



ABN 63 111 306 533

**HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2020**

CORPORATE DIRECTORY

DIRECTORS

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

CONTACT DETAILS

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REGISTERED OFFICE

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WEST PERTH WA 6005

COMPANY SECRETARY

Xuekun Li

POSTAL ADDRESS

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STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: **EME**

AUDITORS

Deloitte Touche Tohmatsu
Brookfield Place Tower 2
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PERTH WA 6000

SOLICITORS

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77 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Automic Pty Ltd
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Telephone: + 61 1300 288 664

BANKERS

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

DIRECTORS' REPORT

Your Directors present the financial statements of Energy Metals Limited (“the company”) and its controlled entity (“the group”) for the half-year ended 30 June 2020.

DIRECTORS

The names of the Directors in office during the half-year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated:

Fei He (Non-executive Chairman, appointed 03 April 2020)
Shuqing Xiao (Managing Director)
Lindsay George Dudfield (Non-executive Director)
Jan Macpherson (Non-executive Director)
Zhe Xu (Non-executive Director, appointed 03 April 2020)
Junmei Xu (Non-executive Director)
Zhe Gao (Non-executive Director)

Deshao Chen (Non-executive Director, resigned 03 April 2020)
Zimin Zhang (Non-executive Director, resigned 03 April 2020)

REVIEW OF OPERATIONS

The group reported a consolidated loss of \$394,758 for the half-year ended 30 June 2020 (2019: a consolidated loss of \$232,707).

Energy Metals is a dedicated uranium exploration company with eight projects located in the Northern Territory (NT) and Western Australia covering over 2,700 km². Most of the projects contain uranium mineralisation discovered by major companies in the 1970's, including the advanced Bigrlyi project, located in the prospective Ngalia Basin (NT). Bigrlyi is characterised by relatively high uranium grades (with vanadium credits) and excellent metallurgical recoveries.

Exploration activities performed during the period were to a sufficient level to maintain the company's tenements in good standing.

Bigrlyi Joint Venture (EME 72.39%)

The Bigrlyi exploration camp remained on a care and maintenance during the period. Energy Metals' focus this period were geological modelling, resource review, optimization on the mining design to improve the economics of Bigrlyi project.

Ngalia Regional Project (EME 100%)

During the half-year final aerial electromagnetic survey interpretive results were received for the eastern Ngalia Basin projects, an update of the exploration database progressed, and a tenement reorganisation program was completed to enable Energy Metals to focus its efforts on the most prospective ground.

Malawiri Joint Venture (EME 76.03%)

Minimum exploration activities were undertaken in the current half year to ensure the tenements are in good standing.

Walbiri Joint Venture (EME 77.12%)

Minimum exploration activities were undertaken in the current half year to ensure the tenements are in good standing.

Western Australia

The company's strategy is to maintain tenure over its Western Australian uranium deposits with minimum expenditure until economic conditions improve and political restrictions are lifted. Four projects are covered by granted Retention Licences and one, the Manyingee East project, by a Retention Licence application. Legal firm Gilbert and Tobin was appointed to assist Energy Metals with landholder objections to the grant of the Manyingee East application. While these four projects are currently under a reduced exploration program, Energy Metals continues to monitor the situation with a view to ramping up exploration and development activities in the future.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the page 13 of this half year financial report.

This report 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
11 September 2020

DIRECTORS' DECLARATION

In the Directors' opinion:

The financial statements, and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*, including:

- i) 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; and
- ii) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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



Shuqing Xiao, Managing Director
11 September 2020

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	Notes	30/06/2020 \$	30/06/2019 \$
Revenue from continuing operations	4	148,593	245,280
Employee benefits expense	4	(217,179)	(215,496)
Exploration expense	4	(120,000)	(34,534)
Corporate and regulatory expense		(85,717)	(100,766)
Depreciation expense	4	(39,273)	(41,571)
Administration expense	4	(81,182)	(85,620)
Loss before income tax		(394,758)	(232,707)
Income tax expense		-	-
Loss for the period		(394,758)	(232,707)
Total comprehensive expense for the period		(394,758)	(232,707)
Loss attributable to owners of the company		(394,758)	(232,707)
Total comprehensive expense attributable to owners of the company		(394,758)	(232,707)
Basic loss per share (cents)		(0.19)	(0.11)
Diluted loss per share (cents)		(0.19)	(0.11)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Notes	30/06/2020 \$	31/12/2019 \$
Current assets			
Cash and cash equivalents		584,154	454,549
Term deposits	6	16,199,247	16,775,821
Trade and other receivables		115,528	161,867
Other financial asset		160,612	156,085
Total current assets		17,059,541	17,548,322
Non-current assets			
Plant and equipment	7	299,292	338,565
Exploration and evaluation expenditure	8	34,948,579	34,751,061
Total non-current assets		35,247,870	35,089,626
Total assets		52,307,411	52,637,948
Current liabilities			
Trade and other payables		151,382	66,432
Lease payable due within one year		53,057	52,008
Provisions		71,496	66,481
Total current liabilities		275,935	184,921
Non-current liabilities			
Lease payable		103,867	130,660
Total non-current liabilities		103,867	130,660
Total liabilities		379,802	315,581
Net assets		51,927,609	52,322,367
Contributed equity	9	59,051,644	59,051,644
Accumulated losses		(7,124,035)	(6,729,277)
Capital and reserves attributable to owners of the company		51,927,609	52,322,367
Total equity		51,927,609	52,322,367

