

**ENERGY METALS LIMITED
AND ITS CONTROLLED ENTITY**

A.B.N. 63 111 306 533

FULL YEAR STATUTORY ACCOUNTS 2021

CORPORATE DETAILS

Directors

Yusheng Cai (Non-Executive Chairman)
Shuqing Xiao (Managing Director)
Lindsay George Dudfield (Non-Executive Director)
Jan Macpherson (Non-Executive Director)
Zhe Xu (Non-Executive Director)
Zhe Gao (Non-Executive Director)
Jun Zhou (Non-Executive Director)

Junmei Xu (Non-Executive Director, resigned 26 March 2021)
Fei He (Non-Executive Chairman, resigned 25 January 2022)

Company Secretary

Xuekun Li

Registered Office

Level 2
5 Ord Street
WEST PERTH WA 6005
Telephone: +61 8 9322 6904
Facsimile: +61 8 9321 5240
Email: enquiry@energymetals.net
Web: www.energymetals.net

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Share Registry

Automic Pty Ltd
Level 5
191 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

CONTENTS	PAGE
Directors' Report	3
Remuneration Report	7
Consolidated Financial Statements	13
Directors' Declaration	40
Auditor's Independence Declaration	41
Auditor's Report	42

DIRECTORS' REPORT

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 of or during the year ended 31 December 2021 .

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:

Yusheng Cai (Non-Executive Chairman, appointed 25 January 2022)
Shuqing Xiao (Managing Director)
Lindsay George Dudfield (Non-Executive Director)
Jan Macpherson (Non-Executive Director)
Zhe Xu (Non-Executive Director)
Zhe Gao (Non-Executive Director)
Jun Zhou (Non-Executive Director, appointed 26 March 2021)

Junmei Xu (Non-Executive Director, resigned 26 March 2021)
Fei He (Non-Executive Chairman, resigned 25 January 2022)

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

Ngalia Regional Project – Due to COVID-19 travel restrictions, exploration activities were limited to geological review work in 2021.

Bigrlyi Joint Venture (BJV) – Due to COVID-19 travel restrictions, Energy Metals' exploration work focused on studies aimed at re-optimising various aspects of the Bigrlyi prefeasibility study including a review of the mineralisation potential at depths below 300m. A metallurgical program to investigate carbonate rejection and ore upgrade was initiated during the year.

Malawiri Joint Venture (MJV) and Walbiri Joint Venture (WJV) – No on-ground exploration activities this year.

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 are awaiting a related court ruling before it can progress further.

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

OPERATING RESULTS FOR THE YEAR

The consolidated loss of the Group for the year ended 31 December 2021 was \$820,593 (2020: loss of \$826,956).

REVIEW OF FINANCIAL CONDITIONS

The net assets of the Company were \$50,674,818 at 31 December 2021 (31 December 2020: \$51,495,411).

Use of cash and assets by the Company for the year ended 31 December 2021 was consistent with the Company's business objectives since listing on the Australian Securities Exchange on 9 September 2005.

CHANGES IN STATE OF AFFAIRS

During the year, the Company's wholly-owned subsidiary, NT Energy Pty Ltd ("NT Energy"), was voluntarily deregistered. The deregistration had no significant impact on the Group as NT Energy had been dormant for a long period and had minimal assets. As NT Energy was the only subsidiary in the Group, there was no longer a consolidated entity after its deregistration.

Other than the above, there was no significant change in the state of affairs 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 2021 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company'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 2021 to 31 December 2021 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 Yusheng Cai	<p>Mr Cai is a senior engineer with over 20 years' experience in engineering industry. He holds a Master of Engineering degree in Civil Engineering from University of Tokyo, Japan. Before he joined CGN Uranium Resources Co. Ltd ("CGNPC-URC") he worked as project manager for Taisei Corporation and Bechtel Group. Mr Cai has been a senior executive of CGN Uranium Resources Co. Ltd ("CGN URC") since 2006. He is currently the Deputy General Manager and Chief Information Security Officer of CGNPC-URC.</p> <p>Mr Cai was appointed to the Board on 25 January 2022.</p> <p>Directorship of other listed companies: None.</p>	Non-Executive Chairman
Mr Shuqing Xiao	<p>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 for Energy Metals from March 2013 to February 2016 as a project geologist.</p> <p>Mr Xiao was appointed to the Board on 23 October 2018.</p> <p>Directorship of other listed companies: None.</p>	Managing Director
Mr Lindsay Dudfield	<p>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.</p> <p>Mr Dudfield was appointed to the Board as Executive Director in October 2004 and as Non-Executive Director on 1 January 2011.</p> <p>Directorship of other listed companies: Jindalee Resources Limited – current; Alchemy Resources Limited - current.</p>	Non-Executive Director
Ms Jan Macpherson	<p>Ms Macpherson is a practising Lawyer and holds a Master's degree in Business. She has extensive experience in executive management, legal, commercial and corporate governance having worked as a senior executive for various exploration and energy companies over 30 years. Ms Macpherson is a fellow of the AICD and the Australian Governance Institute.</p> <p>Ms Macpherson was appointed to the Board on 1 March 2017.</p> <p>Directorship of other listed companies: None.</p>	Non-Executive Director
Mr Zhe Xu	<p>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.</p> <p>Mr Xu was appointed to the Board on 3 April 2020.</p> <p>Directorship of other listed companies: None.</p>	Non-Executive Director
Mr Zhe Gao	<p>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.</p> <p>Mr Gao was appointed to the Board on 27 August 2019.</p> <p>Directorship of other listed companies: None.</p>	Non-Executive Director

DIRECTORS' REPORT

Mr Jun Zhou	Mr Zhou is a qualified accountant with more than 20 years' experience in finance and corporate management. He earned a Master of Economics in 1999 and has worked as a senior financial manager for CGNPC URC since 2008. Mr Zhou is a Certified Public Accountant. He is currently the Chief Executive Officer of China Uranium Development Company Limited. Mr Zhou was appointed to the Board on 26 March 2021. 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. Ms Xu was appointed to the Board on 06 July 2016 and resigned on 26 March 2021. Directorship of other listed companies: None.	Non-Executive Director (resigned 26 March 2021)
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. Mr He was appointed to the Board on 3 April 2020 and resigned on 25 January 2022. Directorship of other listed companies: None.	Non-Executive Chairman (resigned 25 January 2022)

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2021 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
Yusheng Cai	0	0
Shuqing Xiao	1	1
Lindsay G Dudfield	1	1
Jan Macpherson	1	1
Zhe Xu	1	0
Zhe Gao	1	1
Jun Zhou	1	1
Junmei Xu (resigned 26 March 2021)	0	0
Fei He (resigned 25 January 2022)	1	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 Zhe Xu and Mr Lindsay Dudfield 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.

DIRECTORS' REPORT

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 2021. 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
- share-based compensation
- securities policy

Directors and Key Management Personnel ("KMP")

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

J. Xu	Non-Executive Director (resigned 26 March 2021)
F.He	Non-Executive Chairman (resigned 25 January 2022)

DIRECTORS' REPORT

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 2017	At 31 December 2018	At 31 December 2019	At 31 December 2020	At 31 December 2021
Share Price	\$0.09	\$0.10	\$0.087	\$0.14	\$0.27
Market Capitalisation	\$18.6M	\$20.9M	\$18.2M	\$29.4M	\$56.6M
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	Performance related		
		Directors' Fees	Cash Salary, Consulting Fees	Annual leave	Super-annuation	Options	Total	%
Non-Executive Directors		\$	\$	\$	\$	\$	\$	%
L. Dudfield	2021	-	24,000	-	-	-	24,000	-
	2020	-	24,000	-	-	-	24,000	-
J. Macpherson	2021	-	25,000	-	-	-	25,000	-
	2020	-	25,000	-	-	-	25,000	-
Z. Xu	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Z. Gao	2021	25,000	-	-	-	-	25,000	-
	2020	31,250	-	-	-	-	31,250	-
J. Zhou	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
J. Xu*	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
F. He**	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Executive Directors								
S. Xiao	2021	-	180,000	13,846	-	-	193,846	-
	2020	-	180,000	13,846	-	-	193,846	-
Key Management								
X. Li	2021	-	46,305	-	-	-	46,305	-
	2020	-	53,550	-	-	-	53,550	-
Total	2021	25,000	275,305	13,846	-	-	314,151	-
	2020	31,250	282,550	13,846	-	-	327,646	-

*resigned 26 March 2021

**resigned 25 January 2022

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.

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 (2020: \$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.

DIRECTORS' REPORT

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 forgo his remuneration for the year ended 31 December 2021.

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.

Jun Zhou

Mr Zhou was appointed a Non-Executive Director on 26 March 2021. According to a letter of appointment, Mr Zhou is entitled to a director's fee of \$25,000 per annum. Mr Zhou consented to forgo his remuneration for the year ended 31 December 2021.

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.

Junmei Xu (resigned 26 March 2021)

Ms Xu was appointed a Non-Executive Director on 6 July 2016 and resigned on 26 March 2021. According to a letter of appointment, Ms Xu was entitled to a director's fee of \$25,000 per annum and Ms Xu consented to forgo this remuneration for the year ended 31 December 2021.

Fei He (resigned 25 January 2022)

Mr He was appointed a Non-Executive Chairman on 3 April 2020 and resigned on 25 January 2022. According to a letter of appointment, Mr Fei He was entitled to a director's fee of \$25,000 per annum. Mr He consented to forgo his remuneration for the year ended 31 December 2021.

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 (2020: nil). No options were vested during the year (2020: nil).

Equity instruments held by key management personnel

The following table 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.

	<u>Ordinary Shares</u>	<u>Options</u>
Shuqing Xiao	-	-
Lindsay G Dudfield	3,255,165	-
Jan Macpherson	-	-
Zhe Xu	-	-
Zhe Gao	-	-
Jun Zhou	-	-
Junmei Xu	-	-
Fei He	-	-

DIRECTORS' REPORT

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 regard to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regard 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 (2020: nil). No related party transaction occurred during the year (2020: nil).

Voting and comments made at the Company's 2021 Annual General Meeting

The Company received 99.99% 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 2021, there were no shares under option (2020: 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 2021 to 31 December 2021 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

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 41 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 22 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 22 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.

18 February 2022, at Perth, Western Australia



Shuqing Xiao
Managing Director

ENERGY METALS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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	40
Auditors' Independence Declaration	41
Independent Auditors' Report to the Members	42

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, 5 Ord Street
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 12 are not part of these financial statements.

The financial statements were authorised for issue by the directors on 18 February 2022. 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.

ENERGY METALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$	2020 \$
Other revenue	3a	72,827	243,495
Depreciation expense	3b	(52,846)	(78,767)
Exploration expense		(92,386)	(251,620)
Employee benefits expense	3c	(385,293)	(412,017)
Corporate and regulatory expenses		(227,214)	(209,863)
Other administrative expense		(132,185)	(111,824)
Finance costs	3b	(3,496)	(6,360)
Loss before income tax		(820,593)	(826,956)
Income tax expense	4	-	-
Loss for the year		(820,593)	(826,956)
Total comprehensive loss for the year		(820,593)	(826,956)
Loss attributable to owners of Energy Metals Limited		(820,593)	(826,956)
Total comprehensive loss attributable to owners of Energy Metals Limited		(820,593)	(826,956)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)	6	(0.39)	(0.39)
Diluted earnings per share (cents per share)	6	(0.39)	(0.39)

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 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Current Assets			
Cash and cash equivalents	8	481,210	540,662
Term deposits	8	14,787,380	15,724,509
Other receivables	9	40,485	71,139
Other financial asset		102,795	161,704
Total Current Assets		15,411,870	16,498,014
Non-Current Assets			
Plant and equipment	10,13	246,904	260,849
Exploration and evaluation expenditure	11	35,303,185	35,033,878
Total Non-Current Assets		35,550,089	35,294,727
Total Assets		50,961,959	51,792,741
Current Liabilities			
Trade and other payables	12	97,961	89,301
Lease liabilities	13	46,495	54,127
Provisions	14	60,407	77,369
Total Current Liabilities		204,863	220,797
Non-current Liabilities			
Lease liabilities	13	82,278	76,533
Total Non-current Liabilities		82,278	76,533
Total Liabilities		287,141	297,330
Net Assets		50,674,818	51,495,411
Equity			
Contributed equity	15	59,051,644	59,051,644
Accumulated losses		(8,376,826)	(7,556,233)
Total Equity		50,674,818	51,495,411

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 2021

	Attributable to owners of Energy Metals Limited		
	Contributed equity \$	Accumulated losses \$	Total \$
Balance at 1 January 2020	59,051,644	(6,729,277)	52,322,367
Total comprehensive loss for the year	-	(826,956)	(826,956)
Balance at 31 December 2020	59,051,644	(7,556,233)	51,495,411
Total comprehensive loss for the year	-	(820,593)	(820,593)
Balance at 31 December 2021	59,051,644	(8,376,826)	50,674,818

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 2021

	Notes	2021 \$	2020 \$
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Payments to suppliers and employees		(763,501)	(669,274)
Payments for exploration operation		(92,386)	(200,235)
Income received from joint operations		4,040	7,305
Interest income received		83,184	297,027
Net cash used in operating activities	5	<u>(768,663)</u>	<u>(565,177)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(250,746)	(341,344)
Payments for acquisition of plant and equipment		(3,188)	(1,051)
Payments for term deposits		(14,890,175)	(15,886,213)
Withdrawal of term deposits		15,886,213	16,931,906
Net cash received from investing activities		<u>742,104</u>	<u>703,298</u>
Cash flows from financing activities			
Lease payments for right of use assets		(32,893)	(52,008)
Net cash used in financing activities		<u>(32,893)</u>	<u>(52,008)</u>
Net (decrease)/increase in cash and cash equivalents		(59,452)	86,113
Cash and cash equivalents at the beginning of the year		540,662	454,549
Cash and cash equivalents at the end of the year	8	<u><u>481,210</u></u>	<u><u>540,662</u></u>

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 2021

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 18 February 2022.

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 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of Consolidation (continued)

(ii) *Joint Operations*

The Company has interests in joint arrangements that are Joint Operations. 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 operations 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 operations. Details of the joint operations 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) Other income

The Group recognises other income from the following major source:

Management Fee

The 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 other income 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 2021

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. Its carrying amount is included in the Plant and Equipment. 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) Other Receivables

Other receivables are recognised initially at fair value, less any allowance for expected credit losses. The settlement terms vary depending on business transactions.

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 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

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 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.

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.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 regard 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.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Exploration and Evaluation Expenditure (Continued)

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.

(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.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

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 2023;

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.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates, effective for annual reporting periods beginning on or after 1 January 2023;

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual reporting periods beginning on or after 1 January 2023.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2021 the carrying value of capitalised exploration and evaluation expenditure was \$35,303,185 (2020: \$35,033,878).

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SEGMENT INFORMATION

(a) DESCRIPTION OF SEGMENTS

Management has determined that the Group has one reportable segment of its business, being uranium exploration 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.

(b) SEGMENT REVENUE AND RESULTS

	Consolidated	
	2021	2020
	\$	\$
Reconciliation of segment revenue to Group revenue		
Segment revenue - Uranium exploration	5,119	7,305
Unallocated revenue	67,708	236,190
Total revenue	72,827	243,495
	2021	2020
	\$	\$
Reconciliation of segment result to Group loss		
Segment result - Uranium exploration	(102,271)	(262,878)
Unallocated result	(718,322)	(564,078)
Loss before tax	(820,593)	(826,956)

Segment revenue of uranium exploration represents revenue generated from service provided to joint operations. There were no inter-segment sales in the current year (2020: 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 2021	31 December 2020
	\$	\$
Reconciliation of segment assets to Group assets		
Segment assets - Uranium exploration	35,412,817	35,171,789
Unallocated assets - Corporate	15,549,142	16,620,952
TOTAL ASSETS	50,961,959	51,792,741
Reconciliation of segment liabilities to Group assets		
Segment liabilities - Uranium exploration	40,903	22,343
Unallocated liabilities - Corporate	246,238	274,987
TOTAL LIABILITIES	287,141	297,330

