



ABN 63 111 306 533

Half Year Financial Report

30 June 2014

**HALF YEAR FINANCIAL REPORT
30 JUNE 2014**

CORPORATE DIRECTORY

DIRECTORS

Zuyuan He (Non-executive Chairman)
Weidong Xiang (Managing Director)
Lindsay Dudfield (Non-executive Director)
Geoffrey Jones (Non-executive Director)
Yu Zhong (Non-executive Director)
Jianhua Xing (Non-Executive Director)
Zimin Zhang (Non-Executive Director)

CONTACT DETAILS

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REGISTERED OFFICE

Level 2, 8 Colin Street
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COMPANY SECRETARY

Xuekun Li

POSTAL ADDRESS

PO Box 1323
WEST PERTH WA 6872

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: **EME**

AUDITORS

Deloitte Touche Tohmatsu
240 St Georges Terrace
Level 14 Woodside Plaza
PERTH WA 6000

SOLICITORS

Minter Ellison
Allendale Square
77 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: + 61 8 9315 2333
Facsimile: + 61 8 9315 2233

BANKERS

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

DIRECTORS' REPORT

Your Directors present the financial statements of Energy Metals Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2014.

DIRECTORS

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

Zuyuan He (Chairman)
Weidong Xiang (Managing Director)
Lindsay George Dudfield (Non-executive Director)
Geoffrey Michael Jones (Non-executive Director)
Yu Zhong (Non-executive Director)
Jianhua Xing (Non-executive Director, appointed 30 June 2014)
Zimin Zhang (Non-executive Director, appointed 30 June 2014)
Yunfei Jin (Non-executive Director, resigned 30 June 2014)
Zhenshu Cui (Non-executive Director, resigned 30 June 2014)

REVIEW OF OPERATIONS

The Company reported a net loss of \$269,645 for the half year ended 30 June 2014 (2013: net loss \$318,724).

Energy Metals is a dedicated uranium exploration company with eight projects located in the Northern Territory (NT) and Western Australia covering over 4,000 km². Most of the projects contain uranium mineralisation discovered by major companies in the 1970's, including the advanced Bigrlyi Project (NT), which is characterised by relatively high uranium grades (with vanadium credits) and excellent metallurgical recoveries.

During the year the Company conducted exploration activities to a sufficient level to maintain the Company's tenements in good standing.

Bigrlyi Project

Work performed at the Bigrlyi Project during the period was dominated by a warm weather baseline flora and fauna survey.

Ngalia Regional Project

The Camel Flat, Anomaly 15 East and Bigwest exploration targets are all located on EL24453 (100% Energy Metals) in proximity to the Bigrlyi uranium deposit. Following the RC drilling programs in Camel Flat, Anomaly 15 East and Bigwest in 2013, CSA Global, an independent consultant, was appointed to undertake mineral resource estimates. The relevant JORC report has suggested a combined uranium mineral resource estimate of 626 tonnes U₃O₈ at 100ppm cut-off grade.

Lakeside Project (WA)

A program of hand-auger sampling on the Lake Austin lakebed was completed in the March quarter. Subsequent resource evaluation work undertaken by CSA Global estimated a uranium resource of 960 tonnes U₃O₈ (at 200ppm cut-off grade) for the Lakeside Deposit, representing an increase of 256% over the previous resource estimate.

DIRECTORS' REPORT

Conversion to Retention Licences

The Company proceeded with applications to convert certain exploration licences to retention licences. The conversion will enable the Company to maintain tenure over these project areas with minimal expenditure until economic conditions improve.

Details of the tenements to be converted to retention licences were disclosed in the March and June quarterly reports.

REVIEW OF FINANCIAL CONDITIONS

On 19 November 2013, the Company announced an offer of a non-renounceable entitlement rights issue to raise approximately \$9.4 million (the "Entitlement Offer"). The shares under the Entitlement Offer were issued at a price of \$0.168 per share. The Entitlement Offer was fully underwritten by the Company's largest shareholder, China Uranium Development Company Limited.

The Entitlement Offer was completed on 22 January 2014. The Company allotted 55,915,550 fully paid ordinary shares and raised \$9,393,812 capital.

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 page 17 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:



Weidong Xiang
Managing Director

PERTH

11 September 2014

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) The financial statements, and notes set out on pages 5 to 14 are in accordance with the Corporations Act 2001, including:
 - i) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; 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 by the Chief Executive Officer and Chief Financial Officer in accordance with Sec 295A, the Corporations Act 2001 and by a resolution of the Board of Directors:



WEIDONG XIANG
Managing Director

11 September 2014

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
For the half-year ended 30 June 2014**

	Note	30/06/2014 \$	30/06/2013 \$
Revenue from continuing operations	4a	483,634	482,800
Depreciation expenses	4b	(52,453)	(59,194)
Employee benefits expenses	4c	(330,970)	(352,219)
Corporate and regulatory expenses		(38,174)	(47,672)
Administration expenses	5	<u>(331,682)</u>	<u>(342,439)</u>
Loss before income tax		(269,645)	(318,724)
Income tax benefit		<u>-</u>	<u>-</u>
Loss for the half-year		<u>(269,645)</u>	<u>(318,724)</u>
Total comprehensive Loss for the half year		<u>(269,645)</u>	<u>(318,724)</u>
Loss and comprehensive expenses attributable to owners of Energy Metals Limited.		<u>(269,645)</u>	<u>(318,724)</u>
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic loss per share (cents)		(0.13)	(0.21)
Diluted loss per share (cents)		(0.13)	(0.21)

