

E2 Metals Limited

ABN 34 116 865 546

Half Year Report - 31 December 2021

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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) Mr Bradley Evans (Non-Executive Chairman) (resigned effective 1 November 2021)
Company Secretary	Ms Melanie Leydin
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205 Phone: 03 9692 7222
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 code: E2M)

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated entity') 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 half-year ended 31 December 2021.

Directors

The following persons were directors of E2 Metals Limited during the whole of the half-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 half-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.

Review of operations

The loss for the Consolidated entity after providing for income tax and non-controlling interest amounted to \$4,153,374 (31 December 2020: \$1,672,660).

Operating results

Operating expenses for the half year was \$7,612,207, an increase of \$4,381,721 over the corresponding prior period (2020: \$3,230,486). This increase was mainly due to cost on the exploration activities during the half year.

Financial position

Net assets have decreased by \$4,172,510 from \$12,180,400 at 30 June 2021 to \$8,194,170. This was mainly driven by a utilisation of the working capital on the exploration activities during the half year.

Review of operations

During the six months to 31 December 2021, the Consolidated entity remained focused on exploration within its flagship Conserrat gold and silver project located in the Santa Cruz province, Argentina.

Santa Cruz Gold Silver Project

E2 Metals holds an 80% interest in exploration titles totalling 90,000 Ha located in the Santa Cruz province of Argentina prospective for Low Sulphidation (LS) Epithermal vein deposits associated with Jurassic age volcanic rocks of the Deseado Massif geological complex. This includes four principal projects located along trend from established mining districts.

The Company's principal focus continues to be the Conserrat project centred 20km west-northwest of AngloGold Ashanti's Cerro Vanguardia mine. Exploration works during the reporting period included a combined 7331m Reverse Circulation (RC) and Diamond drill program and an Electrical Tomography geophysical program. On 28 October 2020, the Company announced the discovery of high-grade gold and silver mineralisation (18m at 47gpt Au and 208gpt Ag from 66m) at the Mia prospect, located in the south-eastern project area. Exploration work programs at Conserrat remains ongoing.

Rio Negro Gold Silver Project

E2 Metals holds an 80% interest in exploration titles totalling 37,979Ha and 100% interest in titles totalling 50790Ha located in the Rio Negro province of Argentina prospective for gold and silver deposits. Work was limited to desktop studies, data compilation and regional target generation.

El Rosillo gold project (Rio Negro, Argentina)

During the period E2 acquired a 100% interest in the El Rosillo project as per the Exclusivity, Option and Confidentiality Agreement signed with Argentine company Valcheta Exploraciones S.A.S as announced on ASX on 31 August 2021. El Rosillo is located in the western Rio Negro province and is host to a newly recognised intrusion related gold ("IRG") mineralised system with surface dimensions 3km by 2km.

Cobar Project, New South Wales

E2 holds a 100% interest in a 273km² land package over the historic Mount Hope copper gold district located in the Cobar Superbasin, New South Wales. Work was limited to desktop studies, data compilation and regional target generation.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated entity during the financial half-year.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Todd Williams
Managing Director

11 March 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 half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



N. S. Benbow

Director

Dated this 11th day of March 2022

ACCOUNTANTS & ADVISORS

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E2 Metals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



		Consolidated	
		31 December 2021	31 December 2020
	Note	\$	\$
Revenue			
Grant and other income		-	29,865
Interest income		29,227	4,007
Investment income	4	2,757,277	1,253,710
Expenses			
Administration expenses		(114,770)	(116,948)
Corporate expense		(354,394)	(268,030)
Employment expenses		(534,707)	(154,434)
Exploration expenses		(6,572,955)	(2,469,259)
Finance costs		(35,381)	(221,815)
Loss before income tax expense		(4,825,703)	(1,942,904)
Income tax expense		-	-
Loss after income tax expense for the half-year		(4,825,703)	(1,942,904)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(13,013)	(86,478)
Other comprehensive loss for the half-year, net of tax		(13,013)	(86,478)
Total comprehensive loss for the half-year		<u>(4,838,716)</u>	<u>(2,029,382)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(672,329)	(270,244)
Owners of E2 Metals Limited		(4,153,374)	(1,672,660)
		<u>(4,825,703)</u>	<u>(1,942,904)</u>
Total comprehensive loss for the half-year is attributable to:			
Non-controlling interest		(674,836)	(180,568)
Owners of E2 Metals Limited		(4,163,880)	(1,848,814)
		<u>(4,838,716)</u>	<u>(2,029,382)</u>
		Cents	Cents
Basic earnings/(loss) per share	12	(2.76)	(1.24)
Diluted earnings/(loss) per share	12	(2.76)	(1.24)

