

E2 Metals Limited

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Directors / Secretary

Melanie Leydin
Chair & Company Secretary

Todd Williams
Managing Director

Alastair Morrison
Non-Executive Director

Issued Capital

91.9M fully paid ordinary shares

E2 Metals raises \$2.75M by Placement and launches SPP

26 May 2020

Highlights

- E2 Metals (E2 or the Company) has received firm **commitments to raise \$2.75 million** through the issue of 22 million shares at 12.5 cents per share (**The Placement**).
- The Placement was non-brokered and attracted strong demand from existing shareholders who qualify as sophisticated or professional investors.
- In parallel, the Company announces a Share Purchase Plan (**SPP**) to **raise up to \$0.75M** through the issue of an additional 6 million shares at the same terms of 12.5 cents per share.
- The net proceeds of the Placement and SPP strengthen the Company's balance sheet and provide important funding to accelerate drilling at the Conserrat gold and silver discovery, located in the Santa Cruz province of Argentina

Commenting on the capital raise, Managing Director Todd Williams states:

"We are thankful for the strong support for the Placement by existing sophisticated and professional shareholders, and welcome all remaining shareholders to participate in the SPP under the same terms. The Placement proceeds ensure the Company is adequately funded with over \$3.7M cash before the SPP is considered.

We believe that the Conserrat project has all the hallmarks of other multi-million-ounce gold and silver vein systems in the district, with recent exploration by the Company returning multiple near surface discoveries including the recent high-grade Mia prospect.

These funds help shield the Company from the current market risk while providing the certainty to advance Conserrat through planned diamond and reverse circulation drill programs once COVID-19 restrictions are lifted.

We look forward to updating the market on commencement of this program and entering a potentially transformative cycle for E2 Metals.

**Placement**

The Company has raised \$2.75 million capital from professional, sophisticated and other exempt investors through the issue of 22 million new fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.125 (12.5 cents) per New Share.

The New Shares will be issued on or around 3 June 2020 subject to receipt of funds on 29 May 2020.

The issue price of 12.5 cents per ordinary share represents a discount of 35% to the Company's 15-day VWAP of 19.1 cents.

The allotment of up to 22 million New Shares will be issued within the Company's 15% placement capacity under ASX Listing Rule 7.1 and additional 10% placement capacity granted under the ASX 'Class Waiver Decision – Temporary Extra Placement Capacity'.

The New Shares will rank equally with existing fully paid shares of the Company. The Company approached professional and sophisticated investors amongst its Top 50 shareholders to participate in the Placement. Strong support was received from the existing shareholders, taking up more than 85% of the New Shares to be allocated. Excess placement capacity was then placed to a small number of strategic, new shareholders.

As far as the Company is aware, no New Shares were issued or agreed to be issued in the Placement to a related party, substantial holder in the Company or otherwise to any person referred to in Listing Rule 10.11.

Share Purchase Plan

The Company will give eligible shareholders an opportunity to subscribe for new fully paid ordinary shares (**SPP Shares**) in the Company by way of a SPP. The SPP Shares will be offered at an issue price of \$0.125 (12.5 cents) per share (being the same issued price per SPP Share as the price under the Placement).

Under the SPP each shareholder who held shares in the Company at 7.00pm (AEST), Monday, 25 May 2020 and who had a registered address in Australia or New Zealand will be entitled to acquire up to \$30,000 of SPP Shares without brokerage. The SPP will raise up to \$750,000 (before costs). Full details of the SPP (including details of any scale back in the event of oversubscription) will be set out in the SPP Offer Booklet which is expected to be released to ASX and despatched to eligible shareholders on 5 June 2020.

Use of Funds

The funds raised by the Company under the Placement and SPP will accelerate the emerging greenfields Conserrat gold and silver discovery, centred 20km along trend from AngloGold Ashanti's world-class Cerro Vanguardia mine (current & historical reserves of 8.9Moz Au, 137Moz Ag), located in the mining friendly Santa Cruz province of Argentina.

In its Appendix 5B and Quarterly activities report for the quarter ending March 2020, the Company indicated that it did not expect to be required to undertake a capital raising to fund its operations. At the time of issuing its Appendix 5B, this was an accurate statement based on the information available. When the Appendix 5B was issued, the Company had reacted swiftly to the impacts of COVID-19 by halting operations and implementing austerity measures that included a reduction in employee salaries of up to 50%. However, at the time of releasing its March Quarterly reports, the Board had not yet completed its assessment and did not have sufficient information to estimate the costs associated with demobilising in Argentina.



As the medium term impacts of the COVID-19 lockdown on exploration activity and likely access to funding have become clearer, the Board determined that undertaking the Placement and the SPP was a prudent measure to manage the ongoing risk of COVID-19 and to ensure that the Company was in a financial position to meet the costs of remobilising and recommencing operations as soon as practicable upon the lifting of COVID-19 restrictions.

The Key Dates for the placement and SPP are as follows:

Event	Date
Record Date	25 May 2020
Announcement of Placement and SPP and re-commencement of trading of shares on ASX	26 May 2020
Settlement of New Shares	29 May 2020
Issue of New Shares under Placement	3 June 2020
Announcement and Despatch of SPP Offer Booklet	5 June 2020
SPP Opens	5 June 2020
SPP Closes	26 June 2020
SPP results announced to the ASX	1 July 2020
Issue of SPP Shares under SPP	3 July 2020
Trading of all SPP Shares (subject to ASX Listing Rules)	7 July 2020

Note - dates and times are indicative only and subject to change.

E2 reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary any or all of the dates and times of the Placement and SPP without prior notice, including extending the SPP or to withdraw the SPP without prior notice. Any extension of the Closing Date of the SPP will have a consequential effect on the issue date of shares under the SPP.

The commencement of quotation of SPP Shares under the SPP is subject to confirmation from ASX.

All times are Melbourne time.

For enquiries please contact:

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