E2 Metals

ANNUAL REPORT

30 JUNE 2022

E2 METALS LIMITED
ABN 34 116 865 546

Contents

Corporate Directory

Directors

- **Mr Peter Mullens**
  (Appointed Non-Executive Director on 13 July 2021 and appointed Non-Executive Chairman effective 1 November 2021)
- **Mr Todd Williams**
  (Managing Director)
- **Ms Melanie Leydin**
  (Non-Executive Director)

Company Secretary

- **Ms Melanie Leydin**

Registered Office

Level 4, 100 Albert Road
South Melbourne VIC 3205
Phone: 03 9692 7222
Fax: 03 9077 9233

Principal Place of Business

Level 3, 100 Pirie Street
Adelaide SA 5000

Share Register

- **Link Market Services**
  Tower 4, 727 Collins Street
  Docklands VIC 3008
  Phone: 1300 554 474

Auditor

- **William Buck**
  Level 20, 181 William Street
  Melbourne VIC 3000

Stock Exchange Listing

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

Chairman's letter

Dear fellow shareholders,

As I write to you, we find ourselves navigating uncertain times, a sentiment that has permeated all nations, businesses and industries.

During the recent proceedings at Jackson Hole, we heard Chair of the Federal Reserve Jerome Powell compare the present economic climate to the period of 'stagflation' that defined the 1970s, signaling an impending 'Paul Volcker moment' - a willingness to hike the cash rate no matter the cost to individuals, economies and share markets everywhere.

Inflation in the US, the world's largest economy, relentlessly rises to north of 8% - the highest rate in 40 years. The aggressive response by the Federal Reserve has weighed heavily on precious metals as company valuations and share prices, E2 Metals included, recede to pre-pandemic levels.

Three years of favourable conditions for the precious metals sector - loose monetary policy, low real interest rates and devaluation in the purchasing power of fiat currency - have been swiftly negated by this recent surge in interest rates.

In times of volatility, opportunity arises. While we remain pragmatic about present challenges, E2 Metals is using this state of flux to strengthen the Company's portfolio in preparation for the sector's inevitable upswing.

The Company is focused on unlocking the fullest potential of its flagship Conserrat project in Santa Cruz, where drilling continues to unearth new gold and silver veins, in addition to expand the footprint of the mineralised system.

Our team in Argentina has executed on all of our targets, completing 16,661 meters of drilling, collecting thousands of samples and covering many miles by foot. This work has led to the exceptional discovery of high-grade silver and gold intercepts at Malvina, among other promising finds at various E2 prospects.

In the past three years, E2 Metals has established itself as one of in the leading explorers in Santa Cruz, with aspirations to replicate the great success of Andean Resources (sold to Goldcorp in 2010 for U$3.4billion) and Extorre (sold to Yamana in 2011 for C$414million).

The board was proactive in the first quarter of this year, bolstering the balance sheet with an $8.5 million raise which saw renown precious metals investor Eric Sprott join the register as a substantial shareholder.

Elsewhere in Argentina, we are pleased with the progress we have made on our large Greenfields portfolio in Rio Negro, which we anticipate will reveal itself as a new gold province.

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

Yours faithfully
Peter Mullens

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
- in geological terranes with world-class endowment
- engaging in mutually profitable partnerships with all of its stakeholders

Values

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

However, what we particularly value in our colleagues is:

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

Review of Operations

SANTA CRUZ

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

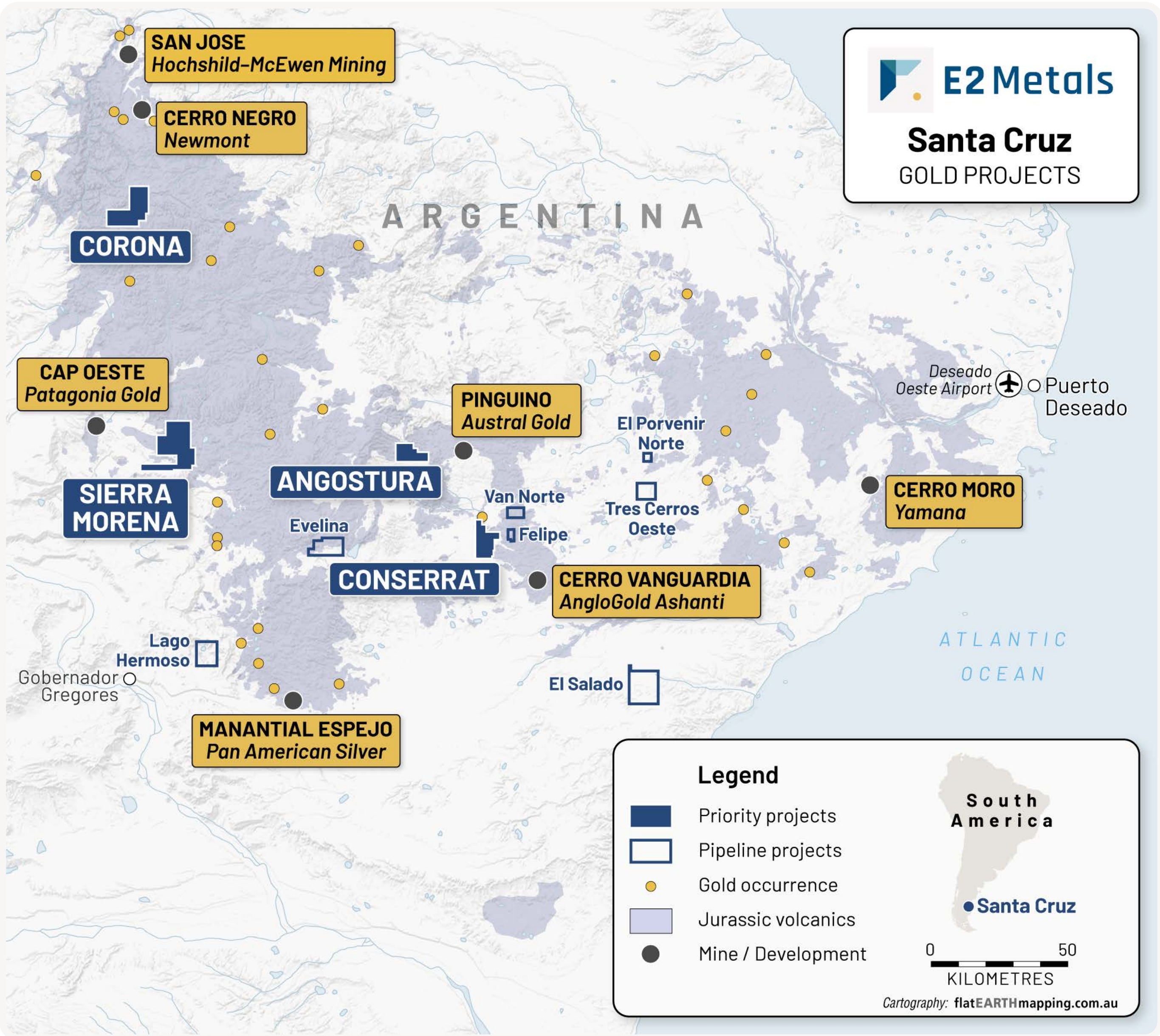


Figure 1: Santa Cruz Portfolio

Conserrat

Exploration during the reporting period was focused on the Conserrat project (Figure 2), which is located in the central part of the province 130km northwest of port town San Julian. Importantly, the project is centered on the same geological trend that is host to the Cerro Vanguardia mine, where historical and current reserves exceed 9 million ounces of gold and 140 million ounces of silver. Conserrat is host to a recently discovered epithermal vein field that partially outcrops over an area of 25 square kilometers within 'erosional windows' of younger volcanic and sediment cover.

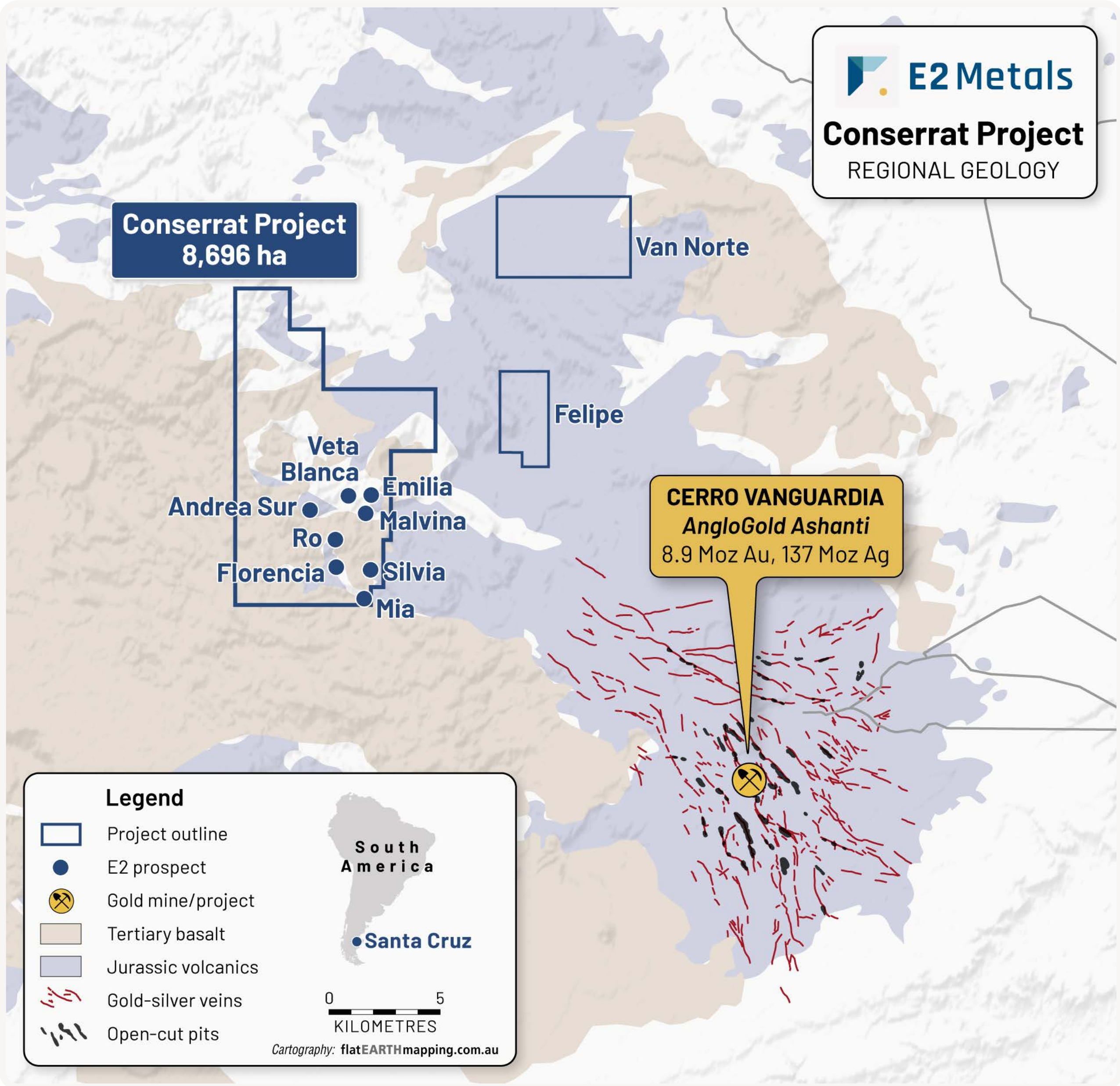


Figure 2: Conserrat project

The objective of the 2021 to 2022 field season was to follow up encouraging gold and silver intercepts from the previous season in addition to ongoing regional exploration. The Company maintained up to 2 drill rigs on site and completed 72 Reverse Circulation (RC) holes for 6,261m and 77 diamond holes for 10,445m.

