E2 METALS

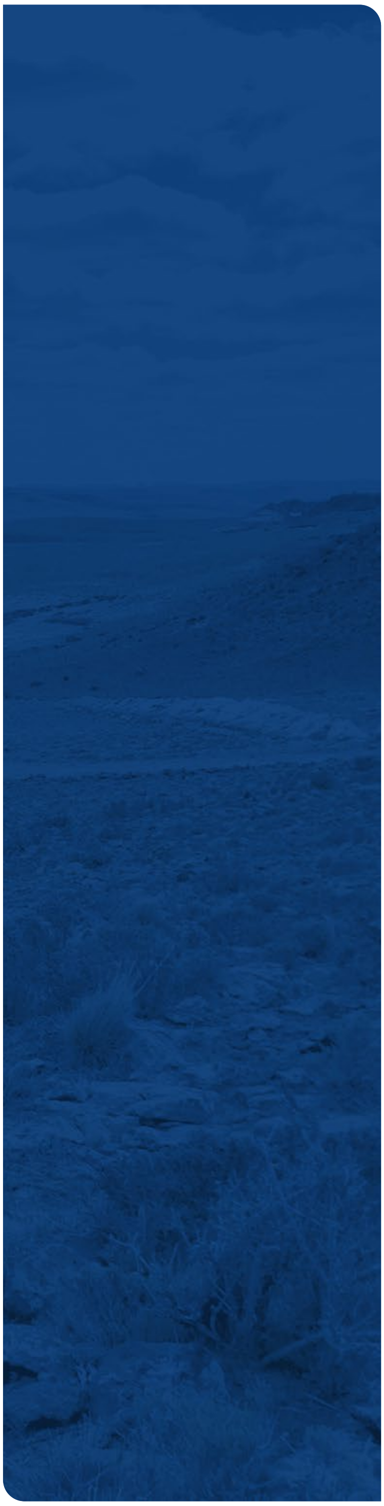
ANNUAL REPORT

30 JUNE 2020

E2 METALS LIMITED

ABN 34 116 865 546

Contents



Corporate Directory

Directors

- **Mr Todd Williams**
  (Managing Director)
- **Ms Melanie Leydin**
  (Non-Executive Chairperson)
- **Mr Alastair Morrison**
  (Non-Executive Director)

Company Secretary

- **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 3, 100 Pirie Street
Adelaide SA 5000

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

16 November 2020

Stock Exchange Listing

E2 Metals Limited shares
are listed on the
Australian Securities Exchange
(ASX:E2M)

Managing Director's Report

A ROUGH START TO 2020

It is almost impossible to recap 2020 without first discussing its unique macroeconomic context - COVID-19. Every economy, industry and individual has felt the disruptive and surreal implications of this global pandemic.

We begin in late 2019 where the US is riding high, enjoying its longest economic recovery in history. News of the COVID-19 breaks as cases multiply across China, but it's business as usual for the rest of the world. The PDAC mining conference in Toronto proceeds as planned, with legendary resource investor Rick Rule even joking that alcohol poisoning, not COVID-19, was the greatest risk to the cosy gathering of its 20,000-plus attendees.

But it was the tragic failings of the Italian medical system that exposed not only the severity of the virus, but its insidious infection rate. Panic proved equally contagious, with global leaders scrambling to shut down cities, travel, industry and personal liberties - effectively placing the global economy on life support. The impacts to the global mining industry were immediate, as mines and exploration worksites ceased operation, including the Company's active drill program in the Santa Cruz province of Argentina.

The ensuing months could be described as nothing short of a spiritual journey. Gold and (more acutely) silver were sold down with investors liquidating everything in a bid to cover heavy losses as global equities posted the sharpest falls in history. All while Russia and Saudi Arabia engaged in a price war which, coupled with the fall in global demand, saw WTI oil change hands at a price of negative US$37 per barrel. Upending all sense of normalcy in what felt like a matter of days, COVID-19 struck like a meteor, prompting the sharpest rise in US unemployment and corresponding fall in gross domestic product (GDP) since the Great Depression of the 1930s.

A FORTUITOUS TURNAROUND..

Fast forward to August 2020, the prevailing uncertainty has seen gold rally to historic highs, while silver has more than doubled to US$27 per ounce. This soaring uptick in precious metals has been reflected in the share prices of junior explorers, with the industry buoyed by the timely success of many of our peers, namely the Hemi and Julimar discoveries at De Grey Mining and Chalice Gold Mines respectively. These discoveries have reminded generalist investors of the exceptional returns that can be generated from fruitful exploration.

PROMISING DISCOVERY AT CONSERRAT..

E2 Metals enjoyed some of its own exploration success during the reporting period, with the Company's Conserrat project emerging as one of Santa Cruz's most promising greenfields gold and silver discoveries in over a decade.

The inaugural trench and drill program at the project intersected gold and silver mineralisation at four prospects, including the high-grade **Mia** discovery, where drilling returned 8m at 7.6gpt gold and 216gpt silver. This work has revealed the scale of the opportunity, with mineralisation defined on three separate trends spaced over 25 square kilometers. Even more encouraging is the potential for a multi-million-ounce vein field based on the project's relative proximity to AngloGold Ashanti's Cerro Vanguardia mine, which boasts the most significant accumulation of gold and silver in the Santa Cruz province and one of the largest epithermal vein fields in the world.

MOVING FORWARD..

The Company is now well funded thanks to a successful placement and share purchase plan raising just under $4.85 million almost entirely from existing shareholders. In Argentina, the winter snow has melted and our local team and Argentine subsidiary Minera Los Domos is gearing up for the most important drill season yet. Here, we will hone in on the best mineralised veins in the project with one clear objective - defining gold and silver resources. This pursuit will not be without its complicating factors. As we adjust to operating within the constraints of the COVID-19 pandemic, we will work closely with the provincial government to maintain effective operations whilst also safeguarding the health of our employees and surrounding communities.

Notwithstanding these challenges, I believe that the case for investment in E2 Metals has never been stronger. This sentiment is underpinned by three key forces:

1. **Increasing participation in gold and silver as an investment;** as evidenced by Warren Buffet's recent investment in Barrick Gold and the introduction of millennial 'Robin Hood' traders.
2. **The collective success of the junior mining industry;** which continues to deliver discovery success in the face of adversity, highlighting the 'size of the prize' if proven correct.
3. **Most notably, the exploration success by the Company;** as we advance multiple new discoveries within the Conserrat project, located just next door to a world-class gold and silver mine.

On the corporate front, the technical team was further strengthened by the appointment of Dave Shatwell as Senior Technical Advisor. Dave was the former Chief Geologist at Andean Resources and brings important Santa Cruz discovery experience to E2 Metals being fundamental to the vein discoveries at Cerro Negro that led to the eventual takeover by Goldcorp for US$3.4 billion.

I would also like to take this opportunity to thank our dedicated team in Argentina, my fellow directors and our shareholders for their continued support.

Yours faithfully
Todd Williams

Value Statement

Vision

Our vision is to be the most trusted mineral explorer for investors seeking exposure to the exceptional returns that are generated through the discovery of world-class metal deposits.

Mission

We achieve this by:

- thinking forward and outside the box
- taking a big picture and long-term view
- selecting projects based on strength, opposed to lack of weakness
- identifying value that others overlook
- exploring in geological terranes with world-class endowment
- engaging in mutually profitable partnerships with all of our stakeholders

Values

We ask that all of our employees practise integrity, respect and an uncompromising commitment to our common goals. These are non-negotiable.

However, what we particularly value in our colleagues is:

- **Courage -** to embrace wild ideas and progressive concepts that challenge conventional wisdom. These ideas are uncomfortable and attract skepticism until they do not.
- **Good judgement -** to make considered technical and commercial decisions based on imperfect and incomplete information that carries inherent uncertainty and risk.
- **Curiosity -** in the scientific process; sharing bold, interesting & experimental ideas and engaging in thoughtful debate.
- **Bias towards action -** where every day is an opportunity to action exceptional outcomes, for the organisation and its stakeholders.
- **Accountability -** to the workplace culture and the integrity of the Company; where no objective is worth compromising our employees, our reputation or the environment in which we work.