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2020**

	Attributable to Owners of the Company		
	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
At 1 January 2019	59,051,644	(6,288,888)	52,762,756
Loss for the period	-	(232,707)	(232,707)
Total comprehensive expense for the period	-	(232,707)	(232,707)
At 30 June 2019	59,051,644	(6,521,595)	52,530,049
At 1 January 2020	59,051,644	(6,729,277)	52,322,367
Loss for the period	-	(394,758)	(394,758)
Total comprehensive expense for the period	-	(394,758)	(394,758)
At 30 June 2020	59,051,644	(7,124,035)	51,927,609

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

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

	30/06/2020 \$	30/06/2019 \$
Cash flows from operating activities		
Interest received	157,250	236,811
Joint Venture management fee received	3,096	8,468
Payments to suppliers and employees	(317,749)	(454,947)
Payments to exploration operation	(120,000)	-
Net cash used in operating activities	(277,403)	(209,666)
Cash flows from investing activities		
Payments for plant and equipment	54,029	-
Payments for exploration and expenditure	(139,295)	(328,497)
Proceeds from term deposits	16,931,906	17,779,074
Investments in term deposits	(16,359,859)	(17,082,800)
Net cash provided by investing activities	486,781	367,777
Cash flows from financing activities		
Payments for use of right of asset	(79,773)	(21,816)
Net cash used in financing activities	(79,773)	(21,816)
Net increase in cash and cash equivalents	129,605	136,295
Cash and cash equivalents at the beginning of the period	454,549	369,679
Cash and cash equivalents at the end of the period	584,154	505,974

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR REPORT

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 '*Interim Financial Reporting*'. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2019 annual financial report for the year ended 31 December 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Coronavirus (COVID-19) pandemic

The Directors have considered the impact of the COVID19 pandemic on the position of the group at 30 June 2020 and its operations in future periods.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on known information. This consideration extends to the nature of business, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 2: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half -year.

New and revised Standards and amendments thereof and Interpretations effective for the current financial year, and which have been applied in the preparation of this half-year report, that are relevant to the group include:

New and revised Accounting Standards in issue not yet adopted

At the date of authorisation of the Financial Statements, the Standards applicable to the group's business listed below were in issue but not yet effective. The potential effect of the revised Standards on the group's financial statements has not yet been determined.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB2017-5 Amendments to Australian Accounting Standards-Effective Date of Amendments to AASB10 and AASB128 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, effective for annual reporting periods beginning on or after 1 January 2022;

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

NOTE 3: SEGMENT INFORMATION

Management has determined that the group has only one reportable segment as uranium exploration. As the group are focused on uranium exploration, the Board periodically monitors the group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is most relevant to assist the Board with making decisions regarding the ongoing exploration programmes and activities, while also taking into consideration the results of exploration work that has been performed to date. The segment information provided to the board for the reportable segments for the half-year ended 30 June 2019 and 30 June 2020 is as follows:

30 June 2020	Uranium Exploration \$	Unallocated \$	Total \$
Total segment revenue	3,096	145,497	148,593
Depreciation	(10,181)	(29,092)	(39,273)
Segment result	(127,085)	(267,673)	(394,758)
Total segment assets	35,091,052	17,216,359	52,307,411
Total segment assets include:			
Additions to plant and equipment	-	-	-
Additions to exploration and evaluation expenditure	303,063	-	303,063
Total segment liabilities	87,706	292,096	379,802
30 June 2019			
Total segment revenue	8,468	236,812	245,280
Segment result	(47,270)	(185,437)	(232,707)
Depreciation	(12,736)	(28,835)	(41,571)
Total segment assets	34,654,687	18,194,090	52,848,777
Total segment assets include:			
Additions to plant and equipment	-	-	-
Additions to exploration and evaluation expenditure	197,518	-	197,518
Total segment liabilities	37,645	342,157	379,802