Initial drilling was focused at Malvina where a previous scout diamond drill program completed in May 2021 defined a new high-grade vein structure concealed beneath younger Tertiary Basalt cover. Discovery hole CODD-147 returned 2.5m at 0.8gpt Au, 574gpt Ag (9gpt AuEq) from 125m.

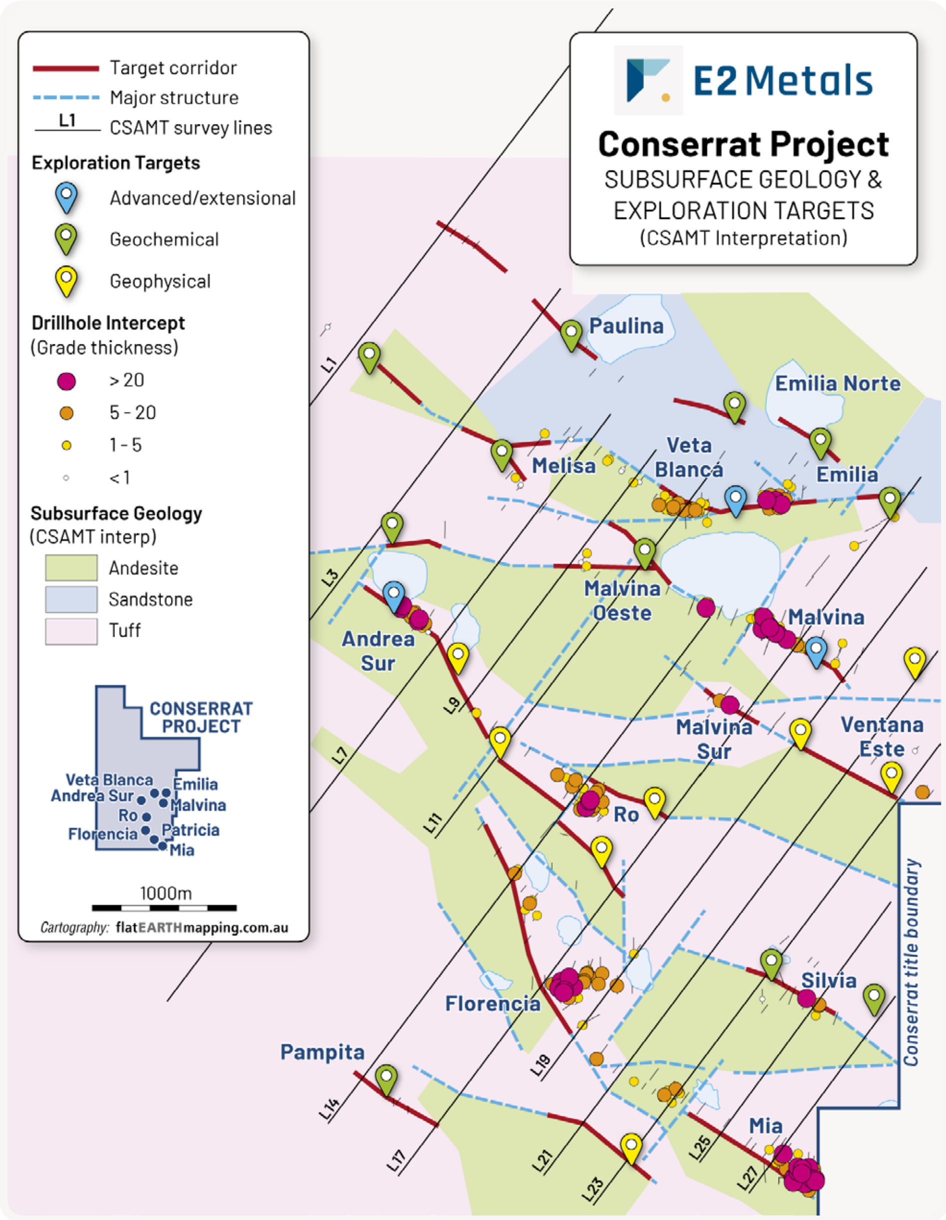


Figure 3: Conserrat project – drill hole intercepts and regional targets

Gold and silver mineralisation is defined over 350m strike length and 150m vertical depth. Mineralisation is associated with colloform-crustiform epithermal vein ("termed the M1 Vein") emplaced within ignimbrites and andesite. Mineralisation is open at depth and to the northwest.

Significant drill hole intercepts from Malvina include:

Malvina	**(CODD-162):**	7.17m at 2.3gpt Au, 854gpt Ag (14.5gpt AuEq) from 70.8m
	(CODD-174):	5m at 4.2gpt Au, 1174gpt Ag (20.9gpt AuEq) from 60m
	(CODD-191):	6m at 2.9gpt Au, 638gpt Ag (12gpt AuEq) from 44m
	(CODD-253):	14m at 8.7gpt Au, 2541gpt Ag (45 AuEq) from 67m

The final drill hole (CODD-295) at Malvina for the exploration season intercepted 1.7m at 4.5gpt Au, 2065gpt Ag (34gpt AuEq) from 143.3m confirming that mineralisation is open at depth. Mineralisation is also open to the northwest.

Elsewhere in the Malvina sector, scout Reverse Circulation drilling intercepted broad gold and silver mineralisation 600m south of Malvina on a separate parallel structure termed Malvina Sur. Hole CODD-194 returned 32m at 0.6gpt Au, 22gpt Ag (0.8gpt AuEq) from 51m, including 2m at 5.6gpt Au and 119gpt Ag (7.3gpt AuEq). Exploration at Malvina Sur is ongoing.

At Emilia, infill drilling was completed to follow-up a new discovery (hole CODD-125, 9.5m at 375gpt Ag, 0.4gpt Au from 49m) announced in May 2021. Follow up drilling comprised 7 holes for 819m completed in a fence configuration on four sections spaced 50m apart. Mineralisation at Emilia is defined over 100m strike length within a low-angle structure at the faulted contact between ignimbrite and overlying sandstone of the Roca Blanca Formation.

Significant drill hole intercepts from Emilia include:

Emilia	**(CODD-138):**	29m at 1.6gpt Au, 15gpt Ag (1.8gpt AuEq) from 41m
	(CODD-143):	4m at 0.5gpt Au, 351gpt Ag (5.5 AuEq) from 75.5m

In November, geological mapping identified a new potential vein trend at the Andrea Sur prospect. Andrea Sur is located 2.5km west of Malvina on a separate structure that was not previously explored. Epithermal quartz veins manifests at surface as a float train of vein boulders exposed over 150m strike. While the vein boulders are largely unmineralized, one sample returned 2.2gpt Au and 17gpt Ag, indicating the potential for mineralisation in the area. Two shallow scout Reverse Circulation drill holes were completed on two sections spaced 120m apart. Encouragingly, both scout holes intercepted mineralisation, including:

Andrea Sur	**(CORC-183):**	16m at 15gpt Au, 22gpt Ag (15.5gpt AuEq) from 31m
	(CORC-190):	4m at 3gpt, 11gpt Ag (3.2gpt AuEq) from 29m

Follow-up drilling at Andrea Sur was completed in two phases and included 13 holes for 1012m of combined Reverse Circulation and diamond drilling. Significant dill holes intercepts include:

Andrea Sur	**(CORC-240):**	16m at 2.6gpt Au, 9gpt Ag (2.7gpt AuEq) from 31m
	(CODD-237):	19m at 1.9gpt Au, 14gpt Ag (2.1gpt AuEq) from 29m
	(CODD-300):	4m at 8.4gpt Au, 31gpt Ag (9gpt AuEq) from 51m

Gold and silver mineralisation is defined over 200m strike and is open at depth, along strike and to the northwest. Mineralisation is hosted in the faulted contact of ignimbrite overlying Bajo Pobre andesite at the intersection of east, northwest and northeast orientated structures. A possible repetition of the structural setting is identified in geophysical images approximately 500m to the southeast. The area has been prioritised for regional scout drilling when work resumes.

Regional scout drilling is ongoing at a number of prospects. At Silvia, located in the southeastern project area 1km north of Mia, 3 scout holes were completed on drill sections spaced 100m apart to test a prominent silver soil anomaly. Encouraging gold and silver mineralisation is defined over 200m strike, and includes:

Silvia	**(CODD-131):**	4m at 1.5gpt Au, 10gpt Ag (1.7gpt AuEq) from 157m, and
		4m at 1.5gpt Au, 27gpt Ag (1.9gpt AuEq) from 171m
	(CODD-234):	19m at 0.7gpt Au, 31gpt Ag (1.1gpt AuEq) from 157m

Exploration at Silvia is ongoing.

