



**ANNUAL
REPORT**
30 JUNE 2021

E2 METALS LIMITED
ABN 34 116 865 546

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Corporate Directory

Directors

- › **Mr Todd Williams**
(Managing Director)
- › **Ms Melanie Leydin**
(Non-Executive Chairperson till 21 April 2021 and Non-Executive Director from 22 April 2021)
- › **Mr Bradley Evans**
(Non-Executive Chairman)
(appointed on 22 April 2021)
- › **Mr Alastair Morrison**
(Non-Executive Director)
(resigned on 4 May 2021)
- › **Mr Peter Mullens**
(Non-Executive Director)
(appointed on 13 July 2021)

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

Stock Exchange Listing

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

Chairman's letter

Dear Fellow Shareholder,

The 2021 financial year will go down as one of the most disrupted in history. While clarifying the Company's strategy at the end of FY20, the E2 Metals team in Australia had not contemplated being unable to physically visit the project for 18 months. Despite COVID-19 and the associated disruptions in Argentina, we were able to pivot our strategy and adapt our work programs to allow the Company to achieve an excellent year on the ground.

Our teams have remained active and completed just over 19,000 meters of exploration and delineation drilling at the Company's flagship Conserrat gold and silver project.

This included the high-grade Mia discovery, where, at the time, the Company reported one of the highest gold and silver drill intercepts globally at 18m at 47gpt gold and 208gpt silver from 66 meters downhole depth. The discovery of high-grade, near-surface mineralisation at Mia serves as an essential platform for growth at Conserrat. Recent discoveries at Emilia and Malvina provide us with the confidence that Conserrat not only has grade but also has scale.

The Board remains confident that Conserrat will evolve to be a significant discovery for E2 Metals and the province of Santa Cruz and remains focused on unlocking this potential through further exploration.

Focused and well-planned greenfield exploration continues to be a part of broader value creation strategy, with work during early 2021 focused on the western Rio Negro province where E2 has consolidated a newly recognised intrusion-related gold belt spanning over 100 kilometres.

Surface sampling at El Rosillo has culminated in discovering a gold mineralised system over three by two kilometres. The potential for a large discovery at El Rosillo is further supported by its location within the Gastre fault system, host to the world-class Navidad silver deposit.

Your Board strengthened the balance sheet raising \$13.4 million with solid support from global and domestic institutions and remains in a robust financial position. A significant focus of the Board late in FY21 was ensuring the Company had a clearly understood strategy. One outcome of this revised strategy was the appointment of Peter Mullens, an experienced exploration geologist, having spent a significant portion of his career in Argentina and South America.

On behalf of the Board, I would like to thank the management team and staff of E2 Metals for their efforts in executing the Company's strategy to date. We are excited about the exploration season that has just commenced and look forward to positive results and news flow in the coming year.



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.

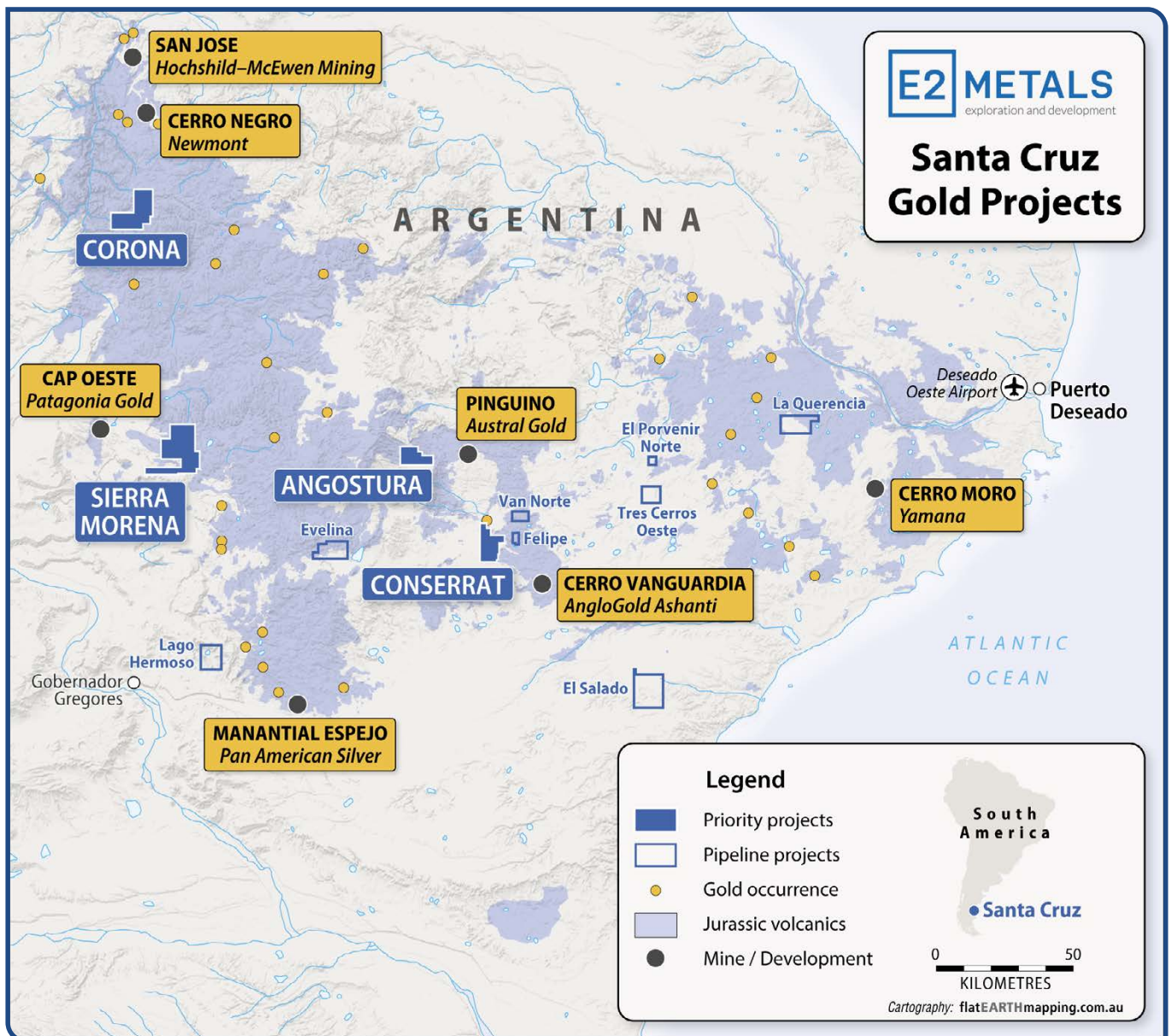
However, what we particularly value in our colleagues is:

- › **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.



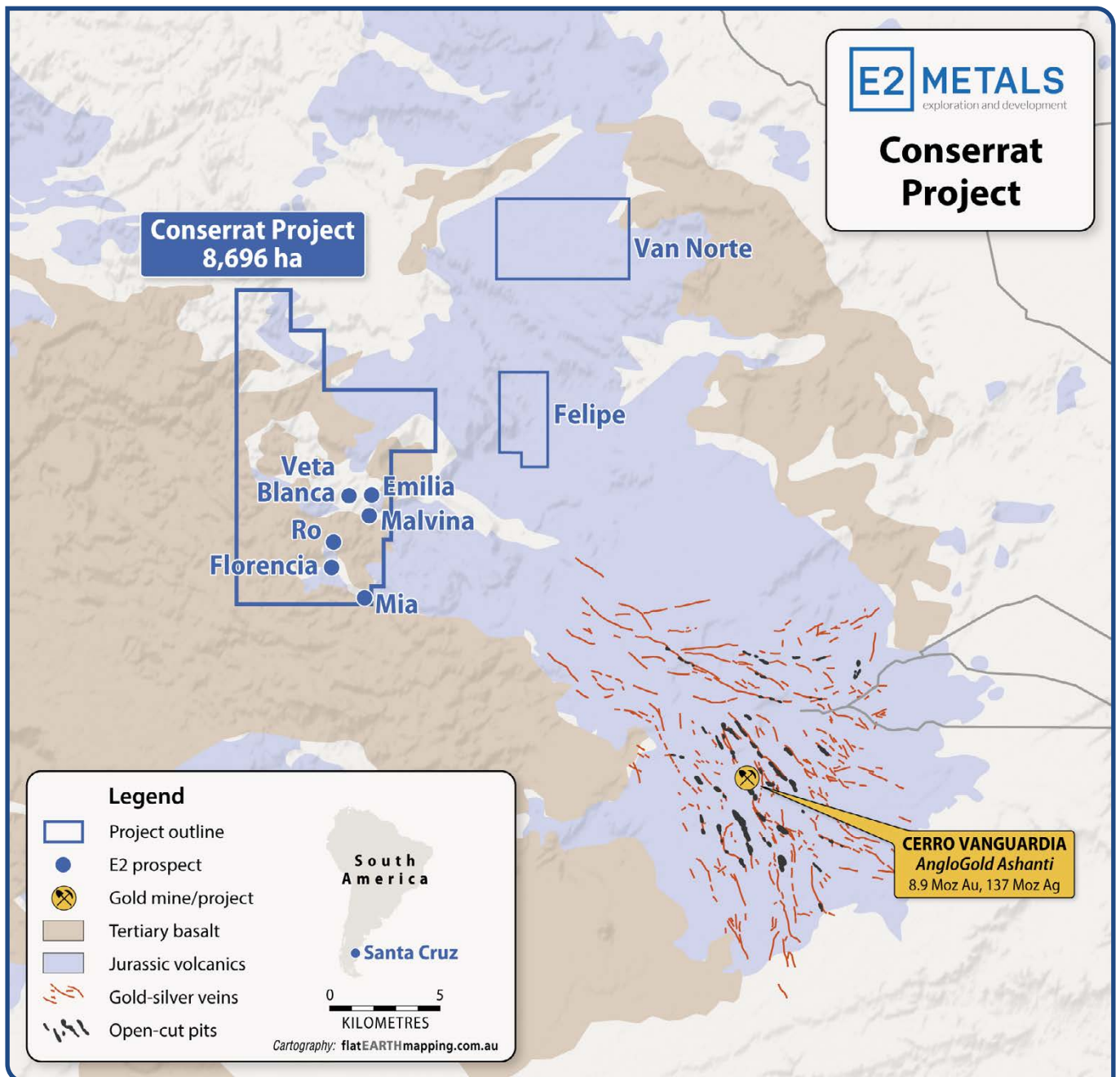
• Figure 1: Santa Cruz Portfolio

Conserrat

Exploration during the reporting period was focused on the **Conserrat** project (Figure 2), which is located in the central Santa Cruz 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 is host to a recently discovered epithermal vein field that partially outcrops over an area of 25 km², within 'erosional windows' of younger volcanic and sediment cover.

