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

Corona Norte Soil Results

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Highlights

- Multi-element assay results (delayed by COVID-19) for the Corona project and Corona Norte soil survey have been received.
- Work at Corona Norte was prioritised over a major north-northwest structure with epithermal alteration and sinter deposits, similar to mineralised vein systems elsewhere in Santa Cruz (e.g Cerro Negro).
- The results show a coherent silver and arsenic (with lesser gold plus antimony) anomaly defined over a 1.5km strike.
- The anomaly is coincident with a major chargeable zone in Pole-Dipole IP data, indicating the potential for blind veins beneath or adjacent to the barren Corona Norte sinter zone.

Overview

E2 Metals Limited (**E2 or the Company**) is pleased to provide an update on regional exploration initiatives in the Santa Cruz portfolio, including the results of a soil grid completed at the Corona project earlier this year. Corona is located on the north-western margin of the Deseado Massif geological province and is 30km south of Newmont's Cerro Negro gold and silver mine. The soil grid comprised 330 samples at the Corona Norte sinter target collected during the December quarter 2019, but the results were delayed due to COVID-19 and the ensuing closure of laboratories in Peru.

The Corona Norte prospect is located in the northern project area and is centred on a prominent silica ridge made up of an epithermal sinter deposit in a major northwest orientated structure. Epithermal sinters are laminated silica deposits that occur in many mineralised epithermal vein districts (e.g. Cerro Negro) adjacent to fertile veins. The Corona Norte sinter is high in mercury and arsenic, but is essentially barren of precious metals. Exploration at Corona was prioritized on the basis of similarities to Newmont's Silica Cap prospect where recent deeper drilling by Goldcorp in 2018 identified a high-grade vein system associated with a barren silica ridge.

Background

The Corona project comprises two titles for 14,010Ha held 80% by E2 Metals through its ownership in local Argentine company Minera Los Domos SA. The project is favourably located in the north-northeast trending Rio Pinturas fault zone that is host to Newmont's Cerro Negro and Hochschild / McEwen Mining's San Jose gold and silver mines (Figure 1). Both vein fields are located within major north-northwest structural corridors that link segments of the Rio Pinturas fault zone. The Corona properties are located 30km south of Cerro Negro and are centred on a major zone of epithermal clay alteration evident in regional Landsat and ASTER imagery, displaying similarities to Silica Cap prospect at Cerro Negro. The local geology is dominated by ignimbrites and flow banded intrusions of rhyolitic composition assigned to the Jurassic Chon Aike Formation. The project also hosts features indicating an epithermal palaeosurface, such as silicified sediments, algal mats and sinters (see Figures 2 to 3).

