

**ENERGY METALS LIMITED  
AND ITS CONTROLLED ENTITY**

A.B.N. 63 111 306 533

**FULL YEAR STATUTORY ACCOUNTS 2020**

## CORPORATE DETAILS

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### Directors

Fei He (Non-Executive Chairman)  
Shuqing Xiao (Managing Director)  
Lindsay George Dudfield (Non-Executive Director)  
Jan Macpherson (Non-Executive Director)  
Zhe Xu (Non-Executive Director)  
Junmei Xu (Non-Executive Director)  
Zhe Gao (Non-Executive Director)

### Company Secretary

Xuekun Li

### Registered Office

Level 2  
28 Kings Park Road  
WEST PERTH WA 6005  
Telephone: +61 8 9322 6904  
Facsimile: +61 8 9321 5240  
Email: [enquiry@energymetals.net](mailto:enquiry@energymetals.net)  
Web: [www.energymetals.net](http://www.energymetals.net)

### Auditor

Deloitte Touche Tohmatsu  
Brookfield Place Tower 2  
123 St Georges Terrace  
Perth WA 6000 Australia

### Share Registry

Automic Pty Ltd  
Level 2  
267 St Georges Terrace  
PERTH WA 6000  
Telephone: +61 1300 288 664

### Stock Exchange Listing

The Company's shares are listed by the Australian Securities Exchange Limited ("ASX") - Code **EME**.  
The home exchange is Perth.

### Bankers

National Australia Bank Limited  
100 St Georges Terrace  
PERTH WA 6000

### Solicitors

Minter Ellison  
Allendale Square  
77 St Georges Terrace  
PERTH WA 6000

<b>CONTENTS</b>	<b>PAGE</b>
<b>Directors' Report</b>	3
<b>Remuneration Report</b>	6
<b>Consolidated Financial Statements</b>	12
<b>Directors' Declaration</b>	39
<b>Auditor's Independence Declaration</b>	40
<b>Auditor's Report</b>	41

## DIRECTORS' REPORT

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### DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Energy Metals Limited and the entity it controlled at the end or during the year ended 31 December 2020.

### DIRECTORS

The following persons were directors of Energy Metals Limited during the whole of the financial year (or as disclosed) and up to the date of this report:

Fei He (Non-Executive Chairman, appointed 3 April 2020)

Shuqing Xiao (Managing Director)

Lindsay George Dudfield (Non-Executive Director)

Jan Macpherson (Non-Executive Director)

Zhe Xu (Non-Executive Director, appointed 3 April 2020)

Junmei Xu (Non-Executive Director)

Zhe Gao (Non-Executive Director)

Deshao Chen (Non-Executive Chairman, resigned 3 April 2020)

Zimin Zhang (Non-Executive Director, resigned 3 April 2020)

### PRINCIPAL ACTIVITIES

During the year the principal continuing activity of the Group was uranium exploration.

### DIVIDENDS

No dividends have been paid or declared and no dividends have been recommended by the Directors.

### REVIEW OF OPERATIONS

#### Exploration

Ngalia Regional Project – Due to COVID-19 travel restrictions, exploration activities were confined to analytical reviews with a focus on vanadium prospectivity during the year. A program of partial tenement relinquishment was finalised for Energy Metals' holdings in the eastern Ngalia Basin.

Bigirlyi Joint Venture (BJV) – Due to COVID-19 travel restrictions, Energy Metals focused on analytical studies aiming at re-optimising various aspects of the prefeasibility study in 2011, in particular re-modelling of the open pit design, to increase the level of potentially mineable resources and hence improve project economics. A small metallurgical program investigating co-recovery of uranium and vanadium was completed during the year and an update of geotechnical information in the Company's exploration database was completed. Ten former retention licences covering the Bigirlyi deposit were amalgamated to comprise one new licence with savings on tenement management and administrative costs.

Malawiri Joint Venture (MJV) and Walbiri Joint Venture (WJV) – Exploration activities were limited to analytical studies due to COVID-19 travel restrictions. Following a project review, 25% of the WJV's tenement area deemed to be unprospective was relinquished. The remaining tenement area containing mineral resources was retained.

For other tenement holdings in Western Australia, the Company's strategy is to maintain tenure over its uranium deposits with minimum expenditure until economic conditions improve. Four projects are covered by granted Retention Licences and one, the Manyingee East project, by a Retention Licence application. Objections to the grant of the Manyingee East application progressed through the Wardens Court process during the year.

#### Uranium Trading

The Company did not conduct any uranium trading activities during the year.

Full details of the Company's operations during the year will be included within the Review of Activities section of the Annual Report.

## **DIRECTORS' REPORT**

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### **OPERATING RESULTS FOR THE YEAR**

The consolidated loss of the Group for the year ended 31 December 2020 was \$826,956 (2019: loss of \$440,389).

### **REVIEW OF FINANCIAL CONDITIONS**

The net assets of the Group were \$51,495,411 at 31 December 2020 (31 December 2019: \$52,322,367).

Use of cash and assets by the Company for the year ended 31 December 2020 was consistent with the Company's business objectives since listing on the Australian Securities Exchange on 9 September 2005.

### **CHANGES IN STATE OF AFFAIRS**

There was no significant change in the state of affairs of the consolidated entity during the financial year.

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

There has been no matter or circumstance which has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

The Company continued to closely monitor its spending on the BJV project and other tenements according to market conditions this year. Exploration activities were carried out on the Ngalia Regional Project (Northern Territory). Future exploration and development expenditure on the tenements are subject to market conditions and operational requirements.

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years that are not already disclosed in this report.

### **ENVIRONMENTAL REGULATION**

The Company is subject to significant environmental regulations in respect of its exploration activities. Tenements in the Northern Territory and Western Australia are granted subject to adherence to environmental conditions with strict controls on vegetation clearance, ground-disturbing works or other development without the approval of the relevant government agencies and with rehabilitation required on completion of exploration activities.

Energy Metals Limited conducts its exploration activities in an environmentally sensitive manner and the Company is not aware of any breach of statutory environmental conditions or obligations.

The Directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. For the measurement year 1 January 2020 to 31 December 2020 the Directors have assessed that there is no current reporting required, but there may be a requirement in the future.

## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS

Name	Director's Experience	Special Responsibilities
Mr Fei He	Mr He is an experienced senior executive in utility and energy industry. He holds a Master degree in Civil and Commercial Law from Renmin University of China. He has worked as a senior executive for China General Nuclear Power Corporation since 2011. He is currently the Deputy General Manager of CGNPC Uranium Resources Co., Ltd. Directorship of other listed companies: None.	Non-Executive Chairman
Mr Shuqing Xiao	Mr Xiao is a geologist with over 15 years' experience in earth science and mineral exploration, predominantly in the uranium industry. He holds a Master degree of Science and has worked for a number of mineral research institute and companies. He has extensive experience in mineral analysis, exploration, mining and project management and worked in Energy Metals from March 2013 to February 2016 as a project geologist. Directorship of other listed companies: None.	Managing Director
Mr Lindsay Dudfield	Mr Dudfield is a qualified geologist with 40 years' experience exploring for gold and base metals in Australia and overseas, including close involvement with a number of greenfields discoveries. Member of the AusIMM, SEG, AIG and GSA. He is currently an Executive Director of Jindalee Resources Limited. Directorship of other listed companies: Jindalee Resources Limited – current; Alchemy Resources Limited - current.	Non-Executive Director
Ms Jan Macpherson	Ms Macpherson has extensive experience in executive management, legal, commercial and corporate governance. She worked for Arc Infrastructure Pty Ltd (formerly Brookfield Rail Pty Ltd) ("Arc") as its General Counsel and Company Secretary from March 2015 until October 2018. Since then she had been the Legal and Commercial Manager for Duro Felguera Australia Pty Ltd until 31 December 2019. Before she joined Arc, she worked as a senior executive for various exploration and energy companies. Ms Macpherson is a fellow of the AICD and the Australian Governance Institute. Directorship of other listed companies: None.	Non-Executive Director
Mr Zhe Xu	Mr Xu is an experienced engineer and a senior manager in the nuclear power industry. He holds a Master degree of Business Administration of Nankai University of China and a Bachelor degree of Mechatronic Engineering from the University of Jinan of China. He has worked as a senior manager for CGNPC URC since 2011. He is currently the Director of Resources Business Department of CGNPC Uranium Resources Co., Ltd. Directorship of other listed companies: None.	Non-Executive Director
Ms Junmei Xu	Ms Xu is a qualified accountant with 15 years' experience in accounting and finance. She holds a Master of Management degree in Business Administration from Tsinghua University, China and has worked as a senior manager for CGNPC URC since 2013. Prior to joining the CGNPC URC, she was an audit manager of KPMG LLP. Directorship of other listed companies: None.	Non-Executive Director
Mr Zhe Gao	Mr Gao is a senior corporate manager with over 20 years' experience in finance and investment. He graduated from the University of New South Wales and holds a Master degree of Commerce. Before he joined the KangDe Group (the second largest shareholder of EME) in 2015, Mr Gao had worked for a number of large corporations, such as CITIC Logistics Co Ltd and HINA Investment Group & Maple Valley Investment CITIC Co, participating in various projects of capital raising, management consulting and fund management. In his early career, he worked as an auditor in a Big-Four international accounting firm. He has extensive experience in finance, fund raising, commercial negotiation and corporate management. Mr Gao is currently a senior executive of KangDe Group. Directorship of other listed companies: None.	Non-Executive Director

## DIRECTORS' REPORT

Mr Deshao Chen	Mr Chen has over 20 years' experience in accounting and finance, especially in the energy industry. He holds a Master degree of Economics and has worked as a senior manager for China General Nuclear Power Group since 2004. He is the Chief Financial Officer of CGNPC Uranium Resources Corporation. Directorship of other listed companies: None.	Non-Executive Chairman (resigned 3 April 2020)
Mr Zimin Zhang	Mr Zhang is a senior engineer with over 25 years' experience in the uranium industry. He holds a Master degree from Beijing Research Institute of Uranium Geology and has worked as a senior manager for China General Nuclear Power Group since 2008. He is the deputy manager of Resources Business Department of CGNPC-Uranium Resources Co. Ltd. Directorship of other listed companies: None.	Non-Executive Director (resigned 3 April 2020)

### MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2020 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
Fei He	1	1
Shuqing Xiao	1	1
Lindsay G Dudfield	1	1
Jan Macpherson	1	1
Zhe Xu	1	1
Junmei Xu	1	1
Zhe Gao	1	1
Deshao Chen (resigned 3 April 2020)	0	0
Zimin Zhang (resigned 3 April 2020)	0	0

As at the date of this report, the Group did not have an Audit Committee. The Board considers that due to the Group's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Group's mechanisms designed to ensure independent judgement in decision making.

### Retirement, election and continuation in office of directors

Mr Lindsay Dudfield and Ms Junmei Xu are directors retiring by rotation who, being eligible, may offer himself or herself for re-election at the Annual General Meeting.

### COMPANY SECRETARY INFORMATION

Ms Xuekun Li, ACCA, ACIS, was appointed the Company Secretary on 15 June 2010. Ms Li has completed a degree of Bachelor of Management. She has 20 years' experience in finance and corporate governance. She previously worked for a Big-Four international accounting firm where she was involved in audits and other assurance engagements. Ms Li is currently an executive of a boutique accounting and corporate business providing professional services to various companies.

### REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Company's key management personnel for the financial year ended 31 December 2020. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- remuneration policy
- key management personnel emoluments
- service agreements
- options granted as part of remuneration

## DIRECTORS' REPORT

- share-based compensation
- securities policy

### Directors and Key Management Personnel ("KMP")

F. He	Non-Executive Chairman
S. Xiao	Managing Director
L. Dudfield	Non-Executive Director
J. Macpherson	Non-Executive Director
Z. Xu	Non-Executive Director
J. Xu	Non-Executive Director
Z. Gao	Non-Executive Director
X. Li	Company Secretary

D. Chen	Non-Executive Chairman (resigned 3 April 2020)
Z. Zhang	Non-Executive Director (resigned 3 April 2020)

### Remuneration Policy

The remuneration policy of the Group has been designed to align directors' objectives with shareholders and business objectives. The Board of Energy Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members of the Company is as follows:

All executives receive either consulting fees or a salary, part of which may be taken as superannuation. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation. All remuneration paid to directors and specified executives is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at \$200,000 per annum. Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

The policy, setting the terms and conditions for the executive directors and specified executives, was developed and approved by the Board and is considered appropriate for the current exploration phase of the Group's development. Emoluments of directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders).

The following table shows the share price and the market capitalisation of the Company at the end of each period in the past four financial years. No dividends have been paid during the year.