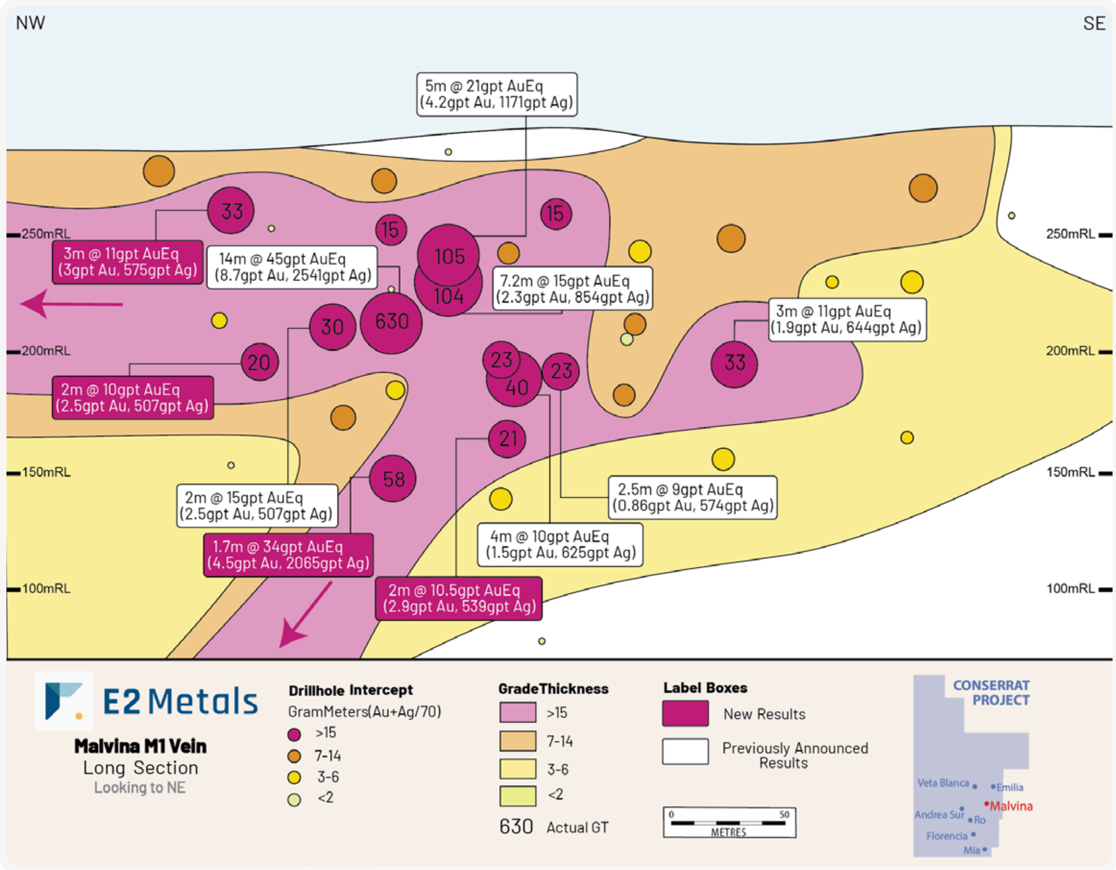


Figure 4: Malvina long section

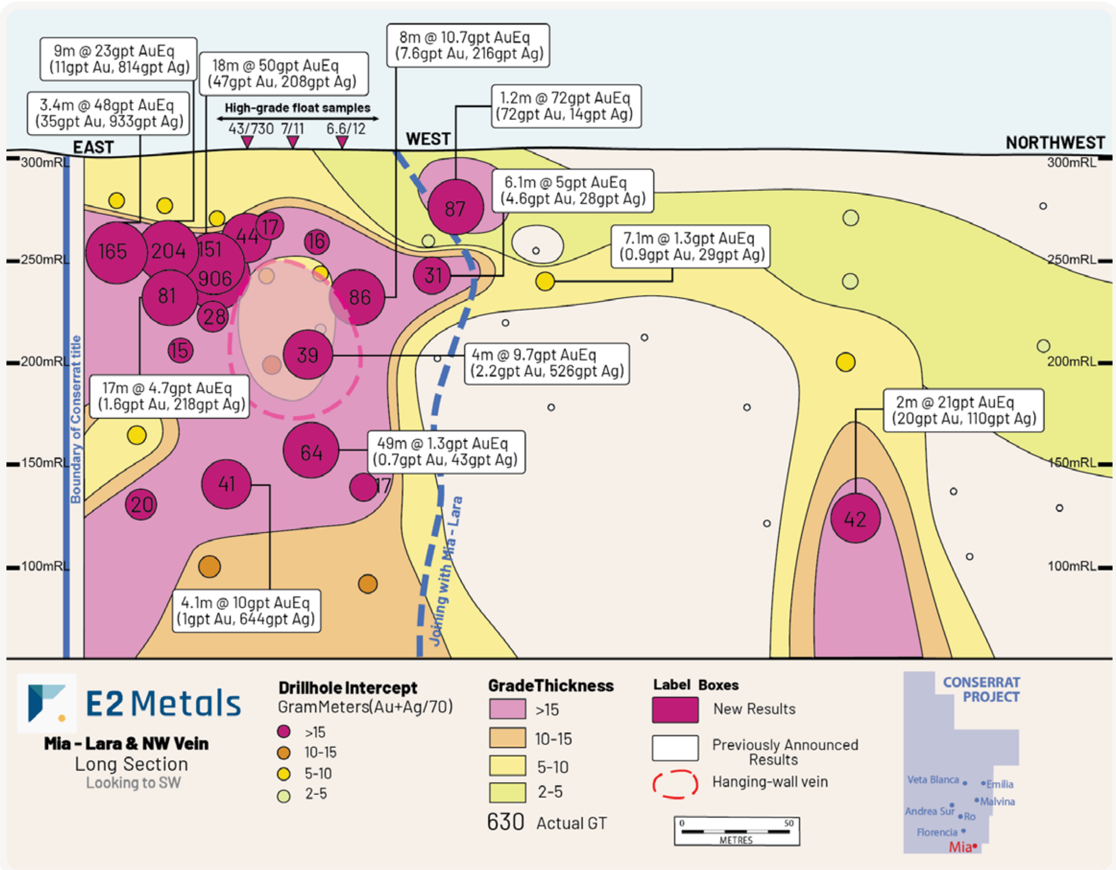


Figure 5: Mia long section

In June, the Company provided an updated on regional exploration initiatives completed within the project aimed at defining new targets for drill testing, including:

- Ongoing mapping and sampling in new areas targeting new vein discoveries
- Review of existing holes from regional and advanced prospects to define possible 'near-miss' targets where further drilling is warranted
- Controlled Source audio-frequency Magnetotellurics geophysics survey to map the subsurface 3D structural and lithological architecture, and map mineralised corridors under Tertiary basalt cover

The work has defined 21 priority targets, including new outcropping high-grade vein structures (Emilia Norte with up to 9.9gpt Au, 1310gpt Ag in rock chip samples) and blind extensions of know mineralised corridors. Scout drill testing of all priority targets is planned when field activities resume.

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.

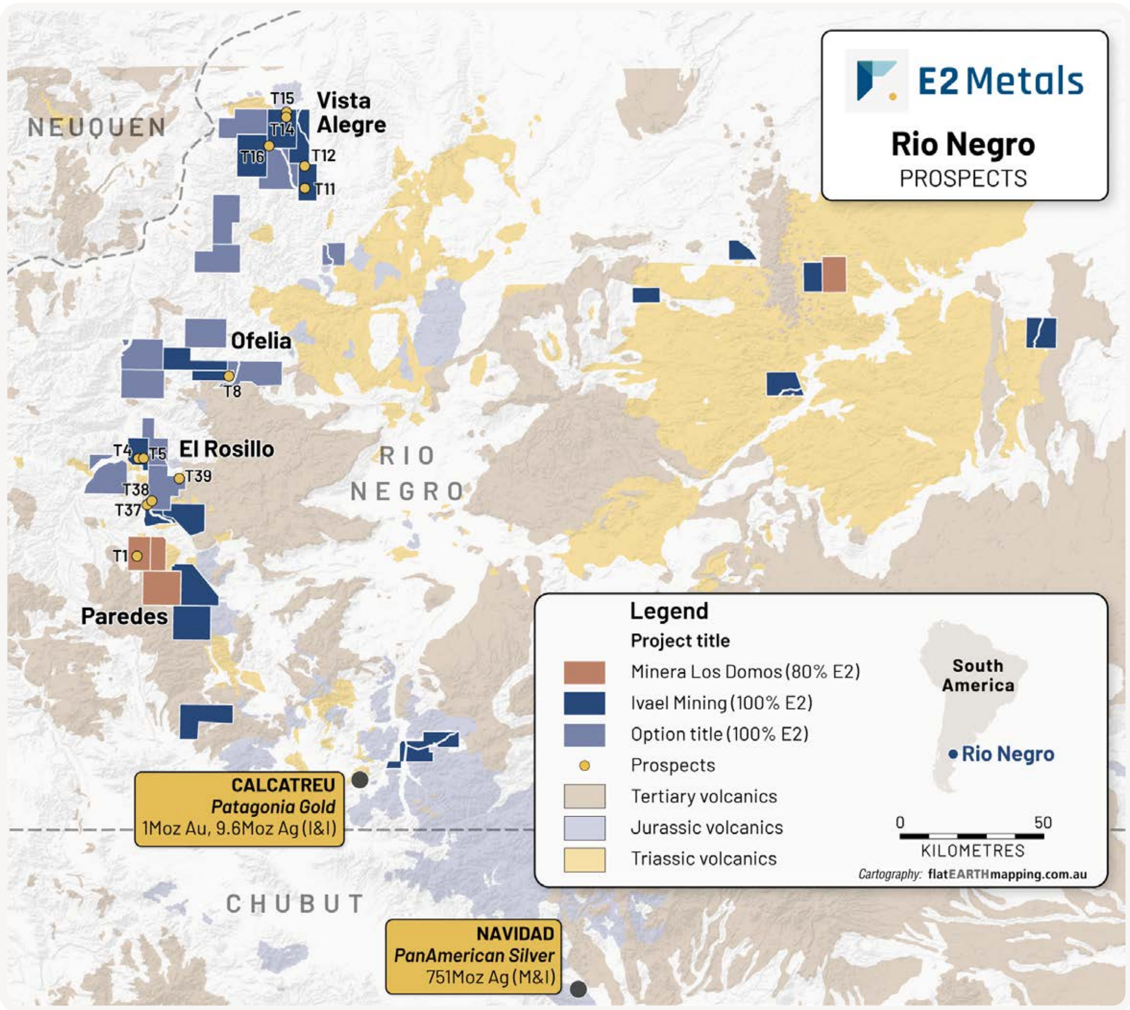


Figure 6: Western Rio Negro Project

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 Ivael Mining.

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.