The objective of the 2020 to 2021 field season was to follow up encouraging gold and silver intercepts from the Company's inaugural scout drill program. This included one of the largest drill programs completed to date at the project comprising 54 scout Reverse Circulation (RC) holes for 5,095m and 93 diamond holes for 14,300m.



• Figure 2: Conserrat Project

Initial drilling was focused at **Mia** where a previous 5-hole scout RC drill program returned an exceptional gold and silver intercept of **8m at 7.6gpt Au and 218gpt Ag from 76m**.

Follow up drilling commenced in September 2020 and defined high-grade mineralisation over 150m strike and 150m vertical depth. Mineralisation is associated with an oxidised colloform-crustiform epithermal vein ("Lara Vein") within ignimbrites and andesite. Mineralisation is open to the northwest where exploration is ongoing.

Significant drill hole intercepts from **Mia** include:

Mia	(DRC-MI20-012):	› 31m at 28gpt Au, 160gpt Ag (30gpt AuEq) from 53m, inc. 18m at 47gpt Au, 208gpt Ag (50gpt AuEq) from 68m
	(DDH-MI20-030):	› 11.2m at 4.6gpt Au, 559gpt Ag (12.6gpt AuEq) from 44m
	(DDH-MI20-034):	› 9m at 11gpt Au, 814gpt Ag (22gpt AuEq) from 44m, inc. 3.4m at 28gpt Au, 1843gpt Ag (54gpt AuEq) from 49.1m
	(CODD-116):	› 34.2m at 3.8gpt Au, 147gpt Ag (5.9 AuEq) from 28m
	(CODD-114):	› 17.2m at 5.8gpt Au, 218gpt Ag (8.9 AuEq) from 63.9m

Preliminary metallurgical test work was completed on three (3) composite drill hole samples from **Mia** to understand variations in gold recoveries under standard cyanidation conditions across oxide, transitional and sulphide zones.



Gold recoveries ranged from 91% to 93% for oxide to transition samples and 72% for sulphide samples at a grind (P80) of 106µm. Optimisation of grind size will be investigated to determine whether higher total gold recovery can be achieved.

Surface gold mineralisation was discovered at the **Florencia** and **Ro** prospects in late 2019. Further infill and step-out drilling returned further broad zones of gold and silver mineralisation at both prospects.

Significant drill hole intercepts include:

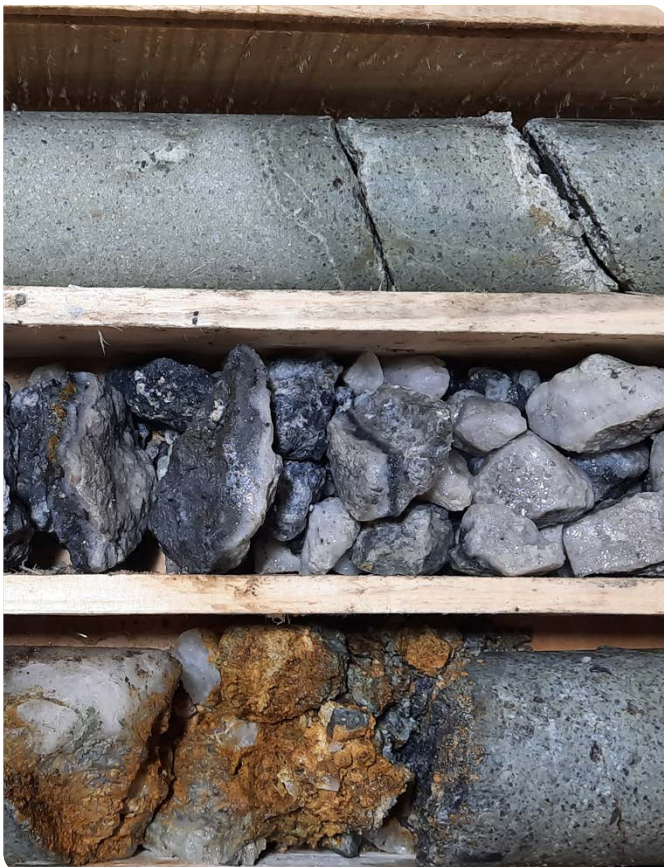
Florencia	(DRC-FL20-045):	› 13m at 2.7gpt Au, 23gpt Ag (3gpt AuEq) from 31m
	(DRC-FL20-016):	› 14m at 2.2gpt Au, 11gpt Ag (2.4 AuEq) from 56m
Ro	(CODD-094):	› 10m at 0.7gpt Au, 92gpt Ag (2gpt AuEq) from 143.4m
	(CODD-095):	› 4.2m at 0.3gpt Au, 291gpt Ag (4.4gpt AuEq) from 65m

Mineralisation at both prospects is open along strike and remains untested where the host structure continues under shallow cover.

Subsequent scout drilling led to two new discoveries at the **Emilia** and **Malvina** prospects, located on two separate north-west orientated structures 5 kilometers and 4 kilometers north of **Mia** respectively.

Initial drilling at **Emilia** was focused on testing a series of epithermal veins and quartz stockworks that outcrop along the “Emilia ridge”. The veins were tested by a series of scout holes in a fence configuration. The southern most hole CODD-125 intercepted high-grade silver mineralisation south of the ridge under shallow cover.

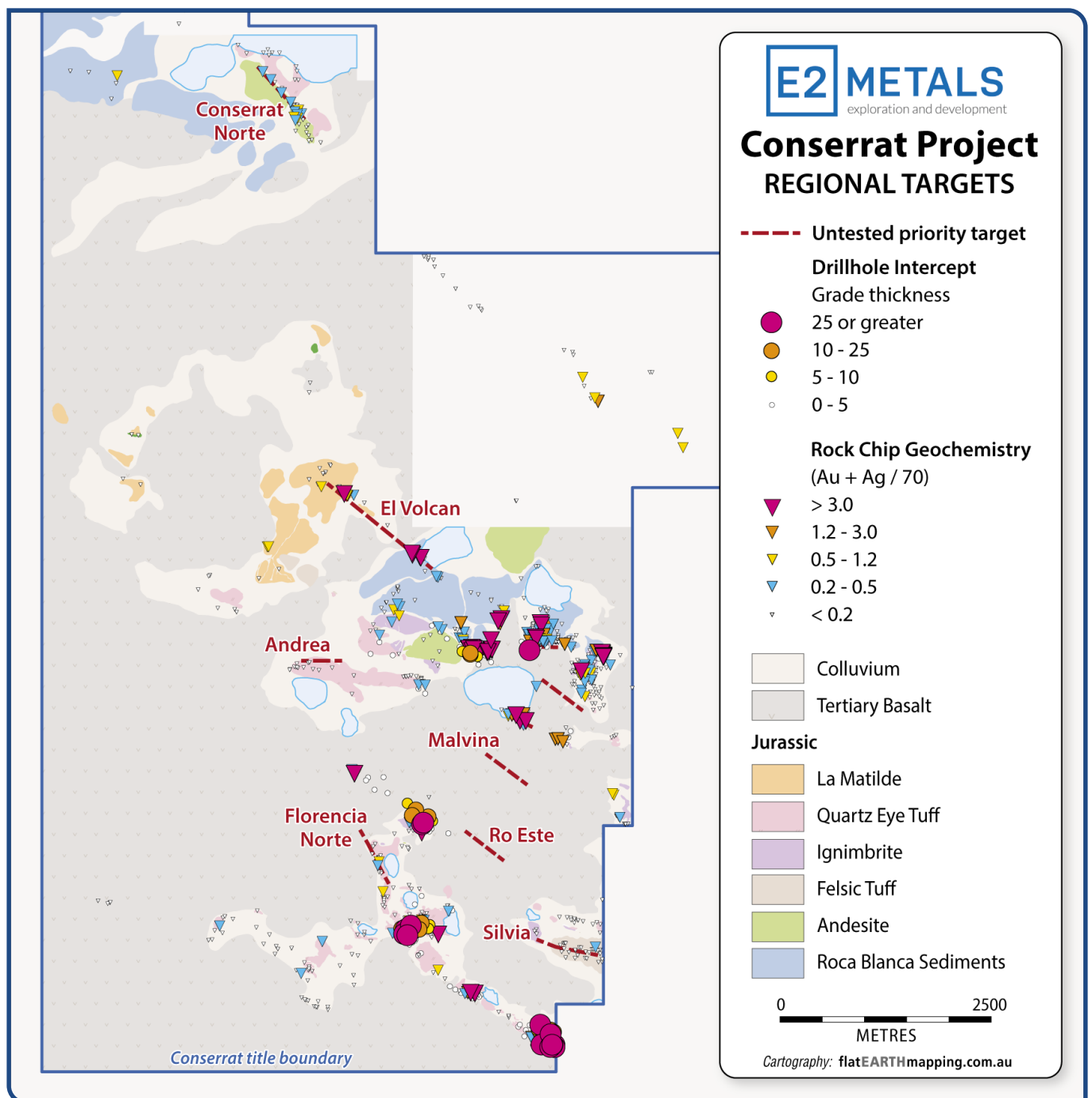
Emilia	(CODD-125):	› 9.5m at 0.4gpt Au, 375gpt Ag (5.8gpt AuEq) from 49m
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A further 7 holes for 819m were completed at **Emilia** on section spaced 50m apart and assays remain pending. Mineralisation remains open to the west, east and at depth.

Drilling at **Malvina** included 4 holes 791 meters on sections spaced 150 meters apart. Holes were collared to test a float train of high-grade vein boulders with up to **9.8gpt Au** and **1760gpt Ag** in rock samples. All drill holes intercepted meter wide epithermal veins with abundant black sulphides (silver minerals?) and assays remain pending.

Drilling recommenced during September 2021 following the end of winter. In addition to further step-out drilling at the new **Emilia** and **Malvina** discoveries, trenching and drilling is prioritised at the **Conserrat Norte, Andrea, Malvina Sur, Ro Este, Florencia Norte** and **Silva** prospects which are host to untested geochemical and geophysical targets (see Figure 3).