	At 31 December 2016	At 31 December 2017	At 31 December 2018	At 31 December 2019	At 31 December 2020
Share Price	\$0.08	\$0.09	\$0.10	\$0.087	\$0.14
Market Capitalisation	\$16.7M	\$18.6M	\$20.9M	\$18.2M	\$29.4M
Dividend	-	-	-	-	-

## DIRECTORS' REPORT

### Directors and Executives (Key Management Personnel) Emoluments

The Group's policy for determining the nature and amount of emoluments of key management personnel is that directors are to be paid by salaries or consulting fees at commercial rates for professional services performed.

Details of the nature and amount of each element of the emoluments of each director of Energy Metals Limited are set out in the following tables.

		Short-Term Benefits			Post-Employment	Share-Based Payment	Total	Remuneration Consisting of Options	Performance related
		Directors' Fees	Cash Salary, Consulting Fees	Annual leave	Super-annuation	Options			
Non-Executive Directors		\$	\$	\$	\$	\$	\$	%	%
F. He	2020	-	-	-	-	-	-	-	-
	2019	-	-	-	-	-	-	-	-
L. Dudfield	2020	-	24,000	-	-	-	24,000	-	-
	2019	-	24,000	-	-	-	24,000	-	-
J. Macpherson	2020	-	25,000	-	-	-	25,000	-	-
	2019	-	25,000	-	-	-	25,000	-	-
Z. Xu	2020	-	-	-	-	-	-	-	-
	2019	-	-	-	-	-	-	-	-
J. Xu	2020	-	-	-	-	-	-	-	-
	2019	-	-	-	-	-	-	-	-
Z. Gao	2020	31,250	-	-	-	-	31,250	-	-
	2019	2,404	-	-	-	-	2,404	-	-
D. Chen*	2020	-	-	-	-	-	-	-	-
	2019	-	-	-	-	-	-	-	-
Z. Zhang*	2020	-	-	-	-	-	-	-	-
	2019	-	-	-	-	-	-	-	-
Y. Zhong**	2020	-	-	-	-	-	-	-	-
	2019	16,442	-	-	-	-	16,442	-	-
<b>Executive Directors</b>									
S. Xiao	2020	-	180,000	13,846	-	-	193,846	-	-
	2019	-	180,000	13,846	-	-	193,846	-	-
<b>Key Management</b>									
X. Li	2020	-	53,550	-	-	-	53,550	-	-
	2019	-	46,410	-	-	-	46,410	-	-
<b>Total</b>									
	2020	31,250	282,550	13,846	-	-	327,646	-	-
	2019	18,846	275,410	13,846	-	-	308,102	-	-

\*resigned 3 April 2020

\*\*resigned 27 August 2019

### Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the Executive Director and other senior management are also formalised in service agreements as summarised below.

#### Fei He

Mr He was appointed the Non-Executive Chairman on 3 April 2020. According to a letter of appointment, Mr Fei He is entitled to a director's fee of \$25,000 per annum. Mr He consented to forgive this remuneration as his service had been considered and compensated by other related corporate bodies.

## DIRECTORS' REPORT

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### Shuqing Xiao

Mr Xiao was appointed the Managing Director on 23 October 2018. According to the terms and conditions of his employment contract with the Company, his salary is \$180,000 per annum. The agreement may be terminated by either party on one month's written notice.

### Lindsay Dudfield

Mr Dudfield, as a Non-executive Director, is contracted via a Consultancy Agreement between the Company and Jopan Management Pty Ltd trading as Western Geological Services. The Company pays Western Geological Services at a rate of \$750/day (2019: \$750/day) or a minimum charge of \$2,200 per month (inc GST) in return for Mr Dudfield's service. The agreement may be terminated by either party on one month's written notice.

### Jan Macpherson

Ms Jan Macpherson was appointed a Non-Executive Director on 1 March 2017. The Company entered into an agreement with Blairgowrie Pty Ltd trading as "ResourceAus" and pays \$25,000 per annum in return of Ms Macpherson's service.

### Zhe Xu

Mr Xu was appointed a Non-Executive Director on 3 April 2020. According to a letter of appointment, Mr Xu is entitled to a director's fee of \$25,000 per annum. Mr Xu consented to forgive his remuneration as his service had been considered and compensated by other related corporate bodies.

### Junmei Xu

Ms Xu was appointed a Non-Executive Director on 6 July 2016. According to a letter of appointment, Ms Xu is entitled to a director's fee of \$25,000 per annum. Ms Xu consented to forgive her remuneration as her service had been considered and compensated by other related corporate bodies.

### Zhe Gao

Mr Gao was appointed a Non-Executive Director on 27 August 2019. According to a letter of appointment, Mr Gao is entitled to a director's fee of \$25,000 per annum.

### Xuekun Li

Ms Li is the Company Secretary of Energy Metals Limited since July 2010. She provides her service via L.X.K. Consulting. The Company entered into a Professional Service Agreement with Ms. Li and pays a rate of \$105/hour in return for her professional services. The agreement may be terminated by a party if the other party commits a breach of the agreement and the breach is not corrected within 30 days.

### Deshao Chen (resigned 3 April 2020)

Mr Chen was appointed as the Non-Executive Chairman on 10 July 2018 and resigned on 3 April 2020. According to a letter of appointment, Mr Chen was entitled to a director's fee of \$25,000 per annum and Mr Chen consented to forgive this remuneration as his service was considered and compensated by other related corporate bodies.

### Zimin Zhang (resigned 3 April 2020)

Mr Zhang was appointed as a Non-Executive Director on 30 June 2014 and resigned on 3 April 2020. According to a letter of appointment, Mr Zhang was entitled to a director's fee of \$25,000 per annum. Mr Zhang consented to forgive his remuneration as his service was considered and compensated by other related corporate bodies.

## **Share-based compensation**

No shares in the Company were provided as remuneration to directors of Energy Metals Limited and key management of the Company during the year (2019: nil). No options were vested during the year (2019: nil).

## DIRECTORS' REPORT

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### Equity instruments held by key management personnel

The following tables details the number of fully paid ordinary shares and options over ordinary shares in the Company that were held as at the date of this report by key management personnel and their associated related parties.

	Ordinary Shares	Options
Fei He	-	-
Shuqing Xiao	-	-
Lindsay G Dudfield	3,255,165	-
Jan Macpherson	-	-
Zhe Gao	-	-
Zhe Xu	-	-
Junmei Xu	-	-

### Securities Policy

The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors, senior management and employees of the Company act ethically and do not use confidential inside information for personal gain. The policy states acceptable and unacceptable times for trading in Company securities and outlines the responsibility of directors, senior management and employees to ensure that trading complies with the *Corporations Act 2001*, the Australian Securities Exchange (ASX) Listing Rules and Company Policy.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

### Shares provided on exercise of options

No ordinary shares in the Company were provided as a result of the exercise of remuneration options to directors of Energy Metals Limited and key management of the Company during the year (2019: nil). No related party transaction occurred during the year (2019: nil).