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 2014

	Note	30/06/2014 \$	31/12/2013 \$
CURRENT ASSETS			
Cash and cash equivalents		12,183,981	13,968,911
Term deposit		12,134,170	11,649,126
Trade and other receivables		200,953	301,944
TOTAL CURRENT ASSETS		24,519,104	25,919,981
NON CURRENT ASSETS			
Receivables		187,579	185,733
Property, plant & equipment	8	461,383	473,167
Exploration and evaluation expenditure	9	30,959,590	30,103,590
TOTAL NON CURRENT ASSETS		31,608,552	30,762,490
TOTAL ASSETS		56,127,656	56,682,471
CURRENT LIABILITIES			
Trade and other payables		162,234	9,821,217
Provisions		81,587	81,587
TOTAL CURRENT LIABILITIES		243,821	9,902,804
TOTAL LIABILITIES		243,821	9,902,804
NET ASSETS		55,883,835	46,779,667
EQUITY			
Contributed equity	10	59,051,645	49,677,832
Accumulated losses		(3,167,810)	(2,898,165)
TOTAL EQUITY		55,883,835	46,779,667

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 2014

	Contributed Equity	Accumulated Losses	Total equity
	\$	\$	\$
At 1 January 2013	49,677,832	(2,941,424)	46,736,408
Total comprehensive expenses for the half year			
Loss for the half year	-	(318,724)	(318,724)
Total comprehensive expenses for the half year	-	(318,724)	(318,724)
At 30 June 2013	49,677,832	(3,260,148)	46,417,684
At 1 January 2014	49,677,832	(2,898,165)	46,779,667
Shares issued	9,373,813	-	9,373,813
Total comprehensive expenses for the half year			
Loss for the half year	-	(269,645)	(269,645)
Total comprehensive expenses for the half year	-	(269,645)	(269,645)
At 30 June 2014	59,051,645	(3,167,810)	(55,883,835)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 30 June 2014

	30/06/2014	30/06/2013
	\$	\$
Cash flows from operating activities		
Interest Received	405,019	404,469
Income Received from Customers	146,236	681,268
Payments to suppliers and employees	(958,436)	(2,329,081)
Payments received from Joint Venture	3,341	1,053,344
Fuel rebate received	30,028	27,639
	(373,812)	(162,361)
Cash flows from investing activities		
Payments for property, plant & equipment	(40,669)	(21,694)
Payment for exploration, evaluation and development expenditure	(856,000)	(1,498,749)
Transfer to term deposits at bank	(486,890)	(6,174,671)
	(1,383,559)	(7,695,114)
Cash flows from financing activities		
Repayment of excess share subscription funds received	(27,559)	-
	(27,559)	-
Net decrease in cash and cash equivalents	(1,784,930)	(7,857,475)
Cash and cash equivalents at the beginning of the half year	13,968,911	11,153,132
Cash and cash equivalents at the end of the half year	12,183,981	3,295,657

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 SIX MONTHS ENDED 30 JUNE 2014**

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR REPORT

These general purpose financial statements for the interim half-year reporting period ended 30 June 2014 has been prepared in accordance with Accounting Standard AASB 134 “Interim Financial Reporting” and the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statement and any public announcements made by Energy Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

NOTE 2: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group’s assessment of the impact of these new standards and interpretations is set out below.

AASB 9 ‘Financial Instruments’ (December 2009) and AASB 2009-11 ‘Amendments to Australian Accounting Standards arising from AASB 9’ (effective from 1 January 2017)

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The Company has not yet made an assessment of the impact of these amendments.

AASB 1031 ‘Materiality’ (2013) (effective from 1 January 2014)

This Standard provides references to other Standards and the Framework that contain guidance on materiality.

Adoption of AASB 1031 is only mandatory for the year ending 30 June 2015

AASB 2013-3 ‘Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets’ (effective from 1 January 2014)

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique.

Adoption is only mandatory for the year ending 30 June 2015.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

NOTE 2: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (Cont'd)

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities (effective from 1 January 2014)

This standard define an investment entity and require that, with limited exceptions, an investment entity not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. It also introduces new disclosure requirements for investment entities to AASB 12 Disclosure of Interests in Other Entities and AASB 127 Separate Financial Statements.

Adoption is only mandatory for the year ending 30 June 2015.