Review of Operations

SANTA CRUZ

E2 Metals' key focus is the Santa Cruz portfolio (Figure 1) located in southern Argentina. Santa Cruz is one of the preeminent mining provinces in South America and is host to numerous intermediate and large producers such as Newmont, AngloGold Ashanti and Pan American Silver. The portfolio comprises 90,000 hectares of titles, owned 80% through the Company's ownership in the local entity Minera Los Domos SA. The titles are within the Deseado Massif geological province and are prospective for epithermal gold and silver deposits such as the world-class Cerro Negro and Cerro Vanguardia mines.

Figure 1: Santa Cruz Portfolio

Conserrat

Exploration during the reporting period was focused on the Conserrat project (Figure 2), which is located in the central part of the province 130km northwest of port town San Julian. Importantly, the project is centered on the same geological trend that is host to the Cerro Vanguardia mine, where historical and current reserves exceed 9 million ounces of gold and 140 million ounces of silver.

Conserrat boasts a recently discovered epithermal vein field that partially outcrops over an area of 25 square kilometers, within 'erosional windows' of younger volcanic and sediment cover.

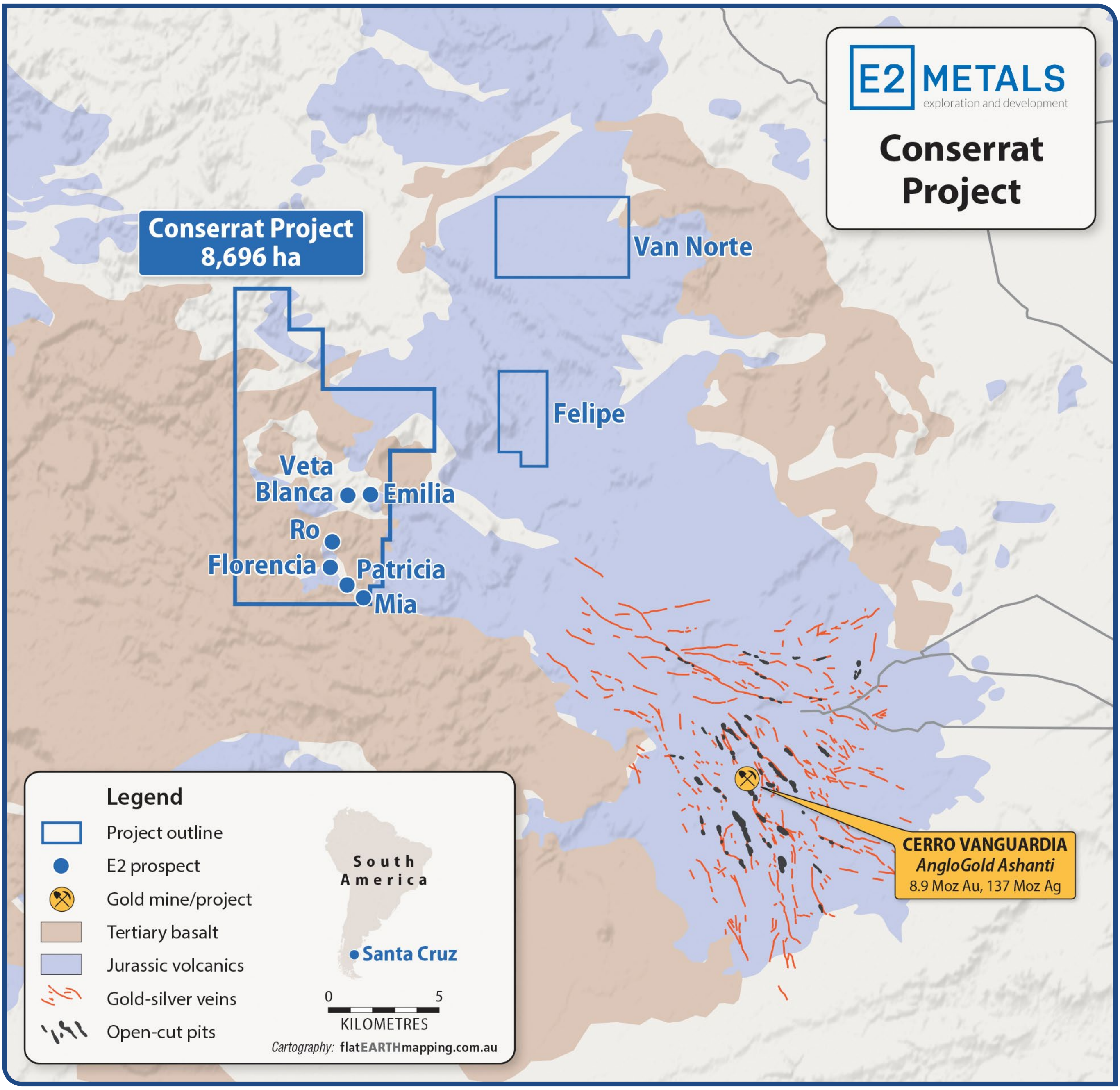


Figure 2: Conserrat Project

The objective of the 2019 to 2020 field season was to drill test priority targets generated from systematic surface geochemical and geophysical surveys that were completed during the prior season. The work comprised over 5800m of trenching and three phases of scout reverse circulation (RC) drilling totaling 3283m at the **Veta Blanca**, **Melisa**, **Ro**, **Florencia** and **Mia** prospects, spaced north-south over 5km apart.

Drilling was reconnaissance in nature and designed to test the shallow upper 50 meters of prospective veins and host structures, moving through each prospect. The work defined shallow gold and silver mineralisation at four prospects, including:

Mia (CORC-36):
- 16m at 3.91gpt Au, 123gpt Ag from 68m, including 8m at 7.64gpt Au, 216gpt Ag

Florencia (CORC-11):
- 46m at 0.68gpt Au, 36gpt Ag from 9m, including 1m at 798gpt Ag

Ro (CORC-19):
- 33m at 0.3gpt Au, 119gpt Ag from 27m, including 5m at 0.58gpt Au, 441gpt Ag

Veta Blanca (CORC-33):
- 3m at 4.43gpt Au, 49gpt Ag

Mapping and sampling completed during the first half of 2020 also defined three new high-grade vein targets that are currently untested by drilling, which includes **Patricia** (40.4 gpt Au, 262 gpt Ag), **Emilia** (6.7 gpt Au, 549 gpt Ag) and a new parallel vein (2.67 gpt Au, 360 gpt Ag) south of the silver mineralisation intercepted at **Ro**. These new vein targets will be drill tested during the 2020-2021 field season.

Field work was suspended during March 2020 due to Argentina entering mandatory lockdown in the wake of COVID-19.

Corona

Exploration completed during the reporting period included early stage reconnaissance at the Corona project (total area 14,010Ha) comprising a soil grid at the Corona Norte sinter target. Corona Norte is located 30km south of Newmont's Cerro Negro mine and is host to a silica sinter deposit typical of the 'barren' upper part of an epithermal vein.

The survey defined a large coherent silver-arsenic anomaly **extending for 1.5km along strike**, confirming the potential for the Corona Norte sinter to host a precious metal vein deposit at depth. This is supported by regional induced polarisation (IP) geophysical data, which shows the geochemical anomaly to be coincident with a major northwest structural lineament and chargeable zone. Exploration at Corona is on hold and will recommence in Q1 2021 subject to COVID-19 and travel restrictions.