### Voting and comments made at the Company's 2020 Annual General Meeting

The Company received 99% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### Loans to key management personnel

There were no loans to individuals or members of key management personnel during the financial year or the previous financial year.

### End of Remuneration Report (Audited).

### SHARES UNDER OPTION

At 31 December 2020, there were no shares under option (2019: nil).

### SHARES ISSUED ON EXERCISE OF OPTIONS

There were no shares issued on exercise of options during the financial year and up to the date of this report.

### DIRECTORS AND OFFICERS INSURANCE

The Company has paid a premium to insure the directors and officers of the Company for the period 1 January 2020 to 31 December 2020 against those liabilities for which insurance is permitted under section 199B of the *Corporations Act 2001*. Details of the nature of the liabilities insured for and the amount of the premium are subject to a confidentiality clause under the contract of insurance.

## DIRECTORS' REPORT

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### 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is included on page 40 of this report.

### NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence, based on advice received from the Board of Directors, for the following reasons:

- no non-audit services have been occurred during the year; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

19 February 2021, at Perth, Western Australia



**Shuqing Xiao**  
Managing Director

**ENERGY METALS LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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## **Contents**

	Page
Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Cash flows	16
Notes to the Consolidated Financial Statements	17
Directors' Declaration	39
Auditors' Independence Declaration	40
Independent Auditors' Report to the Members	41

These financial statements cover the consolidated financial statements for the controlled entity consisting of Energy Metals Limited and its subsidiary and its joint operations. The financial statements are presented in the Australian currency.

Energy Metals Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Energy Metals Limited  
Level 2, 28 Kings Park Road  
West Perth WA 6005

A description of the nature of the consolidated entity's operations and its principal activities included in the directors' report on pages 3 to 11 are not part of these financial statements.

The financial statements were authorised for issue by the directors on 19 February 2021. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investor Information on our website: [www.energymetals.net](http://www.energymetals.net).

**ENERGY METALS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$	2019 \$
Other revenue	3a	243,495	460,122
Depreciation expense	3b	(78,767)	(84,896)
Exploration expense		(251,620)	(49,502)
Employee benefits expense	3c	(412,017)	(423,163)
Corporate and regulatory expenses		(209,863)	(222,834)
Other administrative expense		(111,824)	(111,720)
Finance costs	3b	(6,360)	(8,396)
<b>Loss before income tax</b>		(826,956)	(440,389)
Income tax expense	4	-	-
<b>Loss for the year</b>		(826,956)	(440,389)
<b>Total comprehensive expense for the year</b>		(826,956)	(440,389)
<b>Loss attributable to owners of Energy Metals Limited</b>		(826,956)	(440,389)
<b>Total comprehensive expense attributable to owners of Energy Metals Limited</b>		(826,956)	(440,389)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)	6	(0.39)	(0.21)
Diluted earnings per share (cents per share)	6	(0.39)	(0.21)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**ENERGY METALS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Notes	31 December 2020 \$	31 December 2019 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	540,662	454,549
Term deposits	8	15,724,509	16,775,821
Trade and other receivables	9	71,139	161,867
Other financial asset		161,704	156,085
<b>Total Current Assets</b>		<b>16,498,014</b>	<b>17,548,322</b>
<b>Non-Current Assets</b>			
Plant and equipment	10	260,849	338,565
Exploration and evaluation expenditure	11	35,033,878	34,751,061
<b>Total Non-Current Assets</b>		<b>35,294,727</b>	<b>35,089,626</b>
<b>Total Assets</b>		<b>51,792,741</b>	<b>52,637,948</b>
<b>Current Liabilities</b>			
Trade and other payables	12	89,301	66,432
Lease liabilities	13	54,127	52,008
Provisions	14	77,369	66,481
<b>Total Current Liabilities</b>		<b>220,797</b>	<b>184,921</b>
<b>Non-current Liabilities</b>			
Lease liabilities		76,533	130,660
<b>Total Non-current Liabilities</b>		<b>76,533</b>	<b>130,660</b>
<b>Total Liabilities</b>		<b>297,330</b>	<b>315,581</b>
<b>Net Assets</b>		<b>51,495,411</b>	<b>52,322,367</b>
<b>Equity</b>			
Contributed equity	15	59,051,644	59,051,644
Accumulated losses		(7,556,233)	(6,729,277)
<b>Total Equity</b>		<b>51,495,411</b>	<b>52,322,367</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes*

**ENERGY METALS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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	<b>Attributable to owners of Energy Metals Limited</b>		
	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Total \$</b>
<b>Balance at 1 January 2019</b>	59,051,644	(6,288,888)	52,762,756
Total comprehensive expense for the year	-	(440,389)	(440,389)
<b>Balance at 31 December 2019</b>	59,051,644	(6,729,277)	52,322,367
Total comprehensive expense for the year	-	(826,956)	(826,956)
<b>Balance at 31 December 2020</b>	59,051,644	(7,556,233)	51,495,411

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**ENERGY METALS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$	2019 \$
		Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(669,274)	(758,278)
Payments for exploration operation		(200,235)	(49,502)
Income received from joint operations		7,305	9,409
Interest income received		297,027	518,352
<b>Net cash used in operating activities</b>	5	(565,177)	(280,019)
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation expenditure		(341,344)	(546,990)
Payments for acquisition of plant and equipment		(1,051)	(1,085)
Payments for term deposits		(15,886,213)	(16,931,906)
Withdrawal of term deposits		16,931,906	17,894,842
<b>Net cash received from investing activities</b>		703,298	414,861
<b>Cash flows from financing activities</b>			
Lease payments for right of use assets		(52,008)	(49,972)
<b>Net cash used in financing activities</b>		(52,008)	(49,972)
Net increase in cash and cash equivalents		86,113	84,870
Cash and cash equivalents at the beginning of the year		454,549	369,679
<b>Cash and cash equivalents at the end of the year</b>	5	540,662	454,549

*The above Consolidated Statement of Cash flows should be read in conjunction with the accompanying notes.*

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

**(a) Statement of Compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ("IFRS"). The financial statements were authorised for issue by the directors on 19 February 2021.

*Basis of Preparation*

These financial statements have been prepared under the historical cost convention.