NOTE 3: SEGMENT INFORMATION

Management has determined that the Group has three reportable segments, being uranium exploration and uranium trading. As the group is 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 Group and its 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 six months ended 30 June 2013 and 30 June 2014 is as follows:

	Uranium Exploration	Uranium Trading	Unallocated	Total
30 June 2013				
Total segment revenue	37,589	-	445,211	482,800
Segment result	(14,530)	-	(304,194)	(318,724)
Depreciation	52,119	-	7,075	59,194
Total segment assets	27,051,385	-	19,844,498	46,895,883
Total assets includes:				
Additions to non-current assets (other than financial assets)	702,971	-	-	702,971
Fixed assets	496,274	-	-	496,274
Total segment liabilities	377,201	-	100,998	478,199
30 June 2014				
Total segment revenue	33,369	-	450,265	483,634
Segment result	(2,177)	(308)	(267,160)	(269,645)
Depreciation	47,425	-	5,028	52,453
Total segment assets	31,730,727	-	24,396,929	56,127,656
Total assets includes:				
Additions to non-current assets (other than financial assets)	856,000	-	-	856,000
Fixed assets	443,057	-	18,326	461,383
Total segment liabilities	162,234	-	81,587	243,821

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

NOTE 4: REVENUES AND EXPENSES

	30 June 2014	30 June 2013
	\$	\$
(a) Revenue from continuing operations includes the following revenue items:		
Interest received from other parties	450,265	445,211
Joint Venture revenue received	3,341	9,950
Fuel rebate	30,028	27,639
	<u>483,634</u>	<u>482,800</u>
(b) Loss/Profit includes the following specific expenses:		
Depreciation	52,453	59,194
(c) Employee benefit expenses:		
Wages & superannuation	265,614	254,256
Directors fees	23,942	36,468
Consultants fees	41,414	61,495
	<u>330,970</u>	<u>352,219</u>

NOTE 5: ADMINISTRATION EXPENSES

	30 June 2014	30 June 2013
	\$	\$
Loss/Profit includes the following specific expenses:		
Rental	103,739	125,382
Professional services	14,973	64,505
Membership and conferences	16,546	35,329
Others	196,424	117,223
	<u>331,682</u>	<u>342,439</u>

NOTE 6: DIVIDENDS

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

NOTE 7: TERM DEPOSIT

As at 30 June 2014, the Company had approximately total \$12.1 million deposits with maturities from 4 months to 6 months with various financial institutions earning interest income at an average rate of 3.58%.

NOTE 8: NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	30 June 2014	31 December 2013
	\$	\$
Plant and equipment - at cost	891,654	850,985
Less accumulated depreciation	(524,919)	(484,187)
	366,735	366,798
Motor vehicle – at cost	200,806	200,806
Less accumulated depreciation	(106,158)	(94,437)
	94,648	106,369
Total	461,383	473,167
Reconciliation of the carrying amount of property, plant and equipment:	Plant & equipment	Motor vehicle
	\$	\$
Carrying amount at 1 January 2013	427,575	137,079
Additions	21,694	-
Depreciation expense	(44,008)	(15,186)
Carrying amount at 30 June 2013	405,261	121,893
Carrying amount at 1 January 2014	366,798	106,369
Additions	40,669	-
Depreciation expense	(40,732)	(11,721)
Carrying amount at 30 June 2014	366,735	94,648

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

NOTE 9: NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2014	31 December 2013
	\$	\$
Balance at the beginning of the Period	30,103,590	25,025,482
Exploration expenditure incurred	856,000	5,465,893
Exploration expenditure written off	-	(387,785)
Balance at the end of the period	30,959,590	30,103,590

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 10: CONTRIBUTED EQUITY

Share capital	The number of ordinary shares, fully paid	Amount \$
As at 1 January 2014	153,767,762	49,677,832
Increases through issues	55,915,550	9,373,813
As at 30 June 2014	209,683,312	59,051,645

Ordinary Shares

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

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

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

NOTE 11: CONTINGENCIES

Contingent Liabilities

Claims of Native Title

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

NOTE 12: COMMITMENTS

	30 June 2014	31 December 2013
	\$	\$
Tenement Expenditure Commitments:		
The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2014/2015. 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 2014/2015.	2,251,700	2,318,325
*Including the BJV tenements expenditure commitments which are calculated based on the holding interest ratio.		

Capital Commitments

There are no capital expenditure commitments for the Group as at 30 June 2014.

Lease Commitments: group as lessee

The Group leases its office under non-cancellable operating leases expiring within three years.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	121,180	121,180
Later than one year but not later than five years	95,935	156,525
	217,115	277,705

NOTE 13: RELATED PARTY TRANSACTIONS

During the period the Company made payments of a total of \$14,450 to Western Geological Services. The fees were for the provision of technical and consulting services provided to the Company by Mr. Lindsay Dudfield.

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

Report on the Half-Year Financial Report

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 2014, 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, selected explanatory notes 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 as set out on pages 4 to 14.

Directors' Responsibility for the Half-Year 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

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 Energy Metals Limited's financial position as at 30 June 2014 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.

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 2014 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



Leanne Karamfiles
Partner
Chartered Accountants
Perth 11 September 2014

The Board of Directors
Energy Metals Limited
Level 2, 8 Colin Street
West Perth WA 6005

11 September 2014

Dear Board Members

Energy Metals Limited

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

As lead audit partner for the review of the financial statements of Energy Metals Limited for the half-year ended 30 June 2014, 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 sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants