262gpt Ag**
- A subsequent Gradient Array IP survey at Mia and Patricia showed that both prospects are located within a **strong (>30mV.V) chargeability corridor that extends for 1.7km.**
- A second phase of RC drilling commenced on 13 March 2020 but was halted shortly after because of Argentina's mandatory isolation measures to control the COVID-19 pandemic.
- A total of 5 holes for 400m were completed at **Mia**. All holes intercepted wide zones of silicification. **Assays are pending**
- At **Patricia**, drilling was halted prior to reaching target depth and the vein target remains **untested by drilling**.

Highlights Cont.

- The company held \$1.27M cash as of 31 March 2020.
- Cost saving measures have been implemented in response to the COVID-19 pandemic and resulting restrictions to field work and global travel.

Santa Cruz Projects, Argentina

E2 Metals continues to be focused on its Santa Cruz projects in Argentina (Figure 1) where it holds an 80% interest in a 90,000-hectare land package prospective for multi-million-ounce gold and silver epithermal vein deposits.

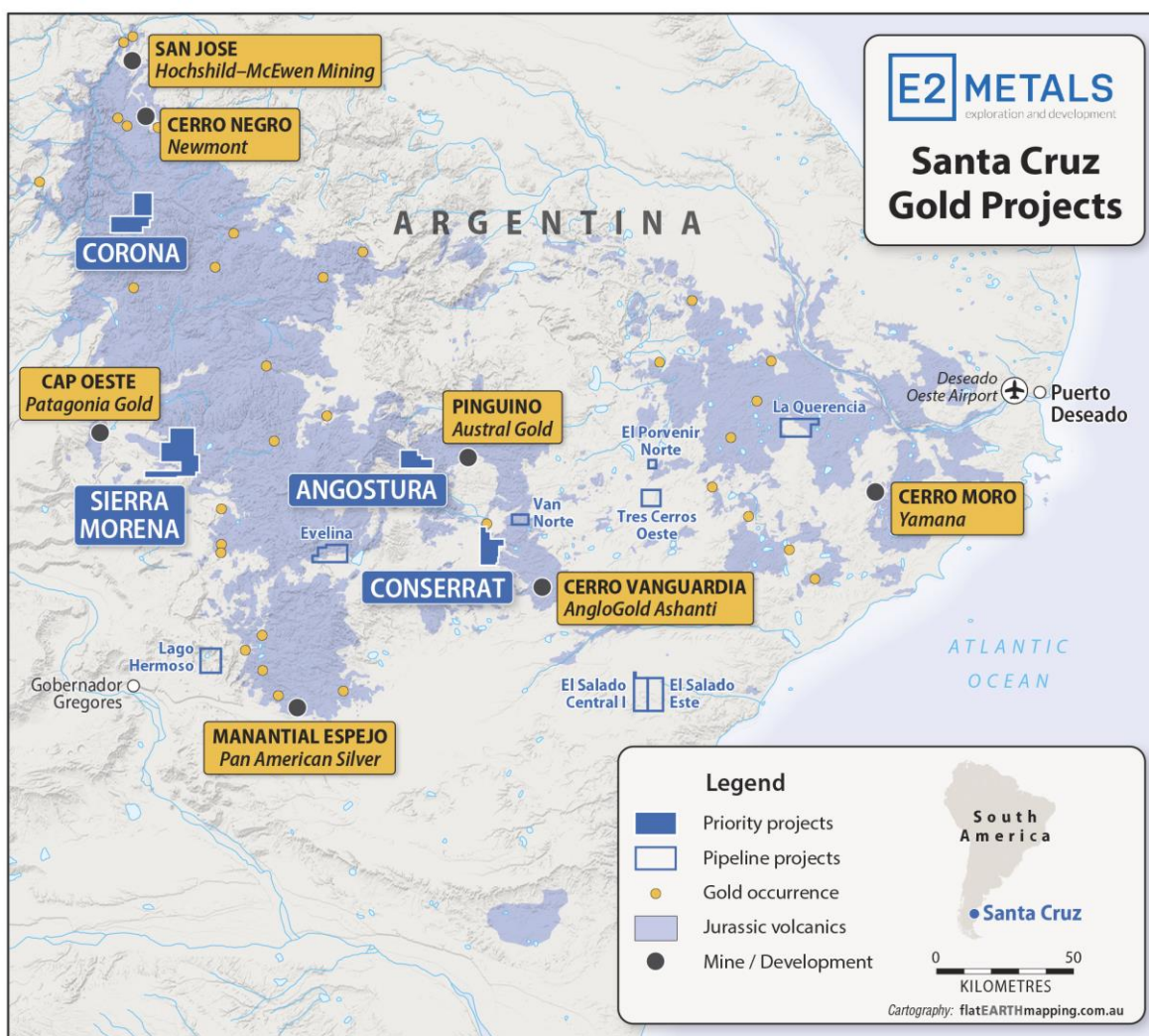


Figure 1: Location of Santa Cruz Projects

Exploration during the quarter was limited to the Conserrrat project where exploration is focused on defining and testing multiple gold and silver targets. Programs of work included:

- Scout RC drill program at **Veta Blanca, Ro** and **Florencia**
- Ongoing regional mapping and sampling
- Trenching and geophysical (GAIP) surveys at **Mia** and **Patricia**
- Scout RC drilling at **Mia** (halted on 20 March 2020 due to COVID-19)

Conserrat Project

The **Conserrat** project (Figure 2) comprises a single title of 8,696 hectares, located 130km northwest of Puerto San Julian and some 30km west-northwest of AngloGold Ashanti's world-class 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 Santa Cruz province with historical and current resources estimated to be 8.9Moz gold and 137Moz silver¹.

