

APPENDIX 4D

Electrometals Technologies Limited ABN 25-000-751-093

Half-yearly report

For the period ended 30 June 2011

Results for announcement to the market

\$A'000

Revenue from ordinary activities	Down	77%	to	481
Loss from ordinary activities after tax attributable to members	Up	9%	to	(1,578)
Loss for the period attributable to members	Up	9%	to	(1,578)
Dividends (distributions)		Amount per security		Franked amount per security
Interim Dividend		Nil		Nil
Previous corresponding period		Nil		Nil
Record date for determining dividend entitlements		N/A		N/A

If this is a half-yearly report, it is to be read in conjunction with the most recent annual financial report.

NTA backing	Current period	Previous Corresponding Period
Net tangible asset backing per ordinary security (dollars per share)	0.0108	0.0126

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CORPORATE INFORMATION

Directors

RE Keevers	Chairman
RG Melgaard	Deputy Chairman and non-executive director
ID Ewart	Acting CEO and executive director
RJH Mills	Non-executive director
MR Nugent	Non-executive director

Company Secretary

Colin Barker

Registered office and principal place of business

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Ashmore Qld 4214
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Website: www.electrometals.com.au

Share Registrar

Computershare Investor Services Pty Ltd
117 Victoria Street
West End Qld 4101
Telephone: 1300-850-505 within Australia
+61-3-9415-4000 outside Australia

Stock Exchange Listing

The ordinary shares of Electrometals Technologies Limited are listed on the Australian Securities Exchange (ASX Code: EMM)

Auditors

Ernst & Young
Level 5, Waterfront Place
1 Eagle Street
Brisbane Qld 4000
Telephone: (07) 3011-3333
Facsimile: (07) 3011-3344

Banker

National Australia Bank
2 Classic Way
Burleigh Waters Qld 4220

Solicitors

Thomsons Lawyers
Level 16, Waterfront Place
1 Eagle Street
Brisbane Qld 4000

DIRECTORS' REPORT

HALF-YEAR TO 30 JUNE 2011

Your directors present their report for the half-year ended 30 June 2011.

DIRECTORS

The names of the company's directors in office during the half-year are set out below. All directors were in office for the entire period except where stated.

Mr. R E Keevers	Chairman	
Mr. R G Melgaard	Deputy Chairman	
Mr. I D Ewart	Executive director and Acting CEO	appointed 31 May 2011
Mr. R J H Mills	Non-executive director	
Mr. M R Nugent	Non-executive director	

All directors remain in office as at the date of this report.

REVIEW OF OPERATIONS

Electrometals sales revenue and order intake continues to be significantly lower than required. This was not expected in a time where metals prices in general are at record highs. Many customers have several new projects vying for capital during the metals "boom" and our offerings are now competing with some of the new larger core business projects at the customer sites.

There have been delays on several key prospects leading to the poor financial results below. Efforts have been focused on three key areas to improve the results in the short term as follows:

1. Focused sales team working on key prospects to understand the customer requirements and value proposition clearly – recruiting new staff to ensure the sales efforts have the necessary technical support and review.
2. Ensuring that the EMEW plants are operating efficiently, so that there are strong references of the value of the technology – several customers have provided significant input on possible improvements to the technology.
3. Cell redesign improvements and cost reduction, including procurement and quality control – by designing in quality and designing out cost, the customer value proposition is much stronger.

Activities

The first commercial EMEW tin plant was delivered installed and commissioned in US and is now producing tin. This plant is operating at very high temperature which has required specialised materials selection and some redesign of some of the plant components. This optimisation and redesign of some key parts is continuing and will improve the standard EMEW plant design.

Measures have been taken to ensure that the sales efforts are focused on the applications that the company has proven and demonstrated, so that there is a significant benefit to the client. This has included implementing a Customer Care Plan (CCP) and Anode Care Plan (ACP) to ensure that all the plants are operating efficiently.

