Aurora Energy Metals

(Formerly Aurora Uranium Limited)

ABN 87 604 406 377

Interim Financial Statements

for the six months ended

31 December 2021

Corporate Directory

Directors	Mr Peter Lester Non-Executive Chairman Mr Alasdair Cooke BSc (Hons) Non-Executive Director Mr Gregory Cochran Managing Director
Company Secretary	Mr Steven Jackson BEc
Principal Registered Office in Australia	Suite 1 245 Churchill Avenue Subiaco WA 6008
Share Registry	Link Market Services Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 Spring Street Perth WA 6000
Solicitors	Fairweather Corporate Lawyers Suite 2, 589 Stirling Highway Cottesloe WA 6011
Bankers	Bankwest Limited Bankwest Place 300 Murray Street Perth WA 6000
Website	www.auroraenergymetals.com

Contents

The Directors present their report together with the financial report of Aurora Energy Metals Limited (formerly Aurora Uranium Limited) ("the Company" or "AEM") and the Company and its controlled entities ("Group" or "Consolidated Entity"), for the half-year ended 31 December 2021.

1. Directors and Company Secretary

The Directors and Company Secretary in office at any time during or since the end of the half-year ended 31 December 2021 are:

Mr Peter Lester – Non-Executive Chairman (appointed 14 December 2021)
Mr Alasdair Cooke – Executive Chairman (until 14 December 2021), Non-Executive Director (from 14 December 2021)
Mr Gregory Cochran – Managing Director and Chief Executive Officer (appointed 1 December 2021)
Mr Gregory (Bill) Fry – Executive Director (resigned 14 December 2021)
Mr Steven Jackson – Non-Executive Director (resigned 14 December 2021) and Company Secretary

2. Review of Operations

The Company holds a 100% interest in the Aurora Energy Metals Project located in southeast Oregon, USA. The Project has a defined uranium resource and known lithium mineralisation hosted on its claim package and is located in a world-class lithium province.

Image 1: Project location

3. Principal Activities

The principal activity of the Group during the half- year was mineral exploration.

There were no significant changes in the nature of the Group's principal activities during the half-year.

4. Operating Results

The operating loss of the Group attributable to equity holders of the Company for the half-year ended 31 December 2021 amounted to $220,907 (2020: $39,845).

5. Events Since the End of the Half-year

On 24 January, the Company completed a placement to fund activities of the Company through to IPO. 43,527,631 shares were placed at 1.32c per share to raise $575,000.

On 31 January, the Company held its 2021 Annual General Meeting. At the meeting shareholders approved a change of name for the Company to 'Aurora Energy Metals Limited'. Additionally, shareholders approved a 1:8 consolidation and the ratification of a new constitution.

On 31 January, ASIC registered the name change to 'Aurora Energy Metals Limited'.

On 9 February, the Company completed the 1:8 consolidation reducing the number of shares on issue from 820,885,663 to 102,610,990.

On 16 February 2022, the Company issued 6 million post-consolidation options that were granted to Mr Cochran on 1 December 2022 (details disclosed in note 9).

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had an impact for the consolidated entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

6. Likely Developments and Expected Results of Operations

The Group will continue pursue activities on its project in order to maximise shareholder returns.

7. Significant Changes in State of Affairs

In the opinion of the Directors, other than stated under Review of Operations, and Events Since the End of the Half-year, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review and subsequent to the financial year end.

8. Lead Auditors Independence Declaration under Section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 17 and forms part of the Directors' Report for the year ended 31 December 2021.

On behalf of the Board of
Aurora Energy Metals Limited

Dated at Perth this 24 February 2022.

Signed in accordance with a resolution of the Directors.