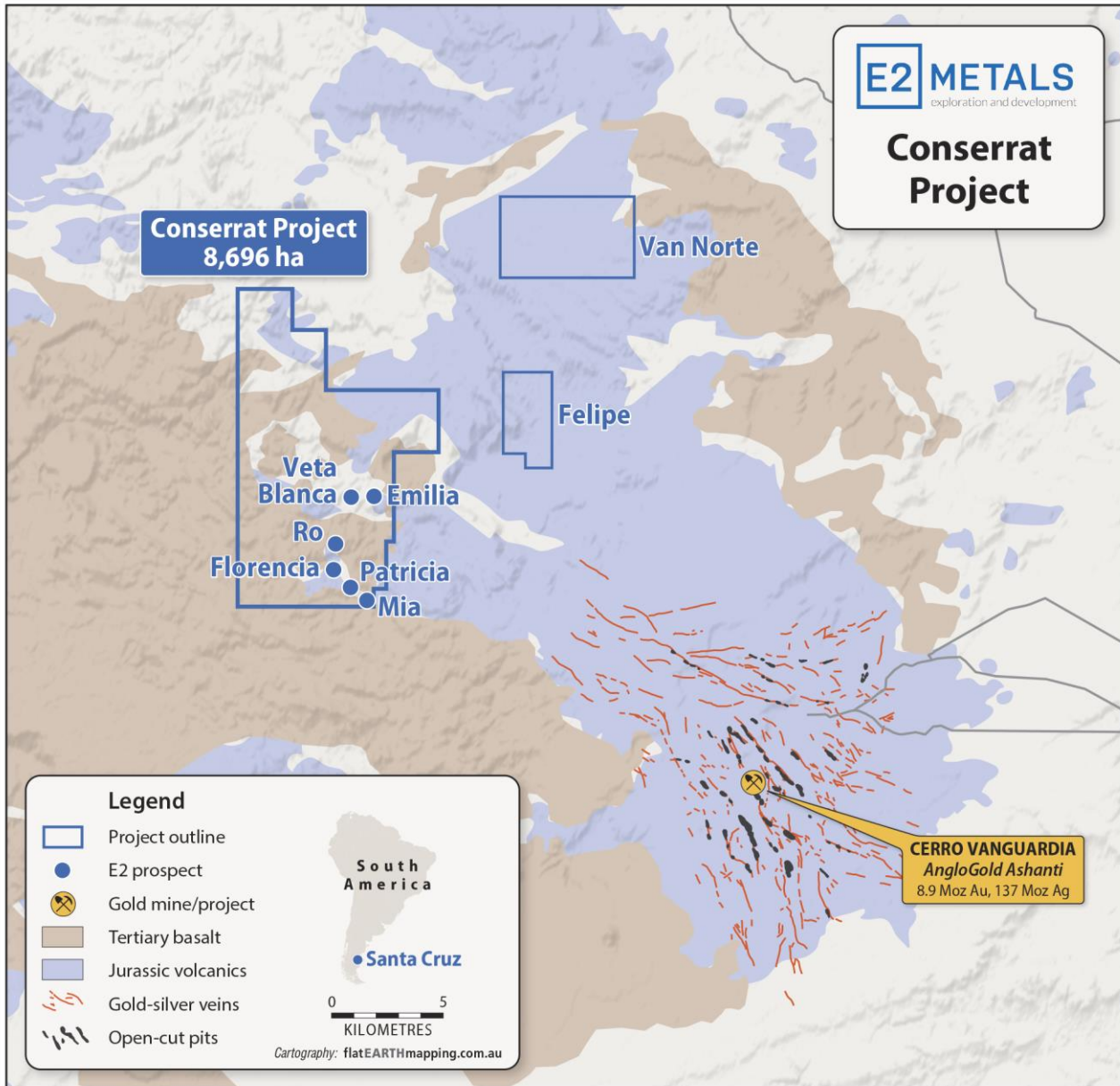


Figure 2: Conserrat Project

Summary of Veta Blanca, Ro and Florencia drilling

During January 2020, the Company completed a 10-hole RC drill program for 931m to conclude the first phase of scout drilling at the Veta Blanca, Ro and Florencia prospects (see ASX announcement, 3 February 2020, Veta Blanca drill results). This included 3 regional scout holes, including targets in the Melisa and Veta Blanca West sectors.

¹ Mirasol Resources Ltd Corporate Presentation, September 2018

Veta Blanca

Three holes (**CORC-31 to 33**) for 240m were drilled at the **Veta Blanca** prospect to test the western extensions of the *Hanging Wall Vein* and the *Southern Vein*. Drilling was conducted on two northeast orientated sections spaced 50m apart. Mineralised intercepts are shown in Figures 3 and 4.

Hole **CORC-31** was drilled on the western most section. The hole was collared into Bajo Pobre andesite and intercepted the *Hanging Wall Vein* near the contact with volcanoclastic sandstones of the Roca Blanca Formation. The hole returned encouraging gold mineralisation from 21m to 34m depth, including:

CORC-31 9m at 0.85gpt Au, 7.5gpt Ag from 21m, *including*
Western Vein 1m at 3.66gpt Au, 14.2gpt Ag from 23m

Hole **CORC-33** was drilled 50m to the east and was planned to intercept both the *Hanging Wall Vein* and *Southern Vein* at shallow depth. The hole returned encouraging gold and silver mineralisation from 38m, including:

CORC-33 3m at 4.43gpt Au, 49gpt Ag from 38m, *including*
Southern Vein **1m at 10.2gpt Au, 91gpt Ag from 39m**

The *Northern Vein* with **up to 1722gpt Ag and 1.96gpt Au** (see ASX announcement, 14 October 2019, *Conserrat Project Exploration Update*) is a third prospective vein that remains untested by drilling. The vein is located on the back side of the minor ridge and could not be drilled optimally during this program.