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

E2 Metals Limited
Statement of financial position
As at 31 December 2021



		Consolidated	
		31 December	30 June 2021
	Note	2021	2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		6,763,535	11,035,452
GST, VAT and other receivables	5	647,517	873,219
Prepayments		92,309	82,229
Total current assets		<u>7,503,361</u>	<u>11,990,900</u>
Non-current assets			
GST, VAT and other receivables	5	305,865	226,087
Property, plant and equipment		101,593	119,693
Right-of-use assets	6	220,747	-
Security deposits		62,604	30,000
Total non-current assets		<u>690,809</u>	<u>375,780</u>
Total assets		<u>8,194,170</u>	<u>12,366,680</u>
Liabilities			
Current liabilities			
Trade and other payables	7	134,190	157,395
Lease liabilities	8	35,949	-
Employee benefits		35,873	25,099
Total current liabilities		<u>206,012</u>	<u>182,494</u>
Non-current liabilities			
Lease liabilities	8	186,723	-
Employee benefits		4,654	3,786
Total non-current liabilities		<u>191,377</u>	<u>3,786</u>
Total liabilities		<u>397,389</u>	<u>186,280</u>
Net assets		<u>7,796,781</u>	<u>12,180,400</u>
Equity			
Issued capital	9	29,297,687	29,195,743
Reserves		360,410	17,763
Accumulated losses		(19,502,958)	(15,349,584)
Equity attributable to the owners of E2 Metals Limited		10,155,139	13,863,922
Non-controlling interest		(2,358,358)	(1,683,522)
Total equity		<u>7,796,781</u>	<u>12,180,400</u>

The above statement of financial position should be read in conjunction with the accompanying notes

E2 Metals Limited
Statement of changes in equity
For the half-year ended 31 December 2021



Consolidated	Issued capital \$	Shared 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 half-year	-	-	-	(1,672,660)	(270,244)	(1,942,904)
Other comprehensive income/(loss) for the half-year, net of tax	-	-	(176,154)	-	89,676	(86,478)
Total comprehensive loss for the half-year	-	-	(176,154)	(1,672,660)	(180,568)	(2,029,382)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of share capital	15,166,300	-	-	-	-	15,166,300
Transaction cost	(876,138)	-	-	-	-	(876,138)
Share issued on exercise of unlisted options	125,621	-	-	-	-	125,621
Movement reserve on the exercise of options	63,316	(63,316)	-	-	-	-
Share based payment expense	-	15,784	-	-	-	15,784
Balance at 31 December 2020	<u>29,041,443</u>	<u>157,561</u>	<u>(204,210)</u>	<u>(11,821,079)</u>	<u>(864,428)</u>	<u>16,309,287</u>
Consolidated	Issued capital \$	Shared 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 half-year	-	-	-	(4,153,374)	(672,329)	(4,825,703)
Other comprehensive loss for the half-year, net of tax	-	-	(10,506)	-	(2,507)	(13,013)
Total comprehensive loss for the half-year	-	-	(10,506)	(4,153,374)	(674,836)	(4,838,716)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of share capital	101,944	-	-	-	-	101,944
Share based payment expense	-	353,153	-	-	-	353,153
Balance at 31 December 2021	<u>29,297,687</u>	<u>478,296</u>	<u>(117,886)</u>	<u>(19,502,958)</u>	<u>(2,358,358)</u>	<u>7,796,781</u>

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

E2 Metals Limited
Statement of cash flows
For the half-year ended 31 December 2021



	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST and VAT)	(7,006,638)	(3,409,014)
Interest received	29,227	3,766
COVID-19 ATO incentives received	-	29,865
	<u>(6,977,411)</u>	<u>(3,375,383)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(4,736)	(89,825)
Payments for security deposits	(32,604)	-
Net proceeds from the sales of bonds	2,757,278	1,253,709
	<u>2,719,938</u>	<u>1,163,884</u>
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	-	15,291,921
Equity raising costs	-	(876,138)
Repayment of lease liabilities	(8,380)	-
	<u>(8,380)</u>	<u>14,415,783</u>
Net cash from/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	(4,265,853)	12,204,284
Cash and cash equivalents at the beginning of the financial half-year	11,035,452	3,564,498
Effects of exchange rate changes on cash and cash equivalents	(6,064)	(179,655)
	<u>6,763,535</u>	<u>15,589,127</u>
Cash and cash equivalents at the end of the financial half-year		

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 half-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 11 March 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

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

Note 3. 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.