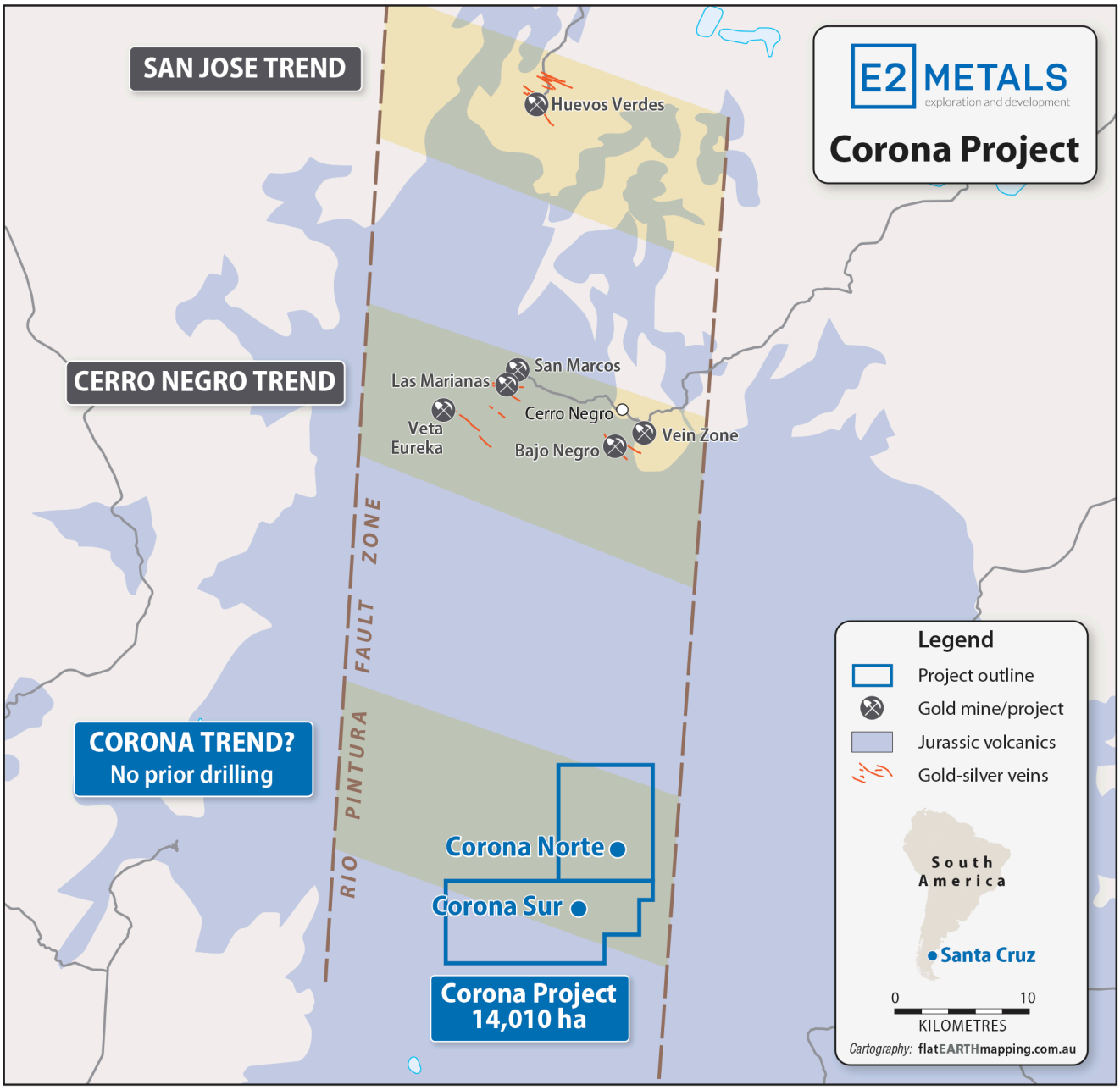

Figure 1: Location of Corona Project

Figure 2: Corona Norte Sinter Outcrop

Figure 3: Corona Norte Sinter

Interpretation

Soil geochemistry

A coarse fraction (LAG) soil grid was completed over Corona Norte to determine if the sinter deposit is elevated in the trace and precious elements typical of mineralised epithermal vein systems. The survey samples were collected during November to December 2019 and subsequently submitted for ultra-trace analysis at ALS Laboratories Peru in January 2020. The survey grid comprised 333 samples collected on 50m centres along east oriented lines spaced 100m apart. Soil lines define a grid with dimensions of approximately 1 by 3 kilometres. Geochemical maps showing the surface anomalies in silver, gold, arsenic and antimony are provided in Figure 4.

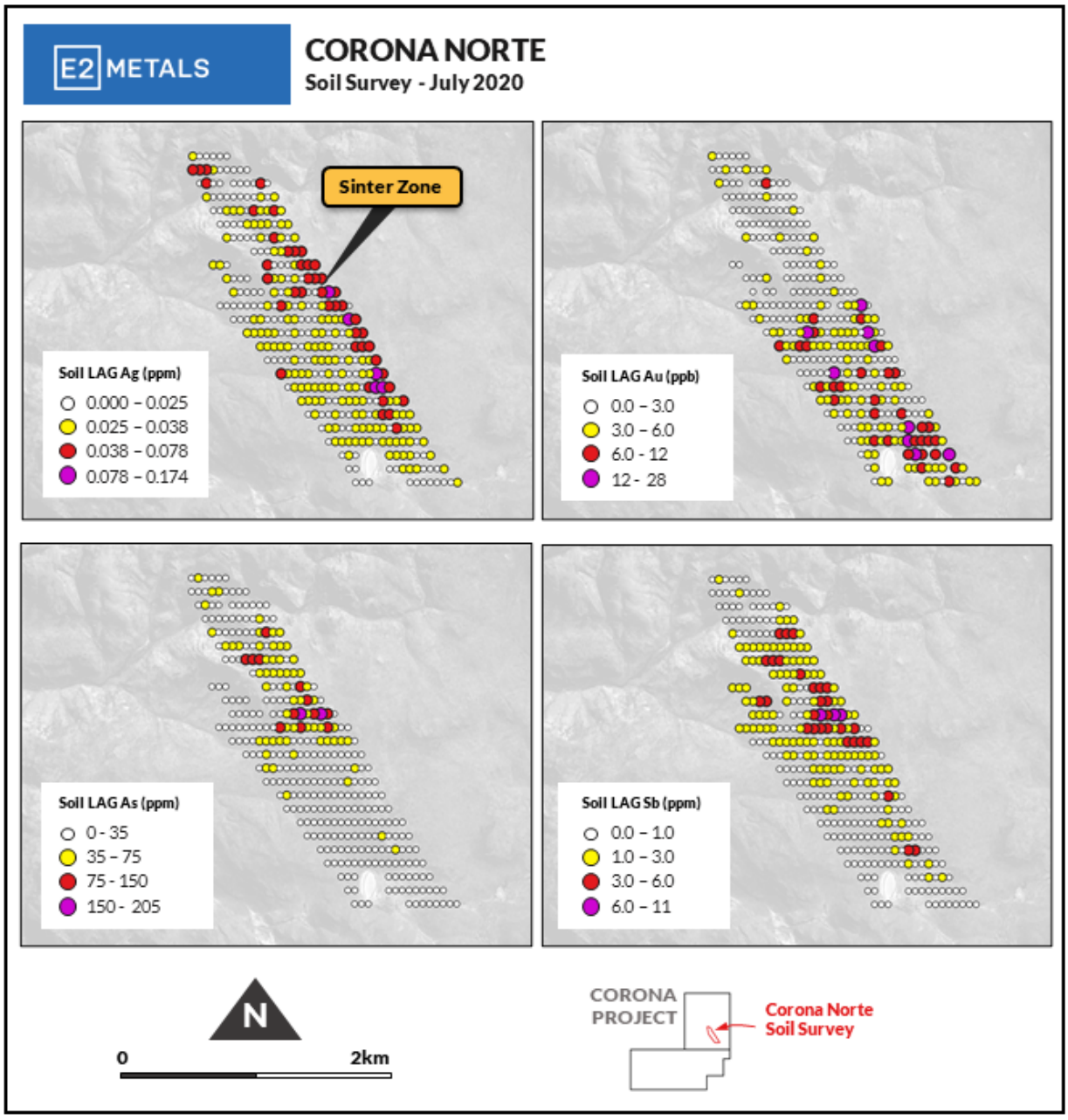

Figure 4: Corona Norte Soil Results

The results show that the Corona Norte sinter is associated with a large silver (max=174pp) and arsenic (max=203ppm) anomaly that parallels an interpreted host structure over an approximately 1.5km strike. The anomaly is open to the east where the host structure and sinter are in contact with an altered rhyolitic ignimbrite. Gold values are low within the silver and arsenic anomaly, which is typical of the "barren" upper portions of an epithermal vein system, but increase to the southeast (max=28 ppb) where the sinter transitions into diffuse veinlets anomalous in gold.