Florencia and Ro

Five holes for 519m were drilled at the Florencia and Ro prospects to define the across-strike limit of previously reported mineralisation (see ASX announcement, 23 December 2019, *Scout drilling returns high-grade silver at Conserrat*).

At **Ro**, drilling was limited to a single hole CORC-27 drilled beneath hole CORC-19 that previously returned a silver intercept of **5m at 0.58gpt Au, 441gpt Ag from 48m**. Gold and silver assay results for the recent drilling at Ro include:

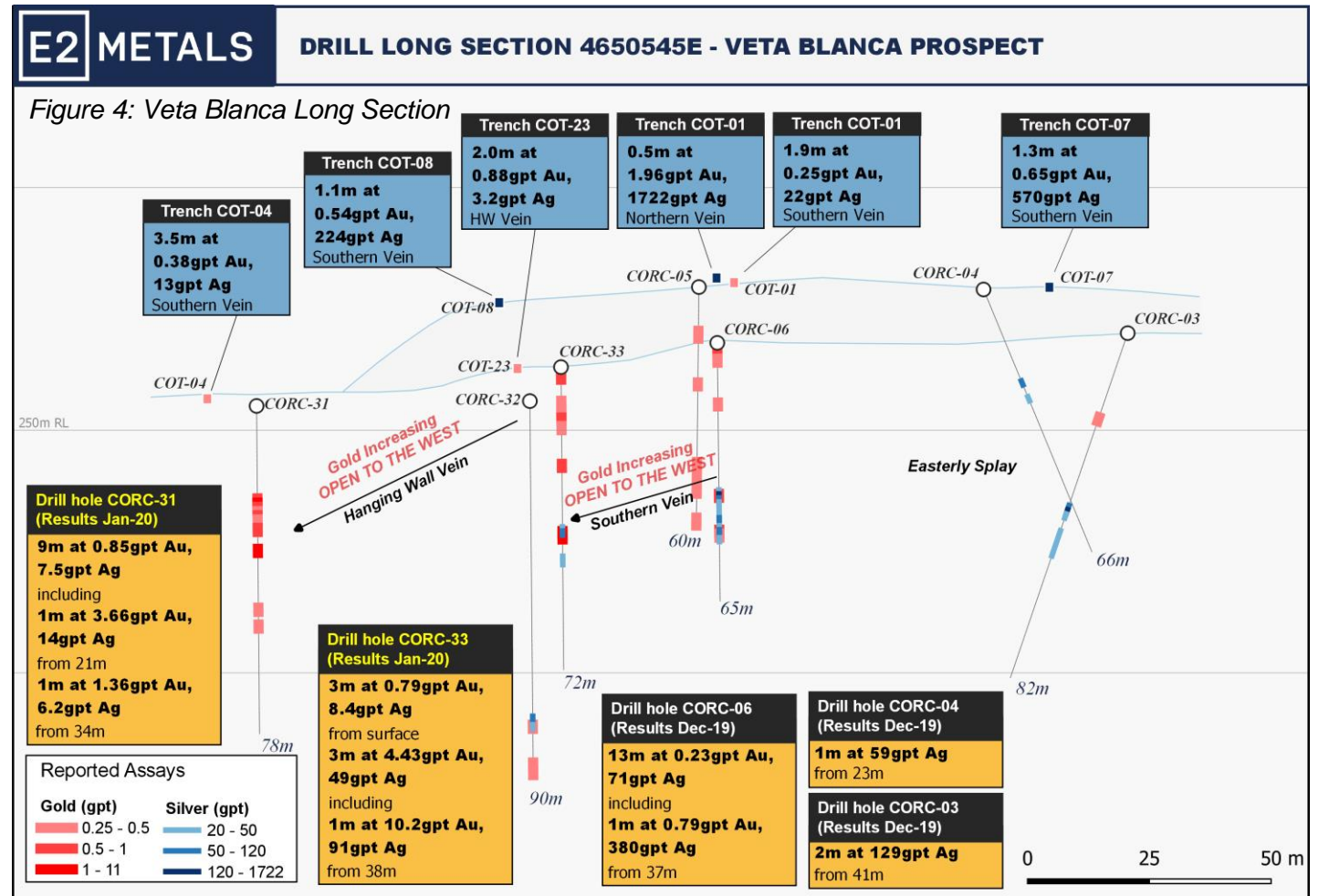
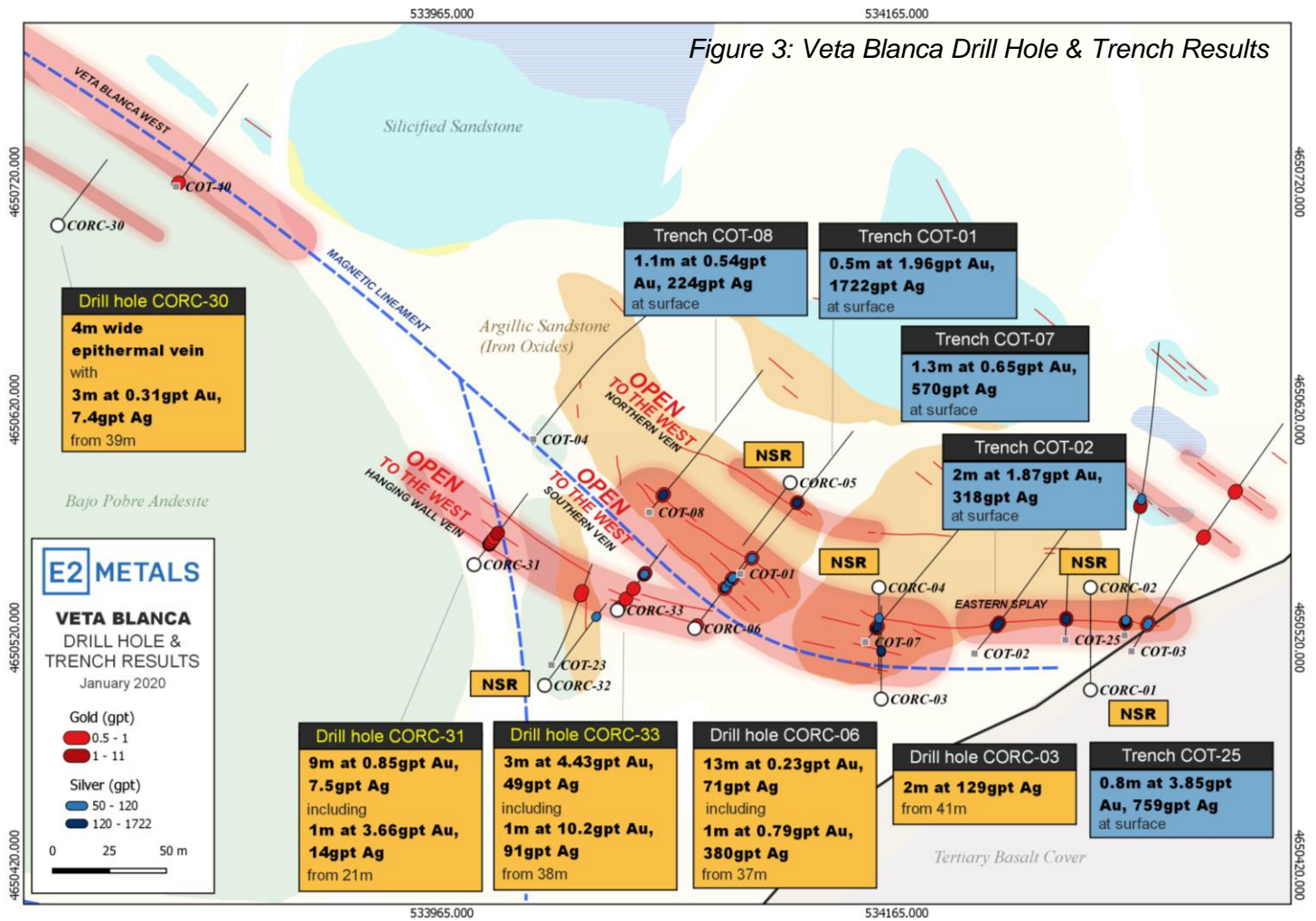
CORC-27 2m at 0.78gpt Au, 2.3gpt Ag from 47m
 22m at 0.3gpt Au, 38gpt Ag from 56m, *including*
 6m at 0.46gpt Au, 102gpt Ag from 66m

