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September 2020 Quarterly Report

26 October 2020

E2 Metals (**E2 or the Company**) is pleased to present the quarterly report for the period ended 30 September 2020, and provide an update on exploration activities at the Company's gold and silver projects in the Santa Cruz provoince of Argentina.

Highlights

- The planned 4000m combined reverse circulation (RC) and diamond drill program at the **Conserrat** Project commenced in late September
- Phase 1 drilling at the **Mia** and **Patricia** prospects has been completed
- The initial program included 9 RC holes and 3 diamond holes for 1303m.
- First gold and silver assay results are expected in late October with COVID-19 and travel restrictions causing minor delays.
- Drilling at **Conserrat** is ongoing and anticipated to continue until mid to late November.
- In addition to the ongoing drill program, follow-up rock chip sampling at the **Emilia** prospect has returned up to **15gpt gold and 2146gpt silver** in vein samples, confirming the high-grade target.
- Elsewhere in Santa Cruz, soil sampling at the Corona project has defined a coherent 1.5km long silver arsenic soil anomaly at the **Corona Norte** prospect. The prospect is located some 30km south of Newmont's Cerro Negro mine.
- The Company remains in a robust financial position with over $5.2 million as of 30 September 2020.

ABN: 34 116 865 546
ASX Code: E2M

Issued Capital

131.2M fully paid

ordinary shares

Melanie Leydin
Chair & Company Secretary

Todd Williams
Managing Director

Alastair Morrison

Non-Executive Director

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Santa Cruz Projects, Argentina

Overview

E2 Metals continues to be focused on its Santa Cruz projects in Argentina (Figure 1) where it holds an 80% interest in a 90,000-hectare land package prospective for multi-million-ounce gold and silver epithermal vein deposits similar to Cerro Negro (Newmont) and Cerro Vanguardia (AngloGold Ashanti).

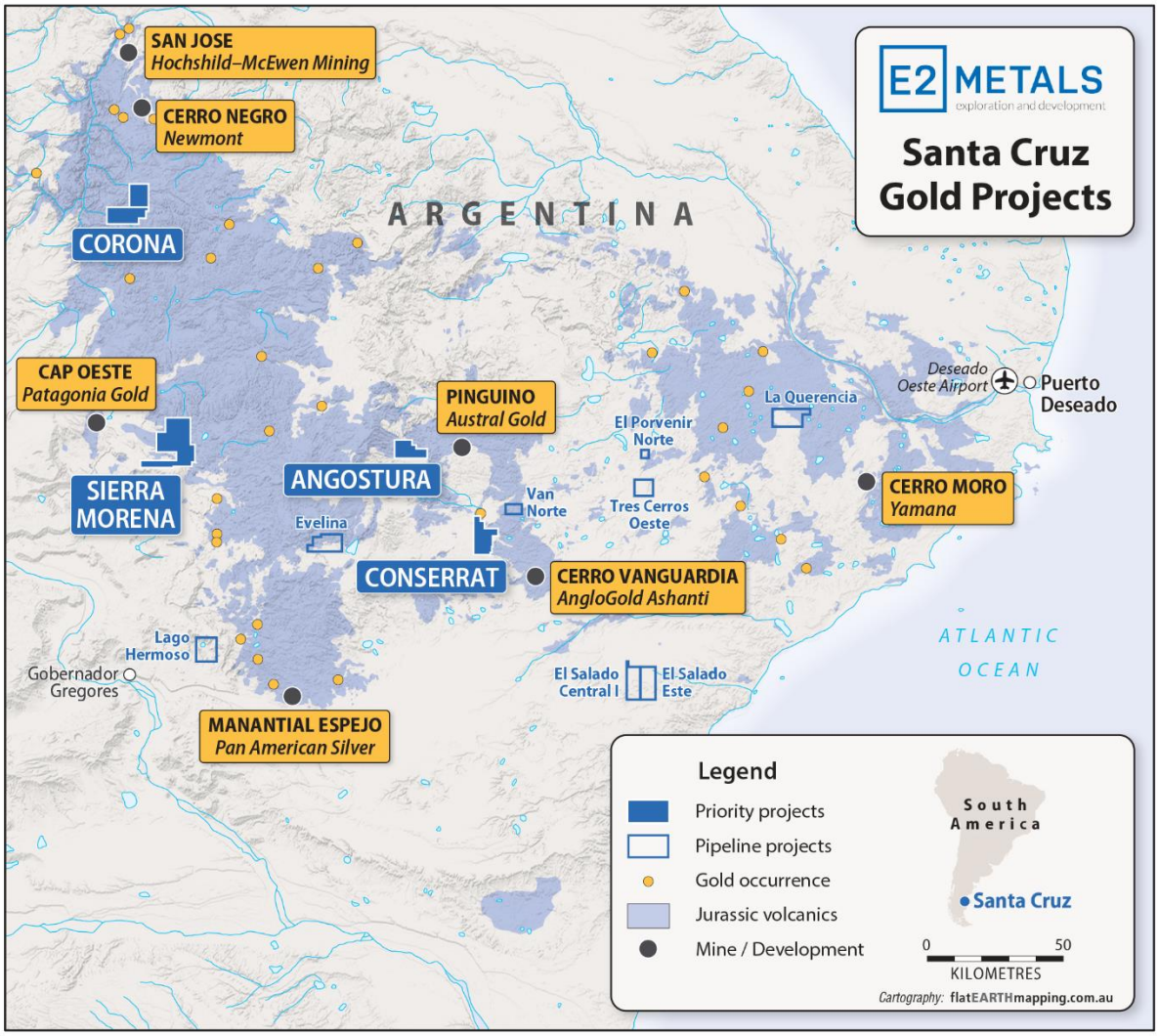


Figure 1: ***Santa Cruz Portfolio***

Exploration work programs in Santa Cruz were on hold through most of the the reporting period, with work resuming in late September with a 4000m diamond and reverse circulation (RC) drill program commencing at the **Conserrat** project (Figure 2). Results for a regional soil program completed earlier in the year at the **Corona** project were announced with sample anlaysis having been delayed by COVID-19 and forced closure of laboratories in Argentina.