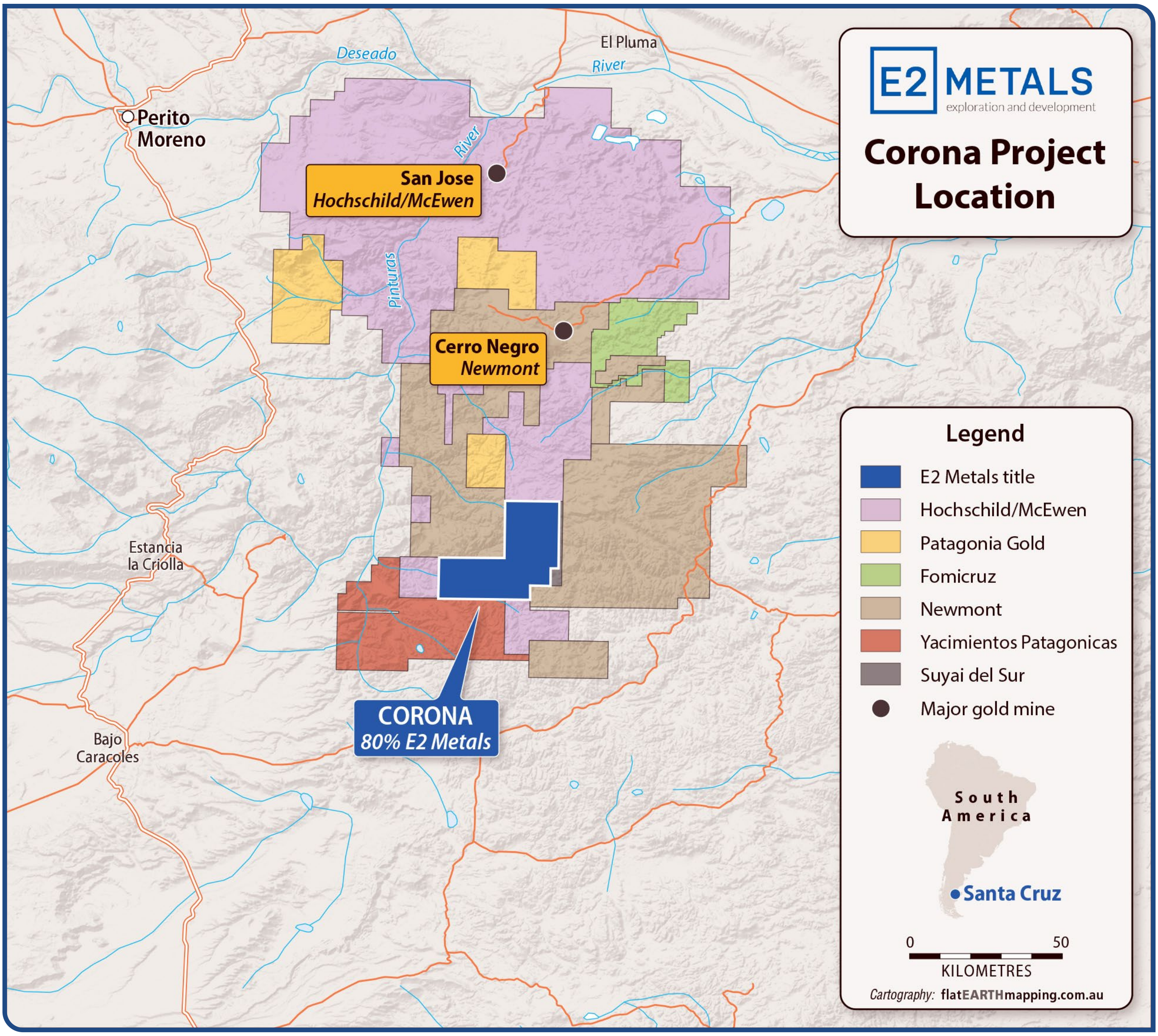


Figure 3: Corona Project

Rio Negro

E2 Metals holds an 80% interest in **37,979 hectares** in the Rio Negro province (Figure 4) of Argentina. The province is host to the northern portion of the Somuncura Massif, a large volcanic province that is geologically similar to the Deseado Massif in Santa Cruz, but has been subject to far less modern exploration. The Somuncura Massif is host to Pan American Silver's Navidad deposit, the largest undeveloped silver deposit in the world with over 700 million ounces silver resources, and Patagonia Gold's Calcatreu gold deposit with over 1 million ounces of gold resources.

No field work was conducted during the reporting period, but the Company is committed to corporate development initiatives and acquired **50,790 hectares** of new titles under its 100% owned entity Ivael Mining SA. The titles are located in the highly prospective Los Menucos and Jacobacci areas and are prospective for gold and silver deposits similar to Navidad and Calcatreu. Reconnaissance mapping and sampling is planned for several of the Rio Negro projects during Q1 2021 subject to COVID-19 and travel restrictions.

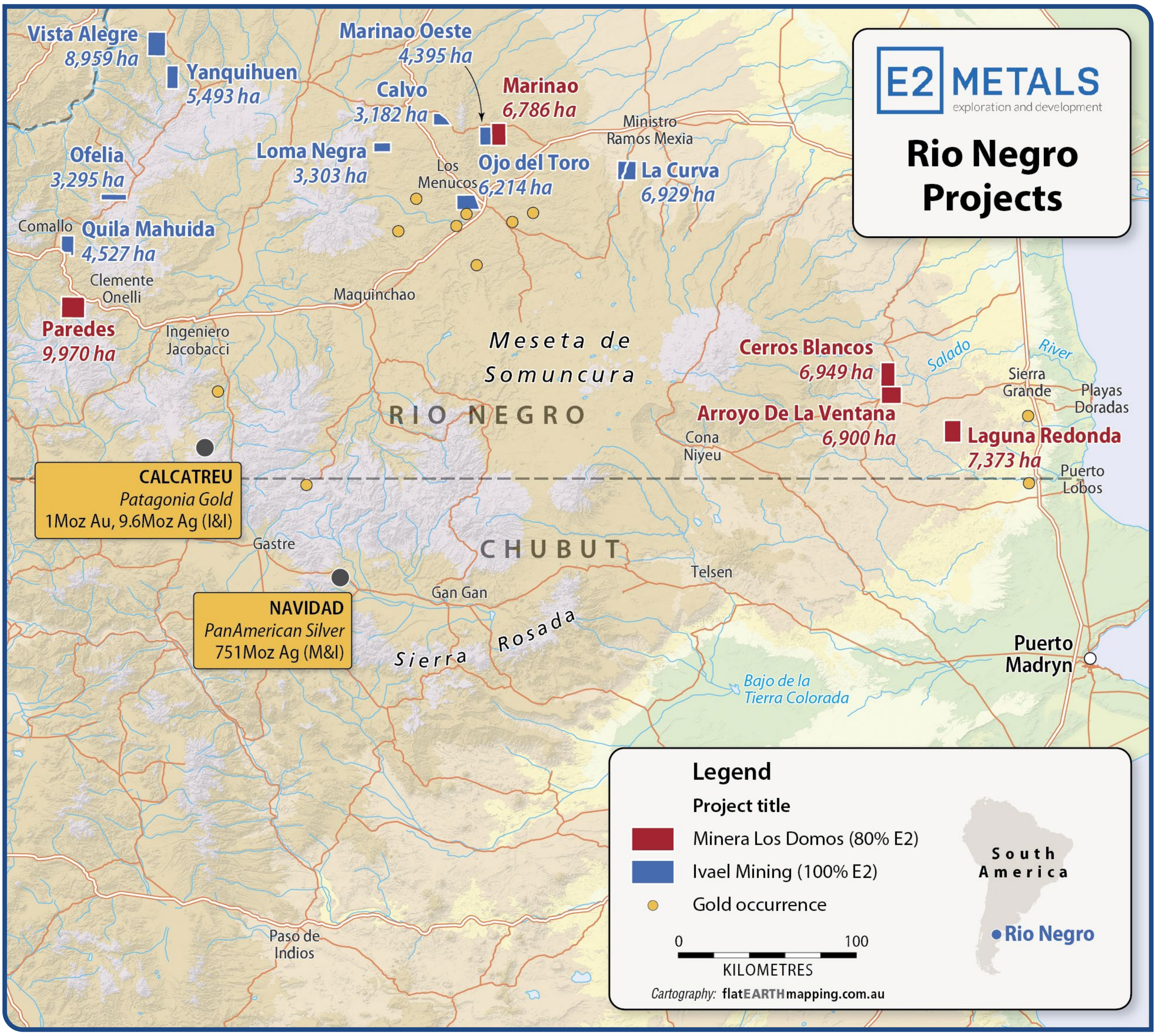


Figure 4: Rio Negro Portfolio

COBAR

E2 Metals holds a large **273km² strategic landholding** (Figure 5) in the prolific Cobar Superbasin, New South Wales Australia, located on the eastern margin of the Silurian to early Devonian Mount Hope Trough. Gold and copper mineralisation have been defined at three prospects (Mount Solitary, Mount Solar and Main Road) within a north-south structural corridor traced over 10km along strike. The potential for high-grade 'Cobar-style' mineralisation is underpinned by the relative proximity to the historical Mount Hope and Great Central copper mines. Recent discoveries of significant blind polymetallic mineralisation at Wagga Tank-Southern Nights by Peel Mining, and Federation by Aurelia Metals, reinforce the potential for further discoveries in the district. The Company plans to leverage modern geophysical techniques to define new targets in the project, starting with a down hole electromagnetic (DHEM) survey when current COVID-19 travel restrictions are eased between Australian states.

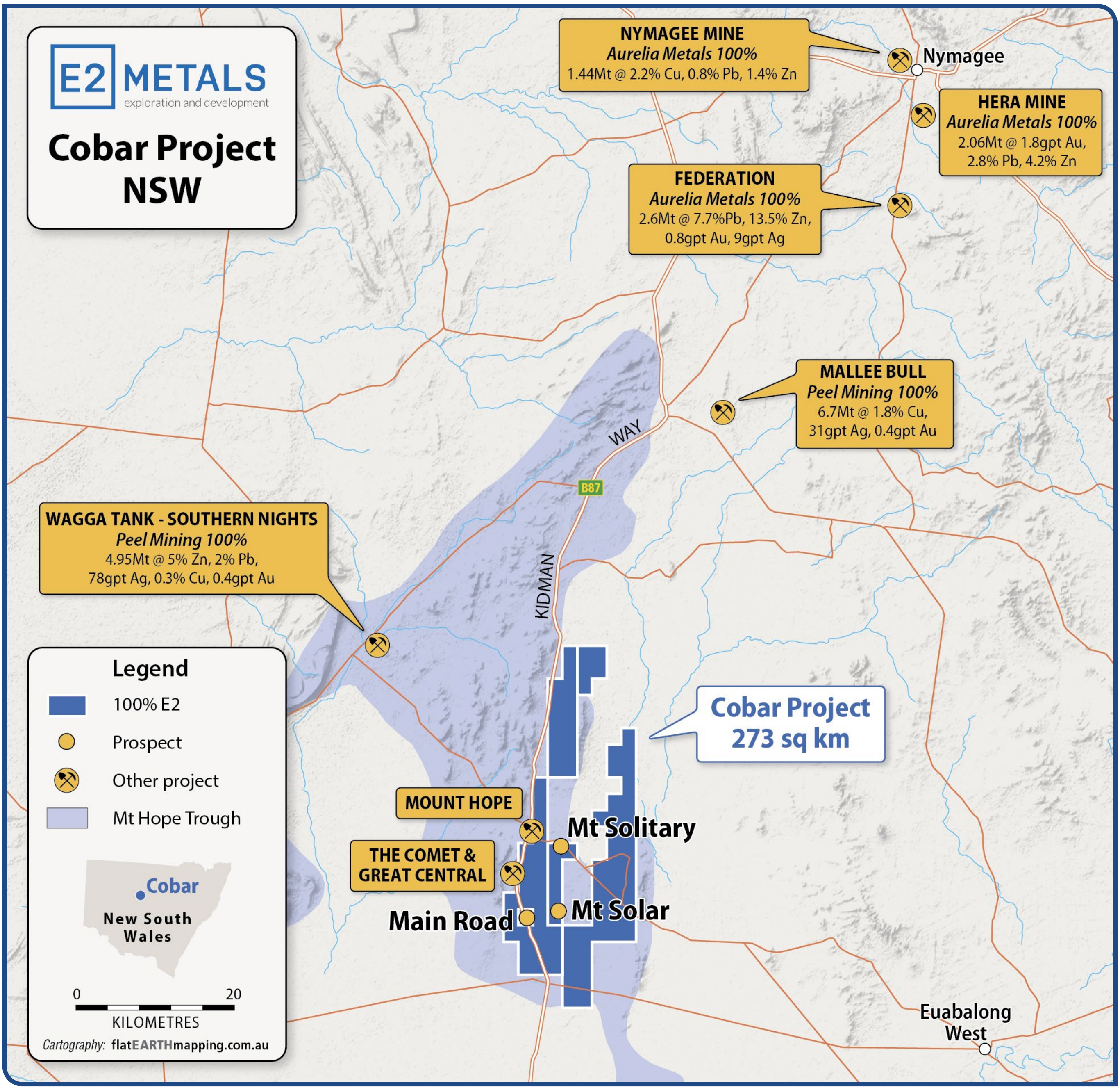


Figure 5: Cobar Project

CORPORATE

Management was strengthened with the appointment of Mr. Dave Shatwell as Senior Technical Advisor (Argentina). Dave is an Australian exploration geologist based in Lima, Peru with over 50 years' global experience in epithermal gold silver deposits. Most notably, Dave was Andean Resources' Chief Geologist at the Cerro Negro project where he led the technical team to multiple company-making discoveries (Eureka West, Mariana Norte, Mariana Central, and Bajo Negro) that ultimately resulted in the acquisition of the Andean Resources by Goldcorp in 2010 for US$3.4 billion.

The Company remains in a robust financial position with over **$5.5 million as of 30 July 2020**. During May 2020, the Company raised $2.75M via the placement of 22 million shares at 12.5 cents per share, and in June launched a follow-up SPP at the same price The SPP was heavily oversubscribed and raised an additional $2.17M through the placement of an additional 17.3 million shares.

Following the completion of the placement and share purchase plan, the Company implemented a share sale facility of fully paid ordinary shares for shareholders who hold less than a marketable parcel of shares being any shareholding less than $500. The share sale facility closed 28 August 2020 and a total of 560,724 shares held by 3421 shareholders were placed to corporate advisory Whistler Wealth Management. As of 18 September 2020, total shareholders were significantly reduced to 977, consolidating the Company's share register.

COMPETENT PERSON STATEMENT

The information in the Annual Report relates to the following ASX Announcements

- 1 July 2020, *E2 Metals SPP Heavily Oversubscribed raising $2.17 million*
- 26 May 2020, *E2 Metals raises $2.75M by Placement and launces SPP*
- 6 May 2020, *8m at 7.46gpt Au & 216gpt Ag at Mia prospect, Conserrat*
- 17 February 2020, *Conserrat Technical Presentation*
- 17 February 2020, *New Patricia Vein Extends Mia Trend to 1.2km*
- 3 February 2020, *Veta Blanca Drill Results*
- 28 January 2020, *Significant Gold Discovered at Mia*
- 23 December 2019, *Scout Drilling Returns High-Grade Silver at Conserrat*
- 12 December 2019, *Conserrat Project Exploration Update*
- 31 October 2019, *New Mineralised Trends Confirmed at Ro and Florencia*
- 14 October 2019, *Conserrat Project Exploration Update*
- 27 March 2019, *Geophysics Identifies Vein Targets at the Conserrat Project*
- 27 February 2019, *Surface LAG Geochemistry expands Veta Blanca Targets*

Schedule of Tenements as at 30 June 2020

Description	Tenement number	Holder	Interest owned by E2 Metals Limited %
Mount Hope, Australia	EL6837	Fisher	100.00
Main Road, Australia	EL8058	Fisher	100.00
Broken Range, Australia	EL8290	Fisher	100.00
Mount Hope, Australia	EL8654	Fisher	100.00
Evelina, Argentina	423.826/MS/09	Minera	80.00
Lago Hermoso, Argentina	423.827/MS/09	Minera	80.00
El Salado Este, Argentina	423.828/MS/09	Minera	80.00
El Salado Central I, Argentina	424.985/MS/10	Minera	80.00
El Porvenir Norte, Argentina	421.672/MS/12	Minera	80.00
Tre Cerro Oeste, Argentina	422.990/MS/12	Minera	80.00
Querencia, Argentina	406.735/MS/04	Minera	80.00
Sierra Morena I, Argentina	430.269/MS/14	Minera	80.00
Sierra Morena II, Argentina	430.270/MS/14	Minera	80.00
Candalon La Angostura, Argentina	437.502/BVG/17	Minera	80.00
Van Norte, Argentina	437.503/BVG/17	Minera	80.00
Corona Norte, Argentina	437.470/BVG/17	Minera	80.00
Corona Sur, Argentina	437.472/BVG/17	Minera	80.00
Conserrat, Argentina	437.471/BVG/17	Minera	80.00
Cerros Blancos, Argentina	32.053/M/2007	Minera	80.00
Marinao, Argentina	32.055/M/2007	Minera	80.00
Arroyo de la Ventana, Argentina	32.056/M/2001	Minera	80.00
Laguna Redonda, Argentina	32.057/M/2007	Minera	80.00
Paredes, Argentina	42.056/M/2017	Minera	80.00
Felipe, Argentina	440.730/LD/19	Minera	80.00
Calvo, Argentina	45041-M-2020	Ivael	Application
Curva Oeste y Curva Este, Argentina	45037-M-2020	Ivael	Application
Loma Negra, Argentina	45039-M-2020	Ivael	Application
Maria, Argentina	45042-M-2020	Ivael	Application
Marinao Oeste, Argentina	45043-M-2020	Ivael	Application
Ofelia, Argentina	45044-M-2020	Ivael	Application
Ojo Del Toro, Argentina	45040-M-2020	Ivael	Application
Quila Mahuida, Argentina	45038-M-2020	Ivael	Application
Vista Alegre, Argentina	45035-M-2020	Ivael	Application
Yanquihuen, Argentina	45035-M-2020	Ivael	Application

Notes:

Minera - Minera Los Domos S.A, a subsidiary of E2 Metals Limited
Ivael – Ivael Minings S.A, a subsidiary of E2 Metals Ltd
Fisher - Fisher Resources Pty Ltd, a wholly owned subsidiary of E2 Metals Ltd

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') 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 2020.

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)
Mr Alastair Morrison (Non-executive Director)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of exploration and evaluation of mineral deposits in Australia 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 $2,363,468 (30 June 2019: $2,979,521).

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

During the year, the consolidated entity has closed the operations of its subsidiary Hauraki Gold Limited and deregistered the company in New Zealand.

During June 2020, the Company issued 22,000,000 fully paid ordinary shares in the capital of the Company at an issue price of $0.125 (12.5 cents) per share to raise $2.75 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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there was no significant adverse effect of it on the Group as of 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 3 July 2020 the Company issued 17,330,400 fully paid ordinary shares in the capital of the Company at an issue price of $0.125 (12.5 cents) per share to raise $2.17 million.

No other matter or circumstance has arisen since 30 June 2020 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

The details of Directors as at the date of this report is as below:

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 Leydin Freyer. 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):	None
Interests in shares:	976,800 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:	1,100,000 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 is a Chartered Accountant and the founding director of Leydin Freyer, an independent firm specialising in company secretarial and accounting services for ASX listed companies, with over 25 years' experience in the accounting profession and over 13 years' experience as a Company Secretary for ASX listed companies.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Melanie Leydin	12	12
Todd Williams	12	12
Alastair Morrison	12	12

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

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 has 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 2020 no cash incentives were paid (2019: 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 2019 financial year, 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 are 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. The performance rights issued to Managing Director, Mr Todd Williams, as noted above, are subjects to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions.

Use of remuneration consultants
During the financial year ended 30 June 2020, 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)
- Mr Alastair Morrison (Non-executive Director)

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 the Group.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Termination Benefit	
30 June 2020	Salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Equity-settled $	$	Total $
Non-Executive Directors:								
Melanie Leydin*	52,500	-	-	-	-	-	-	52,500
Alastair Morrison	31,963	-	-	3,037	-	-	-	35,000
Executive Directors:								
Todd Williams	156,505	-	11,076	14,868	800	31,397	-	214,646
	240,968	-	11,076	17,905	800	31,397	-	302,146

* In addition to the Director fee as above to Ms Leydin, $86,250 was paid/payable to Leydin Freyer Corp Pty Ltd for company secretarial and CFO services provided to the consolidated entity during the financial year ended 30 June 2020.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Termination Benefit	
30 June 2019	Salary and fees $	Cash bonus $	Annual leave $	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**	82,417	-	5,217	7,830	305	16,471	-	112,240
	202,305	-	5,217	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 represents 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.

*** In addition to the Director fee as above to Ms Leydin, $90,000 was paid/payable to Leydin Freyer Corp Pty Ltd for company secretarial and CFO services provided to the consolidated entity during the financial year ended 30 June 2019.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Non-Executive Directors:						
Melanie Leydin	100%	100%	-	-	-	-
Alastair Morrison	100%	100%	-	-	-	-
Justin Klintberg	-	100%	-	-	-	-
Executive Directors:						
Todd Williams	85%	85%	-	-	15%	15%
Simon Peters	-	100%	-	-	-	-

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: 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%.

Todd William's salary was voluntarily reduced to $144,000 p.a (inclusive of superannuation) for period April 2020- June 2020 as part of cost saving measures due to COVID-19 pandamic.

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 2020.

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 2020.

There were no performance rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020. In 2019 financial year, the Company issued 2,250,000 performance rights to Mr Todd Williams (Managing Director) vesting upon meeting performance conditions. Any unvested performance rights will expire on 30 December 2023.

As at 30 June 2020 all of these performance rights remained unvested (30 June 2019: all unvested)

Additional information

The earnings of the consolidated entity for the four years to 30 June 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $
Revenue	373,042	65,345	39,334	10
Loss after income tax	(2,789,455)	(3,237,499)	(908,700)	(1,548,254)
Total comprehensive income	(2,857,388)	(3,203,200)	(927,886)	(1,548,707)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017
Share price at financial year end ($)	0.16	0.20	0.08	0.13
Basic earnings per share (cents per share)	(2.53)	(4.45)	(1.50)	(1.89)
Diluted earnings per share (cents per share)	(2.53)	(4.45)	(1.50)	(1.89)

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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Todd Williams	1,200,000	-	-	-	1,200,000
Melanie Leydin	816,800	-	-	-	816,800
Alastair Morrison	900,000	-	-	-	900,000
	2,916,800	-	-	-	2,916,800

Option holding

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
Todd Williams	2,250,000	-	-	2,250,000

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
23 March 2019	22 March 2022	$0.220	1,000,000
23 December 2019	23 December 2022	$0.260	150,000
18 May 2020	18 May 2023	$0.170	500,000
			1,650,000

* The above are unlisted options. The Company has not issued any listed options.

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 option
20 December 2018	30 December 2023	$0.000	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 and options
There were no ordinary shares of E2 Metals Limited issued on the exercise of performance rights and options during the year ended 30 June 2020 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 2020

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 2020 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, 25th September 2020

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

	Note	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Grants and other income	5	22,707	3,709
Interest income		19,445	61,636
Investment income	6	330,890	-
Expenses			
Administrative expenses		(181,739)	(196,896)
Corporate expenses		(403,709)	(546,209)
Employment expenses		(321,963)	(264,444)
Exploration expenses		(2,255,086)	(2,295,295)
Loss before income tax expense		(2,789,455)	(3,237,499)
Income tax expense	7	-	-
Loss after income tax expense for the year		(2,789,455)	(3,237,499)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(67,933)	34,299
Other comprehensive income/(loss) for the year, net of tax		(67,933)	34,299
Total comprehensive loss for the year		(2,857,388)	(3,203,200)
Loss for the year is attributable to:			
Non-controlling interest		(425,987)	(257,978)
Owners of E2 Metals Limited		(2,363,468)	(2,979,521)
		(2,789,455)	(3,237,499)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(425,987)	(257,978)
Owners of E2 Metals Limited		(2,431,401)	(2,945,222)
		(2,857,388)	(3,203,200)
		Cents	**Cents**
Basic loss per share	26	(2.53)	(4.45)
Diluted loss per share	26	(2.53)	(4.45)

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

	Note	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Assets			
Current assets			
Cash and cash equivalents	8	3,564,498	3,946,719
Trade and other receivables	9	322,098	146,935
Prepayments		43,195	29,843
Total current assets		3,929,791	4,123,497
Non-current assets			
Other receivables	10	19,616	-
Security deposits		30,000	30,000
Total non-current assets		49,616	30,000
Total assets		3,979,407	4,153,497
Liabilities			
Current liabilities			
Trade and other payables	11	64,741	157,001
Borrowings	12	-	26,606
Employee benefits		6,459	5,217
Total current liabilities		71,200	188,824
Non-current liabilities			
Employee benefits		1,105	305
Total non-current liabilities		1,105	305
Total liabilities		72,305	189,129
Net assets		3,907,102	3,964,368
Equity			
Issued capital	13	14,562,344	11,855,059
Reserves	14	177,037	339,164
Accumulated losses		(10,148,419)	(7,971,877)
Equity attributable to the owners of E2 Metals Limited		4,590,962	4,222,346
Non-controlling interest		(683,860)	(257,978)
Total equity		3,907,102	3,964,368