At **Florencia**, drilling was focused on defining the limits of mineralisation identified by prior drilling on two sections. The recent holes intercepted multiple zones of disseminated mineralisation, including:

CORC-24 1m at 1.36gpt Au, 6.2gpt Ag from 36m
 6m at 0.47gpt Au, 6.2gpt Ag from 45m

CORC-25 2m at 1.04gpt Au, 5.7gpt Ag from 10m
 15m at 0.36gpt Au, 13.9gpt Ag from 63m, including
 1m at 0.9gpt Au, 43.6gpt Ag from 68m

The two rounds of drilling at Florencia and Ro have contributed to a revised geological model for both prospects. Mineralisation is shown to be sub-horizontal and is confined within tuffs and fracture zones with high permeability. Gold and silver ratios are varied. Modest gold (0.5-1gpt Au) is linked to broad zones of disseminated sulphides, whereas silver increases proximal to major faults.



Disseminated mineralisation is in turn overprinted by silicified structures and veins that locally produce high grades. This style of mineralisation is unique for Santa Cruz and is similar to Round Mountain in Nevada, which is an end member of Low Sulphidation (LS) Epithermal deposits where bulk mineable gold mineralisation is not related to veins, but rather hosted in sub-horizontal layers of altered tuffs.

Pole-Dipole IP data support this model and indicate that mineralisation at Ro and Florencia is underlain by a major chargeability anomaly. At Ro the chargeability anomaly (see ASX announcement, 31 October 2019, *New Mineralised Trends Confirmed at Ro and Florencia*) starts below the current level of drilling at 100 vertical metres below the surface, and has dimensions of 1000m by 150m (Figure 5). Similar anomalies exist on Pole-Dipole line 17 and 19 at Florencia (see ASX Announcement, 20 November 2019, *AGM Presentation*).