The Anode Care Plan in particular has required a full redesign and testing of the anode to shorten the anode delivery time significantly for new and recoated anodes. The CCP and ACP include regular on site review and monitoring of the plant performance with benchmark data on the plant operation to ensure plant and anode performance are optimum.

An update of the marketing and communication strategy including the website is under way, to provide easy access to key benefits of the EMEW technology in each established application. This also includes key plant performance and reference information for prospective customers.

Capital raising

In March 2011, the company raised just under \$3.9 million by way of a pro-rata issue to shareholders and participating optionholders.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the independence declaration from our auditors, Ernst & Young as attached in Page 6.

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



R E Keever
Chairman

Dated: 22 August 2011



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Auditor's Independence Declaration to the Directors of Electrometals Technologies Limited

In relation to our review of the financial report of Electrometals Technologies Limited for the half-year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Brad Tozer'.

Brad Tozer
Partner
22 August 2011

STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 June 2011

	<i>Notes</i>	CONSOLIDATED	
		30 June 2011	30 June 2010
		\$	\$
Continuing operations			
Sale of plants and spare parts		400,937	1,997,286
Laboratory testing and engineering services		68,833	83,314
Royalties		9,416	(6,751)
Other revenue		1,500	18,982
		<hr/>	<hr/>
Revenue		480,686	2,092,831
Cost of sales		(726,345)	(1,495,658)
		<hr/>	<hr/>
Gross profit		(245,659)	597,173
Other income	4(a)	63,614	48,273
Marketing expenses		(50,402)	(70,174)
Occupancy expenses		(133,346)	(127,829)
Administrative expenses		(831,169)	(1,008,858)
Other expenses	4(b)	(378,546)	(414,162)
Finance costs		(2,867)	(8,165)
		<hr/>	<hr/>
Loss from continuing operations before income tax		(1,578,375)	(983,754)
Income tax benefit / (expense)		-	-
		<hr/>	<hr/>
Loss from continuing operations after income tax		(1,578,375)	(983,754)
Discontinued operations			
Loss from discontinued operations after income tax	6(b)	-	(459,523)
		<hr/>	<hr/>
Net loss for the period		(1,578,375)	(1,443,271)
Other comprehensive income			
Foreign currency translation		(3,404)	(93,260)
		<hr/>	<hr/>
Other comprehensive income for the period, net of tax		(3,404)	(93,260)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,581,779)	(1,536,531)

STATEMENT OF COMPREHENSIVE INCOME - continued

	CONSOLIDATED	
	30 June 2011	30 June 2010
	\$	\$
Loss for the period is attributable to:		
Owners of the parent	(1,578,375)	(1,218,105)
Non-controlling interest	-	(225,166)
	<u>(1,578,375)</u>	<u>(1,443,271)</u>
Total comprehensive income for the period is attributable to:		
Owners of the parent	(1,581,779)	(1,311,365)
Non-controlling interest	-	(225,166)
	<u>(1,581,779)</u>	<u>(1,536,531)</u>
Earnings per share (cents) for profit from continuing operations attributable to the ordinary equity holders of the parent		
Basic earnings / (loss) per share (cents)	(0.50)	(0.48)
Diluted earnings / (loss) per share (cents)	(0.50)	(0.48)
Earnings per share (cents) attributable to the ordinary equity holders of the parent		
Basic earnings / (loss) per share (cents)	(0.50)	(0.71)
Diluted earnings / (loss) per share (cents)	(0.50)	(0.71)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	CONSOLIDATED	
		30 June 2011 \$	31 December 2010 \$
CURRENT ASSETS			
Cash and cash equivalents	5	3,396,109	890,511
Trade and other receivables		556,166	725,010
Inventories		601,605	482,708
Prepayments		129,166	125,137
TOTAL CURRENT ASSETS		4,683,046	2,223,366
NON-CURRENT ASSETS			
Receivables		124,723	114,200
Property, plant & equipment		836,799	912,436
Goodwill and other intangible assets	7	7,541	20,456
TOTAL NON-CURRENT ASSETS		969,063	1,047,902
TOTAL ASSETS		5,652,109	3,270,458
CURRENT LIABILITIES			
Trade and other payables		475,578	548,822
Deferred income		174,680	57,945
Provisions		193,152	168,057
TOTAL CURRENT LIABILITIES		843,410	774,824
NON-CURRENT LIABILITIES			
Provisions		46,814	48,422
TOTAL NON-CURRENT LIABILITIES		46,814	48,422
TOTAL LIABILITIES		890,224	823,246
NET ASSETS		4,761,885	2,447,212
EQUITY			
Contributed equity	8	37,206,790	33,320,788
Reserves		65,409	58,363
Accumulated losses		(32,510,314)	(30,931,939)
TOTAL EQUITY		4,761,885	2,447,212