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

Major customers

The Consolidated entity does not have any customers.

Note 3. Operating segments (continued)

Consolidated - 31 December 2021

	Argentina \$	Australia \$	Total \$
Other income	2,785,586	918	2,786,504
Administration expenses	(48,915)	(65,855)	(114,770)
Corporate expenses	(150,773)	(203,621)	(354,394)
Employment expenses	(78,927)	(455,780)	(534,707)
Finance costs	(47,982)	12,601	(35,381)
Exploration expense	(6,541,133)	(31,822)	(6,572,955)
Loss before income tax expense	<u>(4,082,144)</u>	<u>(743,559)</u>	<u>(4,825,703)</u>
Income tax expense			-
Loss after income tax expense			<u>(4,825,703)</u>
Assets			
Cash and cash equivalents	336,623	6,426,912	6,763,535
Trade and other receivables	913,188	21,194	953,382
Other current assets	-	92,309	92,309
Other non-current assets	101,593	283,351	384,944
Total assets	<u>1,370,404</u>	<u>6,823,766</u>	<u>8,194,710</u>
Liabilities			
Trade and other payables	72,435	61,755	134,190
Employee benefits	-	40,527	40,527
Lease liabilities	-	222,672	222,672
Total liabilities	<u>72,435</u>	<u>324,954</u>	<u>397,389</u>

Consolidated - 31 December 2020

	Argentina \$	Australia \$	Total \$
Other income	1,253,710	33,872	1,287,582
Administration expenses	(63,713)	(53,235)	(116,948)
Corporate expenses	(65,895)	(202,135)	(268,030)
Employment expenses	(43,700)	(110,734)	(154,434)
Finance costs	(47,573)	(174,242)	(221,815)
Exploration expense	(2,381,047)	(88,212)	(2,469,259)
Loss before income tax expense	<u>(1,348,218)</u>	<u>(594,686)</u>	<u>(1,942,904)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,942,904)</u>

Consolidated - 30 June 2021

Assets			
Cash and cash equivalents	220,591	10,814,861	11,035,452
Trade and other receivables	1,088,566	10,740	1,099,306
Other current assets	-	82,229	82,229
Other non-current assets	119,693	30,000	149,693
Total assets	<u>1,428,850</u>	<u>10,937,830</u>	<u>12,366,680</u>
Liabilities			
Trade and other payables	-	28,885	157,395
Employee benefits	110,803	75,477	28,885
Total liabilities	<u>220,591</u>	<u>10,814,861</u>	<u>186,280</u>

Note 4. Investment income

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Gain from bonds	<u>2,757,277</u>	<u>1,253,710</u>

The gain from bonds relates to gain from the sale of Argentine CCL bonds which were acquired for the purpose of selling in the short term. The bonds were acquired in US Dollars and liquidated in Argentine Peso as part of transferring the operating working capital to the Group's Argentine subsidiary for exploration activities.

Note 5. GST, VAT and other receivables

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
GST and VAT receivable- current	562,823	800,869
GST and VAT receivable- non-current	305,865	226,087
Other receivables -current	<u>84,694</u>	<u>72,350</u>
	<u>953,382</u>	<u>1,099,306</u>

Non-current GST and VAT receivables represent the amount of VAT as at 31 December 2021 that is reimbursable under the Mining Investment Law in Argentina after 12-months from 31 December 2021.

Note 6. Right-of-use assets

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Building - right-of-use	228,359	-
Less: Accumulated depreciation	<u>(7,612)</u>	<u>-</u>
	<u>220,747</u>	<u>-</u>

The Right-of-use assets related to the Adelaide office lease for 5 years from November 2021. Refer to Note 8 for related lease liabilities as of 31 December 2021.