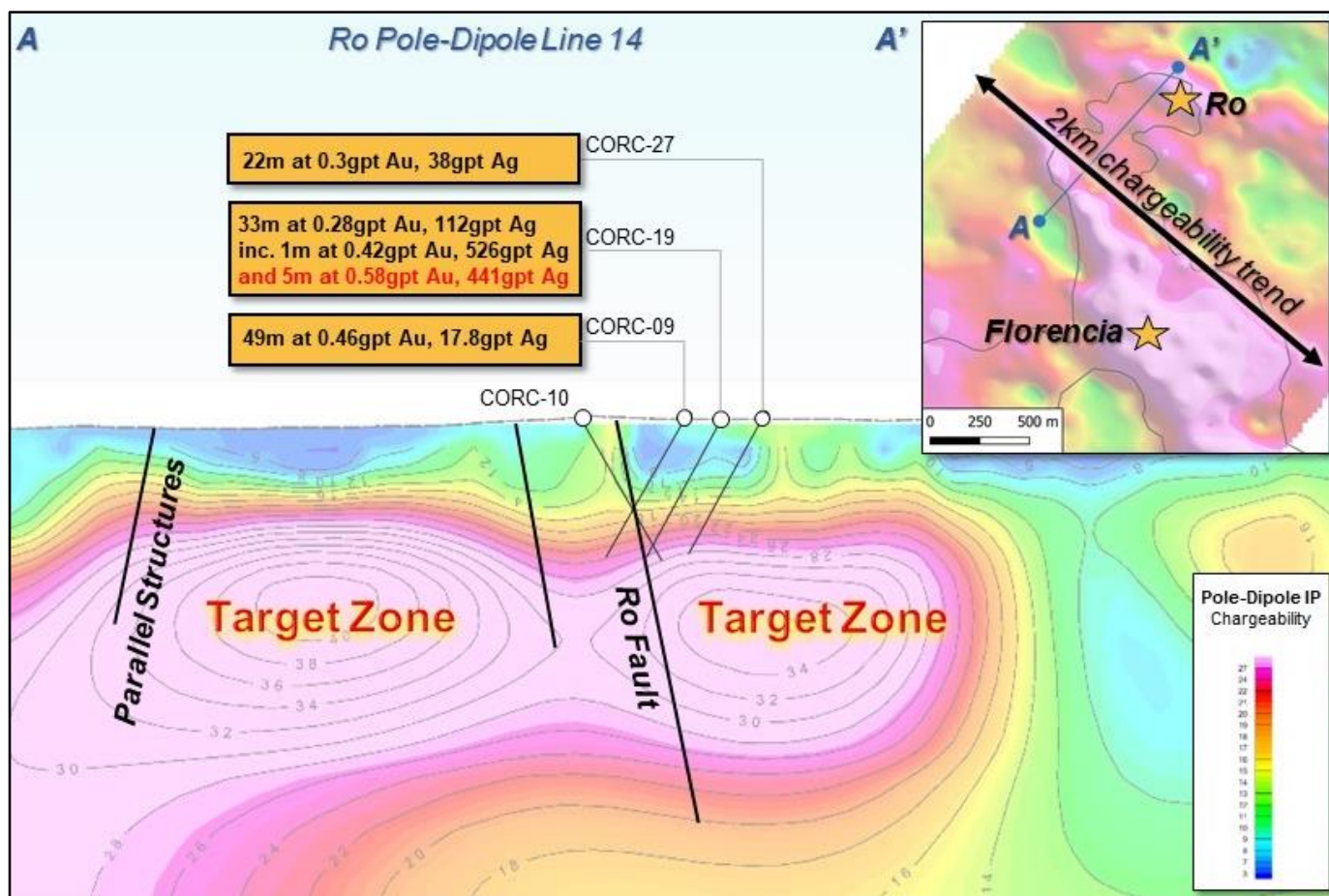


Figure 5: Ro prospect, Pole-Dipole IP chargeability target

Summary of Mia and Patricia surface exploration and drilling

Conserrat is host multiple vein prospects that are subject to ongoing surface reconnaissance. During the quarter, follow up sampling of priority soil anomalies in the southern project area identified two new high-grade veins at the Mia and Patricia prospects (Figures 6-7).

Reported surface gold and silver rock chip assays include:

Mia **43.9gpt Au, 1128gpt Ag**
 Patricia **40.4gpt Au, 262gpt Ag**

Gold and silver mineralisation is associated with colloform-crustiform epithermal veins with local visible gold (electrum), exposed over a strike length of 350m at Mia and 100m at Patricia.

