



ABN 63 111 306 533

HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2016

CORPORATE DIRECTORY

DIRECTORS

Yusheng Cai (Non-executive Chairman)
Weidong Xiang (Managing Director)
Lindsay Dudfield (Non-executive Director)
Geoffrey Jones (Non-executive Director)
Yu Zhong (Non-executive Director)
Zimin Zhang (Non-Executive Director)
Junmei Xu (Non-Executive Director)

CONTACT DETAILS

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REGISTERED OFFICE

Level 2, 28 Kings Park Road
WEST PERTH WA 6005

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
Brookfield Place Tower 2
123 St Georges Terrace
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 (“Energy Metals”) and its controlled entities for the half-year ended 30 June 2016.

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:

Yusheng Cai (Non-executive Chairman, appointed 6 July 2016)
Weidong Xiang (Managing Director)
Lindsay George Dudfield (Non-executive Director)
Geoffrey Michael Jones (Non-executive Director)
Yu Zhong (Non-executive Director)
Zimin Zhang (Non-executive Director)
Junmei Xu (Non-executive Director, appointed 6 July 2016)

Zuyuan He (Non-executive Chairman, resigned 6 July 2016)
Jianhua Xing (Non-executive Director, resigned 6 July 2016)

REVIEW OF OPERATIONS

The Company reported a net loss of \$179,027 for the half-year ended 30 June 2016 (2015: a net loss of \$601,539).

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.

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

Bigrlyi Joint Venture (EME 53.3%)

Over \$200,000 in Environmental Bond funds were returned by NT Government following completion of site rehabilitation works at Bigrlyi Anomaly-15.

Walbiri Joint Venture (EME 41.9%)

A maiden inferred JORC resource for the historical Walbiri deposit was announced on 27th October 2015. The estimate amounts to 7,037 tonnes U₃O₈ at 641ppm (200ppm cut-off).

Ngalia Regional Project (EME 100%) & Malawiri Joint Venture (EME 52.1%)

Planning was conducted for an NT Government collaborative drilling and geophysical scheme application due in April 2016. The main aim of the proposal is to confirm Energy Metals new geological model for the Malawiri area and to better target uranium prospective ground under cover.

A trial lead isotope study was commissioned to detect shallowly buried uranium using soil radiogenic lead.

Manyingee Project WA (EME 100%)

A passive seismic survey was conducted over the Manyingee palaeochannel. The survey detected extensions to the channel, greatly expanding the prospective area for uranium mineralisation.

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 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:



Weidong Xiang
Managing Director

PERTH

6 September 2016

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*.



WEIDONG XIANG
Managing Director

6 September 2016

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016**

	Notes	30/06/2016 \$	30/06/2015 \$
Revenue from continuing operations	4	340,903	373,526
Employee benefits expense	4	(200,721)	(312,377)
Exploration expense	4	(67,915)	(328,599)
Corporate and regulatory expense		(71,097)	(89,713)
Depreciation expense	4	(29,531)	(57,096)
Administration expense	4	(150,666)	(187,280)
Loss before income tax		(179,027)	(601,539)
Income tax expense		-	-
Loss for the period		(179,027)	(601,539)
Total comprehensive expense for the period		(179,027)	(601,539)
Loss attributable to owners of the Company		(179,027)	(601,539)
Total comprehensive expense attributable to owners of the Company		(179,027)	(601,539)
Basic loss per share (cents)		(0.09)	(0.29)
Diluted loss per share (cents)		(0.09)	(0.29)