Reconciliations

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

Consolidated	Building	Total
	\$	\$
Balance at 1 July 2021	-	-
Additions	228,359	228,359
Depreciation expense	<u>(7,612)</u>	<u>(7,612)</u>
Balance at 31 December 2021	<u>220,747</u>	<u>220,747</u>

Note 7. Trade and other payables

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Trade payables	34,757	88,065
Accruals	11,093	21,268
Other payables	88,340	48,062
	<u>134,190</u>	<u>157,395</u>

Note 8. Lease liabilities

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Lease liabilities- current	35,949	-
Lease liabilities- non- current	186,723	-
	<u>222,672</u>	<u>-</u>

Note 9. Issued capital

	Consolidated			
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>150,471,213</u>	<u>150,158,406</u>	<u>29,297,687</u>	<u>29,195,743</u>

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	\$0.13	2,166,300
Share issued on exercise of unlisted options	6 November 2020	350,000	\$0.27	94,887
Share issued on exercise of unlisted options	16 November 2020	300,000	\$0.32	94,049
Share placement to sophisticated investors	26 November 2020	17,808,220	\$0.73	13,000,000
Share issued on exercise of unlisted options	12 February 2021	97,500	\$0.32	30,837
Share issued on exercise of unlisted options	26 February 2021	402,500	\$0.32	127,308
Capital raising cost		-	\$0.00	(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	\$0.33	63,112
Shares issued for acquisition of El Rosillo tenement	31 August 2021	119,152	\$0.33	38,832
Balance	31 December 2021	<u>150,471,213</u>		<u>29,297,687</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company 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.

Note 9. Issued capital (continued)

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.

Note 10. Contingent liabilities

The group had no material contingent liabilities as at the date of this report (30 June 2020: nil)

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

Note 12. Earnings per share

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Loss after income tax	(4,825,703)	(1,942,904)
Non-controlling interest	672,329	270,244
Loss after income tax attributable to the owners of E2 Metals Limited	<u>(4,153,374)</u>	<u>(1,672,660)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>150,389,613</u>	<u>134,483,047</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>150,389,613</u>	<u>134,483,047</u>
	Cents	Cents
Basic earnings/(loss) per share	(2.76)	(1.24)
Diluted earnings/(loss) per share	(2.76)	(1.24)

Diluted earnings/(loss) per share

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.

Note 13. Share-based payments

Share based payments expense during the period is \$353,153 (2020: \$15,784) of which relates to options issued to Directors, KMP and other employees of the company.

Unlisted Options

Note 13. Share-based payments (continued)

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

	Number of options 31 December 2021	Weighted average exercise price 31 December 2021	Number of options 31 December 2020	Weighted average exercise price 31 December 2020
Outstanding at the beginning of the financial half-year	500,000	\$0.22	1,650,000	\$0.21
Granted	3,570,000	\$0.46	-	\$0.00
Exercised	-	\$0.00	(650,000)	\$0.19
Outstanding at the end of the financial half-year	<u>4,070,000</u>	\$0.43	<u>1,000,000</u>	\$0.22

During the half-year ended 31 December 2021 following listed options were recognised:

- (i) 2,000,000 options (exercisable at \$0.3695, expiring 3 years from the grant date) were issued on 1 November 2021 to the Directors of the company as approved at the 2021 Annual General Meeting.
- (ii) 1,570,000 options were issued to the employees and consultants of the group (exercisable at \$0.58, expiring 3 years from the grant date) expiring in February 2024.

For the options granted during the current financial half-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	\$0.38	\$0.58	98.79%	-	0.12%	\$0.217
01/11/2021	31/10/2024	\$0.26	\$0.37	96.68%	-	0.98%	\$0.126

* The valuation model inputs for options with the grant date 18 February 2021 relates to 1,570,000 unlisted options issued to the employees and consultants of the Group.

** The valuation model inputs for options with the grant date 1 November 2021 relates to 2,000,000 unlisted options issued to Directors of E2 Metals Limited.

Performance rights

The number of performance rights over ordinary shares in the Company held as of 31 December 2021 is 2,250,000 (December 2020: 2,250,000), issued under the Company's share option plan.

These relates 2,250,000 performance rights issued to Mr Todd Williams in December 2018 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 period ended 31 December 2021.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Todd Williams
Managing Director

11 March 2022

E2 Metals Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of E2 Metals Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (together, the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of E2 Metals Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of E2 Metals Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

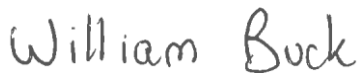
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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 Decemehr 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (VIC) Pty Ltd

ABN: 16 021 300 521



Nicholas Benbow
Director

Melbourne, 11th March 2022