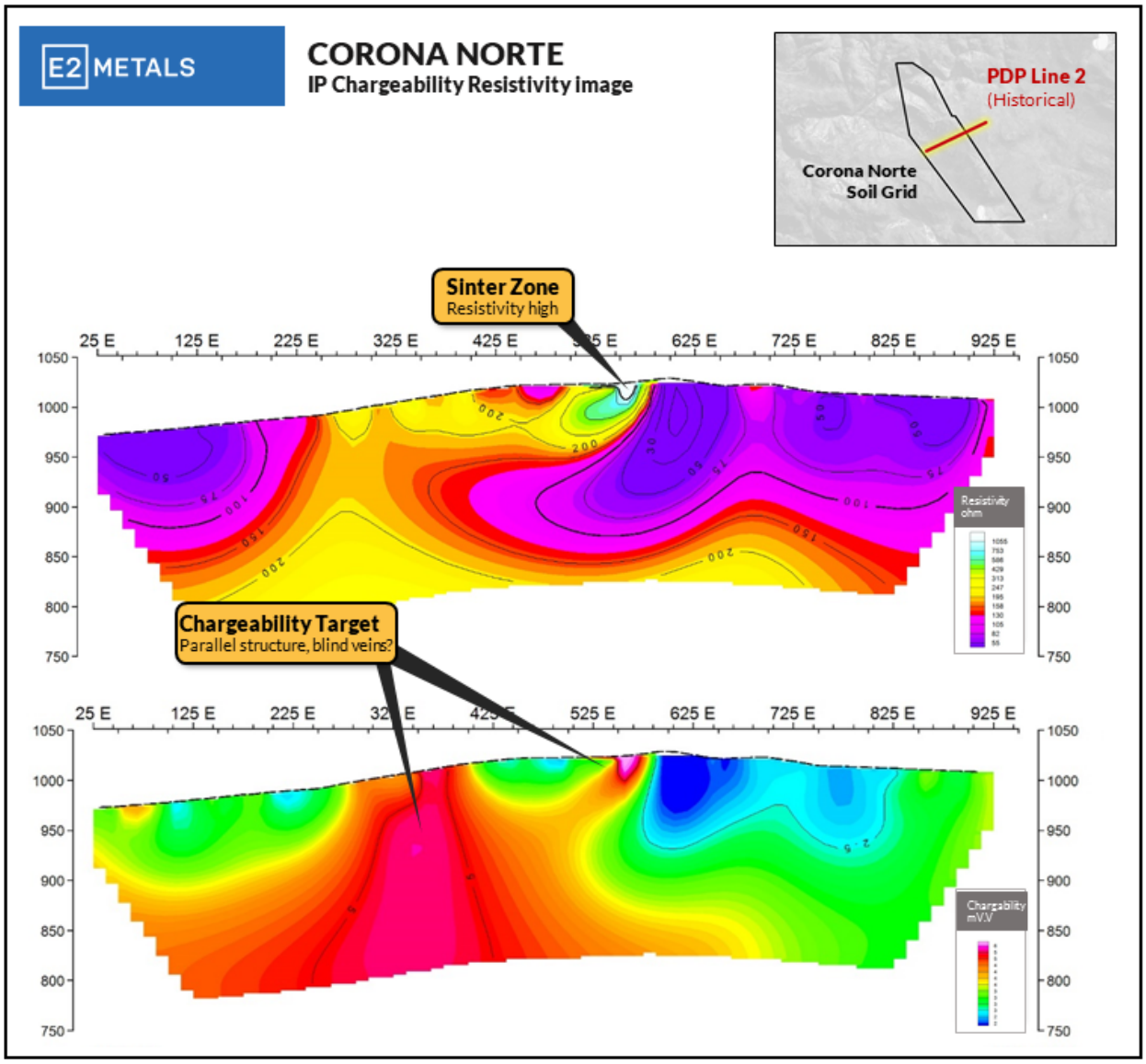

Figure 5: Corona Norte Pole-Dipole IP inversions and chargeability target

Pole-Dipole IP

The soil grid was completed to validate a prominent chargeability anomaly in historical geophysical data (Figure 5). The Induced Polarisation (IP) survey was completed by the project vendors Circum Pacific Pty Ltd (*see ASX Announcement, 20 December 2018, E2 Metals to Acquire a Portfolio of Gold & Silver Projects*) during the first half of 2018. The work included several reconnaissance pole-dipole IP lines (PDP Lines) across the sinter and host structure to determine if targets exist at depth. The recent soil data confirms the chargeability anomaly on PDP Line 2 to be associated with widespread silver and arsenic, strengthening the interpretation of a prospective target for high-grade mineralised veins at depth. This is

despite that target demonstrating low precious metal values at surface (analogous to the Silica Cap discovery, Cerro Negro).

Future Plans

Corona Norte represents a 'walk up' drill target with the potential underpinned by relative proximity to Cerro Negro and similarities to recent blind discoveries in that district. Going forward, the Company plans to continue inexpensive generative exploration to define targets within Corona and its other pipeline projects while remaining focused on advancing the new gold and silver discoveries within the Conserrat project.

Work at Conserrat is planned to recommence in the first week of August 2020. However, regional exploration in Santa Cruz will likely remain on hold during the COVID-19 pandemic and will be reassessed in Q4 2020.

Commenting on the results, Technical Advisor David Shatwell states:

Epithermal sinter deposits (like that at Corona Norte) are important because they show that the original ground surface which existed at the time they formed is still preserved, and therefore any epithermal precious metal deposits are likely to be preserved also, rather than having been removed by erosion. Such deposits rarely contain economic amounts of precious metals, but they can provide a strong incentive to drill low-grade or barren epithermal veins in the vicinity. This was the case at Cerro Negro, where sinter and travertine encouraged deep drilling of the Eureka and Mariana vein systems. The elevated silver and arsenic in the soil data strengthens the potential for blind veins at the Corona Norte prospect.