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 2018	8,381,747	326,466	10,854	(4,992,356)	-	3,726,711
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)
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)
Share-based payments	-	112,361	-	-	-	112,361
Balance at 30 June 2019	11,855,059	294,011	45,153	(7,971,877)	(257,978)	3,964,368

Consolidated	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2019	11,855,059	294,011	45,153	(7,971,877)	(257,978)	3,964,368
Loss after income tax expense for the year	-	-	-	(2,363,468)	(425,987)	(2,789,455)
Other comprehensive loss for the year, net of tax	-	-	(67,933)	-	-	(67,933)
Total comprehensive loss for the year	-	-	(67,933)	(2,363,468)	(425,987)	(2,857,388)
Issue of shares	2,750,000	-	-	-	105	2,750,105
Cost of share issue	(42,715)	-	-	-	-	(42,715)
Expiry of share options	-	(181,650)	-	181,650	-	-
Vesting of share based	-	92,732	-	-	-	92,732
Reclassification of Hauraki reserve	-	-	(5,276)	5,276	-	-
Balance at 30 June 2020	14,562,344	205,093	(28,056)	(10,148,419)	(683,860)	3,907,102

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(3,433,123)	(2,257,540)
Interest received		19,445	61,636
Interest and other finance costs paid		(2,046)	(3,367)
COVID-19 ATO incentives received		22,707	-
Net cash used in operating activities	25	(3,393,017)	(2,199,271)
Cash flows from investing activities			
Proceeds from release of security deposits		-	20,000
Proceeds from release of term deposits		-	1,000,000
Net proceeds from the sales of bonds		330,890	-
Net cash from investing activities		330,890	1,020,000
Cash flows from financing activities			
Proceeds from issue of shares		2,750,000	2,543,918
Equity raising costs		(42,715)	(37,636)
Repayment of borrowings		(26,606)	(118,075)
Net cash from financing activities		2,680,679	2,388,207
Net increase/(decrease) in cash and cash equivalents		(381,448)	1,208,936
Cash and cash equivalents at the beginning of the financial year		3,946,719	2,703,480
Effects of exchange rate changes on cash and cash equivalents		(773)	34,303
Cash and cash equivalents at the end of the financial year	8	3,564,498	3,946,719

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 2020. 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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

As at reporting date, the consolidated entity has no material impact from this standard as the consolidated entity has no lease agreements in place.

AASB Interpretation 23 Uncertainty over Income Tax Treatments

Interpretation 23 requires the assessment of whether the effect of uncertainty over income tax treatments should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Interpretation outlines the requirements to determine whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The Company has adopted Interpretation 23 from 1 July 2019, based on an assessment of whether it is 'probable' that a taxation authority will accept an uncertain tax treatment. This assessment takes into account that for certain jurisdictions in which the company operates, a local tax authority may seek to open a company's books as far back as inception of the company. Where it is probable, the company has determined tax balances consistently with the tax treatment used or planned to be used in its income tax filings. Where the company has determined that it is not probable that the taxation authority will accept an uncertain tax treatment, the most likely amount or the expected value has been used in determining taxable balances (depending on which method is expected to better predict the resolution of the uncertainty). There has been no impact from the adoption of Interpretation 23 in this reporting period.

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.

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 2020 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.

Revenue recognition
The consolidated entity recognises revenue as follows:

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants that compensate the Group for expenses incurred are recognised in profit or loss; within 'Grants and other income'; on a systematic basis in the periods in which the expenses are recognised. For the year ended 30 June 2020, the Group self-assessed its eligibility to access Australian government COVID-19 related grants. There were no unfulfilled conditions or other contingencies attaching to these government grants.

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

Investment income
Investment income was recognised for gains realised on the sale of Argentine CCL bonds which were acquired for the purpose of selling in the short term.

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).

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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.

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 are 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.

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.

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

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of Group's operations, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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 27.

Performance Rights
The Company issued 2,250,000 performance rights to the Managing Director, Mr Todd Williams in 2019 financial year. The performance rights were issued in three tranches, the vesting of which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions. As at 30 June 2020 all of these performance rights remained unvested (30 June 2019: all unvested). The Directors have assessed the probability of performance criteria for all the tranches being achieved as 100%. The value of the performance rights is being recorded in share based payment reserve and will be recognised over the period of the vesting condition. As at 30 June 2020, the performance rights reserve was $47,868 (2019: $16,471).

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 7 to the financial statements.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: Australia 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:

Australia
Argentina

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

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
The consolidated entity does not have any customers.

Operating segment information

Consolidated - 30 June 2020		Australia $	Argentina $	Total $
Other income		42,152	330,890	373,042
Administrative expenses		(31,003)	(150,736)	(181,739)
Corporate expenses		(265,388)	(138,321)	(403,709)
Employment expenses		(285,474)	(36,489)	(321,963)
Exploration expenses		(116,694)	(2,138,392)	(2,255,086)
Loss before income tax expense		(656,407)	(2,133,048)	(2,789,455)
Income tax expense				-
Loss after income tax expense				(2,789,455)
Assets				
Unallocated assets:				
Cash and cash equivalents				3,564,498
Trade and other receivables				341,714
Other current assets				43,195
Other non-current assets				30,000
Total assets				3,979,407
Liabilities				
Unallocated liabilities:				
Trade and other payables				64,741
Employee Benefits				7,564
Total liabilities				72,305

Consolidated - 30 June 2019	New Zealand* $	Australia $	Argentina $	Total $
Other income	3,709	61,636	-	65,345
Administrative expenses	(3,197)	(118,803)	(74,896)	(196,896)
Corporate expenses	(2,828)	(447,896)	(95,485)	(546,209)
Employment expenses	-	(244,946)	(19,498)	(264,444)
Exploration expenses	(47,249)	(111,181)	(2,136,865)	(2,295,295)
Loss before income tax expense	(49,565)	(861,190)	(2,326,744)	(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

* There is no New Zealand reportable segment for the year ended 30 June 2020 due to the closure of operations and de-registration of Hauraki Gold Limited in New Zealand.

Note 5. Grants and other income

	Consolidated	
	30 June 2020 $	30 June 2019 $
COVID-19 cash boost incentive	22,707	-
Miscellaneous income	-	3,709
Grants and other income	22,707	3,709

Note 6. Investment income

	Consolidated	
	30 June 2020 $	30 June 2019 $
Gain from bonds	330,890	-

The gain from bonds relates to gain from the sale of Argentine CCL bonds which were acquired for the purpose of selling in the short term. The bonds were acquired in US Dollars and liquidated in Argentine Peso as part of transferring the operating working capital to the Group's Argentine subsidiary for exploration activities.

Note 7. Income tax

	Consolidated	
	30 June 2020 $	30 June 2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,789,455)	(3,237,499)
Tax at the statutory tax rate of 27.5%	(767,100)	(890,312)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	25,501	(8,925)
Tax rate differential	(53,326)	-
Other permanent differences	(20,835)	-
	(815,760)	(899,237)
Current year tax losses not recognised	862,457	945,694
Current year temporary differences not recognised	(46,697)	(46,457)
Income tax expense	-	-

	Consolidated	
	30 June 2020 $	30 June 2019 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	10,542,342	6,965,515
Potential tax benefit at applicable tax rates	3,010,639	1,915,517

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 2020 and 30 June 2019 due to the losses from operations.

At 30 June 2020, 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 $10,542,342 (2019: $6,965,515) 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.

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 8. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2020 $	30 June 2019 $
Cash at bank	3,544,498	2,926,719
Cash on deposit	20,000	1,020,000
	3,564,498	3,946,719

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

Note 9. Current assets - trade and other receivables

	Consolidated	
	30 June 2020 $	30 June 2019 $
GST receivable and other receivables	322,098	146,935

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.

As at 30 June 2020, $82,667 (2019: nil) was past due not impaired.