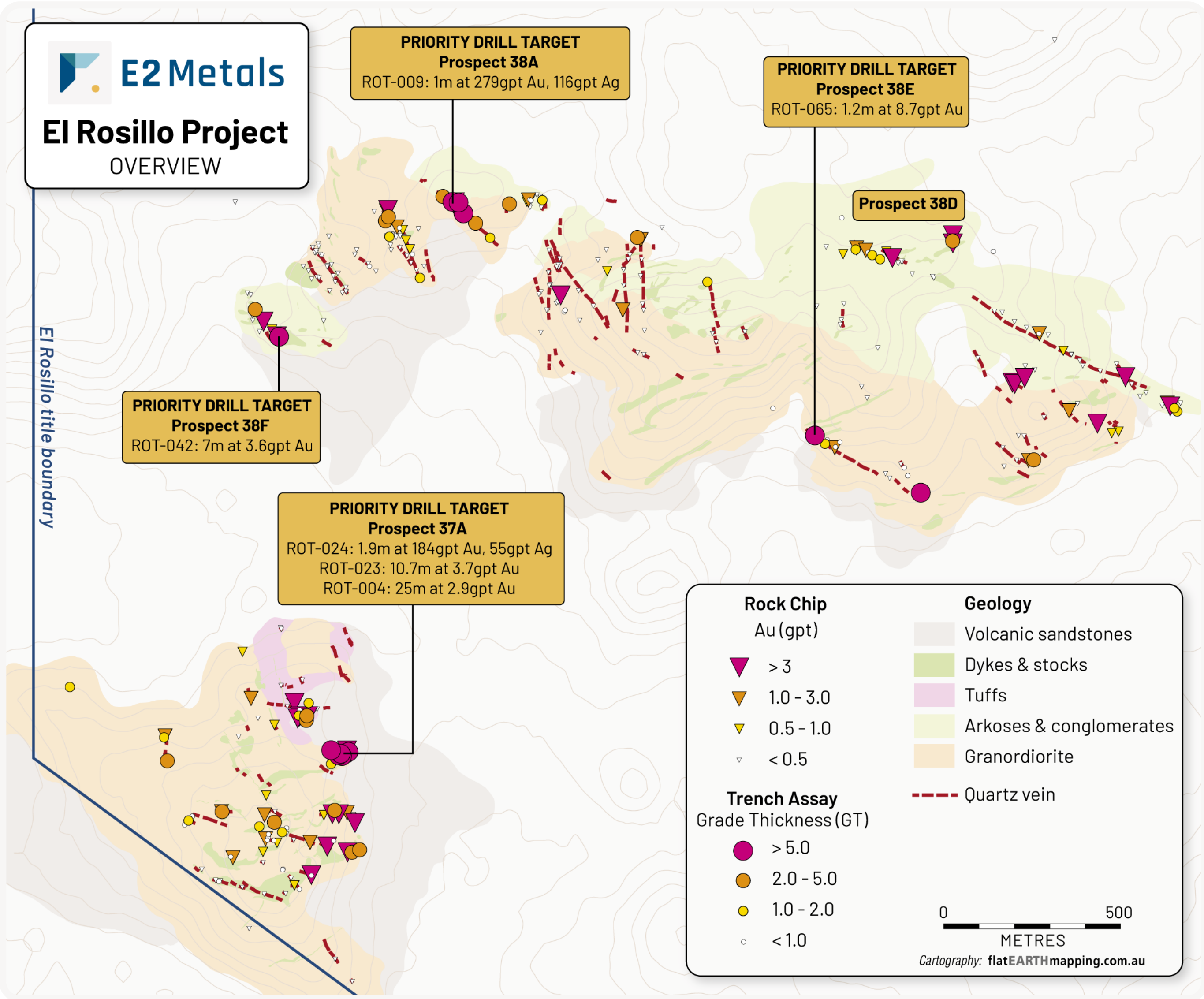


Figure 7: El Rosillo Project and trench results

A detailed trench and channel chip program was completed over the first half of 2022 to verify the surface anomalies. The work defined surface mineralisation at three prospects, including:

Prospect 37A	**(ROT-004):**	2m at 28gpt Au
	(ROT-023):	10.7m at 3.7gpt Au
	(ROT-024):	3m at 113gpt Au, 35gpt Ag
Prospect 38A	**(ROT-009):**	1m at 279gpt Au
Prospect 38E	**(ROT-065):**	1.2m at 8.7gpt Au
Prospect 38F	**(ROT-042):**	7m at 3.6gpt Au

In March, the Company received statutory permits from the provincial mining and environmental authorities for drilling. The inaugural drill program commenced in June 2022. Given the presence of coarse gold in trench samples, all mineralised samples were submitted to Alex Stewart laboratories and analysed via Screen Fire Analysis (SFA) technique. Final assay results are still pending.

COBAR

E2 Metals holds a large 175km[2] 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.

During February 2021, an 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. The survey defined ten priority basement conductors in covered areas within known mineralised trends. Surface geophysics is planned to better refine and prioritise the AEM basement conductors prior to drilling.

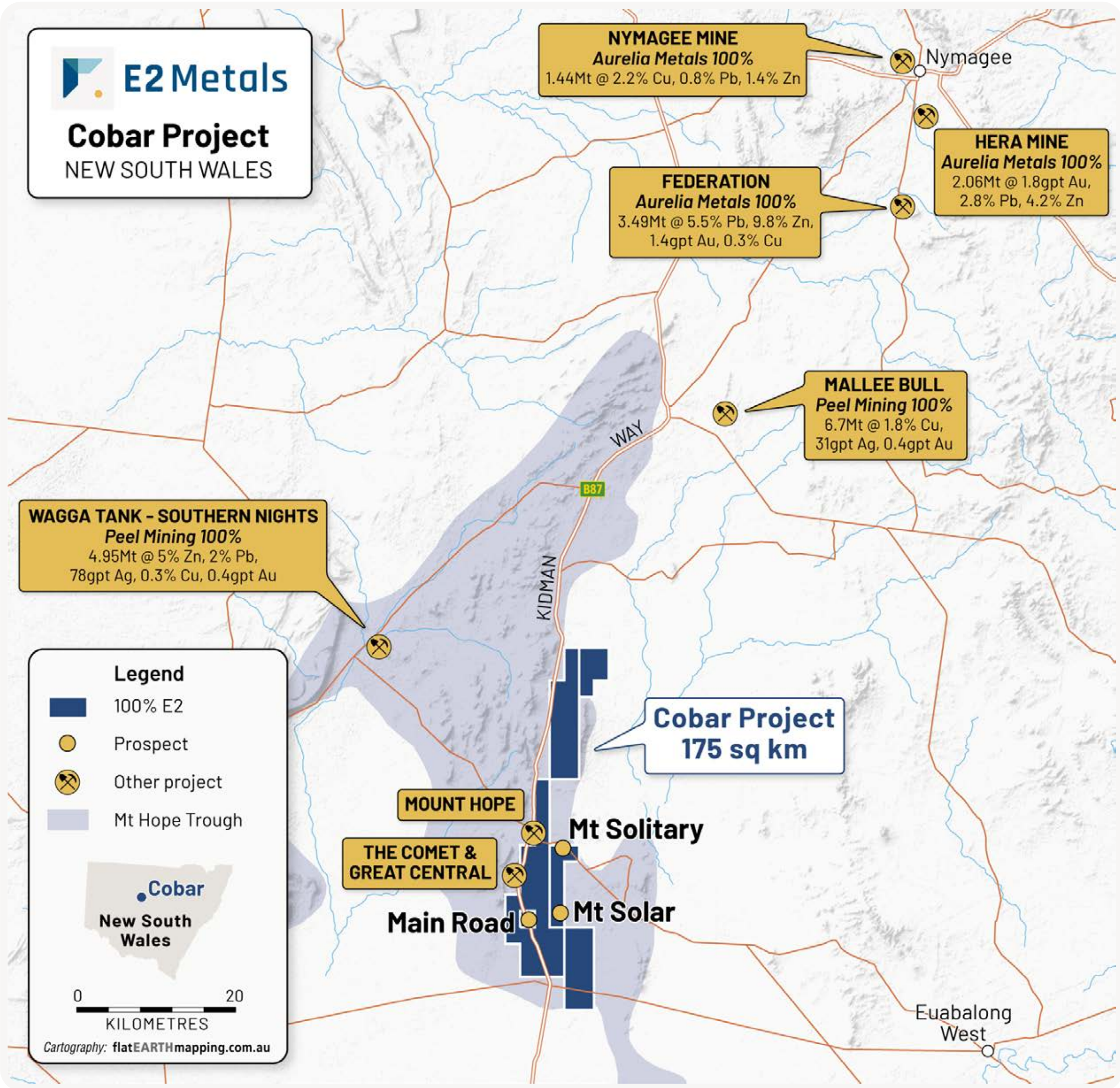
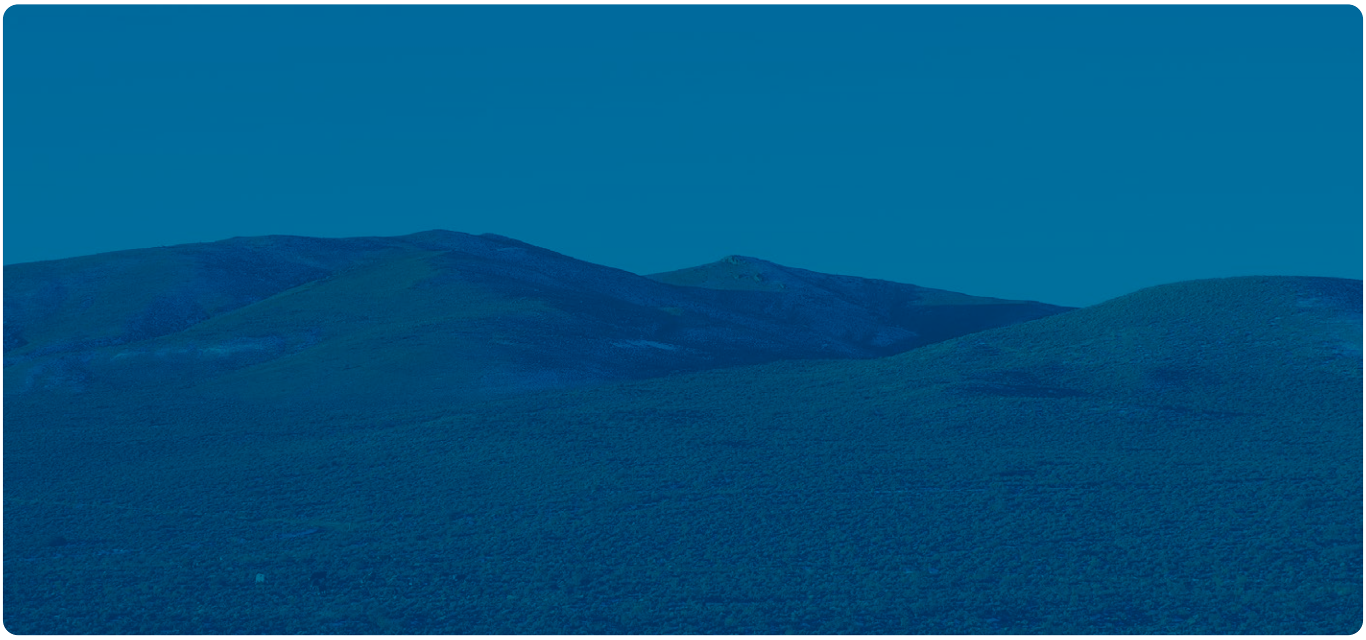


Figure 8: Mount Hope project



CORPORATE

On 1 November 2022, Mr Peter Mullens was appointed as the Non-Executive Chair of the Board the E2 Metals Ltd. Prior to this Mr Mullen joined the board of E2 as Non-Executive Director in July 2021. Mr Mullen is an experienced and degree qualified geologist with nearly 30 years' experience in the minerals industry spanning 20 countries across 5 continents.