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 2016**

	Notes	30/06/2016 \$	31/12/2015 \$
Current Assets			
Cash and cash equivalents		199,746	190,491
Term deposits	6	20,930,583	21,571,236
Trade and other receivables		414,053	264,241
Total Current Assets		<u>21,544,382</u>	<u>22,025,968</u>
Non-current Assets			
Plant and equipment	7	301,193	319,542
Exploration and evaluation expenditure	8	32,909,616	32,656,336
Total Non-current Assets		<u>33,210,809</u>	<u>32,975,878</u>
Total Assets		<u>54,755,191</u>	<u>55,001,846</u>
Current Liabilities			
Trade and other payables		298,037	343,547
Provisions		60,034	82,152
Total Current Liabilities		<u>358,071</u>	<u>425,699</u>
Total Liabilities		<u>358,071</u>	<u>425,699</u>
Net Assets		<u>54,397,120</u>	<u>54,576,147</u>
Contributed equity	9	59,051,644	59,051,644
Accumulated losses		(4,654,524)	(4,475,497)
Capital and reserves attributable to owners of the Company		<u>54,397,120</u>	<u>54,576,147</u>
Total Equity		<u>54,397,120</u>	<u>54,576,147</u>

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 2016**

	Attributable to Owners of the Company		
	Contributed Equity	Accumulated Losses	Total Equity
	\$	\$	\$
At 1 January 2015	59,051,644	(3,450,239)	55,601,405
Loss for the period	-	(601,539)	(601,539)
Total comprehensive expense for the period	-	(601,539)	(601,539)
At 30 June 2015	59,051,644	(4,051,778)	54,999,866
At 1 January 2016	59,051,644	(4,475,497)	54,576,147
Loss for the period	-	(179,027)	(179,027)
Total comprehensive expense for the period	-	(179,027)	(179,027)
At 30 June 2016	59,051,644	(4,654,524)	54,397,120

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 2016**

	30/06/2016 \$	30/06/2015 \$
Cash flows from operating activities		
Interest received	351,811	405,527
Income received from the Joint Venture	-	1,771
Payments to suppliers and employees	(615,398)	(699,759)
Net cash used in operating activities	(263,587)	(292,461)
Cash flows from investing activities		
Payments for plant and equipment	(11,181)	(1,615)
Payments for exploration and expenditure	(356,630)	(446,533)
Receipt from term deposits	21,571,236	-
Investments in term deposits	(20,930,583)	(10,566,733)
Net cash received/(used) in investing activities	272,842	(11,014,881)
Cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	9,255	(11,307,342)
Cash and cash equivalents at the beginning of the period	190,491	11,609,364
Cash and cash equivalents at the end of the period	199,746	302,022

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 2016**

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 AASB134 ensures compliance with International Financial Reporting Standard 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 values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order98/100, dated 10 July 1998, and in accordance with Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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 2015 annual financial report for the financial year ended 31 December 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

NOTE 2: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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

- Amendments to Standards that are mandatorily effective for the current year

In the current year, the Company has applied one applicable amendment to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

The application of the amendment does not have any material impact on the disclosures or on the amounts recognised in the Company's financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016**

NOTE 3: SEGMENT INFORMATION

Management has determined that the Company and its controlled entities have two reportable segments, being uranium exploration and uranium trading. As the Company and its controlled entities are focused on uranium exploration, the Board periodically monitors the Company and its controlled entities 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 2015 and 30 June 2016 is as follows:

	Uranium Exploration	Uranium Trading	Unallocated	Total
30 June 2016				
Total segment revenue	22,566	-	318,337	340,903
Segment result	(66,517)	-	(112,510)	(179,027)
Depreciation	(21,169)	-	(8,362)	(29,531)
Total segment assets	33,194,709	-	21,560,482	54,755,191
Total segment assets include:				
Additions to non-current assets	255,877	-	8,584	264,461
Total segment liabilities	28,045	-	330,026	358,071
30 June 2015				
Total segment revenue	1,771	-	371,755	373,526
Segment result	(381,103)	-	(220,436)	(601,539)
Depreciation	54,276	-	2,820	57,096
Total segment assets	32,608,183	-	22,601,753	55,209,936
Total segment assets include:				
Additions to non-current assets	432,040	-	1,615	433,655
Total segment liabilities	18,940	-	191,130	210,070