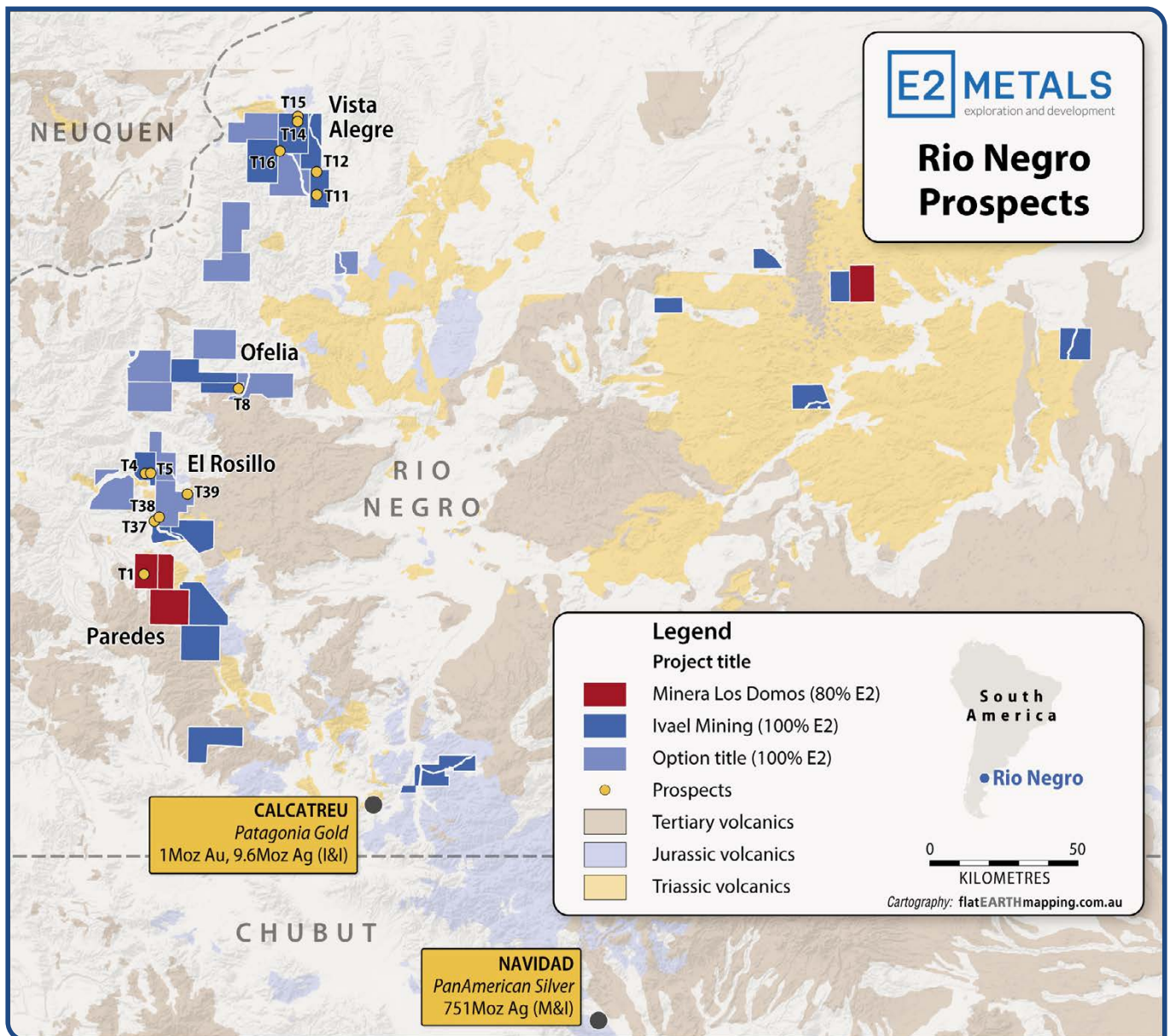


• Figure 3: Conserrat project - drill hole intercepts and regional targets

Rio Negro

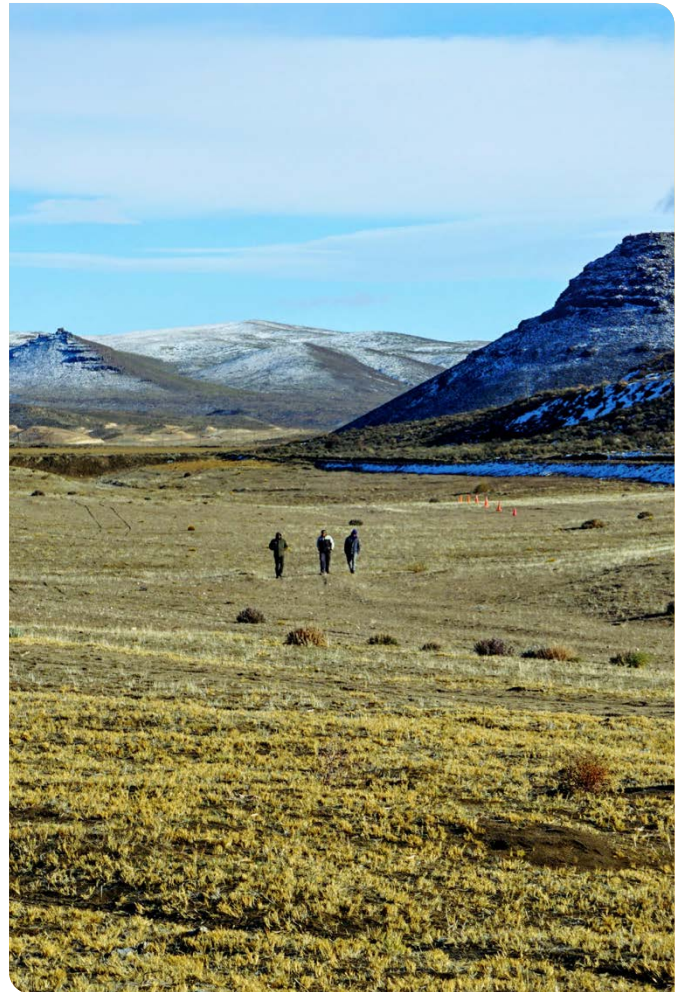
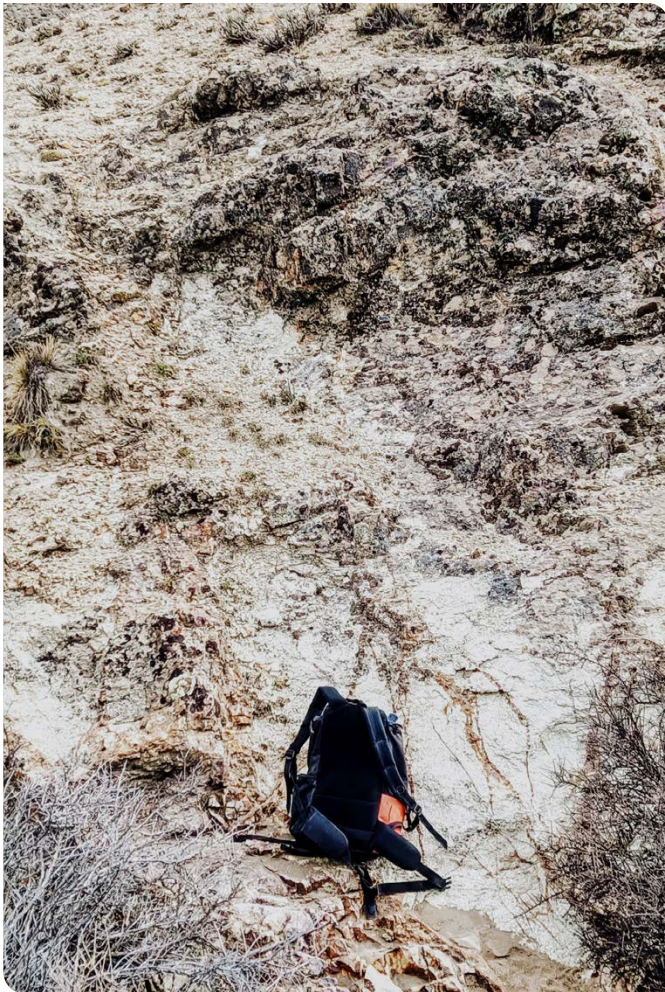
E2 Metals holds an 80% interest in 37,979 hectares in the Rio Negro province (Figure 4) of Argentina. The province is host to the northern portion of the Somuncura Massif, a large volcanic province that is geologically similar to the Deseado Massif in Santa Cruz, but has been subject to far less modern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

The Company entered Rio Negro in late 2018 when it acquired an 80% interest in the Santa Cruz portfolio and Argentine entity Minera Los Domos. The Company has since acquired a further 221,622 hectares of titles mainly in the northwestern Rio Negro province where it has consolidated four districts centered on the **Vista Alegre**, **Ofelia**, **Paredes** and **El Rosillo** properties respectively (see Figure 4). All titles are held through E2s 100% owned subsidiary Irael Mining.



• Figure 4: Rio Negro Portfolio

To further consolidate the region, during February 2021 the Company signed an Option to Purchase agreement with local Valcheta Exploraciones for the **El Rosillo** title. The title was acquired in August for a once off payment of US\$75,000 plus 312,807 ordinary E2 shares, in addition to a 1% Net Smelter Royalty (“NSR”) of which 0.75% is capped at US\$1million.



Initial reconnaissance mapping and sampling by E2 in March 2021 defined 12 gold mineralised prospects of possible Intrusion Related Gold (IRG) affinity within a major north-northeast structural corridor that spans 100km.