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

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.

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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.
		Corona Norte Soil Sampling
		• The coarse fraction soil samples reported in this announcement were taken from the surface and first few cm in a cross pattern, each arm with a length of about a metre and sieved to take the fraction between 2 and 5mm.
		• Approximately 200g of sieved material were taken at each sample site. Samples were taken at 50m intervals along lines with a 100m separation. Previous orientation surveys have found that this fraction is the best fraction to represent the underlying bed rock in windy environments, where traditionally collected fractions such as -80 mesh can be diluted by windblown material and volcanic ash.
		• Sample positions were recorded on a Trimble Nomad handheld computer in a MapInfo table using Discover Mobile software. Duplicate samples were taken every 50 samples for quality control purposes.
		• Sample preparation carried out by ALS laboratories was the following:
		  ○ Fine crush 70% to less than 2mm
		  ○ Riffle split 1kg and pulverise to 85% < 75µ
		
		Corona Norte IP geophysics
		• IP resistivity / chargeability images presented in this announcement was acquired during April to May 2018 by the project vendors Circum Pacific Pty Ltd. The survey included a gradient array (GAIP) and Pole-Dipole (PDP) Induced Polarisation (IP) geophysical surveys.
		• The data was acquired by Geofisica Argentina S.A. using pole-dipole (P-DP) surveys with short 50m dipoles and n-10 or n-20 dipole separations, and 1500m bipole gradient arrays, which is suited to the detection of low-sulphidation vein targets. The data acquisition employed a 0.125 Hz time-domain ‘box car’ transmitter waveform. The receiver set-up employed 20 arithmetically spaced channels of 80 ms which follow 240 ms delay.