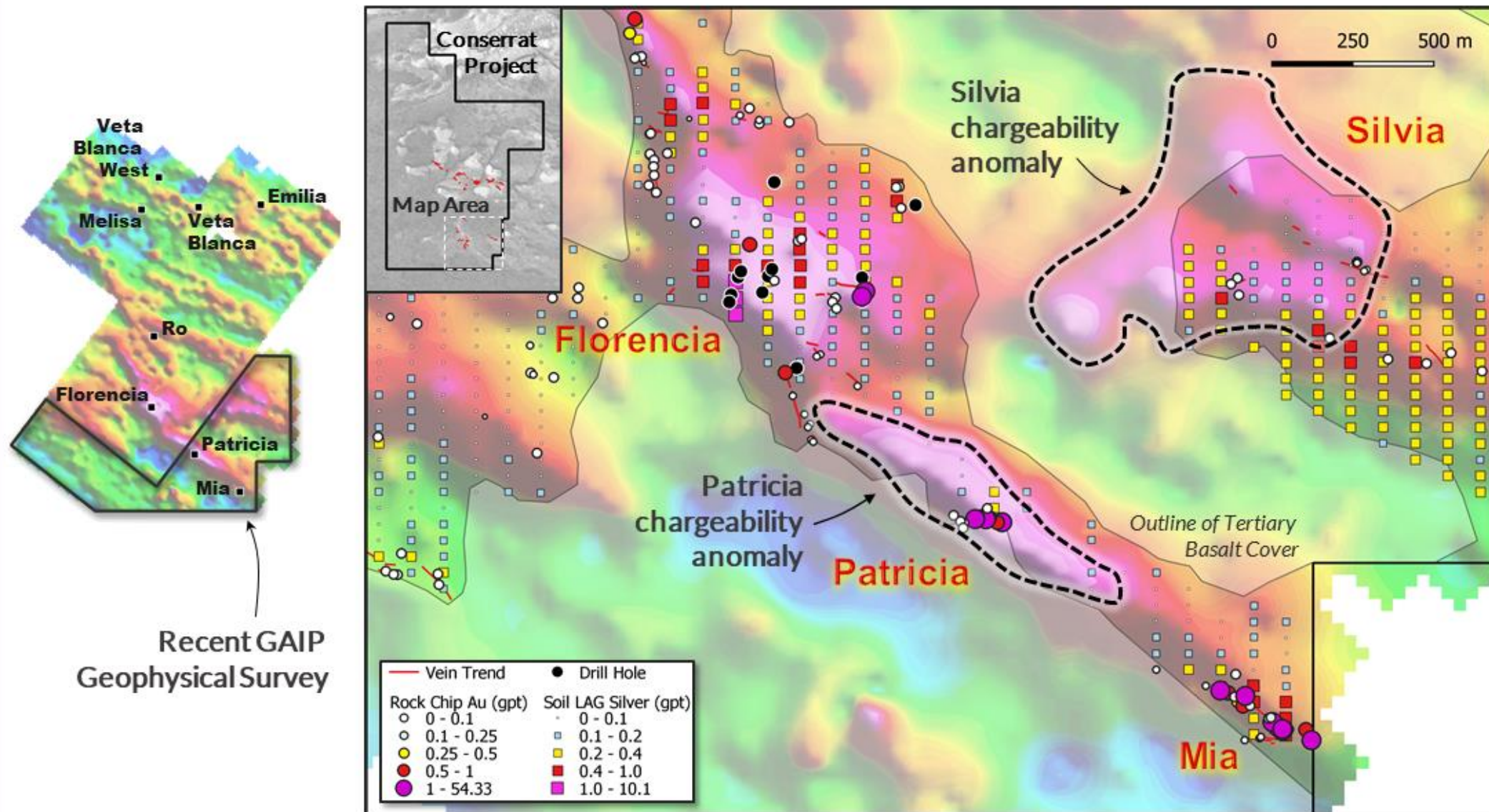


Figure 6: Gradient Array IP Chargeability Image, Mia and Patricia prospects

Both prospects are located within a major northwest structural corridor that extends from the eastern project boundary to the Florencia prospect. A subsequent Gradient Array IP survey has confirmed that all three prospects are located within a single continuous chargeability lineament that extends for 1.7km (see ASX announcement, 13 March 2020, *Drilling to Commence at Mia and Patricia*).

A second chargeable zone is centred 1.5km north of Mia in the newly defined Silvia sector, where surface reconnaissance is planned to assess a major silver soil anomaly with dimensions 1,000m by 600m, coincident with a major northwest structure and 'silica cap' alteration (Figure 6).

Mia and Patricia Drilling

On 13 March 2020 the Company announced that it had commenced the first scout RC drill program at the Mia and Patricia prospects. The program was planned to comprise a series of shallow holes to test the veins on sections spaced no more than 100m apart and on two RLs.

The program was halted on 20 March 2020 when Argentina announced compulsory isolation to combat the spread of the COVID-19 pandemic.

At that point, the Company had completed six holes for 440m (see Table 1 and Figure 7). Five holes (400m) were completed at Mia, but drilling at Patricia was halted prior to the first hole reaching target depth and the principal vein remains untested.

At Mia, all holes intercepted wide zones of silicification overprinted by veins and breccias. Samples were dispatched to Alex Stewart Laboratories located in Perito Moreno which is currently closed until further notice. Argentina recently announced that the nationwide lockdown has been extended to April 26 2020. Assay results are not expected until after relaxation of the current restrictions.