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

NOTE 4: REVENUES AND EXPENSES

	30 June 2020	30 June 2019
	\$	\$
(a) Revenue from continuing operations includes the following revenue items:		
Interest received from other parties	145,497	236,629
Joint Venture management fee received	3,096	8,468
Other income received	-	183
	148,593	245,280
(b) Loss includes the following specific expenses:		
Depreciation	39,273	41,571
(c) Employee benefit expense:		
Wages & superannuation	193,414	208,162
Annual leave expense	5,015	(5,446)
Directors' fee	18,750	12,500
Others	-	280
	217,179	215,496
(d) Administration expense		
Office related	22,210	22,998
Others	58,972	62,622
	81,182	85,620
(e) Exploration expense		

The exploration expense included \$120,000 exploration and evaluation assets taken to Profit or Loss since certain tenements were either retention licence or under application.

NOTE 5: DIVIDENDS

There were no dividends paid or declared by the company during the period.

NOTE 6: TERM DEPOSITS

As at 30 June 2020, the group had approximately \$16.2 million on deposit with maturities from 5 months to 12 months with various financial institutions earning interest at an average rate of 1.3% (2019: 2.6%).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

NOTE 7: PLANT AND EQUIPMENT

	30 June 2020	31 December 2019
	\$	\$
Plant and equipment - at cost	930,827	930,827
Less accumulated depreciation	(792,623)	(781,340)
	<u>138,204</u>	<u>149,487</u>
Motor vehicle – at cost	66,838	66,838
Less accumulated depreciation	(57,347)	(56,372)
	<u>9,491</u>	<u>10,467</u>
Right-of-use asset – at cost	232,641	232,640
Less accumulated depreciation	(81,044)	(54,029)
	<u>151,597</u>	<u>178,611</u>
Total	<u>299,292</u>	<u>338,565</u>

Reconciliation of the carrying amount of Plant and Equipment:	Plant and Equipment	Motor Vehicle	Right-of-use Asset	Total
	\$	\$	\$	\$
Carrying amount at 1 January 2019	176,853	12,882	232,641	422,376
Depreciation expense	(13,362)	(1,194)	(27,015)	(41,571)
Carrying amount at 30 June 2019	<u>163,491</u>	<u>11,688</u>	<u>205,626</u>	<u>380,805</u>
Carrying amount at 1 January 2020	149,487	10,467	178,611	338,565
Depreciation expense	(11,283)	(976)	(27,014)	(39,273)
Carrying amount at 30 June 2020	<u>138,204</u>	<u>9,491</u>	<u>151,597</u>	<u>299,292</u>

NOTE 8: EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2020	31 December 2019
	\$	\$
Balance at the beginning of the half-year	34,751,061	34,239,060
Additions of exploration assets	317,518	561,194
Exploration assets taken to Profit or Loss	(120,000)	(49,193)
Balance at the end of the half-year	<u>34,948,579</u>	<u>34,751,061</u>

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.

NOTE 9: CONTRIBUTED EQUITY

	Number of Shares	\$
As at 1 January 2020 and 30 June 2020	<u>209,683,312</u>	<u>59,051,644</u>

Ordinary Shares

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

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.

NOTE 10: CONTINGENCIES

Claims of Native Title

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

NOTE 11: COMMITMENTS

The group is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2020/2021. 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.

	30 June 2020	31 December 2019
	\$	\$
Estimated expenditure on mining, exploration and prospecting leases	402,033	393,927
	<u>402,033</u>	<u>393,927</u>

NOTE 12: KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

NOTE 13: SUBSEQUENT EVENTS

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been no material impact on the group's financial position and operation up to 30 June 2020, 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 were no matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the group and the results of those operations or the state of the affairs of the group in the financial period subsequent to 30 June 2020.

The Board of Directors
Energy Metals Limited
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11 September 2020

Dear Directors

Auditor's Independence Declaration to Energy Metals Limited

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

As lead audit partner for the review of the half year financial report of Energy Metals Limited for the half year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



D K Andrews
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of Energy Metals Limited

We have reviewed the accompanying half-year financial report of Energy Metals Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Energy Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Energy Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



D K Andrews

Partner

Chartered Accountants

Perth, 11 September 2020