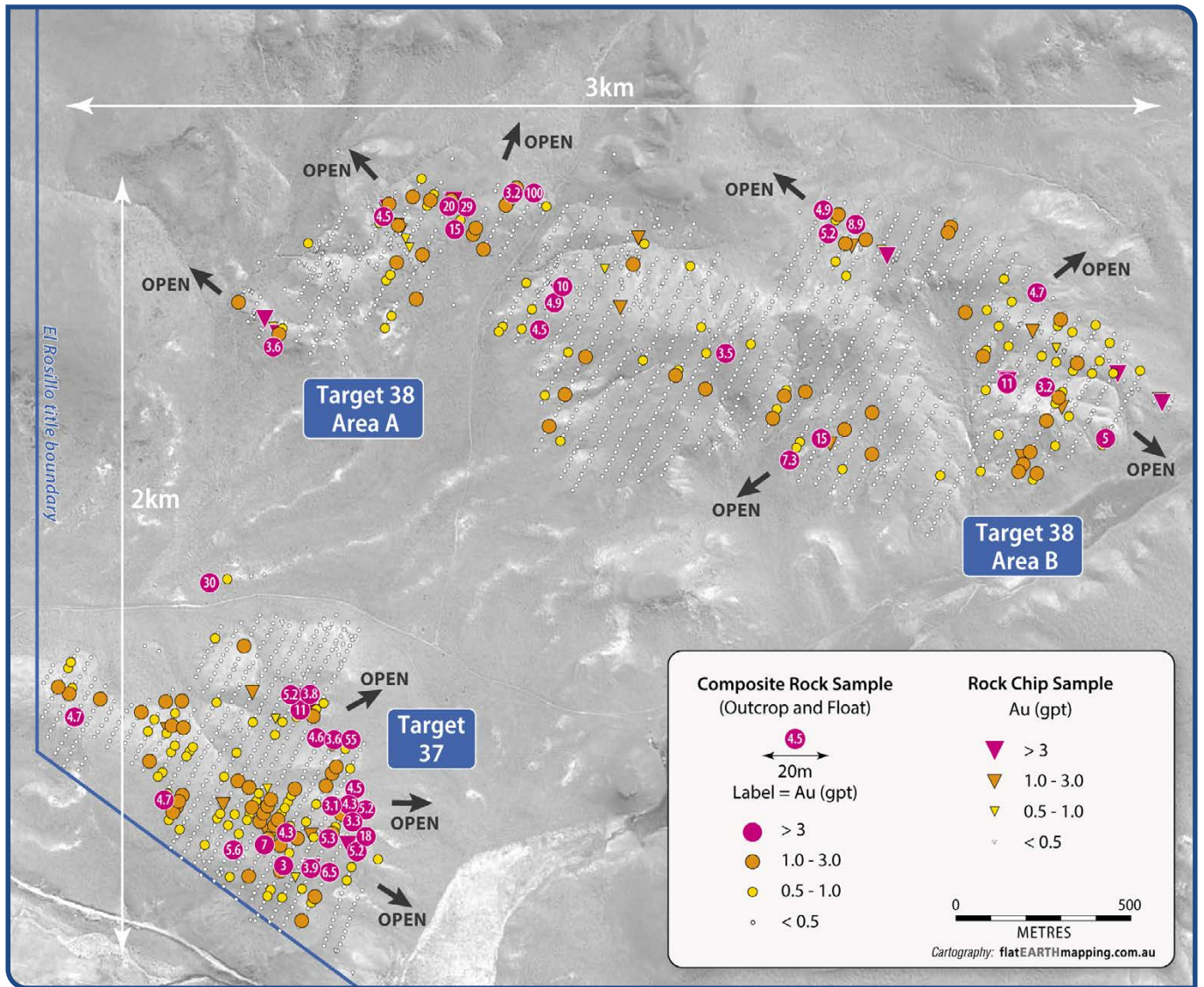
El Rosillo was prioritised for the first phase of detailed exploration because of proximity to infrastructure. Operations are based out of a small service town Comallo located 15km northwest of the project and daily flights to Buenos Aires are accessible via a 1.5-hour drive on a sealed highway to Bariloche.

El Rosillo is within the major Gastre Fault zones which is host to both Calcatreu and Navidad. Gold mineralisation is spatially related to Permo-Triassic granitoids that in turn have been intruded by Jurassic stocks, dykes and domes, which manifest as rolling hills surrounded by younger gravel cover. Surface gold mineralisation is diverse, and is associated with late-Jurassic dykes, meter-wide veins, and broad zones of crystalline quartz stockworks.

Given the bulk-mineable nature of Intrusion Related Gold (IRG) systems, and prevalence of outcrop at **El Rosillo**, the Company completed a systematic composite rock grid to better determine the possible tenor and distribution of gold mineralisation at the T37 (“Target 37”) and T38 (“Target 38”) prospects. Samples were collected on lines spaced 40m apart and are a single bulk sample that is representative of all rock material (wall rock and veins) along a 20m interval. Sample results are semi-quantitative and comprise both outcrop and float material, depending on the surface environment.

A total of 1951 composite rock samples have been collected between April and June 2021 (Figure 5). The work defined a gold mineralised system with dimensions of 3 kilometers by 2 kilometers. At all prospects surface gold mineralisation is open and disappears under shallow gravel cover.

A detailed trench and channel chip program is planned to verify the surface anomalies. Environmental Impact Assessment (EIA) has been submitted to the provincial environmental authorities to gain statutory permits to drill at [El Rosillo](#).



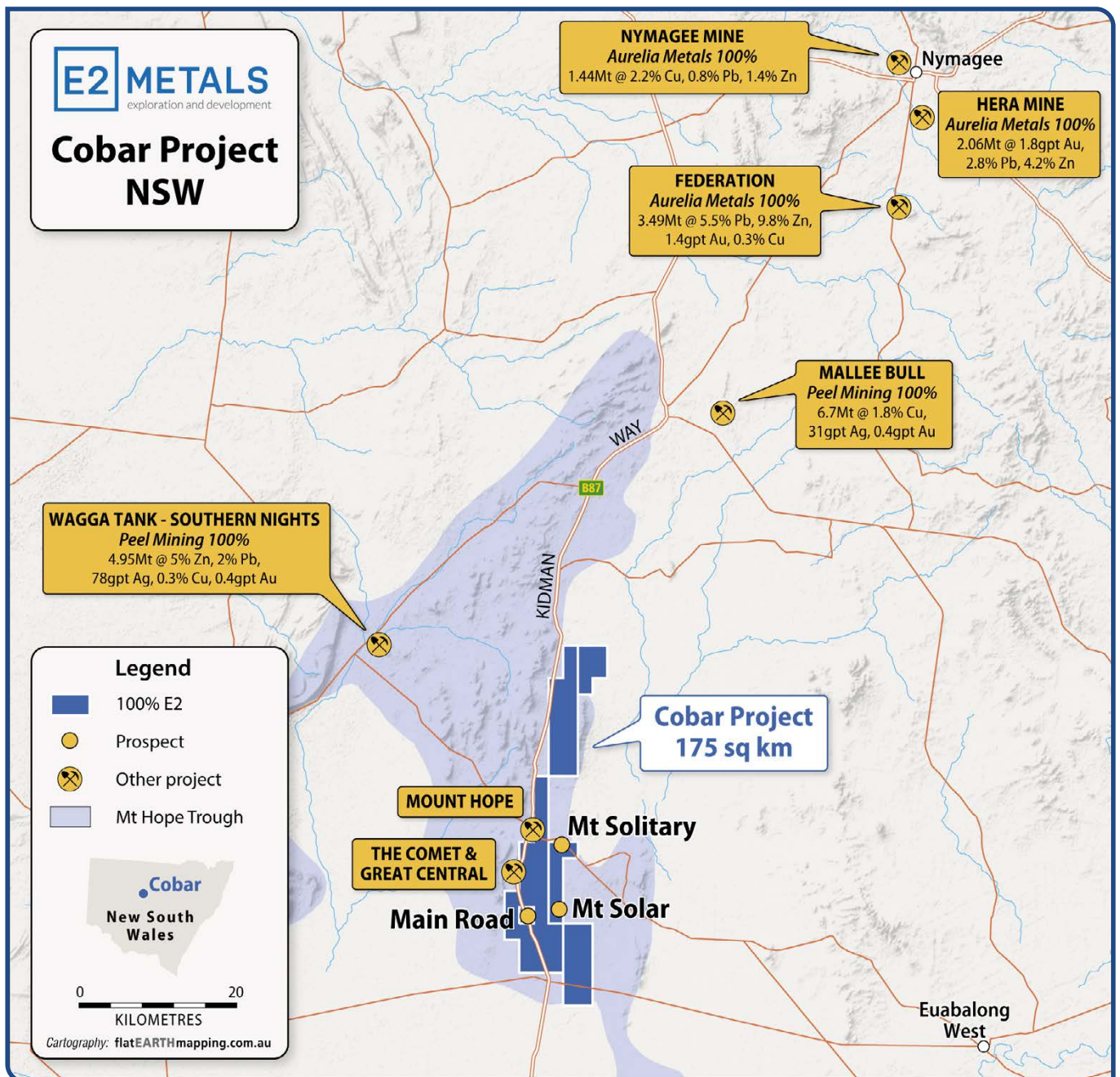
• Figure 5: El Rosillo Project –Target 37 and Target 38 composite rock grids and selective rock chip samples



COBAR

E2 Metals holds a large 175km² strategic landholding (“the Mount Hope project”) 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 Hope, 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.



• Figure 6: Mount Hope project

Exploration with the Mount Hope project was limited to a 433-line kilometer Airborne Electromagnetic (AEM) survey flown by Geotech Airborne Pty Ltd in late February. The survey represents the first modern geophysical survey of this type within the Company's tenure. Data was acquired on lines spaced 100 to 200m apart which is suitable for defining bedrock conductors as possible "blind" gold and copper targets. Ten (10) priority basement conductors were defined within the Mount Hope project. A ground electromagnetic geophysical survey is planned once COVID-19 border restrictions effecting travel between New South Wales and neighboring states are lifted.



CORPORATE

During April 2021, Bradley Evans was appointed to the board of E2 Metals as Non-Executive Chair. Bradley is a highly experienced and degree qualified Mining Engineer with nearly 25 years' experience in the minerals industry spanning across operations, technical and consulting roles. Brad's operational and technical experience is spread across Australia and South America where he has consulted on mining projects in Peru, Chile, Mexico, and Argentina. As General Manager of an international mining consultancy, Brad built a successful global company with over 150 employees in 10 offices around the world. Brad has held director positions with Kidman Resources where he served as a Non-Executive Director for 5 years prior to its 2019 takeover by Wesfarmers Ltd. Ms. Melanie Leydin has stood down as Chair and but remains on the Board as Non-Executive Director.