Most noteworthy, Mr. Mullens was responsible for Mount Isa Mines (MIM) first entry into the Cerro Negro project and was the co-founder of 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. Bradley Evans resigned as Non-Executive Chair on 1 November 2021 to pursue other interests. The board thanks Mr. Evans for his valued opinions and contributions since his appointment in April 2021.

In March 2022 and May 2022, the Company completed Tranche 1 and Tranche 2 Share Placement, respectively to institutional and sophisticated investors to raise $8 million (net of costs) at a price of $0.175 per share. Strong support was shown for the Placement from a broad range of high quality, domestic and international institutional investors.

Taylor Collision Limited and Sprott Capital Partners LP acted as Joint Lead Managers and Bookrunners in respect of the Placement.

The consolidated entity remains in a robust financial position with $10.7 million cash at 30 June 2022.

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $8,929,928 (30 June 2021: $5,201,165). The results include the following:

(i) gain of $5.3 million (2021: $3.6 million) from the sale of Argentine Contado con Liquidación ('CCL') bonds which were acquired in US Dollars and liquidated in Argentine Peso as part of transferring the operating working capital to the Group's Argentine subsidiaries for exploration activities. The gains on CCL are arrived at due to the significant uplift received in the Argentinian Peso exchange rate in the open market at the time of liquidation of the CCL bonds, compared to the official bank rates.

(ii) VAT and other local tax receivables of $2,001,087 (2021: $232,295) expensed to exploration expense to provide provision for doubtful debt on it due to significant delays in its assessment by the Argentinian tax authorities.

RISKS

E2 Metal Ltd's operating and financial results and performance are subject to various risks and uncertainties, some of which are beyond E2 Metal Ltd's reasonable control. Set out below are matters which the Group has assessed as having the potential to have a material impact on its operating and/or financial results and performance:

(i) **Fluctuations in external economic drivers including macroeconomics and metal prices:** The consolidated entity's primary focus is the advancement of its Santa Cruz Gold Silver Project and Rio Negro Gold Silver Project. Fluctuations in the gold price can result from various aspects beyond E2 Metal's control, including macroeconomic and geopolitical. Sustained lower gold prices would adversely impact the viability of the Project.

(ii) **Capital and Liquidity:** The consolidated entity will incur expenditures over the next several years in connection with its exploration objectives and development of new projects and relies on its ability to raise capital as its primary source of funding. The company is exposed to the risk that unfavorable macroeconomic and market conditions would preclude it from raising sufficient capital.

(iii) **Capital Controls:** In Argentina, where the Conserrat project is located, effective December 2019 changes to Argentina's tax law allowed the Argentine Central Bank to regulate funds coming into and flowing out of Argentina in order to maintain stability and support the economic recovery of the country. The Argentine Government has not set an expiry date for these restrictions and they remain in place. To fund its operations, the Company acquires Argentine CCL bonds in US Dollars in the open market and concurrently liquidates the bonds in Argentine Pesos. Changes to Capital Controls has the potential to affect short-term liquidly and how exploration operations are funded.

(iv) **Failure to discover mineral resources and convert to ore reserves:** Exploration activities are speculative in nature and often require substantial expenditure on exploration surveys, drilling and sampling as a basis on which to establish the presence, extent and estimated grade (metal content) of mineralised material. Even if significant mineralisation is discovered, it may take additional time and further financial investment to determine whether a mineral resource has attributes that are adequate enough to support the technical and economic viability of mining projects and enable a financial investment and development decision to be made. During that time the economic viability of the project may change due to fluctuations in factors that affect both revenue and costs, including metal prices, foreign exchange rates, the required return on capital, regulatory requirements, tax regimes and future cost of development and mining operations.

(v) **Renewal of tenements:** The consolidated entity has been granted tenements in Argentina and Australia on the terms and conditions set out by the host state and provincial government. At the expiry of the lease term, the decision of renewal application to assign tenements to the consolidated entity remains with Argentine Government. A non-renewal of a tenement that makes up the Company's flagship Conserrat project would adversely affect the operational results and fulfilment of the aspirations of the consolidated entity.

(vi) **Failure to attract and retain key employees**: The consolidated entity is heavily dependent for its continued operational success on its ability to attract and retain high caliber personnel to fill roles including Directors, Managing Director, Exploration Manager and geologists. A loss of key personnel or a failure to attract appropriately skilled and experienced personnel could affect its operations and performance.

Schedule of Tenements as at 30 June 2022:

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
Paredes, Argentina	42.056/M/2017	Minera	80
Los Leones, Argentina	46006-M-2021	Minera	80
Calvo, Argentina	45041-M-2020	Ivael	100
Curva Oeste y Curva Este, Argentina	45037-M-2020	Ivael	100
Loma Negra, Argentina	45039-M-2020	Ivael	100
Maria, Argentina	45042-M-2020	Ivael	100
Marinao Oeste, Argentina	45043-M-2020	Ivael	100
Ofelia, Argentina	45044-M-2020	Ivael	100
Ojo Del Toro, Argentina	45040-M-2020	Ivael	100
Quila Mahuida, Argentina	45038-M-2020	Ivael	100
Vista Alegre, Argentina	45035-M-2020	Ivael	100
Yanquihuen, Argentina	45035-M-2020	Ivael	100
Buitrera, Argentina	46003-M-2021	Ivael	100
Buitrera Sur, Argentina	46005-M-2021	Ivael	100
Comallo Arriba	46000-M-2021	Ivael	100
Doradillo, Argentina	46001-M-2021	Ivael	100
Efeil, Argentina	46002-M-2021	Ivael	100
Saladero Sur, Argentina	46004-M-2021	Ivael	100
Ofelia Norte, Argentina	46110/M/2021	Ivael	100
Cerro Bayo, Argentina	46111-M-2021	Ivael	100
Rosillo Sur, Argentina	46154-M-2021	Ivael	100

Description	Tenement number	Holder	Interest owned by E2 Metals Limited %
Vista Alegre Este, Argentina	46166-M-2021	Ivael	100
Ipa, Argentina	444.802/IM/2021	Ivael	100
Delia, Argentina	444.800/IM/2021	Ivael	100
Los Calafates, Argentina	444.801/IM/2021	Ivael	100
El Rosillo	42028-2017	Ivael	100
Quila Mahuida Este, Argentina	46178-M-2021	Ivael (Option)	100
Yanquihuen Oeste, Argentina	46179-M-2021	Ivael (Option)	100
Bonito, Argentina	46180-M-2021	Ivael (Option)	100
Ofelia Este, Argentina	46181-M-2021	Ivael (Option)	100
Cañadon Guanaco Muerto Norte, Argentina	46210-M-2021	Ivael	100
Cañadon Guanaco Muerto Sur, Argentina	46211-M-2021	Ivael (Option)	100
Cerro Campo Limpio, Argentina	46209-M-2021	Ivael (Option)	100
Quinihuau, Argentina	46208-M-2021	Ivael (Option)	100
Aguada Reuque, Argentina	46207-M-2021	Ivael (Option)	100
Arroyo Pilahue, Argentina	46206-M-2021	Ivael (Option)	100
Rosillo Oeste, Argentina	46226-M-2021	Ivael (Option)	100
Ipa, Argentina	444,802/IM/2021	Ivael	Application
Delia, Argentina	444,800/IM/2021	Ivael	Application
Los Calafates, Argentina	444,801/IM/2021	Ivael	Application

Notes:

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

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of E2 Metals Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

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:

Mr Peter Mullens (Appointed Non-Executive Director on 13 July 2021 and appointed Non-Executive Chairman effective 1 November 2021)
Mr Todd Williams (Managing Director)
Ms Melanie Leydin (Non-Executive Director)
Mr Bradley Evans (Non-Executive Chairman) (Resigned effective 1 November 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, together with reviewing other asset opportunities.

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 $8,929,928 (30 June 2021: $5,201,165).

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 2022 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:	**Mr Peter Mullens**
Title:	Non-Executive Chairman (Effective from 1 November 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:	650,000 fully paid ordinary shares
Interests in options:	500,000 unlisted options, expiring on 1 November 2024.

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:	1,600,000 fully paid ordinary shares
Interests in options:	1,000,000 unlisted options, expiring on 1 November 2024.
Interests in rights:	2,250,000 performance rights, expiring on 30 December 2023.

Name:	**Ms Melanie Leydin**
Title:	Non-Executive Director
Qualifications:	B.Bus, CA, FGIA
Experience and expertise:	Melanie 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 from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and, Melanie is now Vistra Australia's Managing Director. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors. Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. 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, initial public offerings, secondary raisings and shareholder relations.
Other current directorships:	Director of Medibio Limited (ASX:MEB)
Former directorships (last 3 years):	Alchemia Limited (ASX:ACL)
Special responsibilities:	None
Interests in shares:	976,800 fully paid ordinary shares
Interests in options:	500,000 unlisted options, expiring on 1 November 2024.

Name:	**Mr Bradley Evans**
Title:	Non-Executive Chairman (resigned on 1 November 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' 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 – BBus (Acc. Corp Law) CA FGIA

Melanie 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 from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and, Melanie is now Vistra Australia's Managing Director. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. 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, initial public offerings, secondary raisings 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 2022, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Melanie Leydin	8	8
Todd Williams	8	8
Bradley Evans*	4	4
Peter Mullens	8	8

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

* Mr Bradley Evans resigned as Non-Executive Chairman on 1 November 2021.

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 2022 no cash incentives were paid (2021: 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 as below:

Tranche	**Performance conditions**
Tranche 1	750,000 Performance Rights that vest once the Company achieved a total resource inventory[1], in accordance with JORC guidelines, of more than 300,000 ounces of gold at a 0.7g/t cutoff grade;
Tranche 2	750,000 Performance Rights that vest once the Company achieved a total resource inventory[1], in accordance with JORC guidelines, of more than 500,000 ounces of gold at a 0.7g/t cutoff grade;
Tranche 3	750,000 Performance Rights that vest once the Company achieved a total resource inventory[1], in accordance with JORC guidelines, of more than 750,000 ounces of gold at a 0.7g/t cutoff grade.

[1] "Total Resource Inventory" means a combination of Inferred, Indicated and Measured Mineral Resources reported in accordance with JORC2012 over one or more of the Company's projects located in NSW Australia or Argentina.

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 2022, 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:

- **Mr Peter Mullens** (Appointed Non-Executive Director on 13 July 2021 and appointed Non-Executive Chairman effective 1 November 2021)
- **Mr Todd Williams** (Managing Director)
- **Ms Melanie Leydin** (Non-Executive Director)
- **Mr Bradley Evans** (Non-Executive Chairman) (Resigned effective 1 November 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 2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Mullens	44,697	-	-	4,470	-	41,696	90,863
Melanie Leydin*	39,996	-	-	-	-	41,696	81,692
Bradley Evans	24,130	-	-	-	-	-	24,130
Executive Directors:							
Todd Williams	200,913	-	16,923	20,091	7,874	114,704	360,505
	309,736	-	16,923	24,561	7,874	198,096	557,190

* In addition to the Director fee as above to Ms Leydin, $142,000 was paid/payable to Vistra Australia, an entity associated to Ms Leydin, for company secretarial and CFO services provided to the consolidated entity during the financial year ended 30 June 2022.