(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 2021

3. REVENUES AND EXPENSES

	Consolidated	
	2021	2020
	\$	\$
(a) Other Revenue includes the following revenue items:		
Interest income	67,332	236,190
Management fee from Joint Operations	5,119	7,305
Fuel rebate	376	-
	72,827	243,495
(b) Loss includes the following specific expenses:		
Depreciation	52,846	78,767
Finance cost	3,496	6,360
	56,342	85,127
(c) Employee benefit expenses:		
Wages & superannuation	360,293	380,767
- Including: Executive Director's salary	180,000	180,000
Non-Executive Directors' fees*	25,000	31,250
	385,293	412,017

*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 2021

4. TAXATION	2021	2020
	\$	\$
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	(820,593)	(826,956)
Income tax benefit @ 30%	(246,178)	(248,087)
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	-	75,486
Deferred tax relating to temporary timing differences not recognised	(119,155)	(160,709)
Deferred tax assets relating to tax losses not recognised	351,647	333,310
Prior year true up	13,686	-
Income tax expenses/(benefit) reported in the income statement	-	-

The franking account balance at period end was nil (2020: nil).

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

Deferred tax assets

Tax losses carried forward	12,560,779	12,235,834
Non-refundable R&D tax offsets carried forward	1,386,721	1,386,721
Other temporary differences	63,572	36,868

Deferred tax liabilities

Exploration assets	(10,629,319)	(10,510,164)
Net deferred tax assets not recognised	3,381,753	3,149,259

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 former wholly-owned subsidiary, NT Energy Pty Ltd, had implemented the tax consolidation legislation, which means that this entity was taxed as a single entity. Energy Metals Limited was the head entity within the tax-consolidated group. There were no valid tax sharing or tax funding agreement in place.

NT Energy Pty Ltd did not carry on any business, and there had been no transactions occurring during the year before it was voluntarily deregistered on 28 July 2021. There were no current and deferred tax amounts recognized in the consolidated financial statements during the year. As NT Energy Pty Ltd was deregistered, it automatically left the consolidated group on 28 July 2021.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax	(820,593)	(826,956)
Depreciation	52,846	78,767
Write-off of capitalised exploration expenditure	-	51,385
Provisions for annual leave and long service leave	(16,962)	10,888
Other income	(1,079)	-
Unrealised gain on lease modification	(4,706)	-
Change in operating assets and liabilities during the financial period:		
Decrease in other receivables	31,732	90,728
(Decrease)/increase in trade and other payables	(9,901)	30,011
Net cash outflow from operating activities	<u>(768,663)</u>	<u>(565,177)</u>

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:

	2021	2020
	\$	\$
Loss attributable to owners of the Company	<u>(820,593)</u>	<u>(826,956)</u>
	2021	2020
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	<u>209,683,312</u>	<u>209,683,312</u>

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 2021

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Cash and cash equivalents	405,501	425,518
Share of Joint Operations' cash	75,709	115,144
	481,210	540,662
Term deposits classified separate to cash on face of Consolidated Statement of Financial Position	14,787,380	15,724,509

As at 31 December 2021, the Company had approximately \$14.8 million term deposits (2020: \$15.7 million) with maturities from 9 months to 12 months in various financial institutions earning interest income at an average rate of 0.19% (2020: 0.58%).

The Company's exposure to interest rate risk is disclosed in Note 16.

9. OTHER RECEIVABLES

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
CURRENT		
GST receivable	16,469	16,469
Other receivables	24,016	54,670
	40,485	71,139

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 other receivables, including current and non-current, are impaired.

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

In determining the recoverability of other receivables, the Group considers any change in the credit quality of the 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 24% of the balance of other receivables and interest receivables representing 76% of the balance of other receivables.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Plant and equipment - at cost	935,066	931,878
Less accumulated depreciation	(822,947)	(804,110)
	112,119	127,768
Motor vehicle – at cost	66,839	66,839
Less accumulated depreciation	(59,933)	(58,340)
	6,906	8,499
Right-of-use asset – at cost	143,864	232,640
Less accumulated depreciation	(15,985)	(108,058)
	127,879	124,582
Total	246,904	260,849

Reconciliation of the carrying amount of fixed assets:

	Plant and equipment	Motor vehicle	Right-of-use Asset	Total
	\$	\$	\$	\$
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
Carrying amount at 1 January 2021	127,768	8,499	124,582	260,849
Additions	3,188	-	143,864	147,052
Depreciation expense	(18,837)	(1,593)	(32,416)	(52,846)
Disposals/write off			(108,151)	(108,151)
Carrying amount at 31 December 2021	112,119	6,906	127,879	246,904

11. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2021	2020
	\$	\$
Balance at beginning of the year	35,033,878	34,751,061
Additions of capitalised exploration expenditure	269,307	334,202
Write-off of exploration expenditure	-	(51,385)
Balance at the end of the year	35,303,185	35,033,878

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.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Employee benefits expense capitalised during the year were:	2021	2020
	\$	\$
Wages and superannuation	130,626	227,082

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Trade payables	63,059	39,150
Other payables	34,902	50,151
	<u>97,961</u>	<u>89,301</u>

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:

Right-of use assets	31 December 2021	31 December 2020
	\$	\$
Office	143,864	124,582
	<u>143,864</u>	<u>124,582</u>
Lease Liabilities	31 December 2021	31 December 2020
	\$	\$
Current	46,495	54,127
Non-current	82,278	76,533
	<u>128,773</u>	<u>130,660</u>

(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:

	2021	2020
	\$	\$
Depreciation expense of right-of-use assets	32,146	54,029
Interest expense on lease liabilities	3,496	6,360
Total amount recognised in profit or loss	<u>35,642</u>	<u>60,389</u>

The total cash outflow for lease in 2021 was \$32,893 (2020: \$58,368).

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 1 year 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 relating to its office lease.

14. PROVISIONS

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Leave entitlements	<u>60,407</u>	<u>77,369</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 2021

15. CONTRIBUTED EQUITY

The Company had 209,683,312 ordinary shares, fully paid at 31 December 2021 (31 December 2020: 209,683,312). There was no movement in contributed equity during the year.

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Contributed equity	59,051,644	59,051,644
Balance at 31 December 2020 and 31 December 2021	209,683,312	209,683,312

Ordinary Shares

Ordinary shares entitle 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.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. 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:

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Financial Assets		
Current		
Cash and cash equivalents	481,210	540,662
Term deposits	14,787,380	15,724,509
Trade and other receivables	40,485	71,139
Other financial assets	102,795	161,704
Total Current Financial Assets	15,411,870	16,498,014
Financial Liabilities		
Current		
Trade and other payables	97,961	89,301
Lease liabilities	46,495	54,127
Total Current Financial Liabilities	144,456	143,428
Non-Current		
Lease liabilities	82,278	76,533
Total Non-Current Financial Liabilities	82,278	76,533

(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 0.19% at 31 December 2021 (31 December 2020: 0.58%). All other financial assets and liabilities are non-interest bearing.

(iv) Group Sensitivity

At 31 December 2021, 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 \$28,866 higher/\$28,866 lower (31 December 2020: \$94,265 higher/\$94,265 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 2021

16. 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 \$14.8 million (2020: \$15.7 million) with maturities from 9 month to 12 months that are expected to readily generate cash inflows for managing liquidity risk and also fulfill the commitments disclosed in Note 18.

(d) Fair Value Measurements

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

17. 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 their likelihood of success, the Company is unable to assess the likely effect, if any, of the claims.

18. 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 2022 is \$377,029.

Capital Commitments

There are no capital expenditure commitments for the Group as at 31 December 2021.

19. 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:

	Consolidated	
	2021	2020
	\$	\$
Short-term benefits	314,151	327,646
Post-employment benefits	-	-
	314,151	327,646

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 11.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

20. DEREGISTRATION OF CONTROLLED ENTITY

Controlled Entities	% held 31 December 2021	Class	State of Incorporation	Date of Incorporation	Date of Deregistration	Investment at Cost 31 December 2021
NT Energy Pty Ltd	-	Ord	VIC	15/11/2006	28/07/2021	-

NT Energy Pty Ltd was voluntarily deregistered on 28 July 2021.

Other than NT Energy Pty Ltd, the Company had no other subsidiaries during the year.

21. 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 2021 owned 66.45% (31 December 2020: 66.45%) of the issued ordinary shares of Energy Metals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 20.

(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 \$5,119 (2020: \$7,305) in management and facility administration fees from the joint operations during the year.

(f) Loans to/from related parties

In previous years, the Company had other receivable of \$78,676 (2019: \$78,676) from NT Energy Pty Ltd (“NT Energy”). The receivable was eliminated in the consolidated financial statements. To facilitate NT Energy’s voluntary deregistration, the Company resolved to waive such receivable from NT Energy. There was no impact on the consolidated financial statements as any gain and loss generated from the debt forgiveness were eliminated at the group level.

(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 2021

22. REMUNERATION OF AUDITORS

Auditors of the group– BDO Audit (WA) Pty Ltd

	Consolidated	
	2021 \$	2020 \$
Audit and review of the financial reports		
Group	41,500	-
Controlled entities and joint operations	-	-
Total audit and review of the financial reports	41,500	-
Other statutory assurance services	-	-
Other assurance services	-	-
Non-audit services	-	-
Total service provided by BDO Audit (WA) Pty Ltd	41,500	-

Other auditors

	Consolidated	
	2021 \$	2020 \$
Audit and review of the financial reports		
Group	-	40,000
Controlled entities and joint operations	-	-
Total audit and review of the financial reports	-	40,000
Other statutory assurance services	-	-
Other assurance services	-	-
Non-audit services	-	-
Total service provided by Deloitte	-	40,000

23. INTEREST IN JOINT OPERATIONS

The Company has the following interest in unincorporated joint operations:

Joint Operation	Principal Activity	% Interest	
		31 December 2021	31 December 2020
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 Group's share of exploration and evaluation expenditure is accounted for in accordance with the policy set out in Note 1.

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23. INTEREST IN JOINT OPERATIONS (Continued)

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

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Current Assets		
Cash and cash equivalents	75,709	115,144
Other financial asset	88,162	141,751
Total Current Assets	163,871	256,895
Non-Current Assets		
Exploration and evaluation expenditure	15,007,428	14,896,772
Total Non-Current Assets	15,007,428	14,896,772
Total Assets	15,171,299	15,153,667

a) Commitments

There are no capital expenditure commitments for the Joint Operation as at 31 December 2021.

The Group's share of estimated Year 2022 minimum expenditure commitments for the Joint Operation tenements are \$97,557 which are included in the commitment disclosed in Note 18.

b) Contingent liabilities

Claims of Native Title

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

ENERGY METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

24. PARENT ENTITY INFORMATION

The Company was no longer a Parent Entity after NT Energy's deregistration on 28 July 2021. The following details information related to Energy Metals Limited at 31 December 2021. The information presented here has been prepared using consistent accounting policies as the former Group.

	31 December 2021	31 December 2020
	\$	\$
Current assets	15,411,870	16,385,262
Non-current assets	35,550,089	35,541,920
Total assets	50,961,959	51,927,182
Current liabilities	204,863	220,797
Non-current liabilities	82,278	76,533
Total liabilities	287,141	297,330
Contributed equity	59,051,644	59,051,644
Accumulated losses	(8,376,826)	(7,421,792)
Total equity	50,674,818	51,629,852
Income for the year	72,827	243,495
Total comprehensive loss for the year	(820,593)	(826,956)

25. 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

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 2021 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
18 February 2022

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF ENERGY METALS LIMITED

As lead auditor of Energy Metals Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Energy Metals Limited and the entity it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth , 18 February 2022

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 Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Energy Metals Limited, 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 2021 and of its financial performance for the year ended on that date; 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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 qualified 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 of the current period. These matters were 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 these matters.

Recoverability of Exploration and Evaluation Expenditure

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2021 the Group held a significant carrying value of capitalised exploration and evaluation expenditure as disclosed in Note 11.</p> <p>As the carrying value of these exploration and evaluation assets represent a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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; • Considering the status of the ongoing exploration programmes in respective areas of interest by holding discussions with management, and reviewing the Group’s exploration budgets, ASX announcements and director’s minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves exist; • Verifying, evaluation expenditure capitalised during the year for compliance with recognition and measurement criteria of AASB 6; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 11.



Other Matter

The financial report of Energy Metals Limited, for the year ended 31 December 2020 was audited by another auditor who expressed an unmodified opinion on that report on 19 February 2021.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021 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 Group's ability 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Energy Metals Limited, for the year ended 31 December 2021, 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.

BDO Audit (WA) Pty Ltd

BDO


Glyn O'Brien

Director

Perth, 18 February 2022