*Critical Accounting Estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 1(s).

**(b) Principles of Consolidation**

**(i) Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)**

(b) Principles of Consolidation (continued)

(ii) *Joint Operation*

The Company has an interest in a joint arrangement that is a Joint Operation. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Company recognises its interest in the joint operation by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint operation. Details of the joint operation are set out in note 24.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The Board is responsible for allocating resources and assessing performance of the operating segments.

(d) Revenue Recognition

The Group recognises revenue from the following major source:

*Management Fee*

Management fee from joint operation activities is measured at fair value of the consideration received or receivable and it is recognised over time when joint operation activities are performed to the joint operations. Amounts disclosed as revenue are net of returns, allowances, rebates and amounts collected on behalf of third parties.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiary operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(e) Income Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Right of use asset

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments are split into a principal and interest portion which will be presented as financing and operating cashflows respectively.

(g) Impairment of Assets

Assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels of which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and Other Receivables

Receivables are recognised initially at fair value, less any allowance for expected credit losses. Receivables are generally due for settlement within 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. Allowance for expected credit loss is established, using the expected credit loss model under AASB9 when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. The amount of the allowance for expected credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(i) Trade and Other Receivables (continued)

The amount of the expected credit loss is recognised in the consolidated profit or loss and other comprehensive income. When a receivable for which an allowance for expected credit losses had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

(j) Investments and Other Financial Asset

*Classification*

There are three principle classification categories for financial assets: measured at amortised cost, at fair value through other comprehensive income (FVTOCI) and at fair value through profit and loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The Group classifies its financial assets in the following category: financial assets at amortised cost.

*Recognition and Derecognition*

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*Subsequent Measurement*

Loans and receivables and other financial assets measured at amortised cost are carried at amortised cost using the effective interest method.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains on financial assets at fair value through profit or loss are recognised in profit or loss.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(j) Investments and Other Financial Asset (Continued)

*Impairment*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL (expected credit loss) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

12-month ECL represents the portion of lifetime ECL that is expected to result from default events on financial instrument that are possible within 12 months after the reporting date.

(k) Plant and Equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced, all other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all property, plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(l) Exploration and Evaluation Expenditure

The Group's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

- i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.
- ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
  - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
  - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) Exploration and Evaluation Expenditure (Continued)**

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

The application of the Group's policy in regards to the recognition and measurement of capitalised exploration and evaluation expenditure requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. The Group reviews the carrying value of exploration and evaluation expenditure at each reporting date. This requires judgement as to the status of the individual projects and their future economic value. The factors impacting on economic value include the size of the total available resource, the grade of the resource, expected costs of developing the project, technical feasibility of the project, expected costs of mining production and future commodity prices.

If, after having capitalised exploration and evaluation expenditure, the area of interest is disposed or surrendered or management concludes that the capitalised expenditure is unlikely to be recovered by future sale or successful development and exploitation of the area, then the relevant capitalised amount will be written off through the Consolidated Profit or Loss and Other Comprehensive Income. Expenditure that is not deemed fit for capitalisation is costed directly through the Consolidated Profit or Loss and Other Comprehensive Income.

At times, the Group may place an area of interest into retention status for strategic reasons. Expenditure during the retention period are expensed when they incur.

**(m) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(n) Employee Benefits**

*Short-term and Long-term Employee Benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

**(o) Contributed Equity**

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.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(p) Earnings Per Share

(i) *Basic Earnings Per Share*

Basic earnings per share is determined by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year.

(ii) *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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

(r) New Accounting Standards and Interpretations

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

*AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*

This standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and makes consequential amendments to several other pronouncements and publications. The Group has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the Standard also amends other Australian Accounting Standards and the Conceptual Framework that contain a definition of ‘material’ or refer to the term ‘material’ to ensure consistency. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

*AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(r) New Accounting Standards and Interpretations (Continued)

Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

At the date of authorization of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, interpretations and amendments that have been issued but are not yet effective:

*AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associates or Joint Venture [AASB 10 & AASB 128], AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, effective for annual reporting periods beginning on or after 1 January 2022;*

*AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, effective for annual reporting periods beginning on or after 1 January 2022;*

*AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments, effective for annual reporting periods beginning on or after 1 January 2022.*

(s) Critical Accounting Judgement and Estimate

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

*Accounting for capitalised exploration and evaluation expenditure*

The Group's accounting policy is stated at Note 1 (l). There is some subjectivity involved in the carrying forward as capitalized or writing off to the statement of profit or loss and other comprehensive income exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carrying forward such expenditure fairly reflect the prevailing situation.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, cost of drilling and production, production rates and changes to commodity prices. As at 31 December 2020 the carrying value of capitalised exploration and evaluation expenditure was \$35,033,878 (2019: \$34,751,061).

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SEGMENT INFORMATION**

**(a) DESCRIPTION OF SEGMENTS**

Management has determined that the Group has three reportable segments of its business, being uranium exploration, trading and corporate in Australia. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on three reportable segments of its business. There has been no trading activity in the current and prior year.

**(b) SEGMENT REVENUE AND RESULTS**

	Consolidated			
	SEGMENT REVENUE		SEGMENT RESULT	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>CONTINUING OPERATIONS</b>				
Uranium exploration	7,305	9,409	(262,878)	(63,433)
Corporate	236,190	450,713	(564,078)	(376,956)
	243,495	460,122	(826,956)	(440,389)

Segment revenue of uranium exploration represents revenue generated from service provided to joint operations. There were no inter-segment sales in the current year (2019: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment result represents the profit/(loss) before tax earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**(c) SEGMENT ASSETS AND LIABILITIES**

	Consolidated	
	31 December	31 December
	2020	2019
	\$	\$
<b>SEGMENT ASSETS</b>		
Uranium exploration	35,171,789	34,938,302
Corporate	16,620,952	17,699,646
<b>TOTAL ASSETS</b>	<b>51,792,741</b>	<b>52,637,948</b>
<b>SEGMENT LIABILITIES</b>		
Uranium exploration	22,343	29,484
Corporate	274,987	286,097
<b>TOTAL LIABILITIES</b>	<b>297,330</b>	<b>315,581</b>