30 June 2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
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, an entity associated to Ms Leydin, for company secretarial and CFO services provided to the consolidated entity during the financial year ended 30 June 2021.

Equity-settled share-based payments in the tables above represents the valuation of the options and/or performance rights granted to the relevant KMP, as required by Accounting Standard AASB 2- Share-based Payment to be accounted as the cost to the company. The amount disclosed for equity-settled share-based payments represents the accounting valuation recognised as cost to the company during the year and does not represent cash remuneration to the KMP.

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 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Non-Executive Directors:						
Melanie Leydin	100%	100%	-	-	-	-
Alastair Morrison*	-	100%	-	-	-	-
Bradley Evans	100%	100%	-	-	-	-
Peter Mullens**	100%	-	-	-	-	-
Executive Directors:						
Todd Williams	68%	88%	-	-	32%	12%

* Mr Alastair Morrison resigned as Non-Executive Director on 4 May 2021.
** Mr Peter Mullens was appointed Non-Executive Director on 13 July 2021 and appointed Non-Executive Chairman effective 1 November 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 statutory 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 2022.

Options
Options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022 as below:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Todd Williams	1,000,000	01/11/2021	01/11/2022	01/11/2024	$0.369	$0.126
Peter Mullens	500,000	01/11/2021	01/11/2022	01/11/2024	$0.369	$0.126
Melanie Leydin	500,000	01/11/2021	01/11/2022	01/11/2024	$0.369	$0.126

Performance rights
There were no performance rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022. 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 2022 all of these performance rights remained unvested (30 June 2021: all unvested).

Performance rights granted carry no dividend or voting rights.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 $	2021 $	2020 $	2019 $	2018 $
Revenue	5,397,891	3,702,886	373,042	65,345	39,334
Loss after income tax	(10,356,202)	(6,178,937)	(2,789,455)	(3,237,499)	(908,700)
Total comprehensive income	(10,324,493)	(6,280,151)	(2,857,388)	(3,203,200)	(927,886)

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

	2022	2021	2020	2019	2018
Share price at financial year end ($)	0.13	0.28	0.16	0.20	0.08
Basic earnings per share (cents per share)	(5.56)	(3.66)	(2.53)	(3.24)	(1.50)
Diluted earnings per share (cents per share)	(5.56)	(3.66)	(2.53)	(3.24)	(1.50)

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
Ordinary shares					
Todd Williams*	1,200,000	-	400,000	-	1,600,000
Melanie Leydin	976,800	-	-	-	976,800
Bradley Evans**	100,000	-	-	(100,000)	-
Peter Mullens***	-	-	250,000	400,000	650,000
	2,276,800	-	650,000	300,000	3,226,800

* The balance in Additions represents off-market purchase of shares during the year.
** Mr Bradley Evans resigned as Non-Executive Chairman on 1 November 2021. The balance in Others represents numbers shares held at the time of resignation as Non-Executive Chairman on 1 November 2021.
*** Mr Peter Mullens was appointed Non-Executive Director on 13 July 2021 and appointed Non-Executive Chairman effective 1 November 2021. The balance in Others represents numbers shares held at the time of appointment as Non-Executive Director on 13 July 2021. The balance in Additions represents on-market purchase of shares during the year.

Option holding
The number of 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, including their personally related parties, is set out below:

	Balance at the start of the year	Granted/ (exercised)	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares				
Todd Williams	-	1,000,000	-	1,000,000
Peter Mullens	-	500,000	-	500,000
Melanie Leydin	-	500,000	-	500,000
	-	2,000,000	-	2,000,000

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted during the year	Expired/ forfeited/ other*	Balance at the end of the year
Todd Williams	2,250,000	-	-	2,250,000

On 20 December 2018, the Company issued 2,250,000 performance rights to Mr Todd Williams (Managing Director). The vesting of the performance rights is to take place in three tranches, The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets laid out in the performance conditions.

Other transactions with key management personnel and their related parties
Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of E2 Metals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
23/12/2019	23/12/2022	$0.260	150,000
27/05/2020	27/05/2023	$0.170	150,000
18/02/2021	17/02/2024	$0.580	1,570,000
01/11/2021	01/11/2024	$0.369	2,000,000
21/02/2022	21/02/2025	$0.330	1,550,000
21/02/2022	21/02/2025	$0.383	250,000
01/06/2022	01/06/2024	$0.300	2,500,000
			8,170,000

* 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
20/12/ 2018	30/12/2023	$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 2022 and up to the date of this report.

The following ordinary shares of E2 Metals Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
22/03/2019	$0.224	90,000

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

Peter Mullens
Chairman

28 September 2022

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 2022 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
Melbourne, 28th September 2022

	Note	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Grants and other income		-	29,865
Interest income		79,761	19,831
Investment income	5	5,318,130	3,653,190
Expenses			
Administrative expenses		(282,799)	(171,489)
Corporate expenses		(782,065)	(546,832)
Employment expenses		(971,457)	(306,296)
Exploration expenses		(13,541,201)	(8,535,334)
Finance expenses		(176,571)	(321,872)
Loss before income tax expense		(10,356,202)	(6,178,937)
Income tax expense		-	-
Loss after income tax expense for the year		(10,356,202)	(6,178,937)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		31,709	(101,214)
Other comprehensive income/(loss) for the year, net of tax		31,709	(101,214)
Total comprehensive loss for the year		(10,324,493)	(6,280,151)
Loss for the year is attributable to:			
Non-controlling interest		(1,426,274)	(977,772)
Owners of E2 Metals Limited		(8,929,928)	(5,201,165)
		(10,356,202)	(6,178,937)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(1,428,217)	(999,662)
Owners of E2 Metals Limited		(8,896,276)	(5,280,489)
		(10,324,493)	(6,280,151)
		Cents	**Cents**
Basic loss per share	26	(5.56)	(3.66)
Diluted loss per share	26	(5.56)	(3.66)

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

	Note	Consolidated	
		30 June 2022 $	30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents	6	10,678,145	11,035,452
GST, VAT and other receivables	7	66,354	873,219
Prepayments		86,235	82,229
Total current assets		10,830,734	11,990,900
Non-current assets			
GST, VAT and other receivables	7	-	226,087
Property, plant and equipment		86,089	119,693
Right-of-use assets	8	197,911	-
Security deposits		62,604	30,000
Total non-current assets		346,604	375,780
Total assets		11,177,338	12,366,680
Liabilities			
Current liabilities			
Trade and other payables	9	366,280	157,395
Lease liabilities	10	38,332	-
Employee benefits		50,659	25,099
Total current liabilities		455,271	182,494
Non-current liabilities			
Lease liabilities	10	166,862	-
Employee benefits		11,839	3,786
Total non-current liabilities		178,701	3,786
Total liabilities		633,972	186,280
Net assets		10,543,366	12,180,400
Equity			
Issued capital	11	37,270,397	29,195,743
Reserves	12	653,672	17,763
Accumulated losses		(24,268,964)	(15,349,584)
Equity attributable to the owners of E2 Metals Limited		13,655,105	13,863,922
Non-controlling interest		(3,111,739)	(1,683,522)
Total equity		10,543,366	12,180,400

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 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	29,195,743	125,143	(107,380)	(15,349,584)	(1,683,522)	12,180,400

Consolidated	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2021	29,195,743	125,143	(107,380)	(15,349,584)	(1,683,522)	12,180,400
Loss after income tax expense for the year	-	-	-	(8,929,928)	(1,426,274)	(10,356,202)
Other comprehensive income/(loss) for the year, net of tax	-	-	33,652	-	(1,943)	31,709
Total comprehensive income/(loss) for the year	-	-	33,652	(8,929,928)	(1,428,217)	(10,324,493)
Issue of shares	8,601,933	-	-	-	-	8,601,933
Cost of share issue	(555,745)	-	-	-	-	(555,745)
Lapse of share options	-	(10,548)	-	10,548	-	-
Vesting of share based payments	-	621,435	-	-	-	621,435
Share issued on exercise of unlisted options	19,836	-	-	-	-	19,836
Movement reserve on the exercise of options	8,630	(8,630)	-	-	-	-
Balance at 30 June 2022	37,270,397	727,400	(73,728)	(24,268,964)	(3,111,739)	10,543,366

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

	Note	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Cash flows from operating activities			
Payments for exploration activities (inclusive of GST)		(12,319,313)	(9,355,225)
Payments to suppliers and employees for corporate and administrative activities (inclusive of GST)		(1,389,760)	(1,086,078)
Interest received		79,761	19,831
COVID-19 ATO incentives received		-	29,865
Net cash used in operating activities	25	(13,629,312)	(10,391,607)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,736)	(137,875)
Payments for deposits		(32,604)	-
Payments for bonds purchased		(6,301,428)	(5,237,996)
Proceeds from the sales of bonds		11,619,558	8,891,186
Net cash from investing activities		5,280,790	3,515,315
Cash flows from financing activities			
Proceeds from issue of shares		8,519,825	15,402,121
Equity raising costs		(545,517)	(879,982)
Repayment of lease liabilities		(33,520)	-
Net cash from financing activities		7,940,788	14,522,139
Net increase/(decrease) in cash and cash equivalents		(407,734)	7,645,847
Cash and cash equivalents at the beginning of the financial year		11,035,452	3,564,498
Effects of exchange rate changes on cash and cash equivalents		50,427	(174,893)
Cash and cash equivalents at the end of the financial year	6	10,678,145	11,035,452

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 28 September 2022. 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.

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 2022 and the results of all subsidiaries for the year then ended. E2 Metals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

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

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

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

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

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

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

Revenue recognition

The consolidated entity recognises revenue as follows:

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants that compensate the Group for expenses incurred are recognised in profit or loss; within 'Grants and other income'; on a systematic basis in the periods in which the expenses are recognised.

Interest and other income

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

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

Interest income
Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All interest revenue is stated net of the amount of goods and services tax (GST).

Investments and other financial assets

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

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

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

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

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

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

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Exploration and Development Expenditure
Exploration and evaluation expenditure incurred are expensed in full in the statement of profit or loss as they are incurred. Expenditure are capitalised as development expenditure when technical feasibility and commercial viability of extracting a mineral resource is established.

During the exploration stages the consolidated entity does not provide for site restoration costs due to the uncertainties around the timing of such commitments. However, cost of site restoration are provided for once a mine plan / production phase has commenced and a known mine plan is evident. Site restoration costs usually include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology. Costs are discounted back to present value, using an applicable cost of capital relevant to the consolidate entity and then amortised over the life of the mine. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

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 addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share based payment transactions
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 27.