Note 10. Non-current assets - Other receivables

	Consolidated	
	30 June 2020 $	30 June 2019 $
Other receivables	19,616	-

Other receivable represents the amount of VAT as at 30 June 2020 that is reimbursable under the Mining Investment Law in Argentina after 12-month from 30 June 2020.

Note 11. Current liabilities - trade and other payables

	Consolidated	
	30 June 2020 $	30 June 2019 $
Trade payables	14,173	73,034
Accrued expenses	28,199	51,161
Other payables	22,369	32,806
	64,741	157,001

Refer to note 16 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 30 June 2020 $	Consolidated 30 June 2019 $
Non-interest bearing loan	-	26,606

Refer to note 16 for further information on financial instruments.

Minera Los Domos 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 USD 15,914 payable as at 30 June 2019 was settled during the year ended 30 June 2020.

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.

Note 13. Equity - issued capital

	Consolidated			
	30 June 2020 Shares	30 June 2019 Shares	30 June 2020 $	30 June 2019 $
Ordinary shares - fully paid	113,869,786	91,869,786	14,562,344	11,855,059

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	60,707,938		8,381,747
Share Issued for the acquisition of Los Domos Group	21 February 2019	15,000,000	$0.065	975,000
Share issued on the exercise of loyalty options	8 April 2019	682,490	$0.200	136,498
Share placement to sophisticated investors	14 June 2019	14,834,196	$0.155	2,299,450
Share placement to sophisticated investors	19 June 2019	645,162	$0.155	100,000
Capital raising cost		-	$0.000	(37,636)
Balance	30 June 2019	91,869,786		11,855,059
Share placement to sophisticated investors	4 June 2020	22,000,000	$0.125	2,750,000
Capital raising cost		-	$0.000	(42,715)
Balance	30 June 2020	113,869,786		14,562,344

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 note 13 and 14, 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.

The capital risk management policy remains unchanged from the 30 June 2019 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	
	30 June 2020 $	30 June 2019 $
Foreign currency reserve	(28,056)	45,153
Share based payment reserve	205,093	294,011
	177,037	339,164

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 15. Equity - dividends

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

Note 16. 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.

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

	Assets		Liabilities	
Consolidated	30 June 2020 $	30 June 2019 $	30 June 2020 $	30 June 2019 $
US dollars	9,268	31,163	-	20,786
New Zealand dollars	-	3,841	-	-
Argentine Peso	380,550	4,125	15,410	150,316
	389,818	39,129	15,410	171,102

The consolidated entity had net assets denominated in foreign currencies of $373,819 as at 30 June 2020 (2019: $135,124). Based on this exposure, had the Australian dollars weakened by 1%/strengthened by 1% (2019: weakened by 1%/strengthened by 1%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been $3,707 lower/$3,782 higher (2019: $1,338 lower/$1,365 higher) and equity would have been $3,707 higher/$3,782 lower (2019:$1,338 higher/$1,365 lower).

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 no credit risk from trade receivables due no trading activity during the year. Other receivables is comprised of VAT on expenditure incurred by Minera Los Domos S.A in Argentina. There is an insignificant credit risk on these VAT receivables due to the obligation of the Argentine government to refund the VAT based on the related VAT lodgements.

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 liabilities. The tables have been drawn up based on the undiscounted cash flows based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 30 June 2020	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	-	(14,173)	-	-	-	(14,173)
Other payables	-	(50,568)	-	-	-	(50,568)
Total non-derivatives		(64,741)	-	-	-	(64,741)

Consolidated - 30 June 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)
Total non-derivatives		(156,997)	(26,606)	-	-	(183,603)

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.

Note 17. 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)
Mr Alastair Morrison (Non-executive Director)

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

	Consolidated	
	30 June 2020 $	30 June 2019 $
Short-term employee benefits	252,044	207,522
Post-employment benefits	17,905	13,551
Long-term benefits	800	305
Termination benefits	-	48,786
Share-based payments	31,397	(128,345)
	302,146	141,819

Share-based payments for the year end 30 June 2020 relates the vesting charge on performance rights granted and issued to Mr Williams in financial year 2019.

For financial year 2019, share-based payments represent;

- a reversal of performance rights amounting to $(144,816) issued to Mr Peters, which were fortified on his resignation.
- a share-based payment amounting to $16,471 relates the vesting charge on performance rights granted and issued to Mr Williams.

Note 18. 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	
	30 June 2020 $	30 June 2019 $
Audit services - William Buck Audit (Vic) Pty Ltd		
Audit or review of the financial statements	35,900	31,100

Note 19. Commitments

	Consolidated	
	30 June 2020 $	30 June 2019 $
Planned exploration expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	7,973	763,000
One to five years	14,748	2,496,000
	22,721	3,259,000

Exploration Expenditure Commitments

Under the terms of mineral tenement licences held by the Group in New South Wales and Argentina, there are no minimum annual expenditure obligations required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. Work programs are submitted on application and renewal which may be subject to variation from time to time in accordance with the relevant state department's regulations. The Group may at any time relinquish tenements, and avoid expenditure required on work programs, or may seek exemptions from the relevant authority. The Groups only commitments in relation to these tenements are the payment of annual rents as detailed above.

Note 20. Related party transactions

Parent entity
E2 Metals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Key management personnel
Disclosures relating to key management personnel are set out in note 17 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	
	30 June 2020 $	30 June 2019 $
Sale of goods and services:		
Payments to Leydin Freyer Corp Pty Ltd, an associated entity of Ms Melanie Leydin*	86,250	90,000
Payments to Sustainable Project Services, an associated entity of Mr Simon Peters**	-	61,257

* 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	
	30 June 2020 $	30 June 2019 $
Current payables:		
Trade payables to Leydin Freyer Corp Pty Ltd, an entity associated to Ms Melanie Leydin	7,231	9,382

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

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2020 $	30 June 2019 $
Loss after income tax	(868,801)	(747,200)
Total comprehensive loss	(868,801)	(747,200)

Statement of financial position

	Parent	
	30 June 2020 $	30 June 2019 $
Total current assets	3,463,815	3,827,211
Total assets	10,291,040	8,430,286
Total current liabilities	54,319	125,581
Total liabilities	55,424	125,886
Equity		
Issued capital	13,648,518	10,941,233
Share based payment reserve	205,093	294,011
Accumulated losses	(3,617,995)	(2,930,844)
Total equity	10,235,616	8,304,400

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 23.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

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

Note 22. 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 30 June 2020 %	Ownership interest 30 June 2019 %
Land & Mineral Limited	Australia	100.00%	100.00%
Fisher Resources Pty Ltd	Australia	100.00%	100.00%
Hauraki Gold Limited*	New Zealand	-	100.00%
EMX New Zealand (BVI) Inc	British Virgin Islands	100.00%	100.00%
Los Domos Pty Ltd	Australia	100.00%	100.00%
Minera Los Domos S.A	Argentina	80.00%	80.00%
Ivael Mining S.A**	Argentina	95.00%	-

* During the year ended 30 June 2020, Hauraki Gold Limited operations were closed and the company was deregistered in New Zealand.

** During the year ended 30 June 2020, Ivael Mining S.A was established with 95% share held by Los Domos Pty Ltd.

Summarised financial information

Summarised financial information of Minera Los Domos S.A, the subsidiary with non-controlling interests that is material to the consolidated entity is set out below:

	30 June 2020 $	30 June 2019 $
Summarised statement of financial position		
Current assets	388,243	164,525
Total assets	388,243	164,525
Current liabilities	14,423	63,242
Non-current liabilities	3,876,184	1,455,630
Total liabilities	3,890,607	1,518,872
Net liabilities	(3,502,364)	(1,354,347)
Summarised statement of profit or loss and other comprehensive income		
Revenue	330,890	-
Expenses	(2,459,789)	(1,412,449)
Loss before income tax expense	(2,128,899)	(1,412,449)
Income tax expense	-	-
Loss after income tax expense	(2,128,899)	(1,412,449)
Other comprehensive income	-	-
Total comprehensive loss	(2,128,899)	(1,412,449)

Note 23. 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 2020 total $55,426 (2019: $894,895).