**(d) INFORMATION ABOUT MAJOR CUSTOMERS**

The Group does not have any external revenue at this stage. The Group is not reliant on any of its major customers.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. REVENUES AND EXPENSES**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Other Revenue includes the following revenue items:</b>		
Interest income	236,190	449,596
Management fee from Joint Operations	7,305	9,409
Fuel rebate	-	1,117
	243,495	460,122
<b>(b) Loss includes the following specific expenses:</b>		
Depreciation	78,767	84,896
Finance cost	6,360	8,396
	85,127	93,292
<b>(c) Employee benefit expenses:</b>		
Wages & superannuation	380,767	403,752
- Including: Executive Director's salary	180,000	180,000
Non-Executive Directors' fees*	31,250	18,846
Others	-	565
	412,017	423,163

\*The directors' fees paid to Mr. Lindsay Dudfield and Ms Jan Macpherson were not included in the employee benefit expenses. The payments were in exchange for services of Mr. Lindsay Dudfield and Ms Jan Macpherson, and were reflected in the Corporate and Regulatory Expense in the profit or loss account.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**4. TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:		
Loss before income tax	(826,956)	(440,389)
Income tax expense/ (benefit) @ 30%	(248,087)	(132,117)
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	75,486	14,758
Deferred tax relating to temporary timing differences not recognised	(160,709)	(153,509)
Deferred tax assets relating to tax losses not recognised	333,310	270,868
Prior year true up	-	-
Income tax expenses/(benefit) reported in the income statement	-	-

The franking account balance at period end was nil (2018: nil).

Deferred tax assets and liabilities not recognised relate to the following:

**Deferred tax assets**

Tax losses carried forward	12,235,834	11,884,413
Non-refundable R&D tax offsets carried forward	1,386,721	1,386,721
Other temporary differences	36,868	21,017

**Deferred tax liabilities**

Prepayments	-	-
Exploration assets	(10,510,164)	(10,384,372)
Other temporary differences	-	-

<b>Net deferred tax assets not recognised</b>	<b>3,149,259</b>	<b>2,907,779</b>
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Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The use of losses is dependent on the Company satisfying the required criteria within the Income Tax Assessment Act 1936 & 1997 at the time the losses are incurred and used. The provisions of the Acts may change or the business may alter (past the change of ownership) and as a result the Company's loss may be lost in the future.

**Tax Consolidation**

Energy Metals Limited and its 100% owned Australian resident subsidiary, NT Energy Pty Ltd have implemented the tax consolidation legislation, which means that this entity is taxed as a single entity. Energy Metals Limited is the head entity within the tax-consolidated group. There are no valid tax sharing or tax funding agreement in place.

NT Energy Pty Ltd does not carry on any business, and there have been no transactions occurred during the year. Therefore, there were no current and deferred tax amounts recognized in the consolidated financial statements during the year.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**5. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2020</b>	<b>Consolidated</b>	<b>2019</b>
	<b>\$</b>		<b>\$</b>
Loss after income tax	(826,956)		(440,389)
Depreciation	78,767		84,896
Write-off of capitalised exploration expenditure	51,385		-
Provisions for annual leave and long service leave	10,888		24,891
Change in operating assets and liabilities during the financial period:			
Decrease in trade and other receivables	90,728		95,367
Increase/(decrease) in trade and other payables	30,011		(44,784)
Net cash outflow from operating activities	(565,177)		(280,019)

There were no significant non-cash transactions during the year.

**6. LOSS PER SHARE**

The loss or earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows.

Reconciliation of loss used in calculation of loss per share:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss attributable to owners of the Company	(826,956)	(440,389)
	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	209,683,312	209,683,312

**7. DIVIDENDS**

There were no dividends paid or declared by the Company during the year.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**8. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	425,518	373,027
Share of Joint Operations' cash	115,144	81,522
	540,662	454,549
Term deposits classified separate to cash on face of Consolidated Statement of Financial Position	15,724,509	16,775,821

As at 31 December 2020, the Company had approximately \$15.7 million term deposits (2019: \$16.8 million) with maturities from 3 months to 12 months in various financial institutions earning interest income at an average rate of 0.58% (2019: 1.78%).

The Company's exposure to interest rate risk is disclosed in Note 17.

**9. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
GST receivable	16,469	16,469
Other receivables	54,670	145,398
	71,139	161,867

Trade and other receivables are denominated in Australian dollars and are interest free. The settlement terms vary depending on business transactions. Other receivables are mainly interest receivables and receivables due from joint operations. Due to the short-term nature of receivables their carrying value is assumed to be their fair value. No trade and other receivables, including current and non-current, are impaired.

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit were initially granted up to the end of the reporting period. The concentration of credit risk is moderate due to the fact that the trading transactions are limited and the balance of the other receivable is due from Joint Operation partners representing 39% of the balance of other receivables and interest receivables representing 61% of the balance of other receivables.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**10. NON-CURRENT ASSETS - PLANT AND EQUIPMENT**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment - at cost	931,878	930,827
Less accumulated depreciation	(804,110)	(781,340)
	127,768	149,487
Motor vehicle – at cost	66,839	66,839
Less accumulated depreciation	(58,340)	(56,372)
	8,499	10,467
Right-of-use asset – at cost	232,640	232,640
Less accumulated depreciation	(108,058)	(54,029)
	124,582	178,611
Total	260,849	338,565

Reconciliation of the carrying amount of fixed assets:

	<b>Plant and equipment</b>	<b>Motor vehicle</b>	<b>Right-of-use Asset</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Carrying amount at 1 January 2019	176,853	12,882	-	189,735
Additions	1,150	-	232,640	233,790
Depreciation expense	(28,516)	(2,415)	(54,029)	(84,960)
Carrying amount at 31 December 2019	149,487	10,467	178,611	338,565
Carrying amount at 1 January 2020	149,487	10,467	178,611	338,565
Additions	1,051	-	-	1,051
Depreciation expense	(22,770)	(1,968)	(54,029)	(78,767)
Carrying amount at 31 December 2020	127,768	8,499	124,582	260,849

**11. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of the year	34,751,061	34,239,060
Additions of capitalised exploration expenditure	334,202	521,967
Write-off of exploration expenditure	(51,385)	(9,966)
Balance at the end of the year	35,033,878	34,751,061

The balance carried forward represents projects in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

The write-off of exploration expenditure related to the tenements that were under retention during the year.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE (Continued)**

Employee benefits expense capitalised during the year were:	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Wages and superannuation	227,082	268,617

**12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Trade payables	39,150	75,092
Other payables	50,151	(8,660)
	89,301	66,432

Trade payables are unsecured and are usually paid within 30 – 60 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

**13. LEASE**

This note provides information for leases where the group is a lessee.