Mr. Peter Mullens joined the board of E2 as Non-Executive Director, effective 13 July 2021. Peter is a highly experienced and degree qualified geologist with 30 years' experience in the minerals industry. Most noteworthy, Mr. Mullens was responsible for Mount Isa Mines (MIM) first entry into the Cerro Negro project and was the co-founder Aquiline Resources (through the Ironbark Group) which held the world-class Navidad silver deposit (750 million ounces silver) prior to the 2009 takeover by Pan American Silver for CAD\$645m.

Mr. Alastair Morrison resigned as Non-Executive Director 4 May 2021 to pursue other interests. The board thanks Mr. Morrison for his valued opinions and contributions since his appointment in February 2019.

In November 2020 the Company completed a Share Placement to institutional and sophisticated investors to raise \$12.29million (net of fees) at a price of \$0.73 per share. Strong support was shown for the Placement from a broad range of high quality, domestic and international institutional investors. Argonaut Securities Pty Ltd and Canaccord Genuity (Australia) Limited acted as Joint Lead Managers and Bookrunners in respect of the Placement. The Company remains in a robust financial position with \$11 million cash at 30 June 2021.

COMPETENT PERSON STATEMENT

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

- › *Corona Norte Soil Results*, 24 July 2020
- › *New gold and silver targets emerge at Emilia and Ro*, 3 August 2020
- › *Conserrat Project – Drilling Update*, 19 August 2020
- › *Conserrat Project – Drilling Commenced*, 21 September 2020
- › *Conserrat Project Exploration Update*, 19 October 2020
- › *Conserrat Project Update*, 19 October 2020
- › *Exceptional gold and silver drill results from Mia*, 28 October 2020
- › *Florencia returns promising drill results*, 9 November 2020
- › *Successful institutional placement to fund exploration*, 19 November 2020
- › *Further high-grade results at Mia*, 15 December 2020
- › *Drilling expands gold and silver mineralisation at Mia*, 22 December 2020
- › *COVID-19 update*, 25 January 2021
- › *COVID-19 update*, 1 February 2021
- › *Exploration Update*, 9 February 2021
- › *Priority Electromagnetic Targets Defined at Cobar*, 9 March 2021
- › *New gold and silver zone defined at Mia*, 22 April 2021
- › *Appointment of Non-Executive Chairperson*, 22 April 2021
- › *Emilia scout drilling returns high-grade silver*, 10 May 2021
- › *Rio Negro – Target 37 Sampling Results*, 18 May 2021
- › *Exploration Update*, 30 June 2021
- › *Appointment of Non-Executive Director*, 13 July 2021
- › *Rio Negro – Target 38 Sampling Results*, 8 July 2021
- › *E2 Metals moves to 100% ownership in El Rosillo*, 31 August 2021
- › *Drilling to recommence at Conserrat*, 3 September 2021

SCHEDULE OF TENEMENTS | 30 June 2021

Schedule of Tenements as at 30 June 2021

Description	Tenement number	Holder	Interest owned by E2 Metals Limited %
Mount Hope, Australia	EL6837	Fisher	100
Main Road, Australia	EL8058	Fisher	100
Broken Range, Australia	EL8290	Fisher	100
Mount Hope, Australia	EL8654	Fisher	100
Evelina, Argentina	423.826/MS/09	Minera	80
Lago Hermoso, Argentina	423.827/MS/09	Minera	80
El Salado Este, Argentina	423.828/MS/09	Minera	80
El Salado Central I, Argentina	424.985/MS/10	Minera	80
El Porvenir Norte, Argentina	421.672/MS/12	Minera	80
Tres Cerro Oeste, Argentina	422.990/MS/12	Minera	80
Sierra Morena I, Argentina	430.269/MS/14	Minera	80
Sierra Morena II, Argentina	430.270/MS/14	Minera	80
Cañadón La Angostura, Argentina	437.502/BVG/17	Minera	80
Van Norte, Argentina	437.503/BVG/17	Minera	80
Corona Norte, Argentina	437.470/BVG/17	Minera	80
Corona Sur, Argentina	437.472/BVG/17	Minera	80
Conserrat, Argentina	437.471/BVG/17	Minera	80
Felipe, Argentina	440.732/LD/19	Minera	80
Cerros Blancos, Argentina	32.053/M/2007	Minera	80
Marinao, Argentina	32.055/M/2007	Minera	80
Arroyo de la Ventana, Argentina	32.056/M/2001	Minera	80
Laguna Redonda, Argentina	32.057/M/2007	Minera	80
Paredes Este	45248/M/2020	Minera	80

Schedule of Tenements as at 30 June 2021 (continued)

Description	Tenement number	Holder	Interest owned by E2 Metals Limited %
Paredes, Argentina	42.056/M/2017	Minera	80
Los Leones, Argentina	46006-M-2021	Minera	80
Calvo, Argentina	45041-M-2020	Ivail	100
Curva Oeste y Curva Este, Argentina	45037-M-2020	Ivail	100
Loma Negra, Argentina	45039-M-2020	Ivail	100
Maria, Argentina	45042-M-2020	Ivail	100
Marinao Oeste, Argentina	45043-M-2020	Ivail	100
Ofelia, Argentina	45044-M-2020	Ivail	100
Ojo Del Toro, Argentina	45040-M-2020	Ivail	100
Quila Mahuida, Argentina	45038-M-2020	Ivail	100
Vista Alegre, Argentina	45035-M-2020	Ivail	100
Yanquihuen, Argentina	45035-M-2020	Ivail	100
Buitrera, Argentina	46003-M-2021	Ivail	100
Buitrera Sur, Argentina	46005-M-2021	Ivail	100
Comallo Arriba	46000-M-2021	Ivail	100
Doradillo, Argentina	46001-M-2021	Ivail	100
Efeil, Argentina	46002-M-2021	Ivail	100
Saladero Sur, Argentina	46004-M-2021	Ivail	100
Ofelia Norte, Argentina	46110/M/2021	Ivail	100
Cerro Bayo, Argentina	46111-M-2021	Ivail	100
Rosillo Sur, Argentina	46154-M-2021	Ivail	100
Vista Alegre Este, Argentina	46166-M-2021	Ivail	100
Ipa, Argentina	444.802/IM/2021	Ivail	100
Delia, Argentina	444.800/IM/2021	Ivail	100
Los Calafates, Argentina	444.801/IM/2021	Ivail	100
El Rosillo	42028-2017	Ivail	100
Quila Mahuida Este, Argentina	46178-M-2021	Ivail (Option)	100
Yanquihuen Oeste, Argentina	46179-M-2021	Ivail (Option)	100
Bonito, Argentina	46180-M-2021	Ivail (Option)	100
Ofelia Este, Argentina	46181-M-2021	Ivail (Option)	100
Cañadon Guanaco Muerto Norte, Argentina	46210-M-2021	Ivail (Option)	100
Cañadon Guanaco Muerto Sur, Argentina	46211-M-2021	Ivail (Option)	100
Cerro Campo Limpio, Argentina	46209-M-2021	Ivail (Option)	100
Quinihuau, Argentina	46208-M-2021	Ivail (Option)	100
Aguada Reuque, Argentina	46207-M-2021	Ivail (Option)	100
Arroyo Pilahue, Argentina	46206-M-2021	Ivail (Option)	100
Rosillo Oeste, Argentina	46226-M-2021	Ivail (Option)	100

Notes:

Minera - Minera Los Domos S.A, a subsidiary of E2 Metals Limited

Ivail - Ivail 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 2021.

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 (Non-Executive Chairperson till 21 April 2021 and Non-Executive Director from 22 April 2021)
Mr Todd Williams (Managing Director)
Mr Bradley Evans (Non-Executive Chairman) (appointed on 22 April 2021)
Mr Alastair Morrison (Non-Executive Director) (resigned on 4 May 2021)
Mr Peter Mullens (Non-Executive Director) (appointed on 13 July 2021)

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 \$5,201,165 (30 June 2020: \$2,363,468).

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

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 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
 (Chairperson till 21 April 2021 and Non-Executive Director from 22 April 2021)
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 Medibio Limited (ASX:MEB)
Former directorships (last 3 years): Alchemia Limited (ASX:ACL)
Interests in shares: 976,800 fully paid ordinary shares
Interests in options: None

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 options: None
Interests in rights: 2,250,000 performance rights, expiring on 30 December 2023.

Name: Mr Bradley Evans
Title: Non-Executive Chairman (appointed on 22 April 2021)
Qualifications: Mining Engineer
Experience and expertise: Mr Evans is a highly experienced and degree qualified Mining Engineer with nearly 25 years' experience in the minerals industry spanning across operations, technical and consulting roles. His operational and technical experience is spread across Australia and South America where he has consulted on mining project in Peru, Chile, Mexico, and Argentina. Mr Evans has held director positions with Kidman Resources where he served as a Non-Executive Director for 5 years prior to its 2019 takeover by Wesfarmers Ltd. During this time, he chaired the Remuneration and Nomination Committee and was a member of the Audit Committee. He was also a director with NYSE listed Tierra Grande Resources. As General Manager of an international mining consultancy, Mr Evans built a successful global company with over 150 employees in 10 offices around the world. He led the brand development, marketing and administration functions while maintaining his professional and technical capability. Mr Evans is an operations specialist focussed on business and operations strategy, team engagement and value optimisation and has applied his skills from late-stage exploration through to brownfields operations.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 100,000 fully paid ordinary shares
Interests in options: None

Name:	Mr Peter Mullens
Title:	Non-Executive Director (appointed on 13 July 2021)
Qualifications:	BSc
Experience and expertise:	Mr Mullens is a geologist with a Bachelor of Science degree from Monash University in Melbourne. Peter has over 30 years' experience in the minerals industry, including grass roots exploration to project development in 20 countries across 5 continents. He held senior roles with Mount Isa Mines (MIM) and moved to Argentina in 1994 following the purchase of the Alumbrera Copper Project. During this time, he was responsible for their entry into the Cerro Negro project (Newmont), staking the claims that now host the multi-million-ounce Vein Zone, Bajo Negro and Silica Cap deposits. He was also a co-founder of the Ironbark Group of companies including Aquiline Resources which held the world-class Navidad silver deposit prior to the 2009 takeover by Pan American Silver. He has participated in several large gold discoveries globally, including the Chang Shan Hoe gold deposit in China, and the Amulsar gold deposit in Armenia where he was the co-founder and financier of Lydian Resources. Mr Mullens is an experienced director having served on a number of public company boards including Laramide Resources, Lydian Resources, Royal Road Minerals, Tethyan Resources and G2 Gold. He is currently the Executive Chairman of GBM Resources (ASX: GBZ), who have development-stage gold projects in the Drummond Basin Queensland.
Other current directorships:	GBM Resources (ASX: GBZ)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	400,000 fully paid ordinary shares
Interests in options:	None

'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 holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia 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 across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors.