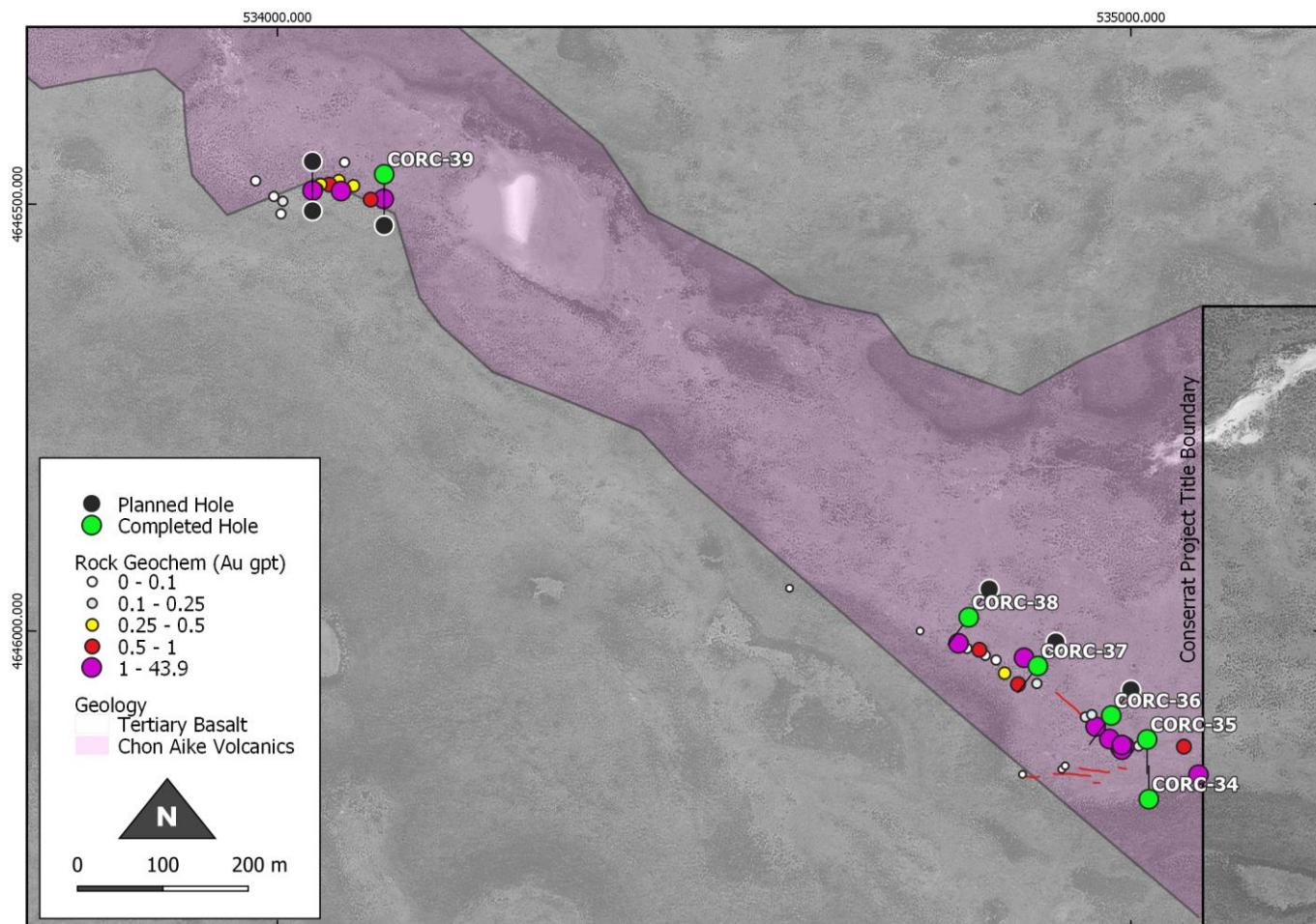


Figure 7: Map Showing Patricia & Mia Completed Drill Holes

Table 1: Patricia & Mia Completed Drill Holes

Datum: WGS84 UTM 19S

Hole	Prospect	Easting	Northing	Depth	Dip	Azimuth
CORC-34	Mia	535021	4645803	78	-60	0
CORC-35	Mia	535019	4645873	80	-60	180
CORC-36	Mia	534977	4645901	84	-60	217
CORC-37	Mia	534891	4645959	78	-60	217
CORC-38	Mia	534810	4646016	80	-60	217
CORC-39	Patricia	534125	4646535	40	-60	180

Mount Hope Project, Cobar Superbasin

E2 holds a 100% interest in a strategic 273km² land package over the historic Mount Hope copper gold district located in the Cobar Superbasin, New South Wales (Figure 8).

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. It is host to two emerging discoveries at Peel Mining’s (ASX: PEX) Wagga Tank - Southern Nights and Aurelia Metals (ASX: AMI) Federation prospects.

The Company is considering options to farm-out or divest Cobar.

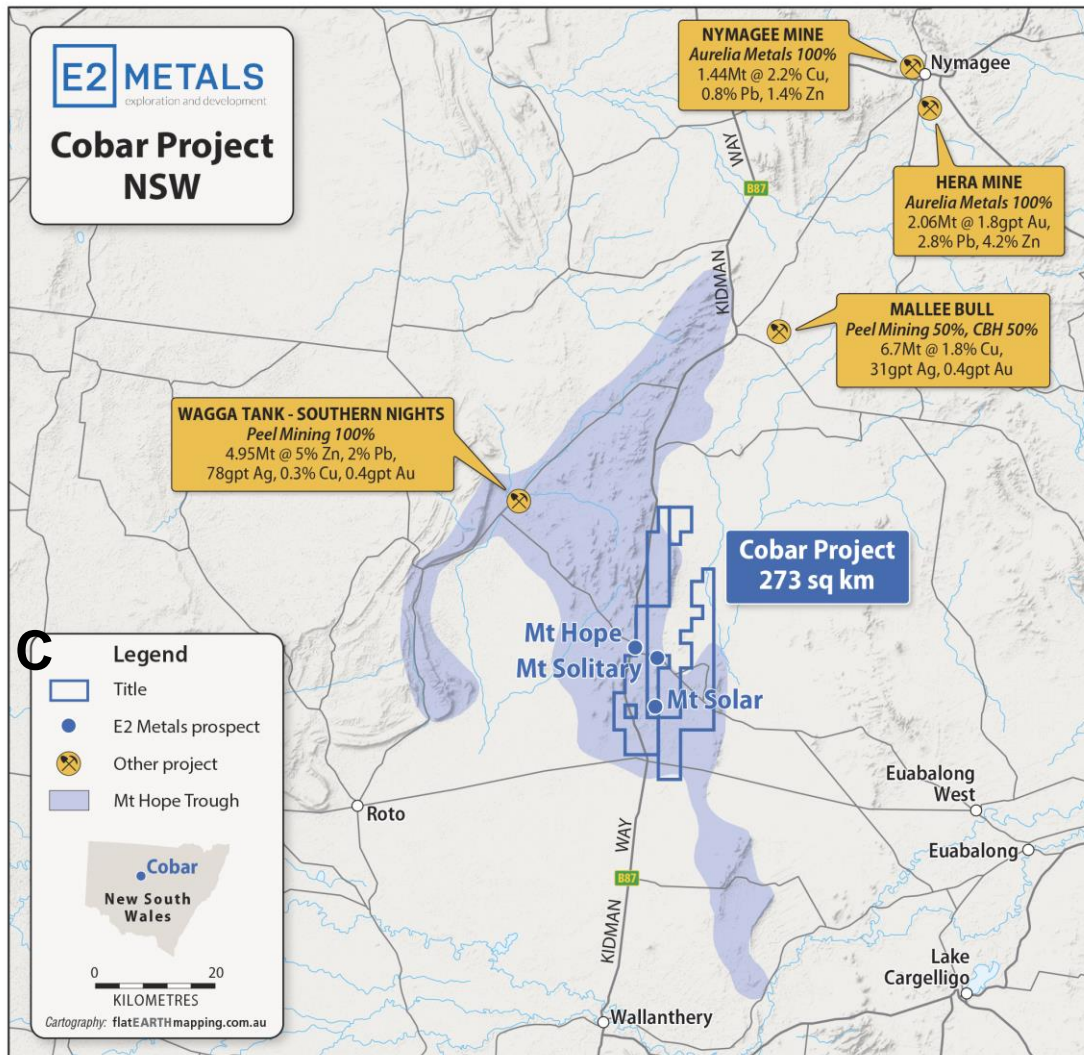


Figure 8: Cobar Project, New South Wales

Corporate

The Company held \$1.27M cash as of 31 March 2020.