**(a) Amounts recognised in the balance sheet**

The balance sheet shows the following amounts relating to the lease of its corporate office:

<b>Right-of use assets</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Office	124,582	178,611

<b>Lease Liabilities</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Current	54,127	52,008
Non-current	76,533	130,660
	130,660	182,668

**(b) Amounts recognised in the statement of profit or loss**

The statement of profit or loss shows the following amount relating to the lease of its corporate office:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Depreciation expense of right-of-use assets	54,029	54,029
Interest expense on lease liabilities	6,360	8,396
Total amount recognised in profit or loss	60,389	62,425

The total cash outflow for lease in 2020 was \$58,368 (2019: \$58,368).

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**13. LEASE (Continued)**

**(c) The Group's leasing activity and how these are accounted for**

The group leases office space for its corporate office. The lease agreement has a fixed term of 3 years with an extension option of further 2 years. The lease agreement does not impose any covenants.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments. Lease payments to be made under the extension option are also included in the measurement of liability.

The lease payments are discounted using the interest rate of a readily observable amortising loan rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the payment of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are depreciated over the lease term on a straight-line basis.

The Group does not have any short-term leases or low-value assets.

**(d) Variable lease payments**

The office lease agreement does not contain variable payment terms.

**(e) Extension and termination option**

Extension and termination options are included in the office lease agreement. They are used to maximise operational flexibility in terms of managing the office held in the group's operations. The extension and termination options held are exercisable only by the group and not by the lessor.

**(f) Residual value guarantees**

The group does not provide residual value guarantees in relating to its office lease.

**14. PROVISIONS**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Leave entitlements	<u>77,369</u>	<u>66,481</u>

The provision relates to the Group's liability for employee's annual leave and long service leave entitlements. Based on past experience, the Group expects all employees to take the full amount of accrued leave or require payment within the next 12 months and all employees to take the full amount of accrued long service leave as soon as they are entitled. The carrying amounts of provisions are assumed to be the same as their fair values.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. CONTRIBUTED EQUITY**

The Company had 209,683,312 ordinary shares, fully paid at 31 December 2020 (31 December 2019: 209,683,312). No movement in contributed equity during the year.

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Contributed equity	<u>59,051,644</u>	<u>59,051,644</u>
	<b>Number of shares</b>	<b>Number of shares</b>
Balance at 31 December 2019 and 31 December 2020	<u>209,683,312</u>	<u>209,683,312</u>

**Ordinary Shares**

Ordinary shares entitled the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

**Capital Risk Management**

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern, so that the group can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to achieve this objective, the Group seeks to maintain a capital structure that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

**16. SHARE BASED PAYMENT TRANSACTIONS**

Share based payments transactions are recognised at fair value in accordance with AASB 2. The expense in the year was nil (2019: nil).

No options were granted or exercised during the year ended 31 December 2020 (2019: nil).

There are no options on issue as at 31 December 2020.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group'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 Group. The Group does not use any derivative financial instruments to hedge risk exposures. The Group 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 other price risks, and aging analysis for credit risk.

Risk management is carried out by the Board as a whole.

The Group holds the following financial instruments:

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Current		
Cash and cash equivalents	540,662	454,549
Term deposits	15,724,509	16,775,821
Trade and other receivables	71,139	161,867
Other financial assets	161,704	156,085
Total Current Financial Assets	16,498,014	17,548,322
<b>Financial Liabilities</b>		
Current		
Trade and other payables	89,301	66,432
Lease liabilities	54,127	52,008
Total Current Financial Liabilities	143,428	118,440
Non-Current		
Lease liabilities	76,533	130,660
Total Non-Current Financial Liabilities	76,533	130,660

**(a) Market Risk**

*(i) Foreign Exchange Risk*

The Group does not have significant foreign currency holding. No financial instruments have been entered into to manage this risk.

*(ii) Price Risk*

The Group is in the stage of a junior explorer and the commodity prices do not constitute a significant risk to the business. The Group may adjust its strategy on the progress of its projects to adapt to the change of the market environment.

*(iii) Cash flow and fair value interest rate risk*

The Group's exposure to interest rate risk arises from assets bearing variable interest rates. The weighted average interest rate on cash holdings and term deposits was 0.58% at 31 December 2020 (31 December 2019: 1.78%). All other financial assets and liabilities are non-interest bearing.

*(iv) Group Sensitivity*

At 31 December 2020, if interest rates had increased by 100 or decreased by 100 basis points of the current weighted average interest rates with all other variables held constant, post-tax profit for the period would have been \$94,265 higher/\$94,265 lower (31 December 2019: \$173,865 higher/\$173,865 lower), mainly as a result of higher/lower interest income from cash, term deposits and other financial assets.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**17. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit Risk**

Credit risk arises from cash and deposits with banks and financial institutions, as well as outstanding receivables. The Group invests its surplus funds mainly with large banking financial institutions, namely National Australia Bank and Westpac Banking Corporation. All these banks have an A rating or above with Standard & Poors. The maximum credit risk of the Group is the exposure of its term deposits and trade and other receivables.

**(c) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through the equity market to meet obligations when due. At the end of the reporting period the Group held deposits of \$15.7 million (2019: \$16.8 million) with maturities from 3 month to 12 months that are expected to readily generate cash inflows for managing liquidity risk and also fulfill the commitments disclosed in Note 19.

**(d) Fair Value Measurements**

The net fair value of the Group's financial assets and liabilities approximates their carrying value.

**18. CONTINGENCIES**

**Contingent Liabilities**

**Claims of Native Title**

To date the Company has been notified by the Native Title Tribunal of native title claims which cover some of the Company's licence holdings. Until further information arises in relation to the claims and its likelihood of success, the Company is unable to assess the likely effect, if any, of the claims.

**19. COMMITMENTS**

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2021. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations. Estimated expenditure on mining, exploration and prospecting leases for 2021 is \$402,385.

**Capital Commitments**

There are no capital expenditure commitments for the Group as at 31 December 2020.

**20. KEY MANAGEMENT PERSONNEL**

Key Management Personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company. The aggregate compensation made to directors and other key management personnel of the Company and the Group is set out below:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short-term benefits	327,646	308,102
Post-employment benefits	-	-
	<u>327,646</u>	<u>308,102</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 6 to 10.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**21. CONTROLLED ENTITIES**

<b>Controlled Entities</b>	<b>% held</b>		<b>Class</b>	<b>State of Incorporation</b>	<b>Date of Incorporation</b>	<b>Investment at Cost</b>	
	<b>31December 2020</b>	<b>31December 2019</b>				<b>31December 2020</b>	<b>31December 2019</b>
NT Energy Pty Ltd	100%	100%	Ord	VIC	15/11/2006	100	100

The date of acquisition of the controlled entities was on the date of incorporation. The fair value of net assets acquired at the date of acquisition was nil. The principal activity of NT Energy Pty Ltd is uranium trading.