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary. She 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.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Melanie Leydin	9	9
Todd Williams	9	9
Alastair Morrison	8	8
Bradley Evans	1	1

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 2021 no cash incentives were paid (2020: 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 2021, 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 (Non-Executive Chairperson till 21 April 2021 and Non-Executive Director from 22 April 2021)
- Mr Todd Williams (Managing Director)
- Mr Bradley Evans (Non-Executive Chairman) (appointed on 22 April 2021)
- Mr Alastair Morrison (Non-Executive Director) (resigned on 4 May 2021)

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.

30 June 2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Salary and fees \$	Cash bonus \$	Annual leave \$	Super-annuation \$	Long service leave \$	Equity-settled \$	

Non-Executive Directors:

Melanie Leydin*	39,996	-	-	-	-	-	39,996
Alastair Morrison	31,719	-	-	3,013	-	-	34,732
Bradley Evans	6,750	-	-	-	-	-	6,750

Executive Directors:

Todd Williams	197,759	-	18,640	18,787	3,786	31,311	270,283
	276,224	-	18,640	21,800	3,786	31,311	351,761

* In addition to the Director fee as above to Ms Leydin, \$138,000 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 2021.

30 June 2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Salary and fees \$	Cash bonus \$	Annual leave \$	Super-annuation \$	Long service leave \$	Equity-settled \$	

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.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<i>Non-Executive Directors:</i>						
Melanie Leydin	100%	100%	-	-	-	-
Alastair Morrison	100%	100%	-	-	-	-
Bradley Evans*	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Todd Williams	88%	85%	-	-	12%	15%

* Mr Bradley Evans (appointed as Non-Executive Chairman on 22 April 2021).

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 \$220,000 including superannuation.

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 2021.

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 2021.

There were no performance rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021. 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 2021 all of these performance rights remained unvested (30 June 2020: all unvested)

Additional information

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Revenue	3,702,886	373,042	65,345	39,334	10
Loss after income tax	(6,178,937)	(2,789,455)	(3,237,499)	(908,700)	(1,548,254)
Total comprehensive income	(6,280,151)	(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:

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.28	0.16	0.20	0.08	0.13
Basic earnings per share (cents per share)	(3.66)	(2.53)	(4.45)	(1.50)	(1.89)
Diluted earnings per share (cents per share)	(3.66)	(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	Others	Balance at the end of the year
<i>Ordinary shares</i>					
Todd Williams	1,200,000	-	-	-	1,200,000
Melanie Leydin*	816,800	-	160,000	-	976,800
Alastair Morrison**	900,000	-	200,000	(1,100,000)	-
Bradley Evans***	-	-	-	100,000	100,000
	<u>2,916,800</u>	<u>-</u>	<u>360,000</u>	<u>(1,000,000)</u>	<u>2,276,800</u>

* Additions presents purchase of shares on 3 July 2020.

** Additions presents purchase of shares on 3 July 2020 and the balance in Others represents numbers shares held at the time of resignation as Non-Executive Director on 4 May 2021.

*** The balance in Others represents numbers shares held at the time of appointment as Non-Executive Chairman on 22 April 2021.

Option holding

There were no options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity.

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	<u>2,250,000</u>	<u>-</u>	<u>-</u>	<u>2,250,000</u>

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	200,000
23 December 2019	23 December 2022	\$0.260	150,000
18 May 2020	18 May 2023	\$0.170	150,000
			500,000

* 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 rights
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 during the year ended 30 June 2021 and up to the date of this report.

The following ordinary shares of E2 Metals Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
23 March 2019	\$0.220	800,000
18 May 2020	\$0.170	350,000
		1,150,000

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



Signature is only valid with proper verification authentication

Bradley Evans

Non-Executive Chairman

23 September 2021

**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 2021 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, 23rd September 2021

ACCOUNTANTS & ADVISORS

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williambuck.com

| For the year ended 30 June 2021

	Note	Consolidated	
		30 June 2021 \$	30 June 2020 \$
Investment income	6	3,653,190	330,890
Grants and other income	5	29,865	22,707
Interest income		19,831	19,445
Expenses			
Administrative expenses		(171,488)	(129,812)
Corporate expenses		(546,833)	(403,709)
Employment expenses		(306,296)	(321,963)
Exploration expenses		(8,535,334)	(2,255,086)
Finance costs		(321,872)	(51,927)
Loss before income tax expense		(6,178,937)	(2,789,455)
Income tax expense	7	-	-
Loss after income tax expense for the year		(6,178,937)	(2,789,455)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(101,214)	(67,933)
Other comprehensive loss for the year, net of tax		(101,214)	(67,933)
Total comprehensive loss for the year		(6,280,151)	(2,857,388)
Loss for the year is attributable to:			
Non-controlling interest		(977,772)	(425,987)
Owners of E2 Metals Limited		(5,201,165)	(2,363,468)
		(6,178,937)	(2,789,455)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(999,662)	(425,987)
Owners of E2 Metals Limited		(5,280,489)	(2,431,401)
		(6,280,151)	(2,857,388)
		Cents	Cents
Basic loss per share	26	(3.66)	(2.53)
Diluted loss per share	26	(3.66)	(2.53)

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

	Note	Consolidated	
		30 June 2021 \$	30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	11,035,452	3,564,498
GST, VAT and other receivables	9	873,219	322,098
Prepayments		82,229	43,195
Total current assets		<u>11,990,900</u>	<u>3,929,791</u>
Non-current assets			
GST, VAT and other receivables	9	226,087	19,616
Property, plant and equipment	10	119,693	-
Security deposits		30,000	30,000
Total non-current assets		<u>375,780</u>	<u>49,616</u>
Total assets		<u>12,366,680</u>	<u>3,979,407</u>
Liabilities			
Current liabilities			
Trade and other payables	11	157,395	64,741
Employee benefits		25,099	6,459
Total current liabilities		<u>182,494</u>	<u>71,200</u>
Non-current liabilities			
Employee benefits		3,786	1,105
Total non-current liabilities		<u>3,786</u>	<u>1,105</u>
Total liabilities		<u>186,280</u>	<u>72,305</u>
Net assets		<u>12,180,400</u>	<u>3,907,102</u>
Equity			
Issued capital	12	29,195,743	14,562,344
Reserves	13	17,763	177,037
Accumulated losses		(15,349,584)	(10,148,419)
Equity attributable to the owners of E2 Metals Limited		<u>13,863,922</u>	<u>4,590,962</u>
Non-controlling interest		(1,683,522)	(683,860)
Total equity		<u>12,180,400</u>	<u>3,907,102</u>

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 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 payments	-	92,732	-	-	-	92,732
Reclassification of Hauraki reserve	-	-	(5,276)	5,276	-	-
Balance at 30 June 2020	<u>14,562,344</u>	<u>205,093</u>	<u>(28,056)</u>	<u>(10,148,419)</u>	<u>(683,860)</u>	<u>3,907,102</u>

Consolidated	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2020	14,562,344	205,093	(28,056)	(10,148,419)	(683,860)	3,907,102
Loss after income tax expense for the year	-	-	-	(5,201,165)	(977,772)	(6,178,937)
Other comprehensive loss for the year, net of tax	-	-	(79,324)	-	(21,890)	(101,214)
Total comprehensive loss for the year	-	-	(79,324)	(5,201,165)	(999,662)	(6,280,151)
Issue of shares	15,166,300	-	-	-	-	15,166,300
Cost of share issue	(879,982)	-	-	-	-	(879,982)
Vesting of share based payments	-	31,311	-	-	-	31,311
Share issued on exercise of unlisted options	347,081	(111,261)	-	-	-	235,820
Balance at 30 June 2021	<u>29,195,743</u>	<u>125,143</u>	<u>(107,380)</u>	<u>(15,349,584)</u>	<u>(1,683,522)</u>	<u>12,180,400</u>

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

	Note	Consolidated	
		30 June 2021 \$	30 June 2020 \$
Cash flows from operating activities			
Payments for exploration activities (inclusive of GST)		(9,355,225)	(2,532,192)
Payments to suppliers and employees for corporate and administrative activities (inclusive of GST)		(1,086,078)	(900,931)
Interest received		19,831	19,445
Interest and other finance costs paid		-	(2,046)
COVID-19 ATO incentives received		29,865	22,707
		<u> </u>	<u> </u>
Net cash used in operating activities	25	<u>(10,391,607)</u>	<u>(3,393,017)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	(137,875)	-
Payments for bonds purchased		(5,237,996)	(848,332)
Proceeds from the sales of bonds		8,891,186	1,179,222
		<u> </u>	<u> </u>
Net cash from investing activities		<u>3,515,315</u>	<u>330,890</u>
Cash flows from financing activities			
Proceeds from issue of shares		15,402,121	2,750,000
Equity raising costs		(879,982)	(42,715)
Repayment of borrowings		-	(26,606)
		<u> </u>	<u> </u>
Net cash from financing activities		<u>14,522,139</u>	<u>2,680,679</u>
Net increase/(decrease) in cash and cash equivalents		7,645,847	(381,448)
Cash and cash equivalents at the beginning of the financial year		3,564,498	3,946,719
Effects of exchange rate changes on cash and cash equivalents		(174,893)	(773)
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	8	<u><u>11,035,452</u></u>	<u><u>3,564,498</u></u>

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 23 September 2021. 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

Basis of preparation

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

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

Critical accounting estimates

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

Employee benefits

Short-term employee benefits

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

Long-term employee benefits

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

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of E2 Metals Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. E2 Metals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

When the consolidated entity has less than a majority of the voting or similar rights of an investee, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- › The contractual arrangement with the other vote holders of the investee;
- › Rights arising from other contractual arrangements;
- › The consolidated entity's voting rights and potential voting rights

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

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

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

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

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

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

Note 2. Significant accounting policies (continued)

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 2021, 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, its 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.

Note 2. Significant accounting policies (continued)

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 consolidated 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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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

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

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.

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 2021 all of these performance rights remained unvested (30 June 2020: 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 2021, the performance rights reserve was \$79,179 (2020: \$47,868).