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Conserrat

The **Conserrat** project is comprised of one title totalling 8,696Ha and is centered on the same geological trend that is host to AngloGold Ashanti's Cerro Vanguardia mine (historical and current reserves 8.9Moz Au, 137Moz Ag). The project 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.

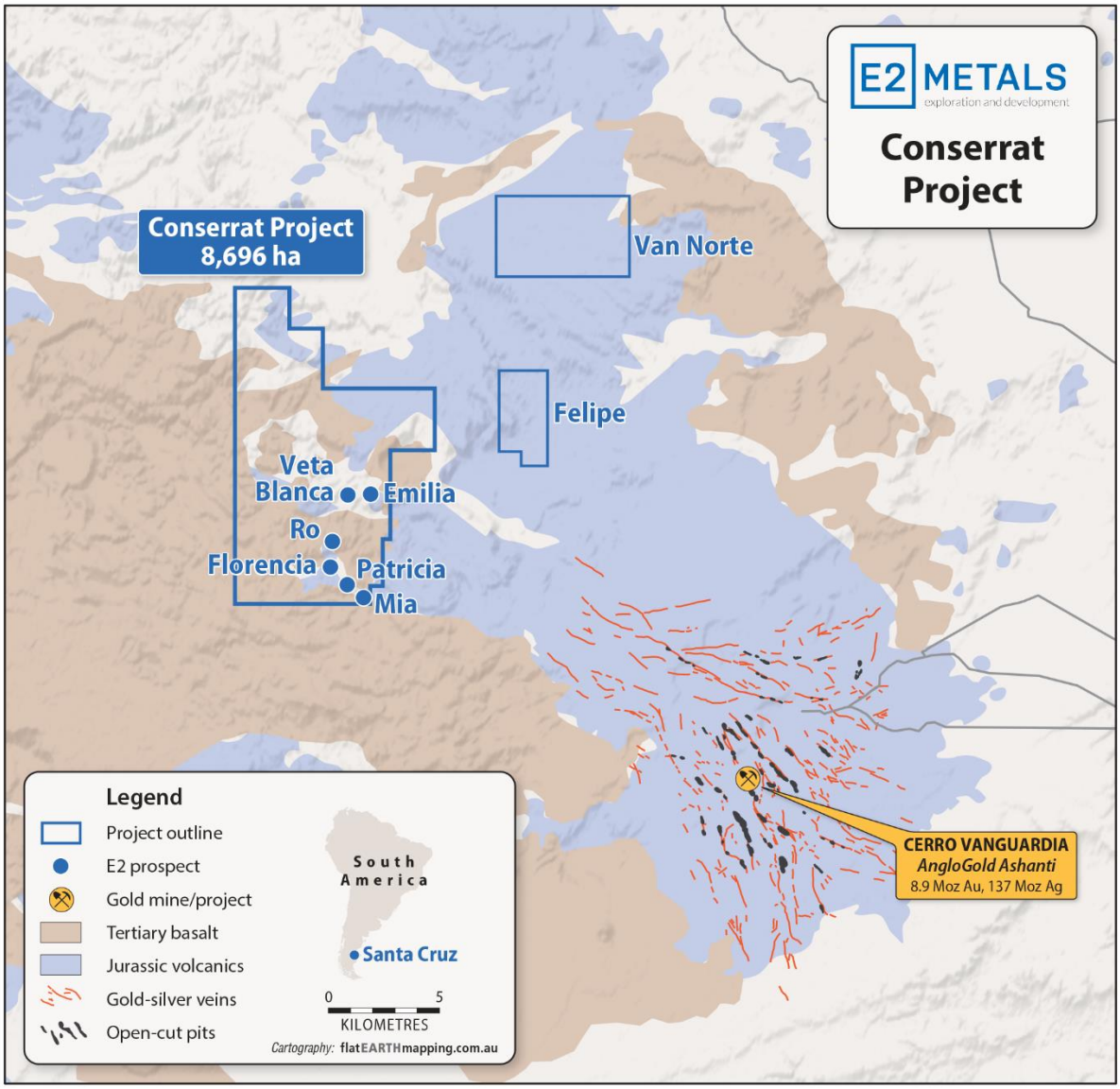


Figure 2: *Conserrat Project*

A combined 4000m diamond and RC drill program commenced in late September, focussing first at **Mia** to follow up a previous high-grade gold and silver intercept (*see ASX announcement, 6 May 2020, 8m at 7.46gpt Au and 216gpt Ag at Mia prospect*) and then at **Patricia** to conduct scout drilling following up a vein target with up to 40gpt Au and 262gpt Ag in surface float samples.

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A total of 9 RC holes and 3 diamond holes for a combined total of 1303m has initially been completed at these prospects with results expected in late October. Holes collars are provided in Table 1 and shown in Figures 3 and 4.