**22. RELATED PARTY TRANSACTIONS**

(a) Parent entities

The parent entity within the Group is Energy Metals Limited. The ultimate parent entity is China General Nuclear Power Corporation (formerly known as China Guangdong Nuclear Power Holding Co. Ltd.) (incorporated in the P.R. China) ("CGN") which at 31 December 2020 owned 66.45% (31 December 2019: 66.45%) of the issued ordinary shares of Energy Metals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 21.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in the Remuneration Report.

(d) Transactions with related parties

The Company earned \$7,305 (2019: \$9,409) in management and facility administration fees from the joint operations during the year.

(f) Loans to/from related parties

At 31 December 2020, the Company had other receivable of \$78,676 (2019: \$78,676) from NT Energy Pty Limited. The other receivable was unsecured, interest free and repayable on demand. The receivable was eliminated in the consolidated financial statements.

(g) Guarantees

There were no guarantees provided to the related parties during the year.

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**23. REMUNERATION OF AUDITORS**

Auditors of the group– Deloitte

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Audit and review of the financial reports		
Group	40,000	32,000
Controlled entities and joint operations	-	-
Total audit and review of the financial reports	40,000	32,000
Other statutory assurance services	-	-
Other assurance services	-	-
Non-audit services	-	-
Total service provided by Deloitte	40,000	32,000

**24. INTEREST IN JOINT OPERATIONS**

The Company has the following interest in unincorporated joint operations:

<b>Joint Operation</b>	<b>Principal Activity</b>	<b>% Interest</b>	
		<b>31 December 2020</b>	<b>31 December 2019</b>
Bigirlyi Joint Operation	Uranium Exploration	72.39	72.39
Malawiri Joint Operation	Uranium Exploration	76.03	76.03
Walbiri Joint Operation	Uranium Exploration	77.12	77.12

The joint operation is a contractual arrangement between participants for the sharing of costs and outputs and did not generate revenue and profit. The joint operation does not hold any assets and the Group's share of exploration and evaluation expenditure is accounted for in accordance with the policy set out in Note 1.

The Group's share of assets employed in the joint operation is:

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	115,144	81,522
Other financial asset	141,751	137,223
<b>Total Current Assets</b>	256,895	218,745
<b>Non-Current Assets</b>		
Exploration and evaluation expenditure	14,896,772	14,820,050
<b>Total Non-Current Assets</b>	14,896,772	14,820,050
<b>Total Assets</b>	15,153,667	15,038,795

**ENERGY METALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**24. INTEREST IN JOINT OPERATIONS (Continued)**

a) Commitments

There are no capital expenditure commitments for the Joint Operation as at 31 December 2020.

The Group's share of estimated Year 2021 minimum expenditure commitments for the Joint Operation tenements are \$104,933 which are included in the commitment disclosed in Note 19.

b) Contingent liabilities

*Claims of Native Title*

There are no claims of Native Title that affect the Joint Operation licence holdings.

**25. PARENT ENTITY INFORMATION**

The following details information related to the parent entity, Energy Metals Limited, at 31 December 2020. The information presented here has been prepared using consistent accounting policies as the Group.

	31 December 2020	31 December 2019
	\$	\$
Current assets	16,385,262	17,588,949
Non-current assets	35,541,920	35,089,626
Total assets	51,927,182	52,678,575
Current liabilities	220,797	184,921
Non-current liabilities	76,533	130,660
Total liabilities	297,330	315,581
Contributed equity	59,051,644	59,051,644
Accumulated losses	(7,421,792)	(6,688,650)
Total equity	51,629,852	52,362,994
Income for the year	243,495	460,122
Total comprehensive expense for the year	(826,956)	(440,389)

The principal activity of Energy Metals Limited subsidiary NT Energy Pty Ltd is uranium trading. There has been no trading activity for NT Energy Pty Ltd during the year.

**26. EVENTS OCCURRING AFTER REPORTING DATE**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Company in future financial years.

## **DIRECTORS' DECLARATION**

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### **ENERGY METALS LIMITED AND ITS CONTROLLED ENTITIES ACN 111 306 533**

#### **DECLARATION BY DIRECTORS**

The directors of the Company declare that:

1. The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash flows, Consolidated Statement of Changes in Equity and accompanying notes are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the financial position as at 31 December 2020 and of the performance for the year ended on that date of the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the Chief Executive Officer and Financial manager as required by section 295A of the *Corporations Act 2001*.
4. The consolidated entity has included in the notes to the financial statements an unreserved and explicit statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**Shuqing Xiao**  
Managing Director

Perth, Western Australia  
19 February 2021

The Board of Directors  
Energy Metals Limited  
Level 2, 28 Kings Park Road  
West Perth WA 6005

19 February 2021

Dear Board Members

## Energy Metals Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Energy Metals Limited.

As lead audit partner for the audit of the financial statements of Energy Metals Limited for the year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU



**D K Andrews**  
Partner  
Chartered Accountants

## Independent Auditor's Report to the members of Energy Metals Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Energy Metals Limited (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2020, 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 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 31 December 2020 and of its financial performance for the year then ended; 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 & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 for the current period. This matter was 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 this matter.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Accounting for Exploration and Evaluation Assets</i></p> <p>As at 31 December 2020 the Group has recognised capitalised exploration and evaluation assets totalling \$35,033,879 as disclosed in Note 11.</p> <p>Judgement is applied in determining the treatment of capitalised exploration and evaluation expenditure including:</p> <ul style="list-style-type: none"> <li>➤ whether the conditions for capitalisation are satisfied;</li> <li>➤ which elements of exploration and evaluation expenditures qualify for recognition as an asset; and</li> </ul> <p>whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>➤ Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>➤ Holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest;</li> <li>➤ Assessing whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves could be made;</li> <li>➤ Verifying on a sample basis, evaluation expenditure capitalised during the year for compliance with the applicable accounting standards; and</li> <li>➤ Assessing whether any facts or circumstances existed to suggest impairment may be required.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Note 11 to the financial statements.</p>

### **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 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 Entity's 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 has 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 6 to 8 of the Directors' Report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Energy Metals Limited, for the year ended 31 December 2020, 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.



DELOITTE TOUCHE TOHMATSU



**D K Andrews**

Partner

Chartered Accountants

Perth, 19 February 2021