Change in functional currency of Argentinian operation

During the financial reporting period the Directors reviewed the functional currency of the Argentinian operation. Previously the operation's functional currency was Argentinian Pesos. Effective for this and future reporting periods the functional currency will now be US dollars. The key factors determining this change in functional currency included the following:

- The majority of the operation's suppliers and employees request payment in US dollars, or a settlement in Pesos pegged to US dollar rate movements; and
- The principal source of financing of the operation is through a bond facility established through a US financial intermediary (refer Note 6).

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

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

Major customers

The consolidated entity does not have any customers.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 30 June 2021	Australia \$	Argentina \$	Total \$
Investment income	-	3,653,190	3,653,190
Other income	35,840	13,856	49,696
Administrative expenses	(115,842)	(55,646)	(171,488)
Corporate expenses	(374,527)	(172,306)	(546,833)
Employment expenses	(192,355)	(113,941)	(306,296)
Exploration expenses	(308,149)	(8,227,185)	(8,535,334)
Finance costs	(119,104)	(202,768)	(321,872)
Loss before income tax expense	(1,074,137)	(5,104,800)	(6,178,937)
Income tax expense			-
Loss after income tax expense			(6,178,937)
Assets			
<i>Unallocated assets:</i>			
Cash and cash equivalents			11,035,452
GST, VAT and other receivables			1,099,306
Other current assets			82,229
Other non-current assets			149,693
Total assets			12,366,680
Liabilities			
<i>Unallocated liabilities:</i>			
Trade and other payables			157,395
Employee Benefits			28,885
Total liabilities			186,280
Consolidated - 30 June 2020	Australia \$	Argentina \$	Total \$
Investment income	-	330,890	330,890
Other income	42,152	-	42,152
Administrative expenses	(73,736)	(56,076)	(129,812)
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)
Finance costs	42,733	(94,660)	(51,927)
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			
<i>Unallocated assets:</i>			
Cash and cash equivalents			3,564,498
GST and other receivables			341,714
Other current assets			43,195
Other non-current assets			30,000
Total assets			3,979,407
Liabilities			
<i>Unallocated liabilities:</i>			
Trade and other payables			64,741
Employee Benefits			7,564
Total liabilities			72,305

Note 5. Grants and other income

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
COVID-19 cash boost incentive	29,865	22,707

Note 6. Investment income

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Gain from bonds	3,653,190	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. The bonds were acquired and sold during the year. There were no bonds on hand as at 30 June 2021.

Note 7. Income tax

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(6,178,937)	(2,789,455)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(1,606,524)	(767,100)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	8,141	25,501
Tax rate differential	(204,192)	(53,326)
Other permanent differences	(15,611)	(20,835)
	(1,818,186)	(815,760)
Current year tax losses not recognised	1,879,809	862,457
Current year temporary differences not recognised	(61,623)	(46,697)
Income tax expense	-	-

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	16,987,021	10,542,342
Potential tax benefit at applicable tax rates	4,799,209	3,010,639

Note 7. Income tax (continued)

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

There was no income tax expense or other tax balances created for the year ended 30 June 2021 and 30 June 2020 due to the losses from operations.

At 30 June 2021, 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 \$16,987,021 (2020: \$10,542,342) potentially available to offset against future years' taxable income.

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

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

- (i) the company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) the company continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the company realising the benefit.

Accounting policy for income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

Note 7. Income tax (continued)

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

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Cash at bank	10,674,778	3,544,498
Cash on deposit	360,674	20,000
	<u>11,035,452</u>	<u>3,564,498</u>

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 - GST, VAT and other receivables

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
GST and VAT receivable - current	800,869	313,264
GST and VAT receivable - non-current	226,087	19,616
Other receivables - current	72,350	8,834
	<u>1,099,306</u>	<u>341,714</u>

Non-current GST and VAT receivables represents the amount of VAT as at 30 June 2021 that is reimbursable under the Mining Investment Law in Argentina after a period of up to 15 months from the date that the VAT credit originated through a purchase of a VAT-taxable supply.

Note 10. Non-current assets - property, plant and equipment

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Office equipment - at cost	41,769	-
Less: Accumulated depreciation	(6,766)	-
	<u>35,003</u>	-
Plant and equipment - at cost	81,916	-
Less: Accumulated depreciation	(10,448)	-
	<u>71,468</u>	-
Lab equipment - at cost	14,190	-
Less: Accumulated depreciation	(968)	-
	<u>13,222</u>	-
	<u>119,693</u>	-

Note 10. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & equipment \$	Office equipment \$	Lab equipment \$	Total \$
Balance at 1 July 2019	-	-	-	-
Balance at 30 June 2020	-	-	-	-
Additions	81,916	41,769	14,190	137,875
Depreciation expense	(10,448)	(6,766)	(968)	(18,182)
Balance at 30 June 2021	71,468	35,003	13,222	119,693

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	3-5 years
Lab equipment	3-7 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 11. Current liabilities - trade and other payables

	Consolidated	
	30 June 2021 \$	30 June 2020 \$
Trade payables	88,065	14,173
Accrued expenses	21,268	28,199
Other payables	48,062	22,369
	157,395	64,741

Refer to note 15 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. Equity - issued capital

	Consolidated			
	30 June 2021 Shares	30 June 2020 Shares	30 June 2021 \$	30 June 2020 \$
Ordinary shares - fully paid	<u>150,158,406</u>	<u>113,869,786</u>	<u>29,195,743</u>	<u>14,562,344</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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
Share placement to sophisticated investors	3 July 2020	17,330,400	\$0.125	2,166,300
Share issued on exercise of unlisted options	6 November 2020	350,000	\$0.269	94,887
Share issued on exercise of unlisted options	16 November 2020	300,000	\$0.316	94,049
Share placement to sophisticated investors	26 November 2020	17,808,220	\$0.730	13,000,000
Share issued on exercise of unlisted options	12 February 2021	97,500	\$0.316	30,837
Share issued on exercise of unlisted options	26 February 2021	402,500	\$0.316	127,308
Capital raising cost		-	\$0.000	(879,982)
Balance	30 June 2021	<u>150,158,406</u>		<u>29,195,743</u>

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 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 2020 Annual Report.

Note 12. Equity - issued capital (continued)

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 13. Equity - reserves

	Consolidated	
	30 June 2021 \$	30 June 2020 \$
Foreign currency reserve	(107,380)	(28,056)
Share based payment reserve	125,143	205,093
	<u>17,763</u>	<u>177,037</u>

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 and Ivael Mining S.A with its functional currency being US dollars 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 off.

Share based payments reserve

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

Note 14. Equity - dividends

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

Note 15. Financial instruments*Financial risk management objectives*

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

*Market risk**Foreign currency risk*

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

Note 15. Financial instruments (continued)

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

Consolidated	Assets		Liabilities	
	30 June 2021 \$	30 June 2020 \$	30 June 2021 \$	30 June 2020 \$
US dollars	1,086,917	9,268	2,261	-
Argentine Peso	190,158	380,550	108,540	15,410
	<u>1,277,075</u>	<u>389,818</u>	<u>110,801</u>	<u>15,410</u>

The consolidated entity had net assets denominated in foreign currencies of \$2,302,182 as at 30 June 2021 (2020: \$373,819). Based on this exposure, had the Australian dollars weakened by 1%/strengthened by 1% (2020: 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 \$23,254 lower/\$22,794 higher (2020: \$3,707 lower/\$3,782 higher) and equity would have been \$23,254 higher/\$22,794 lower (2020: \$3,707 higher/\$3,782 lower).

Although this does not meet the accounting definition of a financial asset, the consolidated entity has a foreign exchange risk relating to its VAT receivable asset on the balance sheet, which is denominated in Argentinian pesos. The value of this receivable is disclosed in note 9 to the financial statements.

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 comprise 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 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 2021	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						
<i>Non-interest bearing</i>						
Trade payables	-	(88,065)	-	-	-	(88,065)
Other payables	-	(69,330)	-	-	-	(69,330)
Total non-derivatives		<u>(157,395)</u>	-	-	-	<u>(157,395)</u>

Note 15. Financial instruments (continued)

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						
<i>Non-interest bearing</i>						
Trade payables	-	(14,173)	-	-	-	(14,173)
Other payables	-	(50,568)	-	-	-	(50,568)
Total non-derivatives		(64,741)	-	-	-	(64,741)

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 16. Key management personnel disclosures*Directors*

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

Ms Melanie Leydin	(Non-Executive Chairperson till 21 April 2021 and Non-Executive Director from 22 April 2021)
Mr Todd Williams	(Managing Director)
Mr Bradley Evans	(Non-executive Director) (Appointed on 22 April 2021)
Mr Alastair Morrison	(Non-executive Director) (resigned on 4 May 2021)

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 2021 \$	30 June 2020 \$
Short-term employee benefits	294,864	252,044
Post-employment benefits	21,800	17,905
Long-term benefits	3,786	800
Share-based payments	31,311	31,397
	<u>351,761</u>	<u>302,146</u>

Share-based payments for the year end 30 June 2021 relates the vesting charge on performance rights granted and issued to Mr Williams in financial year 2019.

Note 17. 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 2021 \$	30 June 2020 \$
Audit services - William Buck Audit (Vic) Pty Ltd		
Audit or review of the financial statements	<u>32,250</u>	<u>35,900</u>

Note 18. Contingent liabilities

There were no contingent liabilities at 30 June 2021 (2020: nil).

Note 19. Commitments

	Consolidated	
	30 June 2021 \$	30 June 2020 \$
<i>Planned exploration expenditure</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	39,919	7,973
One to five years	147,676	14,748
	<u>184,595</u>	<u>22,721</u>

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 16 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 2021 \$	30 June 2020 \$
Sale of goods and services:		
Payments to Leydin Freyer Corp Pty Ltd, an associated entity of Ms Melanie Leydin*	138,000	86,250

* 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.