Table 1: ***Mia and Patricia drill hole collars***

Coordinates stated in WGS84 UTM 19S

Prospect	Hole	Easting	Northing	Elevation	Dip	Azimuth	Depth (m)
Mia	DDH-MI20-001	534940	4645850	306	-60	37	92
Mia	DDH-MI20-002	534995	4645925	301	-60	217	161.2
Mia	DDH-MI20-003	534927	4646007	298	-60	217	169
Mia	DRC-MI20-011	535017	4645873	306	-60	217	100
Mia	DRC-MI20-012	535035	4645897	302	-60	217	84
Mia	DRC-MI20-013	534934	4645934	302	-60	217	102
Mia	DRC-MI20-014	534954	4645955	300	-60	217	96
Mia	DRC-MI20-015	534916	4645874	305	-60	180	105
Patricia	DRC-PA20-006	534069	4646535	304	-60	217	100
Patricia	DRC-PA20-007	534052	4646511	306	-60	217	102
Patricia	DRC-PA20-008	534134	4646494	301	-60	217	96
Patricia	DRC-PA20-010	534115	4646470	302	-60	217	96

Both rigs remain on site and drilling has commenced at the **Ro** and **Florencia** prospects where an additional 1500m of drilling is planned. The program will follow up encourging gold and silver mineralisation intercepted in the previous exploration season, including:

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

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

Follow up rock chip sampling (n=19) at the **Emilia** prospect has confirmed the high-grade vein target announced on 3 August 2020 (*see ASX announcement, New gold and silver targets emerge at Emilia and Ro*) with recent samples returning up to 15gpt Au, 2146gpt Ag (*see ASX announcement 19 Oct 2020, Conserrat Project Exploration Update*). Gold and silver assay results for all samples are shown in Figure 5. Sampling has defined a zone of 100m by 50m that will be tested with scout RC drilling during this campaign.

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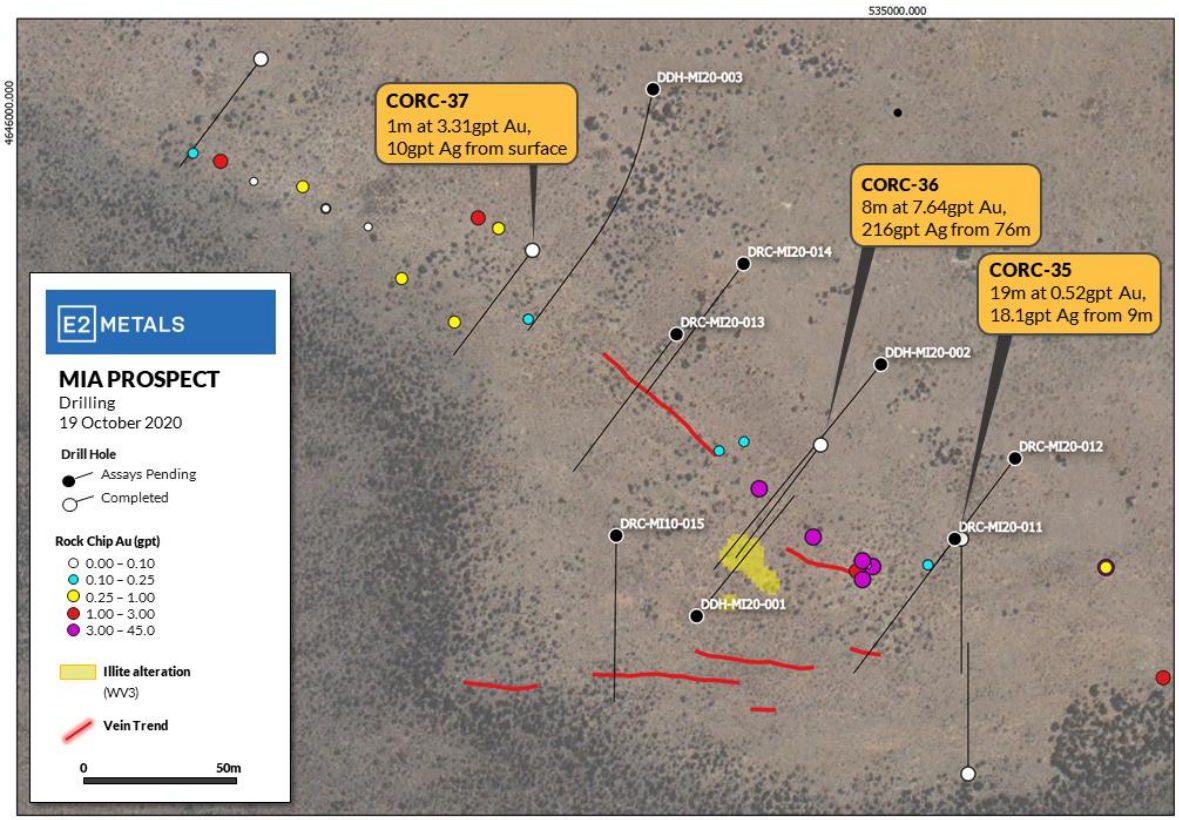