Criteria	JORC Code Explanation	Commentary
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).	No drill results are disclosed in this announcement
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.	No drill results are disclosed in this announcement
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.	No drill results are disclosed in this announcement
	• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	No drill results are disclosed in this announcement
	• The total length and percentage of the relevant intersections logged.	No drill results are disclosed in this announcement
Sub-Sampling Techniques and Sample Preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	No drill results are disclosed in this announcement
	• 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.	No drill results are disclosed in this announcement

Criteria	JORC Code Explanation	Commentary
	• 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.	
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.	**Corona Norte Soil Sampling** • Soil samples were analyzed by ALS Laboratories AuME ST43 super trace package. The analytical method is the lowest detection limits in the industry for gold in soils by both cyanide and aqua regia digestions.
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.	No drill results are disclosed in this announcement
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.	No drill results are disclosed in this announcement
Data Spacing and Distribution	• Data spacing for reporting of Exploration Results.	No drill result or Ores Reserve estimations are disclosed in this announcement.

Criteria	JORC Code Explanation	Commentary
	• 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.	
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.	**Corona Norte Soil Sampling** • All samples were collected on east lines transecting a northwest orientated structure. The sample grid has dimensions of 3km by 1km.
Sample Security	• The measures taken to ensure sample security.	**Corona Norte Soil Sampling** • Chain of custody was managed by E2Metals. Samples were placed into taped bags with sample numbers that provided no specific information on the location of the samples. Samples were transported from site to ALS Laboratories (Mendoza) by E2Metals.
Audits or Reviews	• The results of any audits or reviews of sampling techniques and data.	**Corona Norte Soil Sampling** • No audit or review of the sampling techniques and data has been undertaken

Section 2 Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral Tenement and Land Tenure Status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	E2 Metals Limited holds an 80% interest in the Corona Project through its ownership in local Argentine holding company Minera Los Domos SA. **Corona Project titles** • Corona Norte file number 437.470/BVG/17, area 6015 ha • Corona Sur file number 437.472/BVG/17, area 7993 ha •
Exploration Done by Other Parties	• Acknowledgment and appraisal of exploration by other parties.	**Reconnaissance exploration by IAMGOLD & Hochschild** • During the early 2000s IAMGOLD completed mapping and limited regional sampling at Corona Norte and the project was later joint ventured to Hochshild. Results of this exploration work are not available. • No geophysics or drilling was not completed by either company. **Reconnaissance exploration by Circum Pacific Pty Ltd** • Between the period October 2017 to May 2018 Circum Pacific Pty Ltd completed reconnaissance field campaigns that include rock sampling and geophysical surveys (Magnetics, PDP IP and GAIP).
Geology	• Deposit type, geological setting and style of mineralisation.	**Santa Cruz Geology and Deposit Model** • Conserrat is located towards the central eastern margin of the extensive ~60,000 km.sq Deseado Massif geological province that stretches across southern Argentina into the Chilean southern Andes. This massif is made up of Jurassic volcanic and volcaniclastic rocks of the Chon Aike formation. • Important precious metal deposits have been discovered in the province during the past 20 years. Gold and silver mineralisation is associated with Low Sulphidation (LS) Epithermal veins in northwesterly structures that were active at the time of mineralisation.
Drill Hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: ○ Easting and northing of the drill hole collar ○ Elevation or RL (Reduced Level – elevation above sea level in	No drill results are disclosed in this announcement

Criteria	JORC Code Explanation	Commentary
	metres) of the drill hole collar ○ Dip and azimuth of the hole ○ Down hole length and interception depth ○ Hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data Aggregation Methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	No drill results are disclosed in this announcement
Relationship Between Mineralisation Widths and intercept lengths.	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg “down hole length, true width not known”).	No drill results are disclosed in this announcement
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	See Figures 4 to 5
Balanced Reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All results are reported
Other Substantive	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk	Not applicable

Criteria	JORC Code Explanation	Commentary
Exploration Data	samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	
Further Work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Work at Corona is on hold due to COVID-19 and will be reassessed in Q4 2020.