Gregory Cochran
Managing Director

AURORA ENERGY METALS AND ITS CONTROLLED ENTITIES

In the opinion of the directors:

(a) the financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

Gregory Cochran
Managing Director

Perth
24 February 2022

	Note	31 December 2021 $	31 December 2020 $
Other income		-	-
Professional fees	2	(41,283)	(2,519)
Employee benefit expense	2	(46,137)	(9,000)
Exploration expenditure	2	(115,164)	(29,486)
Fair value gain / (loss) on financial assets at fair value through profit or loss		-	11,846
Other expenses	2	(18,323)	(10,686)
Loss before income tax		(220,907)	(39,845)
Income tax benefit / (expense)		-	-
Loss after income tax for the half year		(220,907)	(39,845)
Loss is attributable to:			
Equity holders of the Company		(220,907)	(39,845)
Loss for the half year		(220,907)	(39,845)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Foreign currency translation reserve		1,872	(362)
Total other comprehensive loss for the half year		1,872	(362)
Total comprehensive loss for the half year		(219,035)	(40,207)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings / (loss) per share (cents per share)	10	(0.03)	(0.01)

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

	Note	31 December 2021 $	30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents	*5(c)*	186,760	79,059
Other receivables and current assets		16,968	46,916
Total current assets		203,728	125,975
Non-current assets			
Property, plant & equipment		2,852	-
Total non-current assets		2,852	-
Total assets		206,580	125,975
Liabilities			
Current Liabilities			
Trade and other payables	*5(d)*	76,845	17,123
Total current liabilities		76,845	17,123
Total liabilities		76,845	17,123
Net assets		129,735	108,852
Equity			
Issued capital	*3*	3,301,401	3,068,678
Foreign currency translation reserve		19,824	10,755
Accumulated losses		(3,191,490)	(2,970,581)
Total equity attributable to shareholders of the Company		129,735	108,852

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payments reserve	Total equity
	$	$	$	$	$
Total equity at 1 July 2021	3,068,678	(2,970,583)	10,758	-	108,853
Loss for the half year	-	(220,907)	-	-	(220,907)
Foreign currency translation	-	-	1,872	-	1,872
Total comprehensive loss for the half year	-	(220,907)	1,872	-	(219,035)
Transactions with owners in their capacity as owners:					
Share issue net of issue costs	232,723	-	-		232,723
Share based payments	-	-	-	7,194	7,194
	232,723	-	-	7,194	239,917
Total equity at 31 December 2021	**3,301,401**	**(3,191,490)**	**12,630**	**7,194**	**129,735**
	$	$	$	$	$
Total equity at 1 July 2020	2,806,478	(2,764,820)	11,866	-	53,524
Loss for the half year	-	(39,845)	-	-	(39,845)
Foreign currency translation	-	-	(362)	-	(362)
Total comprehensive loss for the half year	2,806,478	(2,804,665)	11,504	-	13,317
Transactions with owners in their capacity as owners:					
Share issue net of issue costs	-	-	-	-	-
Share based payments	-	-	-	-	-
	-	-	-	-	-
Total equity at 31 December 2020	**2,806,478**	**(2,804,665)**	**11,504**	**-**	**13,317**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

	31 December 2021 $	31 December 2020 $
Cash flows from operating activities		
Cash paid to suppliers and employees	(28,728)	(26,917)
Payment for exploration and evaluation expenditure	(85,416)	(29,486)
Net cash used in operating activities	(114,144)	(56,403)
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(2,878)	-
Net cash used in investing activities	(2,878)	-
Cash flows from financing activities		
Proceeds from share issues net of issuance costs	214,723	-
Sale of listed investments	-	20,355
Borrowings	10,000	-
Net cash provided by financing activities	224,723	20,355
Net decrease in cash and cash equivalents	107,701	(36,048)
Cash and cash equivalents at beginning of period	79,059	39,157
Effect of exchange rates on cash holdings in foreign currencies	-	-
Cash and cash equivalents at the end of period	186,760	3,109

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. Segment information

The Group operates only in one reportable segment, being exploration. Results are analysed as a whole by the chief operating decision maker. Consequently, revenue, profit net assets and total assets for the operating segment are reflected in this financial report.