Allowance for expected credit losses on VAT receivables for Argentinian operations
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, days overdue and historical recovery rates. Due to significant delays in the assessment of VAT by Argentinian Tax Authorities, the Consolidated Entity has assessed recovery of claimable VAT as doubtful when providing for expected credit losses on it as at 30 June 2022. Refer to note 7 for further details.

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. Based on the latest management assessment no deferred tax assets is recognised as at 30 June 2022.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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.

Operating segment information

Consolidated - 30 June 2022	Australia $	Argentina $	Total $
Investment income	-	5,318,130	5,318,130
Other income	1,911	77,850	79,761
Administrative expenses	(202,087)	(80,712)	(282,799)
Corporate expenses	(456,285)	(325,780)	(782,065)
Employment expenses	(803,130)	(168,327)	(971,457)
Exploration expenses	(443,817)	(13,097,384)	(13,541,201)
Finance costs	157,323	(333,894)	(176,571)
Loss before income tax expense	(1,746,085)	(8,610,117)	(10,356,202)
Income tax expense			-
Loss after income tax expense			(10,356,202)
Assets			
Unallocated assets:			
Cash and cash equivalents			10,678,145
GST, VAT and other receivables			66,354
Other current assets			86,235
Other non-current assets			346,604
Total assets			11,177,338
Liabilities			
Unallocated liabilities:			
Trade and other payables			366,280
Employee Benefits			62,498
Lease liabilities			205,194
Total liabilities			633,972

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			
Unallocated assets:			
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			
Unallocated liabilities:			
Trade and other payables			157,395
Employee Benefits			28,885
Total liabilities			186,280

Note 5. Investment income

	Consolidated	
	30 June 2022 $	30 June 2021 $
Gain from bonds	5,318,130	3,653,190

The gain from bonds relates to gain from the sale of Argentine Contado con Liquidación ('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 $nil bonds on hand as at 30 June 2022 (2021: $nil).

Note 6. Cash and cash equivalents

	Consolidated	
	30 June 2022 $	30 June 2021 $
Current assets		
Cash at bank	10,175,360	10,674,778
Cash on deposit	502,785	360,674
	10,678,145	11,035,452

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held at call with banks with maturity period of less than 3 months.

Note 7. GST, VAT and other receivables

	Consolidated	
	30 June 2022 $	30 June 2021 $
Current assets		
GST and VAT receivable	37,165	800,869
Other receivable	29,189	72,350
	66,354	873,219
Non-current assets		
GST and VAT receivable	-	226,087
	66,354	1,099,306

Non-current GST and VAT receivables represents the amount of VAT 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. As at 30 June 2022, the Consolidated entity has $2,233,382 of VAT and other local tax receivables in Argentina which are subject to successful assessment by the Argentinian tax authorities. Due to significant delays in assessment by the Argentinian tax authorities, the Consolidated entity has expensed $2,001,087 (2021: $232,295) to exploration expense to provide provision for doubtful debt of 100% of VAT receivables as of 30 June 2022.

Note 8. Right-of-use assets

	Consolidated	
	30 June 2022 $	30 June 2021 $
Non-current assets		
Office space - right-of-use	228,359	-
Less: Accumulated depreciation	(30,448)	-
	197,911	-

The consolidated entity leased office space for its Adelaide office under agreements of for 5 years commencing on 1 November 2021 and expiring on 31 October 2026 with no clause for renewals.

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

Consolidated	Office space $	Total $
Balance at 1 July 2020	-	-
Balance at 30 June 2021	-	-
Additions	228,359	228,359
Depreciation expense	(30,448)	(30,448)
Balance at 30 June 2022	197,911	197,911

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 9. Trade and other payables

	Consolidated	
	30 June 2022 $	30 June 2021 $
Current liabilities		
Trade payables	146,906	88,065
Accrued expenses	175,965	21,268
Other payables	43,409	48,062
	366,280	157,395

Refer to note 14 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 10. Lease liabilities

	Consolidated	
	30 June 2022 $	30 June 2021 $
Current liabilities		
Lease liability	38,332	-
Non-current liabilities		
Lease liability	166,862	-
	205,194	-

Refer to note 14 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 11. Issued capital

	Consolidated			
	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 $	30 June 2021 $
Ordinary shares - fully paid	199,132,323	150,158,406	37,270,397	29,195,743

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 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	150,158,406		29,195,743
Shares issued for acquisition of El Rosillo tenement	10 August 2021	193,655	$0.325	63,112
Shares issued for acquisition of El Rosillo tenement	31 August 2021	119,152	$0.325	38,832
Share issued on exercise of unlisted options	22 March 2022	90,000	$0.220	19,836
Share placement to sophisticated investors	23 March 2022	22,570,681	$0.175	3,949,914
Share placement to sophisticated investors	05 May 2022	26,000,429	$0.175	4,550,075
Exercised options fair value transfer from option reserve to issued capital		-	$0.000	8,630
Capital raising cost		-	$0.000	(555,745)
Balance	30 June 2022	199,132,323		37,270,397

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 the statement of financial position. 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 2021 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 12. Reserves

	Consolidated	
	30 June 2022 $	30 June 2021 $
Foreign currency reserve	(73,728)	(107,380)
Share based payment reserve	727,400	125,143
	653,672	17,763

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 13. Dividends

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

Note 14. Financial instruments

Financial risk management objectives

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

Market risk

Foreign currency risk

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

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

	Assets		Liabilities	
Consolidated	30 June 2022 $	30 June 2021 $	30 June 2022 $	30 June 2021 $
US dollars	1,790,979	1,086,917	162,713	2,261
Argentine Peso	27,183	190,158	38,964	108,540
	1,818,162	1,277,075	201,677	110,801

The consolidated entity had net assets denominated in foreign currencies of $1,616,485 as at 30 June 2022 (2021: $2,302,182). Based on this exposure, had the Australian dollars weakened by 1%/strengthened by 1% (2021: 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 $16,565 lower/$16,239 higher (2021: $23,254 lower/$22,794) and equity would have been $16,565 higher/$16,239 lower (2021:$23,254 higher/$22,794 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 7 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 includes VAT and other local tax on expenditure incurred by Argentinian subsidiaries. Due to significant delays in assessment by the Argentine tax authorities, the Consolidated entity has assessed credit risk on $2,233,382 of VAT and other local tax receivables as at 30 June 2022 and has created a provision for doubtful debt on it as of 30 June 2022. Refer to note 7 for further details.

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 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	(366,280)	-	-	-	(366,280)
Interest-bearing -						
Lease liability	-	(51,663)	(53,786)	(133,917)	-	(239,366)
Total non-derivatives		(417,943)	(53,786)	(133,917)	-	(605,646)

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						
Non-interest bearing						
Trade and other payables	-	(157,395)	-	-	-	(157,395)
Total non-derivatives		(157,395)	-	-	-	(157,395)

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 15. Key management personnel disclosures

Directors

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

Mr Peter Mullens	(Appointed Non-Executive Director on 13 July 2021 and appointed Non-Executive Chairman effective 1 November 2021)
Mr Todd Williams	(Managing Director)
Mr Bradley Evans	(Non-Executive Chairman) (resigned effective 1 November 2021)
Ms Melanie Leydin	(Non-Executive Director)

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

	Consolidated	
	30 June 2022 $	30 June 2021 $
Short-term employee benefits	326,659	294,864
Post-employment benefits	24,561	21,800
Long-term benefits	7,874	3,786
Share-based payments	198,096	31,311
	557,190	351,761

Share-based payments for the year end 30 June 2022 relates the vesting charge of $31,311 (2021: $31,311) on performance rights granted and issued to Mr Todd Williams in financial year 2019 and vesting charge of $166,785 on options issues to the Directors during the year ended 30 June 2022 (2021:nil).

Note 16. 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 2022 $	30 June 2021 $
Audit services - William Buck Audit (Vic) Pty Ltd		
Audit or review of the financial statements	40,800	32,250

Note 17. Contingent assets

As at 30 June 2022, the Consolidated entity has $2,233,382 (2021: $232,295) of VAT and other local tax receivables in Argentina. Due to significant delays in assessment by the Argentinian tax authorities, the Consolidated entity has created provision for doubtful debt for 100% of these receivables as of 30 June 2022. These receivables are contingent on assessment decisions by the Argentinian tax authorities.

Note 18. Contingent liabilities

There were no contingent liabilities at 30 June 2022 (2021: nil).

Note 19. Commitments

	Consolidated	
	30 June 2022 $	30 June 2021 $
Planned exploration expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	17,865	36,919
One to five years	71,460	147,676
	89,325	184,595

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 15 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 2022 $	30 June 2021 $
Sale of goods and services:		
Payments to Vistra Australia, an associated entity of Ms Melanie Leydin*	142,000	138,000

* The amounts paid to Vistra Australia (previously Leydin Freyer Corp Pty Ltd) relate to company secretarial and CFO services provided to the consolidated entity during the financial year.

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 2022 $	30 June 2021 $
Current payables:		
Trade payables to Vistra Australia, an entity associated to Ms Melanie Leydin	12,650	12,650

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 2022 $	30 June 2021 $
Loss after income tax	(1,732,897)	(1,059,673)
Total comprehensive loss	(1,732,897)	(1,059,673)

Statement of financial position

	Parent	
	30 June 2022 $	30 June 2021 $
Total current assets	10,234,522	10,873,532
Total assets	31,114,826	23,803,400
Total current liabilities	252,123	70,222
Total liabilities	430,824	74,008
Net assets	30,684,002	23,729,392
Equity		
Issued capital	36,356,571	28,281,917
Share based payment reserve	727,400	125,143
Accumulated losses	(6,399,969)	(4,677,668)
Total equity	30,684,002	23,729,392

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 Pty Limited as per note 23.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

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 2022 %	Ownership interest 30 June 2021 %
Land & Mineral Pty Limited	Australia	100.00%	100.00%
Fisher Resources Pty Ltd	Australia	100.00%	100.00%
Los Domos Pty Ltd	Australia	100.00%	100.00%
Minera Los Domos S.A	Argentina	80.00%	80.00%
Ivael Mining S.A	Argentina	100.00%	100.00%

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 2022 $	30 June 2021 $
Summarised statement of financial position		
Current assets	201,791	967,453
Non-current assets	84,118	341,997
Total assets	285,909	1,309,450
Current liabilities	32,324	96,558
Non-current liabilities	15,822,114	9,642,022
Total liabilities	15,854,438	9,738,580
Net liabilities	(15,568,529)	(8,429,130)
Summarised statement of profit or loss and other comprehensive income		
Revenue	4,699,748	3,534,371
Expenses	(11,831,119)	(8,351,253)
Loss before income tax expense	(7,131,371)	(4,816,882)
Income tax expense	-	-
Loss after income tax expense	(7,131,371)	(4,816,882)
Other comprehensive income	(9,705)	(109,884)
Total comprehensive loss	(7,141,076)	(4,926,766)

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 Pty 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 2022 total $430,825 (2021: $74,008).