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	30 June 2020 $	30 June 2019 $
Revenue	42,152	61,636
Administrative expenses	(30,865)	(118,683)
Corporate expenses	(265,123)	(446,658)
Impairment of Loan	(458,833)	-
Employment expenses	(285,474)	(244,944)
Exploration expenses	(99,805)	-
Loss before income tax expense	(1,097,948)	(748,649)
Income tax expense	-	-
Loss after income tax expense	(1,097,948)	(748,649)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(1,097,948)	(748,649)

Statement of financial position	30 June 2020 $	30 June 2019 $
Current assets		
Cash and cash equivalents	3,480,772	3,890,102
Trade and other receivables	10,788	9,560
Prepayments	43,195	29,843
	3,534,755	3,929,505
Non-current assets		
Investments	975,000	1,627,360
Security deposits	5,688,317	4,430,966
	6,663,317	6,058,326
Total assets	10,198,072	9,987,831
Current liabilities		
Trade and other payables	47,862	63,423
Other	6,459	62,157
	54,321	125,580
Non-current liabilities		
Borrowings	-	769,010
Other	1,105	305
	1,105	769,315
Total liabilities	55,426	894,895
Net assets	10,142,646	9,092,936
Equity		
Issued capital	14,562,344	12,716,521
Reserves	205,093	294,011
Accumulated losses	(4,624,791)	(3,917,596)
Total equity	10,142,646	9,092,936

Note 24. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there was no significant adverse effect of it on the Group as of 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 3 July 2020 the Company issued 17,330,400 fully paid ordinary shares in the capital of the Company as a result of a Share Purchase Plan (SPP) at an issue price of $0.125 (12.5 cents) per share to raise $2.17 million.

No other matter or circumstance has arisen since 30 June 2020 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 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2020 $	30 June 2019 $
Loss after income tax expense for the year	(2,789,455)	(3,237,499)
Adjustments for:		
Share-based payments	92,732	(32,455)
Foreign exchange differences	(67,163)	15,176
Exploration cost through shares issued	-	1,094,003
Gain from sale of bonds	(330,890)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(193,203)	(106,110)
Increase in prepayments	(13,352)	(2,066)
Increase/(decrease) in trade and other payables	(93,568)	74,549
Increase/(decrease) in employee benefits	1,882	(4,869)
Net cash used in operating activities	(3,393,017)	(2,199,271)

Note 26. Earnings per share

	Consolidated	
	30 June 2020 $	30 June 2019 $
Loss after income tax	(2,789,455)	(3,237,499)
Non-controlling interest	425,987	257,978
Loss after income tax attributable to the owners of E2 Metals Limited	(2,363,468)	(2,979,521)

	Cents	Cents
Basic loss per share	(2.53)	(4.45)
Diluted loss per share	(2.53)	(4.45)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	93,376,635	66,919,589
Weighted average number of ordinary shares used in calculating diluted earnings per share	93,376,635	66,919,589

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.

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 2020 there were 3,900,000 potential ordinary shares not considered dilutives.

Note 27. Share-based payments

Options

During the year, the consolidated entity issued 150,000 unlisted employee options in December 2019 and 500,000 unlisted employee options in May 2020. All the options were fully vested upon issuance.

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

30 June 2020							
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	$0.250	1,500,000	-	-	(1,500,000)	-
25/03/2019	22/03/2022	$0.220	1,000,000	-	-	-	1,000,000
23/12/2019	23/12/2022	$0.260	-	150,000	-	-	150,000
27/05/2020	27/05/2023	$0.170	-	500,000	-	-	500,000
			2,500,000	650,000	-	(1,500,000)	1,650,000

30 June 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	$0.250	1,500,000	-	-	-	1,500,000
25/03/2019	22/03/2022	$0.220	-	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
23/12/2019	23/12/2019	$0.180	$0.260	82.54%	-	0.86%	$0.079
27/05/2020	27/05/2023	$0.155	$0.170	108.31%	-	0.26%	$0.098

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
20/12/2018	30/12/2023	-	2,250,000	-	-	-	2,250,000

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. No performance rights were vested during the financial year ended 30 June 2020.

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 2020 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 23 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 2020

William Buck

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 2020, 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 2020 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 (including Independence Standards)* (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
Telephone: +61 3 9824 8555
williambuck.com

Key Audit Matters

We have determined that there are no key audit matters to communicate in our 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 2020 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 2020.

In our opinion, the Remuneration Report of E2 Metals Limited for the year ended 30 June 2020 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, 25th September 2020

The shareholder information set out below was applicable as at 17 September 2020

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding for holders of ordinary shares:

Range	Total holders	Units	% Units
1 - 1,000	91	15,858	0.01
1,001 - 5,000	74	285,982	0.22
5,001 - 10,000	322	2,000,006	1.52
10,001 - 100,000	314	12,004,725	9.15
100,001 Over	175	116,893,615	89.10
Total	**976**	**131,200,186**	**100.00**
Holdings less than Marketable parcel	**98**	**32,259**	**0.02**

*At share price of $0.2 per share.

Analysis of number of equitable security holders by size of holding for holders of unlisted options:

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	5	1,650,000	100.00
Total	**5**	**1,650,000**	**100.00**

Analysis of number of equitable security holders by size of holding for holders of unlisted performance rights:

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	1	2,250,000	100.00
Total	**1**	**2,250,000**	**100.00**

EQUITY SECURITY HOLDERS

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

Twenty Largest Shareholders

	Name	No. of shares	% Units
1	Dellta Pty Ltd	9,000,000	6.86
2	Commodity House Pty Ltd	8,435,000	6.43
3	Capri Trading Pty Limited <The Capri Family A/C>	8,000,000	6.10
4	Mr Petar Jurkovic & Ms Allison Parker <P Jurkovic Family A/C>	5,290,323	4.03
5	CCF No.1 Pty Ltd	4,350,645	3.32
6	Dael Investments (Sa) Pty Ltd	4,244,407	3.24
7	Capri Trading Pty Ltd <The Capri Family>	3,115,000	2.37
8	Olivers Hill Pty Ltd <Olivers Hill Super Fund A/C>	2,602,784	1.98
9	Penstock Advisory Pty Ltd	2,223,809	1.69
10	Lido Trading Ltd	2,135,406	1.63
11	Mr James Henderson Allen	2,000,000	1.52
12	Puresteel Holdings Pty Ltd <Rattigan Super Fund A/C>	1,780,110	1.36
13	Tykune Pty Ltd	1,676,667	1.28
14	Olivers Hill Pty Ltd <Donohue Family>	1,665,000	1.27
14	Mrs Dominique Skye Stewart	1,625,000	1.24
16	D & J Investments Pty Ltd	1,524,067	1.16
17	Rayne Investments Pty Ltd <Stewart Investment A/C>	1,514,826	1.15
18	Melcraig Superannuation P/L <Melcraig Super Fund A/C>	1,504,000	1.15
19	RL & JE Investments Pty Ltd <RW Developments Super>	1,500,000	1.14
20	Todd Jarrad Williams <Todd Williams Investment>	1,200,000	0.91
Total Top 20 Shareholders		**65,387,044**	**49.84**

Substantial Shareholders

Details of substantial shareholders are set out below:

Name	No. of shares	% Units
Gregory William Seers	11,762,170	10.33%
Capri trading Pty Limited <Capri Family A/C>	11,115,000	8.47%
Dellta Pty Ltd (Dellta Group)	10,612,903	8.09%
Martin James Donohue	7,115,085	5.42%

VOTING RIGHTS

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

At meeting of members or classes of members:

(a) each member entitled to vote may vote in person or by proxy, attorney or respective;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

(i) for each fully paid share held by person, or in respect of which he/she is appointed a proxy, attorney or representative, one vote for the share;

(ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited). Amounts paid or credited as paid in advance of a call are ignored when calculating the fraction

Subject to any rights or restrictions attached to any shares or class of shares. The unlisted options and unlisted performance rights do not carry any voting rights.

ANNUAL GENERAL MEETING AND DIRECTOR NOMINATIONS CLOSING DATE

E2 Metals Limited advises that its Annual General Meeting will be held on Monday, 16 November 2020. The details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

The Closing date for receipt of nomination for the position of Director is Monday, 28 September 2020. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Monday, 28 September 2020 at the Company's Registered Office.

The Company notes that the deadline for nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.