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016**

NOTE 4: REVENUES AND EXPENSES

	30 June 2016	30 June 2015
	\$	\$
(a) Revenue from continuing operations includes the following revenue items:		
Interest received from other parties	318,337	371,755
Joint Venture revenue received	22,566	1,771
	340,903	373,526
(b) Loss includes the following specific expenses:		
Depreciation	29,531	57,096
(c) Employee benefit expense:		
Annual Leave Provision Movement	(22,118)	(18,529)
Wages & superannuation	191,437	257,224
Directors' fee	23,373	23,916
Others	8,029	49,766
	200,721	312,377
(d) Administration expense		
Rental	79,193	109,495
Professional services	1,207	536
Membership and conferences	-	14,845
Others	70,266	62,404
	150,666	187,280
(e) Exploration expense		

The expense included exploration and evaluation expenditure of \$67,915 that did not meet the accounting standard of capitalisation under AASB6.

NOTE 5: DIVIDENDS

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

NOTE 6: TERM DEPOSITS

As at 30 June 2016, the Company had approximately \$20.91 million deposits with maturities from 3 months to 7 months with various financial institutions earning interest income at an average rate of 3.1% (2015: 2.95%).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016**

NOTE 7: PLANT AND EQUIPMENT

	30 June 2016 \$	31 December 2015 \$	
Plant and equipment - at cost	898,571	893,269	
Less accumulated depreciation	(660,549)	(638,071)	
	<u>238,022</u>	<u>255,198</u>	
Motor vehicle – at cost	200,806	200,806	
Less accumulated depreciation	(143,515)	(136,462)	
	<u>57,291</u>	<u>64,344</u>	
Leasehold improvement – at cost	5,880	-	
Less accumulated depreciation	-	-	
	<u>5,880</u>	<u>-</u>	
Total	<u>301,193</u>	<u>319,542</u>	
Reconciliation of the carrying amount of Plant and Equipment:	Plant and Equipment	Motor Vehicle	Leasehold Improvement
	\$	\$	\$
Carrying amount at 1 January 2015	323,116	82,667	-
Additions	1,615	-	-
Depreciation expense	(48,035)	(9,061)	-
Carrying amount at 30 June 2015	<u>276,696</u>	<u>73,606</u>	<u>-</u>
Carrying amount at 1 January 2016	255,198	64,343	-
Additions	5,302	-	5,880
Depreciation expense	(22,478)	(7,052)	-
Carrying amount at 30 June 2016	<u>238,022</u>	<u>57,291</u>	<u>5,880</u>

NOTE 8: EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2016 \$	30 June 2015 \$
Balance at the beginning of the half-year	32,656,336	32,127,774
Additions of exploration assets	253,280	432,040
Written-off of exploration assets	-	(283,751)
Balance at the end of the half-year	<u>32,909,616</u>	<u>32,276,063</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 2016 and 30 June 2016	<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 2016**

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

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.

NOTE 11: COMMITMENTS

	30 June 2016 \$	31 December 2015 \$
Tenement Expenditure Commitments:		
The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2015/2016. 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 2015/2016	850,507	1,070,746

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 2016.

Lease Commitments: group as lessee

The Company leases its office under non-cancellable operating leases expiring within one year.

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

Within one year	98,400	121,180
Later than one year but not later than five years	82,000	35,345
	180,400	156,525

NOTE 12: KEY MANAGEMENT PERSONNEL

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

NOTE 13: SUBSEQUENT EVENTS

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 Company and its controlled entities and the results of those operations or the state of the affairs of the Company and its controlled entities in the financial period subsequent to 30 June 2016.

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

6 September 2016

Dear Directors

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 Ltd.

As lead audit partner for the review of the financial statements of Energy Metals Limited for the half-year ended 30 June 2016, 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



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 2016, and the condensed consolidated statement of profit and 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 as set out on pages 3 to 13.

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 consolidated entity's financial position as at 30 June 2016 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 2016 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, 6 September 2016