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 2022 $	30 June 2021 $
Other income	1,911	34,062
Administrative expenses	(201,738)	(115,714)
Corporate expenses	(456,285)	(374,254)
Employment expenses	(803,130)	(192,355)
Exploration expenses	(432,342)	(300,027)
Finance income/(expense)	157,413	(111,659)
Loss before income tax expense	(1,734,171)	(1,059,947)
Income tax expense	-	-
Loss after income tax expense	(1,734,171)	(1,059,947)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(1,734,171)	(1,059,947)

Statement of financial position	30 June 2022 $	30 June 2021 $
Current assets		
Cash and cash equivalents	10,119,780	10,790,147
GST, VAT and other receivables	37,165	10,738
Prepayments	86,235	82,229
	10,243,180	10,883,114
Non-current assets		
Inter company receivables	19,571,567	11,852,042
Investments	975,000	975,000
Other financial assets	32,604	-
Right-of-use assets	197,911	-
	20,777,082	12,827,042
Total assets	31,020,262	23,710,156
Current liabilities		
Trade and other payables	163,132	45,123
Lease liabilities	18,472	-
Other	50,659	25,099
	232,263	70,222
Non-current liabilities		
Lease liabilities	186,723	-
Other	11,839	3,786
	198,562	3,786
Total liabilities	430,825	74,008
Net assets	30,589,437	23,636,148
Equity		
Issued capital	37,265,073	29,195,743
Reserves	732,724	125,143
Accumulated losses	(7,408,360)	(5,684,738)
Total equity	30,589,437	23,636,148

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 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 2022 $	30 June 2021 $
Loss after income tax expense for the year	(10,356,202)	(6,178,937)
Adjustments for:		
Depreciation and amortisation	69,569	17,970
Interest expense on lease liability	10,355	-
Share-based payments	713,150	31,311
Foreign exchange differences	(19,484)	73,889
Investment income classified as cashflow from investing activity	(5,318,130)	(3,653,190)
Change in operating assets and liabilities:		
Decrease/(increase) in GST, VAT and other receivables	1,032,934	(757,597)
Increase in prepayments	(4,005)	(39,026)
Increase in trade and other payables	208,887	92,653
Increase in employee benefits	33,614	21,320
Net cash used in operating activities	(13,629,312)	(10,391,607)

Note 26. Earnings per share

	Consolidated	
	30 June 2022 $	30 June 2021 $
Loss after income tax	(10,356,202)	(6,178,937)
Non-controlling interest	1,426,274	977,772
Loss after income tax attributable to the owners of E2 Metals Limited	(8,929,928)	(5,201,165)
	Cents	**Cents**
Basic loss per share	(5.56)	(3.66)
Diluted loss per share	(5.56)	(3.66)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	160,564,896	142,181,965
Weighted average number of ordinary shares used in calculating diluted earnings per share	160,564,896	142,181,965

Accounting policy for earnings per share

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

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

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity has generated a loss for the year. As at 30 June 2022 there were 35,369,841 (2021: 2,070,000) (potential ordinary shares not considered dilutive.

Note 27. Share-based payments

Share based payments expense during the period is $611,206 (30 June 2021: $31,311) which relates to performance rights and options issued to KMP and other employees of the Company.

Options

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

30 June 2022							
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	200,000	-	(90,000)	(110,000)	-
23/12/2019	23/12/2022	$0.260	150,000	-	-	-	150,000
27/05/2020	27/05/2023	$0.170	150,000	-	-	-	150,000
18/02/2021	17/02/2024	$0.580	-	1,570,000	-	-	1,570,000
01/11/2021	01/11/2024	$0.369	-	2,000,000	-	-	2,000,000
21/02/2022	21/02/2025	$0.343	-	1,550,000	-	-	1,550,000
21/02/2022	21/02/2025	$0.383	-	250,000	-	-	250,000
01/06/2022	01/06/2024	$0.300	-	2,500,000	-	-	2,500,000
			500,000	7,870,000	(90,000)	(110,000)	8,170,000

During the period 27,199,841 free attaching options were issued, in relation to share placements, that are not included in the above tables as they are not considered share-based payments under AASB 2 *Share-Based Payment*.

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
			1,650,000	-	(1,150,000)	-	500,000

For the options granted during the financial year and the current year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
18/02/2021	17/02/2024	$0.405	$0.580	98.79%	-	0.12%	$0.217
01/11/2021	01/11/2024	$0.243	$0.369	96.68%	-	0.98%	$0.125
21/02/2022	21/02/2025	$0.220	$0.343	99.42%	-	1.57%	$0.117
21/02/2022	21/02/2025	$0.220	$0.383	99.42%	-	1.57%	$0.111
01/06/2022	01/06/2024	$0.175	$0.300	80.02%	-	2.57%	$0.051

Performance rights

The number of performance rights over ordinary shares in the Company held during the financial year, issued under the Company's share option plan, is set out below:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2018	30/12/2023	-	2,250,000	-	-	-	2,250,000

In December 2018, the consolidated entity agreed to issue 2,250,000 performance rights to Mr Todd Williams with vesting conditions relating to performance hurdles. The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions. No performance rights were vested during the financial year ended 30 June 2022.

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 2022 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

Peter Mullens
Chairman

28 September 2022

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 its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; 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 Group 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

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.

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ACCOUNTING FOR SHARE BASED PAYMENTS ARRANGEMENTS	
Area of focus	**How our audit addressed it**
As disclosed in note 29 and the Remuneration Report, the Group issued share-based options to employees and Key Management Personnel respectively in the period. The arrangements were considered to meet the definition of AASB 2 *Share Based Payments*, with management assessing the arrangements as being equity-settled and measured the fair value of each award on grant date. The options issued were valued using a Black Scholes model and $621,435 was charged to the profit or loss. There is a financial risk that the Group may not have valued these share options and performance rights appropriately and that the expense due to be recognised from these options issued during the year is incorrect. Due to the judgements and estimates required in appropriately valuing the share options and performance rights, this matter was considered to be a Key Audit Matter.	Our audit procedures included the following: — Understanding the terms of the options being issued including the number of options issued, grant date, expiry date, exercise price and the presence of any market or non-market conditions; — Assessing the appropriateness of the Black Scholes model inputs used by management to determine the valuation of the options and examining the key inputs used in the model; — Recomputing the share option expense recognised during the year in line with the vesting period of the options and performance rights; and — Assessing the adequacy of the Group's disclosures in the financial report in accordance with the requirements of AASB 2 for the options and performance rights.

ACCOUNTING FOR FAIR VALUE GAIN ON BONDS	
Area of focus	**How our audit addressed it**
As disclosed in note 6, the Group recognised a fair value gain related to the sale of CCL bonds which have been used as a mechanism to investment Australian dollars, through the USD-denominated bonds, through to Argentinian Pesos. The arrangements were considered to meet the definition of AASB 9 Financial Instruments and were due to the nature of the arrangements being held for trading, were recognised as a fair value gain (or loss) through the profit or loss. There is a financial risk that the Group may not have recognised the fair values for each trade of bonds and may not have recorded all fair values in the period subject to open derivative contracts. Notwithstanding that all bond trading was realised during the period, due to the quantum of the income earned from the trading activity this was considered to be a Key Audit Matter.	Our audit procedures included the following: — Understanding the terms of the arrangement entered into with the counterparty; — Assessing the contractual terms and conditions in accordance with AASB 9 *Financial Instruments* including the assessment as being held for trading; — Testing a sample of fair value gains recognised in the period to contract and obtaining evidence to support the completeness of gains recognised in the period; and — Assessing the adequacy of the Group's disclosures in the financial report in accordance with the requirements of AASB 9 *Financial Instruments*.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 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 Group 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 Group 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.

William Buck
ACCOUNTANTS & ADVISORS

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 2022.

In our opinion, the Remuneration Report of E2 Metals Limited for the year ended 30 June 2022 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, 28th September 2022

The shareholder information set out below was applicable as at 13 September 2022.

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	142	42,350	0.02
1,001 - 5,000	292	919,773	0.46
5,001 - 10,000	401	2,632,572	1.32
10,001 - 100,000	543	19,967,426	10.03
100,001 Over	240	175,570,202	88.17
Total	**1,618**	**199,132,323**	**100.00**
Holdings less than Marketable parcel	**268**	**286,433**	**0.14**

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	33	1,976,715	5.59
100,001 Over	48	33,393,126	94.41
Total	**81**	**35,369,841**	**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	Citicorp Nominees Pty Limited	19,875,462	9.98
2	BNP Paribas Noms Pty Ltd <DRP>	9,480,874	4.76
3	Dellta Pty Ltd <SLSD A/C>	9,000,000	4.52
4	Instant Expert Pty Limited <P Jurkovic Family A/C>	7,227,303	3.63
5	Rayne Investments Pty Ltd <Stewart Investment A/C>	5,847,791	2.94
6	Instant Expert Pty Limited <P Jurkovic Family A/C>	5,290,323	2.66
7	CCF No 1 Pty Ltd	4,556,125	2.29
8	Dael Investments (SA) Pty Ltd	4,193,707	2.11
9	Puresteel Holdings Pty Ltd <Rattigan Super Fund A/C>	3,850,000	1.93
10	Bonza View Superannuation Fund Pty Ltd <Bonza View S/F A/C>	3,700,951	1.86
11	Ratatat Investments Pty Ltd <Ratatat Investment A/C>	3,541,952	1.78
12	J P Morgan Nominees Australia Pty Limited	3,332,442	1.67
13	Royal Park Services Pty Ltd	3,300,000	1.66
14	Superhero Securities Limited <Client A/C>	3,012,408	1.51
15	Mr Geoffrey Andrew Kinghorn	3,000,000	1.51
16	Bond Street Custodians Limited <Trylan – D83486 A/C>	2,485,714	1.25
17	Equity Trustees Limited <Lowell Resources Fund A/C>	2,392,857	1.20
18	HSBC Custody Nominees (Australia) Limited	1,873,375	0.94
19	Mrs Sonia Quaini & Mr Franco Martino Quaini & Mr Daniel Quaini <Quaini Fam SF No 2 A/C>	1,824,885	0.92
20	Mrs Dominique Skye Stewart	1,625,000	0.82
Total Top 20 Shareholders		**99,411,169**	**49.92**

Substantial Shareholders

Details of substantial shareholders are set out below:

Name	No. of shares	% Units
Dellta Pty Ltd (Dellta Group)	13,097,189	6.82%
2176423 Ontario Ltd. and Eric Sprott	17,142,860	8.61%

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) or 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

The 2022 Annual General Meeting will be held on Monday, 28 November 2022 at 12.00pm (Adelaide time). Further 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 dispatch.

In accordance with rule 8.1(m)(4) of the Company's constitution, the closing date for Nomination of Director is Monday, 24 October 2022. Any nomination must be received in writing no later than 5.00pm (Melbourne time) on Monday, 24 October 2022 at the Company's Registered Office.