Figure 3: *Mia prospect drillholes*

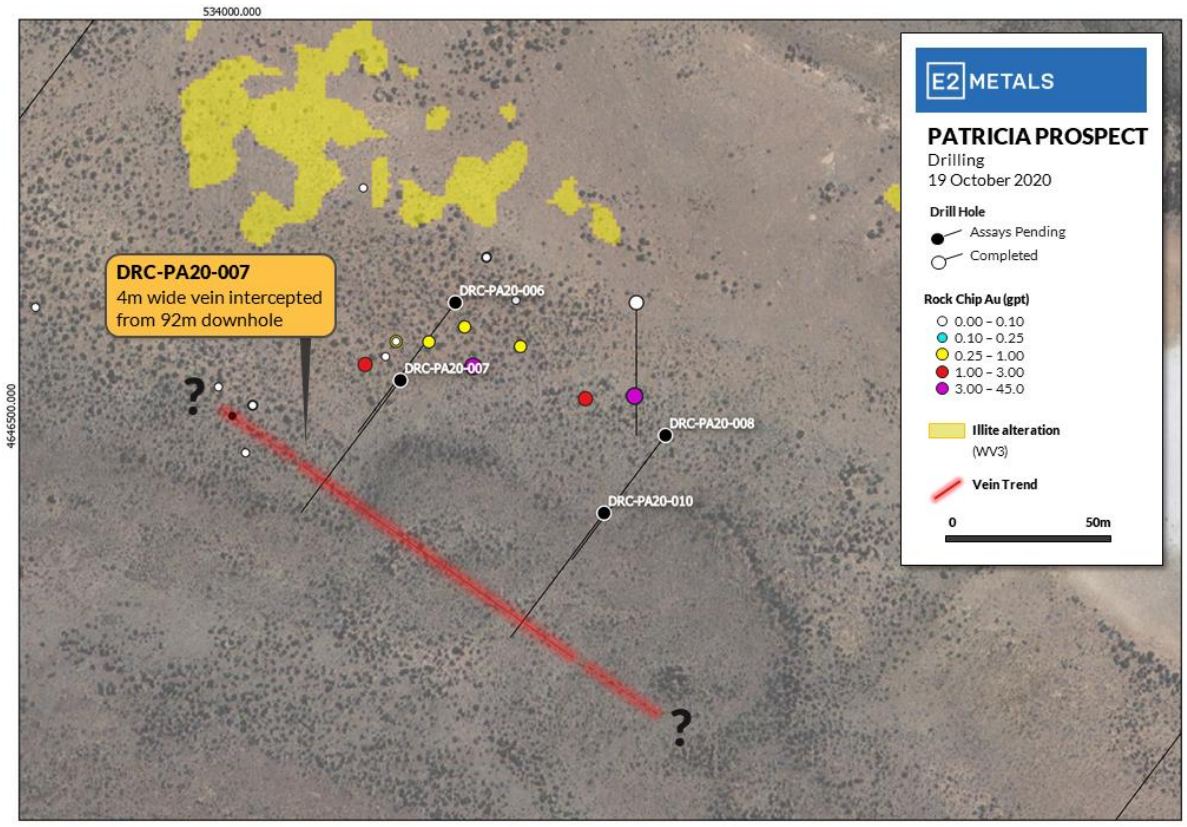


Figure 4: *Patricia prospect drillholes*

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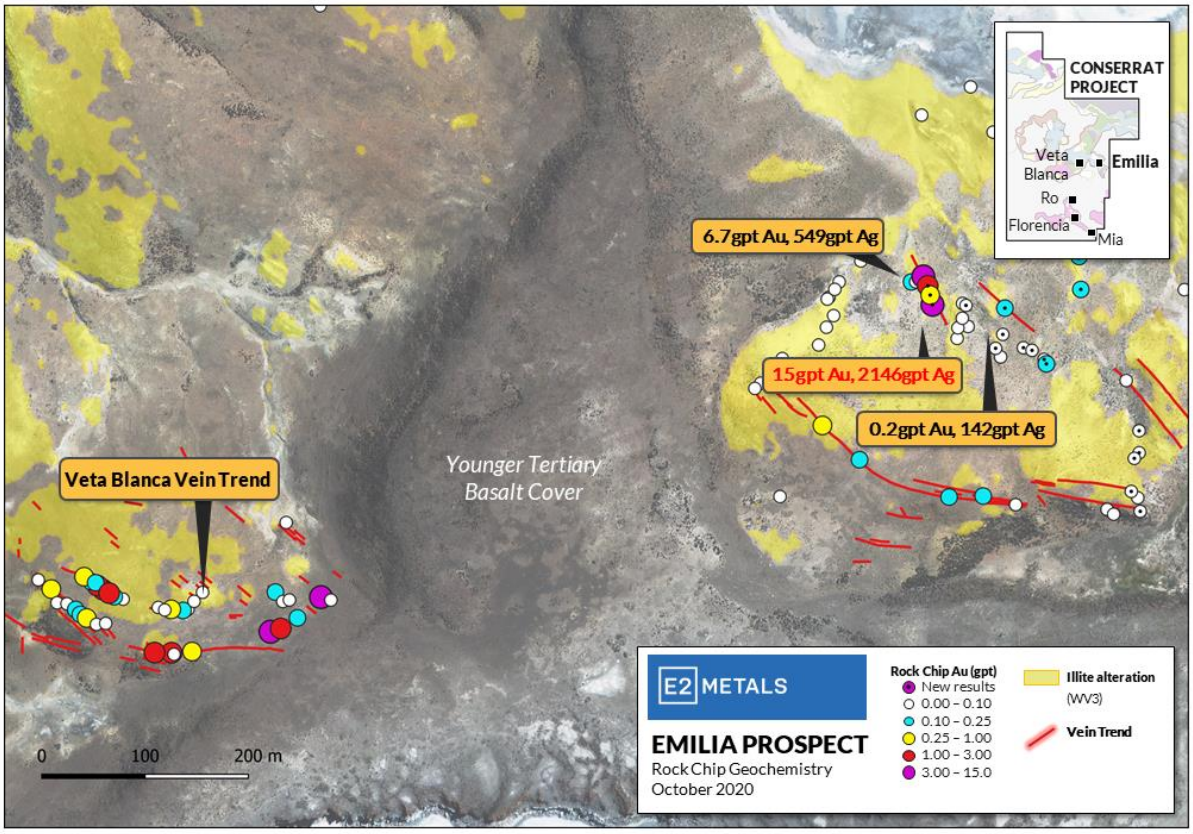


***Figure 5**: Emilia prospect rock chip geochemistry*

Corona

The **Corona** Project is located on the north-western margin of the Deseado Massif geological province and is 30km south of Newmont's Cerro Negro mine (Figure 6). A regional soil survey was completed last field sesaon at the **Corona Norte** prospect and results (delayed by COVID-19) announced during August 2020.