2. Expenses from continuing operations

	31 December 2021 $	31 December 2020 $
Professional fees		
Audit fees	4,914	153
Tax consulting services	-	1,650
Legal costs	480	489
Other professional fees	35,889	227
	41,283	2,519
Employee benefit expense		
Wages	24,064	-
Directors fees	14,879	9,000
Share-based payments	7,194	-
	46,137	9,000
Exploration expenses		
Exploration costs	115,164	29,486
	115,164	29,486
Other expenses		
Corporate costs	2,292	3,726
Premises and insurance	14,495	5,347
Depreciation	26	-
Other operating expenses	1,510	1,613
	18,323	10,686

3. Contributed equity

	31 December 2021		30 June 2021	
	Number of shares	$	Number of shares	$
Issued capital	777,358,032	3,313,178	758,849,327	3,068,678
Cost of share issue	-	(11,777)	-	-
	777,358,032	3,301,401	758,849,327	3,068,678

Date		Number of shares	Issue price (cents per share)	30 June 2021 $
1 July 2021	Opening balance	758,849,327		3,068,678
19 November 2021	Seed Raising	15,253,594	1.321	201,500
25 November 2021	Seed Raising	1,892,506	1.321	25,000
25 November 2021	Issue of shares[1]	757,002	1.321	10,000
1 December 2021	Issue of Shares[2]	605,603	1.321	8,000
	Issuance cost			(11,777)
31 December 2021	Closing balance	777,358,032		3,301,401
1 July 2020	Opening balance	671,449,326		2,806,478
10 May 2021	Placement	60,733,334	0.300	182,200
3 June 2021	Placement	26,666,667	0.300	80,000
	Issuance cost			-
30 June 2021	Closing balance	758,849,327		3,068,678

[1] During the half year, the Company entered into a loan agreement with Terra Metallica Trust ("TMT"), borrowing $10,000. The loan was fully repaid by issue of 757,002 Company shares at 1.321 cents per share.
[2] Shares issued in lieu of unpaid directors' fees.

Ordinary shares

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

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it 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 maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

4. Reconciliation of profit or loss after income tax to net cash inflow from operating activities

	31 December 2021 $	31 December 2020 $
Profit / (loss) for the period	(220,907)	(39,845)
Adjustments for:		
Fair value (gain) / loss on listed investments	-	(11,846)
Share-based payment expense	7,194	
Equity settled expenses	8,000	-
Depreciation	26	-
Net foreign exchange losses/(gains)	1,872	(362)
Operating loss before changes in working capital and provisions	(203,815)	(52,053)
(Increase)/decrease in trade and other receivables	29,948	(6,544)
(Decrease)/increase in trade and other payables	59,723	2,194
Net cash provided by operating activities	(114,144)	(56,403)

5. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price 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 uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Market risk

a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis (see table below) and cash flow forecasting.

The Group's risk management policy is to form a natural hedge to foreign exchange fluctuations by holding funds in the currency the costs are forecast to be expended in.

The Group's exposure to foreign currency risk at the end of the reporting period, was:

	31 December 2021 $	30 June 2021 $
Trade payables	22,226	4,806

If the United States dollar had been 10% higher or lower at the reporting date the following adjustments would be required to carrying values:

		-10%		10%	
		Profit	Equity	Profit	Equity
31 December 2021	**Carrying amount**	$	$	$	$
Financial assets					
Cash	424	-	42	-	(42)
Financial liabilities					
Trade payables	22,226	-	(2,223)	-	2,223
30 June 2021					
Financial assets					
Cash	2,255	-	226	-	(226)
Financial liabilities					
Trade payables	4,806	-	(481)	-	481

b) Interest rate risk

The Group does not have significant interest-bearing assets; therefore, a percentage change in interest rates would not have a material impact on the results.

c) Credit risk

The carrying amount of cash and cash equivalents, financial assets, trade and other receivables (excluding prepayments), represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and short-term liquid investment are placed with reputable banks, so no significant credit risk is expected.

The Group does not have any material exposure to any single debtor or group of debtors, so no significant credit risk is expected.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rates:

	31 December 2021 $	30 June 2021 $
Cash and cash equivalents A-1+	186,335	76,804
Cash and cash equivalents A-1	425	2,255
	186,760	79,059

d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are only invested in instruments that are tradeable in highly liquid markets.

The table below analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities

31 December 2021	Less than 6 months	6 - 12 months	Total contractual cash flows
Trade and other payables	76,844	-	76,844
	76,844	-	76,844
30 June 2021			
Trade and other payables	17,123	-	17,123
	17,123	-	17,123

Fair value estimation

The carrying value of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature. The Group has no financial assets or financial liabilities other than those with carrying amounts that are reasonable approximation of fair values.

