

E2 Metals

ASX RELEASE

E2 Metals Limited

ABN: 34 116 865 546
ASX Code: E2M

Level 4, 100 Albert Road
South Melbourne VIC 3205
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Directors / Secretary

Melanie Leydin
Executive Chairman

Simon Peters
Executive Director

Justin Klintberg
Non Executive Director

Justin Mouchacca
Company Secretary

Issued capital

60.7M fully paid ordinary shares

Substantial Shareholders

The Trust Company Ltd (13.51%)
Capri Trading Pty Ltd (4.74%)
Lido Trading Ltd (4.12%)

E2 Metals Quarterly Activities Report

31 July 2018

Mount Hope Project

During the quarter, further programs of work continue to be developed and incorporated into this year's work program. The review focused on targeting extensions of known high-grade gold mineralisation that remain open at the prospect.

Neavesville Project (New Zealand)

An application for extension of obligations to the conditions of the Neavesville exploration permit was granted during the quarter. All obligations associated with the permit are now due by April 2020.

Corporate Update

On 22 June 2018, E2 Metals Limited (**Company**) and Cobalt Magnetic Ltd (**Cobalt**) entered into a binding letter agreement under which to which the Company has conditionally agreed to acquire 100% of the issued capital of Cobalt from the shareholders of Cobalt including the assets which comprise the Cootamundra Project.

The acquisition is conditional on, amongst other things, the Company entering into definitive documents, obtaining shareholder approval pursuant to ASX Listing Rule 7.1 and completing due diligence to its satisfaction.

The Company is progressing the transaction with the assistance of its advisers and remains in discussion with Cobalt and its shareholders as to the final terms of the acquisition.

E2 Metals Tenement holding summary

| Mining Tenement | Location | Beneficial Percentage held | Interest acquired/farm-in during the quarter | Interest disposed/farm-out during the quarter |
|------------------------|-----------------|-----------------------------------|---|--|
| EL6837 | Mt Hope | 100%* | - | - |
| EL8058 | Main Road | 100%* | - | - |
| EL8290 | Broken Range | 100% | - | - |
| EL8654 | Mt Hope | 100% | - | - |
| EPM51767 | Hauraki Gold | 100% | - | - |

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

E2 Metals Limited

ABN

34 116 865 546

Quarter ended ("current quarter")

30 June 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (52) | (462) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (47) | (261) |
| (e) administration and corporate costs | (60) | (337) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 6 | 35 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 GST refund | | 132 |
| 1.9 Other (provide details if material) | - | - |
| 1.10 Net cash from / (used in) operating activities | (153) | (893) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| (d) other non-current assets | - | - |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (cash on deposit with a term greater than 3 months) | - | (20) |
| 2.6 Net cash from / (used in) investing activities | - | (20) |

| | | |
|---|----------|----------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | - |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (interest on borrowings) | - | - |
| 3.10 Net cash from / (used in) financing activities | - | - |

| | | |
|---|-------|-------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 3857 | 4,608 |
| 4.2 Net cash from / (used in) operating activities (item 1.10 above) | (153) | (893) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | (20) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | - | - |

Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|---|------------------------------------|---|
| 4.5 | Effect of movement in exchange rates on cash held | - | 9 |
| 4.6 | Cash and cash equivalents at end of period | 3704 | 3704 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 3,704 | 3,857 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (funds held on trust) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,704 | 3,857 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| Current quarter \$A'000 |
|------------------------------------|
|------------------------------------|

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- Payment of \$24,821 to Leydin Freyer Corporate, an associated entity of Ms Melanie Leydin, for CFO and company secretarial fees during the June 2018 quarter
- Payment of \$25,485 to Sustainable Project Services, an associated entity of Mr Simon Peters, for consulting fees during the June 2018 quarter

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| Current quarter \$A'000 |
|------------------------------------|
|------------------------------------|

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Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| - | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 23 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 75 |
| 9.5 Administration and corporate costs | 96 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 194 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | - | - | - | - |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | - | - | - | - |

Compliance statement

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

Sign here:

Date: 31 July 2018



Company Secretary

Print name: Justin Mouchacca

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.