The Corona Norte prospect is located in the northern project area and is centred on a prominent silica ridge made up of an epithermal sinter deposit associated with a major northwest oriented structure. Epithermal sinters are laminated silica deposits that occur in many mineralised epithermal vein districts (e.g. Cerro Negro) adjacent to fertile veins.

Soil results (Figure 7) show a coherent silver-arsenic anomaly extending for 1.5km along strike, confirming the potential for the Corona Norte sinter to host a precious metal vein deposit at depth. This is supported by regional induced polarisation (IP) geophysical data, which shows the geochemical anomaly to be coincident with a major northwest structural lineament and chargeable zone. Exploration at Corona is planned to recommence in Q1 2021 subject to COVID-19 and travel restrictions.

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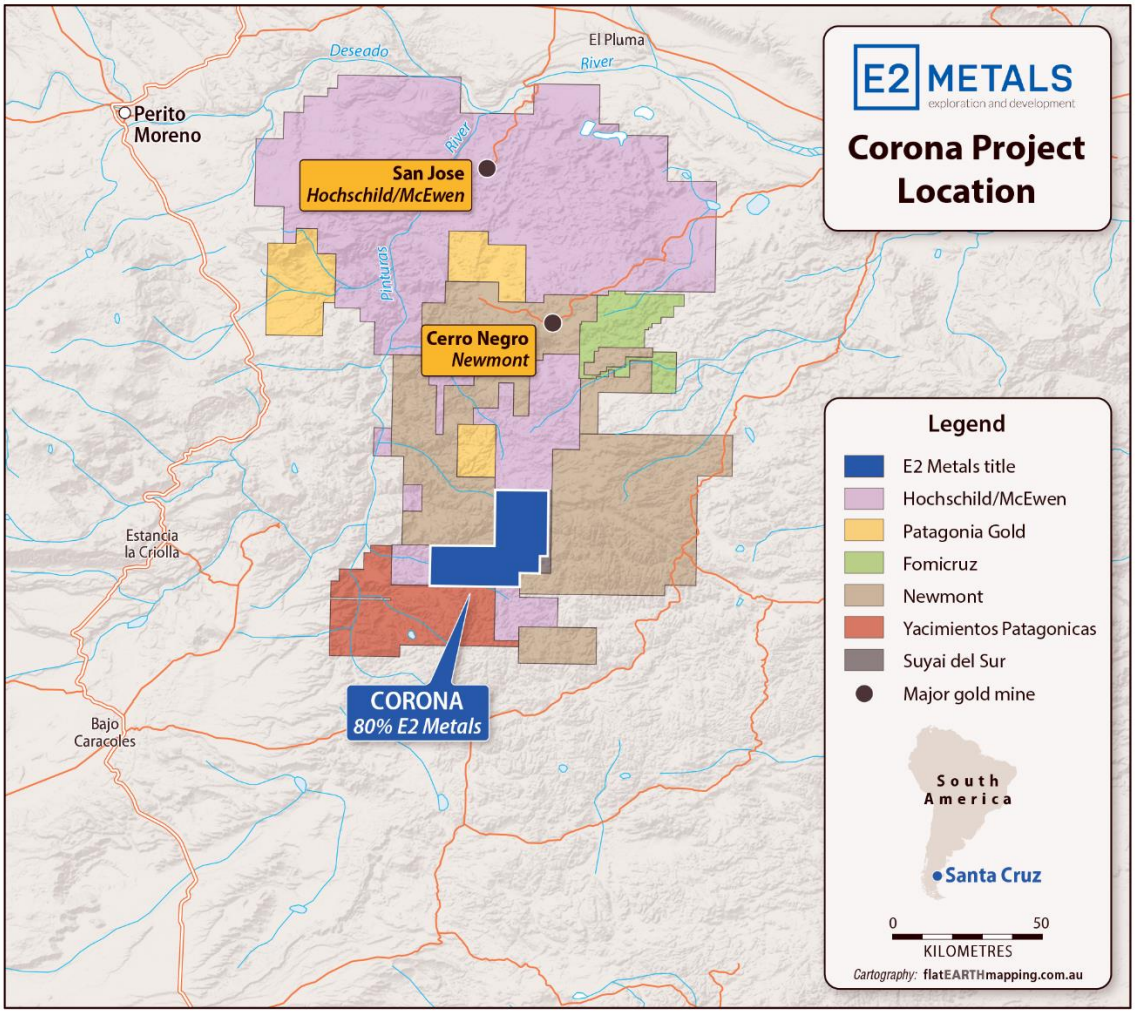


Figure 6: ***Corona Project***

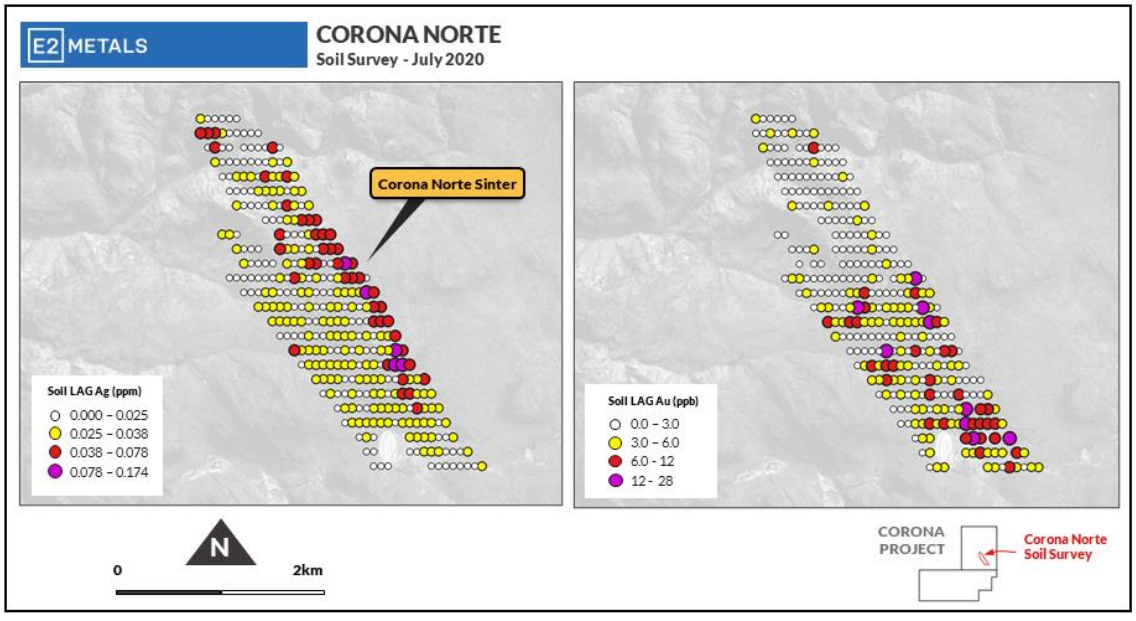


Figure 7: ***Corona Norte Soil Results***

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Rio Negro Projects, Argentina

Overview

E2 Metals holds an 80% interest in 37,979 hectares in the Rio Negro province (Figure 8) of Argentina. The province is host to the northern portion of the Somuncura Massif, a large volcanic province that is geologically similar to the Deseado Massif in Santa Cruz, but has been subject to far less modern exploration. The Somuncura Massif is host to Pan American Silver's Navidad deposit, the largest undeveloped silver deposit in the world with over 700 million ounces of silver resources, and Patagonia Gold's Calcatreu gold deposit with over 1 million ounces of gold resources.

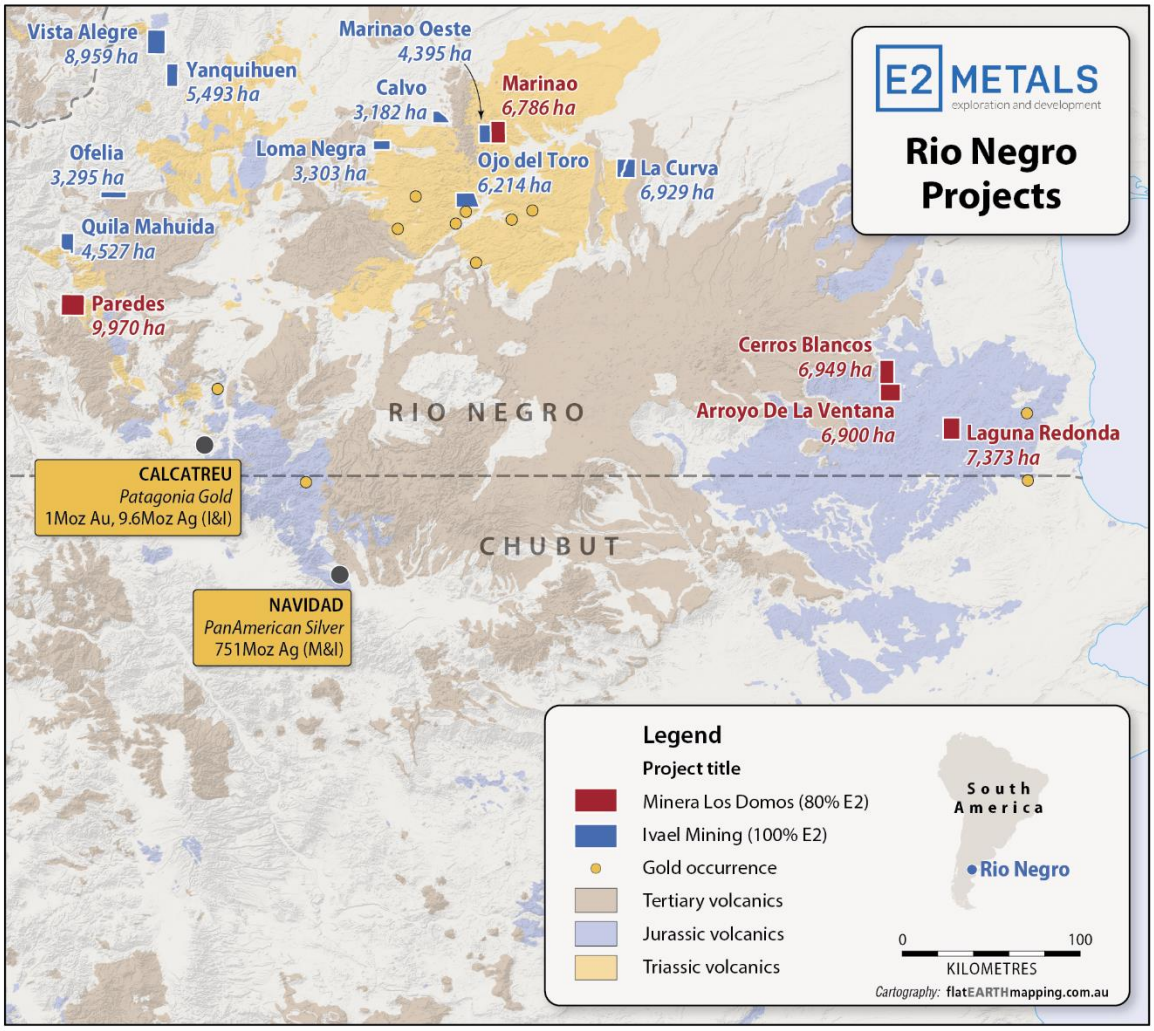


Figure 8: *Rio Negro Portfolio*

No field work was conducted during the reporting period, but the Company acquired 50,790 hectares of new titles under its 100% owned entity Ivael Mining SA. The titles are located in the highly prospective Los Menucos and Jacobacci areas and are prospective for gold and silver deposits similar to Navidad and Calcatreu.

Reconnaissance mapping and sampling is planned for several of the Rio Negro projects during Q1 2021 subject to COVID-19 and travel restrictions.

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Cobar Project, Australia

Overview

E2 Metals holds a large 273km^2 strategic landholding in the prolific Cobar Superbasin, New South Wales, located on the eastern margin of the Silurian to early Devonian Mount Hope Trough (Figure 9). Gold and copper mineralisation have been defined at three prospects (**Mount Solitary** , **Mount Solar** and **Main Road**) within a north-south structural corridor traced over 10km along strike. The potential for high-grade 'Cobar-style' mineralisation is underpinned by the relative proximity to the historical Mount Hope and Great Central copper mines. Recent discoveries of significant blind polymetallic mineralisation at Wagga Tank-Southern Nights by Peel Mining, and Federation by Aurelia Metals, reinforce the potential for further discoveries in the district.

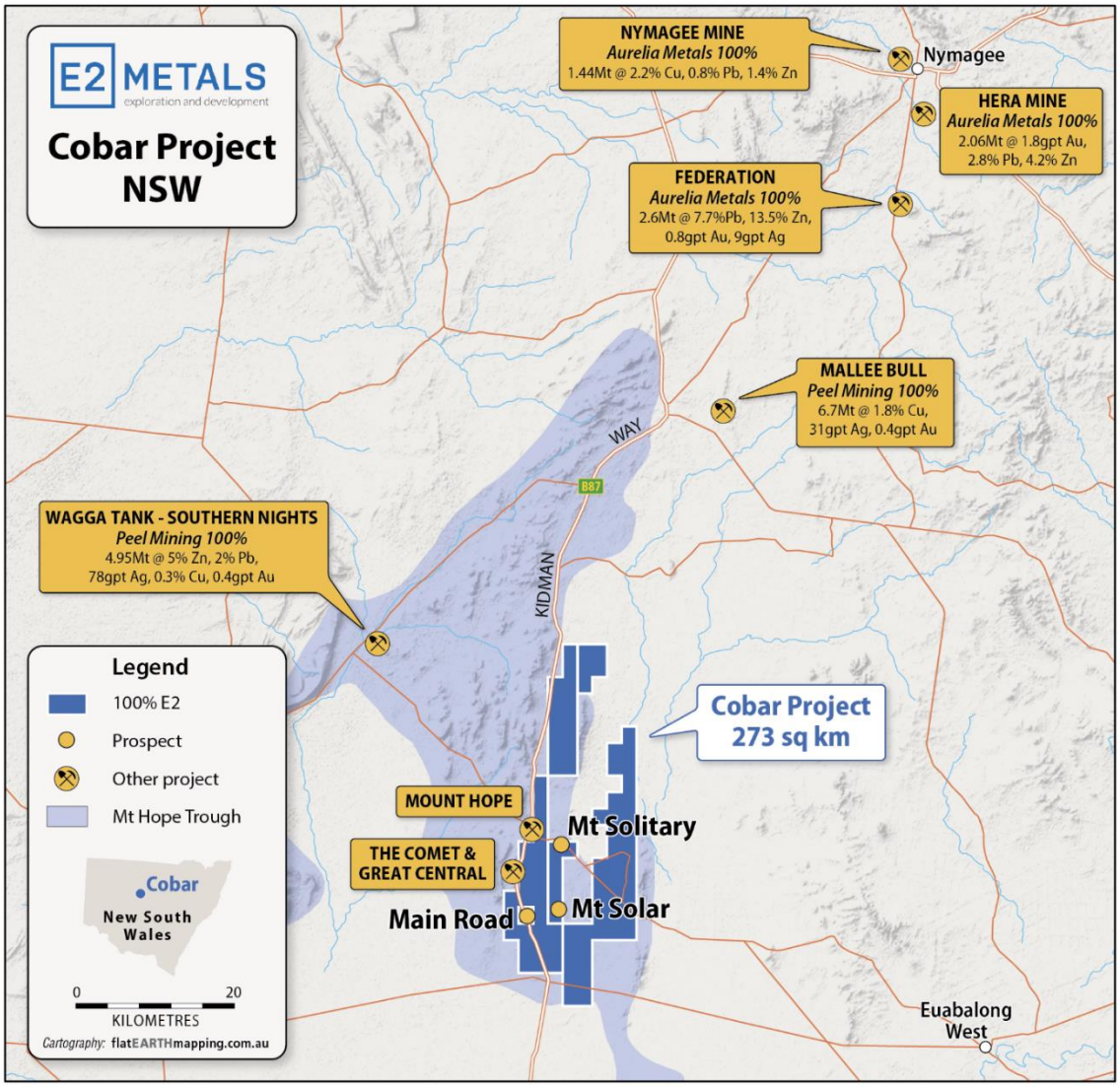


Figure 9: Cobar Portfolio

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Corporate

The Company remains in a robust financial position with over $5.2 million cash as of 30 September 2020.

Share Sale Facility

During the quarter, the Company implemented a share sale facility of fully paid ordinary shares for shareholders who hold less than a marketable parcel of shares, being any shareholding less than $500. The share sale facility closed on 28 August 2020 and a total of 560,724 shares held by 3421 shareholders were placed to corporate advisory Whistler Wealth Management. As of 30 September 2020, there were 987 shareholders on the Company's register.

Payments to related parties of the entity and their associates

The payments as disclosed in section 6.1 of the Appendix 5B related to:

- Payment of $71k for Director's fees for the quarter; and
- Payment of $34k to Leydin Freyer Corp, an associated entity of Ms Melanie Leydin, for CFO and company secretarial fees during September 2020 quarter.

Future Plans

Impact of the COVID-19 pandemic

To date the COVID-19 pandemic has not had a significant impact on the Company's ongoing drill operations at the Conserrat Project, but has deferred non-essential early stage exploration elsewhere in the Santa Cruz and Rio Negro provinces of Argentina. Regional exploration is planned to resume late this quarter or early next year depending on domestic flights. Travel restrictions have caused minor delays to laboratory turnaround times.

December Quarter

Drilling at Conserrat will likely continue until late November to December. First gold and silver assay results for the initial drilling at **Mia** and **Patricia** are expected in late October. The Company expects to receive further assay results until Christmas as drilling continues at all prospects including **Ro**, **Florencia**, **Veta Blanca** and **Emilia**.

For Enquiries Please Contact

Todd Williams
Managing Director
M: + 61 4 2222 5211

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

Schedule of Tenements as at 30 September 2020

Description	Tenement number	Holder	Interest owned by E2 Metals Limited %
Mount Hope, Australia	EL6837	Fisher	100.00
Main Road, Australia	EL8058	Fisher	100.00
Broken Range, Australia	EL8290	Fisher	100.0
Mount Hope, Australia	EL8654	Fisher	100.00
Evelina, Argentina	423.826/MS/09	Minera	80.00
Lago Hermoso, Argentina	423.827/MS/09	Minera	80.00
El Salado Este, Argentina	423.828/MS/09	Minera	80.00
El Salado Central I, Argentina	424.985/MS/10	Minera	80.00
El Porvenir Norte, Argentina	421.672/MS/12	Minera	80.00
Tre Cerro Oeste, Argentina	422.990/MS/12	Minera	80.00
Querencia, Argentina	406.735/MS/04	Minera	80.00
Sierra Morena I, Argentina	430.269/MS/14	Minera	80.00
Sierra Morena II, Argentina	430.270/MS/14	Minera	80.00
Candalon La Angostura, Argentina	437.502/BVG/17	Minera	80.00
Van Norte, Argentina	437.503/BVG/17	Minera	80.00
Corona Norte, Argentina	437.470/BVG/17	Minera	80.00
Corona Sur, Argentina	437.472/BVG/17	Minera	80.00
Conserrat, Argentina	437.471/BVG/17	Minera	80.00
Cerros Blancos, Argentina	32.053/M/2007	Minera	80.00
Marinao, Argentina	32.055/M/2007	Minera	80.00
Arroyo de la Ventana, Argentina	32.056/M/2001	Minera	80.00
Laguna Redonda, Argentina	32.057/M/2007	Minera	80.00
Paredes, Argentina	42.056/M/2017	Minera	80.00
Felipe, Argentina	440.730/LD/19	Minera	80.00
Calvo, Argentina	45041-M-2020	Ivael	Application
Curva Oeste y Curva Este, Argentina	45037-M-2020	Ivael	Application
Loma Negra, Argentina	45039-M-2020	Ivael	Application
Maria, Argentina	45042-M-2020	Ivael	Application
Marinao Oeste, Argentina	45043-M-2020	Ivael	Application
Ofelia, Argentina	45044-M-2020	Ivael	Application
Ojo Del Toro, Argentina	45040-M-2020	Ivael	Application
Quila Mahuida, Argentina	45038-M-2020	Ivael	Application
Vista Alegre, Argentina	45035-M-2020	Ivael	Application
Yanquihuen, Argentina	45035-M-2020	Ivael	Application

No mining tenements were acquired or disposed of during the quarter.

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

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Streamline Competent Person Statement

This report contains information extracted from previous ASX releases which are referenced in the report. The Company is not aware of any new information or data that materially affects the information included in the original market announcements.

The Company confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

ASX Announcements

- Corona Norte Soil Results, 24 July 2020
- New gold and silver targets emerge at Emilia and Ro, 3 August 2020
- Conserrat Project – Drilling Update, 19 August 2020
- Conserrat Project – Drilling Commenced, 21 September 2020
- Conserrat Project Exploration Update, 19 October 2020

Forward Looking Statement

Certain statements in this Quarterly Activities Report constitute "forward-looking statements" or "forward looking information" within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. These statements reflect the Company's current expectations regarding future events, performance and results, and speak only as of the date of this Quarterly Activities Report.

All such forward-looking information and statements are based on certain assumptions and analyses made by E2M's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking information or statements including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts to perform as agreed; changes in commodity prices; unexpected failure or inadequacy of infrastructure, or delays in the development of infrastructure, and the failure of exploration programs or other studies to deliver anticipated results or results that would justify and support continued studies, development or operations.

Readers are cautioned not to place undue reliance on forward-looking information or statements. Although the forward-looking statements contained in this Quarterly Activities Report are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this Quarterly Activities Report and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Quarterly Activities Report.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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Name of entity	
E2 Metals Limited	
ABN	**Quarter ended ("current quarter")**
34 116 865 546	30 September 2020

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(361)	(361)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(67)	(67)
	(e) administration and corporate costs	(143)	(143)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	23	23
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(547)**	**(547)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	(3)	(3)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (net proceeds from the sale of Bonds)	123	123
2.6	**Net cash from / (used in) investing activities**	**120**	**120**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,166	2,166
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(40)	(40)
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 (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**2,126**	**2,126**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,565	3,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(547)	(547)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	120	120
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,126	2,126

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(57)	(57)
4.6	**Cash and cash equivalents at end of period**	**5,207**	**5,207**

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	5,207	3,565
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,207**	**3,565**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	105
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(547)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(547)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,207
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	5,207
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	9.51

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

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8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 26 October 2020

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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