6. Contingent assets and liabilities

There were no contingent liabilities or contingent assets at 31 December 2021.

7. Capital and other commitments

The Group paid $46,730 in August 2021 for the on-going renewal of claims at the Company's Aurora project. The Group will be required to pay a similar amount in August 2022 and in further years should it wish to retain the existing licences.

On 16 December 2021 the Company engaged Euroz Hartleys ("Broker") to act as sole lead manager in respect of the Pre-IPO Raising, an Initial Public Offering of Aurora shares on the ASX ("IPO") and to raise the capital required to meet the Company's ongoing capital requirements ("Engagement"). Under the Engagement, the following is payable by the Company to the Broker:

- Pre-IPO fee: 3% fee on the Pre-IPO funding of $500,000 upon its completion in January 2022;
- IPO Fee: 2.25% management fee and 2% distribution fee on funds raised by the Broker pursuant to the IPO; and
- Broker Options: options over ordinary shares in the Company equal to 2% of undiluted shares on issue at IPO, exercisable at 50% premium the IPO price and a 3-year term from issue.

The term of the Engagement is 18 months, with a 12-month extension to be agreed in good faith by the parties in the last 2 months of the Engagement.
For the duration of the term, the Broker has a first right to act as a sole or joint lead, with a fee of 5% of the proceeds.

There were no other commitments at 31 December 2021.

8. Events occurring after reporting date

On 24 January, the Company completed a placement to fund activities of the Company through to IPO. 43,527,631 shares were placed at 1.32c per share to raise $575,000.

On 9 February, the Company completed the 1:8 capital consolidation, approved by shareholders at the Company's Annual General Meeting held on 31 January 2022, reducing the number of shares on issue from 820,885,663 to 102,610,990.

On 16 February 2022, the Company issued 6 million post-consolidation options that were granted to Mr Cochran on 1 December 2022 (details disclosed in note 9).

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had an impact for the consolidated entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

9. Related parties

a) Key management personnel

Key management personnel during and at the end of the half-year ended 31 December 2021:

Mr Alasdair Cooke – Executive Chairman (until 14 December 2021), Non-Executive Director (from 14 December 2021)
Mr Peter Lester – Non-Executive Chairman (appointed 14 December 2021)
Mr Greg Cochran – Chief Executive Officer (appointed 1 December 2021)
Mr Gregory (Bill) Fry – Executive Director (resigned 14 December 2021)
Mr Steven Jackson – Non-Executive Director (resigned 14 December 2021) and Company Secretary

b) Contracts with key management personnel

Mr Gregory Cochran – Chief Executive Officer and Managing Director

Mr Cochran was employed on 1 December 2021 under an Executive Services Agreement (“ESA”), with the following employment conditions:

- Remuneration:
  - Base salary of $275,000 with 50% of the salary deferred up until, and eligible for subscription in the Company’s IPO. The deferred salary will be forfeited if the IPO is not completed withing six months from the commencement of the ESA.
  - Superannuation guarantee contributions
  - Six million options in the Company at a post-consolidation exercise price of $0.20 and a four-year option life.
- The employment can be terminated at any time by either party giving three month’s written notice, or if the Company does not complete an IPO within six months of the start date of the ESA.

c) Transactions with key management personnel

The totals of remuneration paid and accrued to key management personnel of the Company and the Group during the period are as follows:

	31 December 2021 $	31 December 2020 $
Director fees	24,063	9,000
Executive fees and salaries	14,879	-
Share-based payments expense	6,074	-
Total KMP compensation	45,016	9,000

d) Share-based payments

During the half year, 6 million incentive options were granted to Mr Gregory Cochran.