During the quarter the Company expended \$1.02M in exploration and evaluation costs and \$0.245M in administration, corporate and employment costs.

Cost saving measures have been implemented to preserve capital and shareholder value during the current market volatility. Executive and non-executive board fees were reduced effective 15 March 2020. Chairperson and non-executive director fees have been reduced by 50% and Managing Director Todd Williams' remuneration was reduced to \$144,000 per annum including superannuation.

Administrative costs in Argentina have been reduced in line with the closure of the summer field season, which was brought forward by the COVID-19 pandemic.

Total savings for these measures exceed \$300,000 on an annual basis.

Payments to related parties of the entity and their associates

The payments as disclosed in section 6.1 of the Appendix 5B relates to:

- Payment of \$70K for Directors' fees for the quarter
- Payment of \$23K to Leydin Freyer Corp, an associated entity of Ms Melanie Leydin, for CFO and company secretarial fees during the March 2020 quarter

Upcoming Plans

The Company remains committed to its Argentine gold and silver portfolio.

In Santa Cruz, assay results awaited include:

- 1) Conserrat drill samples (Mia)
- 2) Conserrat regional rock chip samples (prospect generation)
- 3) Corona Norte soil samples (currently on hold in ALS Laboratories in Peru)

The Company expects the assay results for these work programs to be received shortly after the Alex Stewart (Argentina) and ALS Laboratories (Peru) resume business. The results will be reported when available.

Following a comprehensive technical review of all data collected during the recent field season, the Company anticipates generating follow-up drill targets from the recent shallow drill program at Mia, as well as additional new targets from the regional rock chip sampling program completed during the quarter.

In addition, the Company will finalise a maiden diamond drill program at Conserrat to test all the mineralised prospects at deeper and potentially more prospective elevations than has been possible with the first-pass RC drill programs.

A comparison between the exploration history of Newmont's Cerro Negro gold and silver mine and exploration to date at Conserrat has highlighted that deeper diamond drilling is warranted at multiple prospects (*see ASX Announcement 13 March 2020 – Drilling to commence at Mia and Patricia*).

For enquiries please contact:

Todd Williams

Managing Director

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This announcement is authorised for release to the market by the Board of Directors of E2 Metals Limited.

Streamline Competent Person Statement

This report contains information extracted from previous ASX releases which are referenced in the report. The Company is not aware of any new information or data that materially affects the information included in the original market announcements.

The Company confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

ASX Announcements

- 14 October 2019, *Conserrat Project Exploration Update*
- 31 October 2019, *New Mineralised Trends Confirmed at Ro and Florencia*
- 12 December 2019, *Conserrat Project Exploration Update*
- 23 December 2019, *Scout Drilling Returns High-Grade Silver at Conserrat*
- 28 January 2020, *Significant Gold Discovered at Mia*
- 3 February 2020, *Veta Blanca Drill Results*
- 17 February 2020, *New Patricia Vein Extends Mia Trend to 1.2km*
- 17 February 2020, *Conserrat Technical Presentation*
- 13 March 2020, *Drilling to Commence at Mia and Patricia*
- 23 March 2020, *Operations Update*

E2 Metals Tenement Holding Summary

Mining Tenement	Location	Beneficial Percentage Held	Interest acquired/farmed-in during the quarter	Interest disposed/farmed-out during the quarter
EL6827	Mt Hope	100%		
EL8056	Main Range	100%		
EL8290	Broken Range	100%		
EL8654	Mt Hope	100%		
423.826/MS/09	Evelina	80%		
423.827/MS/09	Lago Hermoso	80%		
423.828/MS/09	El Salado Este	80%		
424.985/MS/10	El Salado Central I	80%		
421.672/MS/12	El Porvenir Norte	80%		
422.990/MS/12	Tres Cerros Oeste	80%		
406.735/MS/08	Querencia	80%		
430.269/MS/14	Sierra Morena I	80%		
430.270/MS/14	Sierra Morena II	80%		
437.502/BVG/17	Cañadón la Angostura	80%		
437.503/BVG/17	Van Norte	80%		
437.470/BVG/17	Corona Norte	80%		
437.472/BVG/17	Corona Sur	80%		
437.471/BVG/17	Conserrat	80%		
32.053-M-2007	Cerros Blancos	80%		
32.055-M-2007	Marinao	80%		
32.056-M-2007	Arroyo de la Ventana	80%		
32.057-M-2007	Laguna Redonda	80%		
32.057-M-2007	Paredes	80%		

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

E2 Metals Limited

ABN

34 116 865 546

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(1,023)	(2,150)
(b) development	-	-
(c) production	-	-
(d) staff costs	(76)	(188)
(e) administration and corporate costs	(169)	(510)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	16
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	197	197
1.9 Net cash from / (used in) operating activities	(1,067)	(2,637)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(27)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(27)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,351	3,947
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,067)	(2,637)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(27)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(6)	(5)
4.6	Cash and cash equivalents at end of period	1,278	1,278

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,278	2,351
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,278	2,351

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
93
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	-	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,067)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,067)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,278
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	1,278
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.20
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No. Costs have been reduced in response to the COVID-19 global pandemic. In Argentina operations are on hold while the country is in mandatory isolation. Board fees and administrative costs have also been reduced	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: No. E2 Metals is not required to raise capital	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes. The Company has brought forward the closure of the summer field season and is making preparations for next season and reviewing new project opportunities.	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 17 April 2020

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.