Note 20. Related party transactions (continued)

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 2021	30 June 2020
	\$	\$
Current payables:		
Trade payables to Leydin Freyer Corp Pty Ltd, an entity associated to Ms Melanie Leydin	12,650	7,231

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 2021	30 June 2020
	\$	\$
Loss after income tax	(1,059,673)	(868,801)
Total comprehensive loss	(1,059,673)	(868,801)

Statement of financial position

	Parent	
	30 June 2021	30 June 2020
	\$	\$
Total current assets	10,873,532	3,463,815
Total assets	23,803,400	10,291,040
Total current liabilities	70,222	54,319
Total liabilities	74,008	55,424
Net assets	23,729,392	10,235,616
Equity		
Issued capital	28,281,917	13,648,518
Share based payment reserve	125,143	205,093
Accumulated losses	(4,677,668)	(3,617,995)
Total equity	23,729,392	10,235,616

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 2021 and 30 June 2020.

Note 21. Parent entity information (continued)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

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 2021 %	30 June 2020 %
Land & Mineral Limited	Australia	100.00%	100.00%
Fisher Resources Pty Ltd	Australia	100.00%	100.00%
EMX New Zealand (BVI) Inc*	British Virgin Islands	-	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	100.00%	100.00%

* During the year ended 30 June 2021, EMX New Zealand (BVI) Inc operations were closed and the company was de-registered in British Virgin Islands.

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 2021 \$	30 June 2020 \$
<i>Summarised statement of financial position</i>		
Current assets	967,453	368,627
Non-current assets	341,997	19,616
Total assets	1,309,450	388,243
Current liabilities	96,558	14,423
Non-current liabilities	9,642,022	3,876,184
Total liabilities	9,738,580	3,890,607
Net liabilities	(8,429,130)	(3,502,364)
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	3,534,371	330,890
Expenses	(8,351,253)	(2,459,789)
Loss before income tax expense	(4,816,882)	(2,128,899)
Income tax expense	-	-
Loss after income tax expense	(4,816,882)	(2,128,899)
Other comprehensive income	(109,884)	(20,508)
Total comprehensive loss	(4,926,766)	(2,149,407)

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 2021 total \$74,008 (2020: \$55,426).

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 2021 \$	30 June 2020 \$
Revenue	34,062	42,152
Administrative expenses	(115,714)	(73,734)
Corporate expenses	(374,254)	(265,123)
Impairment of Loan	-	(458,833)
Employment expenses	(192,355)	(285,474)
Exploration expenses	(300,027)	(99,805)
Finance costs	(111,659)	42,869
Loss before income tax expense	(1,059,947)	(1,097,948)
Income tax expense	-	-
Loss after income tax expense	(1,059,947)	(1,097,948)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(1,059,947)	(1,097,948)

Note 23. Deed of cross guarantee (continued)

Statement of financial position	30 June 2021 \$	30 June 2020 \$
Current assets		
Cash and cash equivalents	10,790,147	3,480,772
GST, VAT and other receivables	10,738	10,788
Prepayments	82,229	43,195
	10,883,114	3,534,755
Non-current assets		
Inter company receivables	11,852,042	5,688,317
Investments	975,000	975,000
	12,827,042	6,663,317
Total assets	23,710,156	10,198,072
Current liabilities		
Trade and other payables	45,123	47,862
Other	25,099	6,459
	70,222	54,321
Non-current liabilities		
Other	3,786	1,105
	3,786	1,105
Total liabilities	74,008	55,426
Net assets	23,636,148	10,142,646
Equity		
Issued capital	29,195,743	14,562,344
Reserves	125,143	205,093
Accumulated losses	(5,684,738)	(4,624,791)
Total equity	23,636,148	10,142,646

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 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 2021	30 June 2020
	\$	\$
Loss after income tax expense for the year	(6,178,937)	(2,789,455)
Adjustments for:		
Depreciation and amortisation	17,970	-
Share-based payments	31,311	92,732
Foreign exchange differences	73,889	(67,163)
Investment income classified as cashflow from investing activity	(3,653,190)	(330,890)
Change in operating assets and liabilities:		
Increase in GST, VAT and other receivables	(757,597)	(193,203)
Increase in prepayments	(39,026)	(13,352)
Increase/(decrease) in trade and other payables	92,653	(93,568)
Increase in employee benefits	21,320	1,882
Net cash used in operating activities	<u>(10,391,607)</u>	<u>(3,393,017)</u>

Note 26. Earnings per share

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Loss after income tax	(6,178,937)	(2,789,455)
Non-controlling interest	977,772	425,987
Loss after income tax attributable to the owners of E2 Metals Limited	<u>(5,201,165)</u>	<u>(2,363,468)</u>
	Cents	Cents
Basic loss per share	(3.66)	(2.53)
Diluted loss per share	(3.66)	(2.53)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>142,181,965</u>	<u>93,376,635</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>142,181,965</u>	<u>93,376,635</u>

*Accounting policy for earnings per share**Basic earnings per share*

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

Note 26. Earnings per share (continued)

Diluted earnings per share

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

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity has generated a loss for the year. As at 30 June 2021 there were 2,750,000 potential ordinary shares not considered dilutive.

Note 27. Share-based payments

There were no performance rights issued and options granted to directors, other key management personnel and employees as part of compensation during the year ended 30 June 2021.

Options

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

30 June 2021							
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
25/03/2019	22/03/2022	\$0.220	1,000,000	-	(800,000)	-	200,000
23/12/2019	23/12/2022	\$0.260	150,000	-	-	-	150,000
27/05/2020	27/05/2023	\$0.170	500,000	-	(350,000)	-	150,000
			<u>1,650,000</u>	<u>-</u>	<u>(1,150,000)</u>	<u>-</u>	<u>500,000</u>

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
			<u>2,500,000</u>	<u>650,000</u>	<u>-</u>	<u>(1,500,000)</u>	<u>1,650,000</u>

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

Note 27. Share-based payments (continued)

In December 2018, the consolidated entity agreed to issue 2,250,000 performance rights to Mr Todd Williams with vesting conditions relating to performance hurdles. The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions. No performance rights were vested during the financial year ended 30 June 2021.

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 2021 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



Signature is only valid with proper written authorisation

Bradley Evans
Non-Executive Chairman

23 September 2021

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 (together, the Consolidated Entity), which comprises the statement of financial position as at 30 June 2021, 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 2021 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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Key Audit Matters

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

CHANGE IN FUNCTIONAL CURRENCY OF ARGENTINIAN OPERATION	
Area of focus	How our audit addressed it
<p>The directors of the Consolidated Entity have determined that the functional currency of its Argentinian operations is now the US dollar.</p> <p>As disclosed in Note 3, the Consolidated Entity has exploration interests in Argentina, however in response to continuing inflationary pressures in that country, key suppliers have commenced contracting with the Consolidated Entity either through US dollars, or in Argentinian Pesos linked to US dollar exchange rate movements.</p> <p>Furthermore, the source of the Argentinian operations financing, mediated through a US-based banking platform, is denominated in US dollars.</p> <p>There is a risk that the translation of Peso exposures, into a US dollar functional currency is incorrectly calculated within the Consolidated Entity's consolidation model.</p>	<p>Our procedures involved the following:</p> <ul style="list-style-type: none"> • Discussing with management the reasons for the change in the functional currency assessment; • Conducting our own assessment of the appropriateness of the functional currency, including an analysis of key contracts held with suppliers, coupled with our understanding of internal financing processes supporting the Argentinian operations; and • Recalculating foreign exchange gains and losses as applied in the Consolidated Entity's consolidation model, both in the profit or loss and in equity, as used for financial reporting in these financial statements, which are ultimately expressed in an Australian Dollar presentation currency. <p>We also assessed the appropriateness of disclosures made in the financial statements concerning both the change in the functional currency assessment and key foreign currency sensitivities as disclosed in the financial statements.</p>

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 2021 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2021.

In our opinion, the Remuneration Report of E2 Metals Limited for the year ended 30 June 2021 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, 23rd September 2021

The shareholder information set out below was applicable as at 16 September 2021

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	145	50,172	0.03
1,001 - 5,000	273	822,137	0.55
5,001 - 10,000	378	2,450,877	1.63
10,001 - 100,000	475	17,437,643	11.59
100,001 Over	189	129,710,384	86.20
Total	1,460	150,471,213	100.00
Holdings less than Marketable parcel	203	131,061	0.09

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	4	250,000	10.00
100,001 Over	6	2,150,000	90.00
Total	10	2,400,000	100.00
Holdings less than Marketable parcel	-		

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	1	2,250,000	100.00
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	0	0	0.00
Total	1	2,250,000	100.00
Holdings less than Marketable parcel	-		

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	5.98
2	Capri Trading Pty Limited <The Capri Family A/C>	8,000,000	5.32
3	BNP Paribas Noms Pty Ltd <DRP>	6,453,141	4.29
4	Instant Expert Pty Limited <P Jurkovic Family A/C>	5,290,323	3.52
5	CCF No.1 Pty Ltd	4,556,125	3.03
6	Dael Investments (SA) Pty Ltd	4,143,707	2.75
7	Commodity House Pty Ltd	4,016,764	2.67
8	Penstock Advisory Pty Ltd	3,580,272	2.38
9	Rayne Investments Pty Ltd <Stewart Investment A/C>	3,495,398	2.32
10	Capri Trading Pty Ltd <The Capri Family>	3,115,000	2.07
11	Citicorp Nominees Pty Limited	3,109,957	2.07
12	Puresteel Holdings Pty Ltd <Rattigan Super Fund A/C>	3,050,000	2.03
13	Olivers Hill Pty Ltd <Olivers Hill Super Fund A/C>	2,602,784	1.73
14	Ratatat Investments Pty Ltd <Ratatat Investment A/C>	2,000,000	1.33
14	Mr James Henderson Allen	2,000,000	1.33
16	Hsbc Custody Nominees (Australia) Limited	1,914,349	1.27
17	Bonza View Superannuation Fund Pty Ltd <Bonza View S/F A/C>	1,798,522	1.20
18	Olivers Hill Pty Ltd <Donohue Family>	1,665,000	1.11
19	Mrs Dominique Skye Stewart	1,625,000	1.08
20	RL & JE Investments Pty Ltd <Rw Developments S/F A/C>	1,540,000	1.02
Total Top 20 Shareholders		72,480,409	49.50

Substantial Shareholders

Details of substantial shareholders are set out below:

Name	No. of shares	% Units
Capri trading Pty Limited <Capri Family A/C>	11,115,000	7.43%
Dellta Pty Ltd (Dellta Group)	10,612,903	9.32%
Martin James Donohue	10,564,785	7.06%

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).

Subject to any rights or restrictions attached to any shares or class of shares. Unlisted Options and 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, 1 November 2021. 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.