Options granted during the half year have been valued using the Black-Scholes Option Valuation model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. The assumptions used for grants made during the half year ended 31 December 2021 were as follows:

OPTIONS	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F
Number of options	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Grant date	01-Dec-21	01-Dec-21	01-Dec-21	01-Dec-21	01-Dec-21	01-Dec-21
Issue price	-	-	-	-	-	-
Expiry date	30-Nov-25	30-Nov-25	30-Nov-25	30-Nov-25	30-Nov-25	30-Nov-25
Share price (cents)	10.57	10.57	10.57	10.57	10.57	10.57
Exercise price (cents)	20.00	20.00	20.00	20.00	20.00	20.00
Expected volatility	120%	120%	120%	120%	120%	120%
Option life (years)	4	4	4	4	4	4
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.635%	1.635%	1.635%	1.635%	1.635%	1.635%
Fair value per option (cents)	7.38	7.38	7.38	7.30	7.13	6.93
Value per tranche $	73,849	73,849	73,849	73,031	71,326	69,302
Vesting conditions	12 months continuous service	24 months continuous service	36 months continuous service	40c share price or higher for 10 consecutive days and 12 months continuous service	60c share price or higher for 10 consecutive days and 12 months continuous service	80c share price or higher for 10 consecutive days and 12 months continuous service

No options were granted during the comparative period ended 31 December 2020.

At 31 December 2021, the Company had 6 million options on issue (2020: nil); no options were exercised or lapsed during the half year (2020: nil).

e) Other transactions with related parties

The terms and conditions of the transactions with Directors, key executives and associates and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis. All of the below transactions are with companies of which Messer's Cooke and Fry are Directors.

	31 Dec 2021 $	31 Dec 2020 $
Technical consultancy	20,603	930

	31 Dec 2021 $	30 Jun 2021 $
Outstanding at the end of the reporting period	6,047	672

10. Earnings / loss per share

The calculation of basic loss per share at 31 December 2021 was based on the loss attributable to ordinary shareholders of $205,763 and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2021 of 681,936,689 calculated as follows:

Profit / (loss) attributable to ordinary shareholders	31 December 2021 $	31 December 2020 $
Profit / (loss) for the year	(220,907)	(39,845)
Profit / (loss) attributable to ordinary shareholders	(220,907)	(58,931)
Basic profit / (loss) per share		
Basic loss per share (cents per share)	(0.03)	(0.01)
Diluted profit / (loss) per share		
Diluted profit / (loss) per share (cents per share)	n/a	n/a
Weighted average number of shares	774,819,194	671,449,326
Options	-	-
Weighted average number of shares diluted EPS	774,819,194	644,928,777

Basic profit / loss per share

Basic profit or loss per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the period, adjusted for the bonus elements in ordinary shares issued during the period.

Diluted profit / loss per share

Diluted profit or loss 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

11. Basis of preparation

a) Statement of compliance

These general purpose interim financial statements have been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Group also complies with IFRSs and interpretations as issued by the International Accounting Standards Board. The half-year report does not include notes of the type normally included in an annual financial report and shall be read win conjunction with the Group's most recent annual financial report and any public announcements made during the half-year. Aurora Energy Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with Australian Accounting Standards and with International Financial Reporting Standards and consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2021, except for the new and revised standards set out below.

b) New and amended standards adopted by the Group

A number of amended standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards and interpretations.

c) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except where revaluation is required in accordance with accounting standards. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise indicated.

d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is also the functional currency of the parent Company. The Group's US subsidiary has a functional currency of United States dollars.

e) Going concern

For the half-year ended 31 December 2021 the entity recorded a loss from continuing operations of $220,907 and had net cash outflows from operating activities of $114,144 and had working capital of $126,884. The ability of the Company to continue as a going concern is dependent on the Company securing additional funding through the issue of debt, equity or through either a partial or 100% divestment of the Aurora Energy Metals Project. In October 2021, the Company entered a loan agreement to provide for $100,000 of debt, which can be converted or repaid in the Company's next capital raising.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The directors have prepared cash flow projections that support the ability of the entity to continue as a going concern, subject to raising additional funds through equity as detailed above; and
- The entity also has the ability to reduce its expenditure to conserve cash.

Should the company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

f) New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Company for the half-year ended 31 December 2021.

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF AURORA ENERGY METALS LIMITED

As lead auditor for the review of Aurora Energy Metals Limited for the half-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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 24 February 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aurora Energy Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Aurora 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply 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 half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

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

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

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth, 24 February 2022