The above statement of financial position should be read in conjunction with the accompanying notes.

ELECTROMETALS TECHNOLOGIES LIMITED
ABN 25-000-751-093
Half-yearly financial report: 30 June 2011

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

	<u>Ordinary shares</u>	<u>Preference shares</u>	<u>Foreign currency reserve</u>	<u>Equity benefits reserve</u>	<u>Minority reserve *</u>	<u>Accumulated losses</u>	<u>Owners of the parent</u>	<u>Non-controlling interests</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2011	33,187,455	133,333	(110,514)	168,877	-	(30,931,939)	2,447,212	-	2,447,212
Loss for the period	-	-	-	-	-	(1,578,375)	(1,578,375)	-	(1,578,375)
Other comprehensive income	-	-	(3,404)	-	-	-	(3,404)	-	(3,404)
Total comprehensive income for the period	-	-	(3,404)	-	-	(1,578,375)	(1,581,779)	-	(1,581,779)
Transactions with owners in their capacity as owners									
Shares issued	4,277,037	-	-	-	-	-	4,277,037	-	4,277,037
Share issue costs	(391,035)	-	-	-	-	-	(391,035)	-	(391,035)
Share-based payments	-	-	-	10,450	-	-	10,450	-	10,450
At 30 June 2011	37,073,457	133,333	(113,918)	179,327	-	(32,510,314)	4,761,885	-	4,761,885

CONSOLIDATED

	<u>Ordinary shares</u>	<u>Preference shares</u>	<u>Foreign currency reserve</u>	<u>Equity benefits reserve</u>	<u>Minority reserve *</u>	<u>Accumulated losses</u>	<u>Owners of the parent</u>	<u>Non-controlling interests</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2010	33,187,455	133,333	17,140	159,333	(145,830)	(28,715,581)	4,635,850	-	4,635,850
Loss for the period	-	-	-	-	-	(1,218,105)	(1,218,105)	(225,166)	(1,443,271)
Other comprehensive income	-	-	(93,260)	-	-	-	(93,260)	-	(93,260)
Total comprehensive income for the period	-	-	(93,260)	-	-	(1,218,105)	(1,311,365)	(225,166)	(1,536,531)
Transactions with owners in their capacity as owners									
Share-based payments	-	-	-	7,089	-	-	7,089	-	7,089
At 30 June 2010	33,187,455	133,333	(76,120)	166,422	(145,830)	(29,933,686)	3,331,574	(225,166)	3,106,408

* The minority reserve represents negative minority interest attributed to the parent.

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

CASH FLOW STATEMENT

For the half-year ended 30 June 2011

		CONSOLIDATED	
	Note	30 June 2011 \$	30 June 2010 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		774,945	3,789,027
Payments to suppliers and employees (inclusive of GST)		(2,189,537)	(4,589,430)
Other miscellaneous revenue		10,359	-
Net cash flows used in operating activities		<u>(1,404,233)</u>	<u>(800,403)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,628)	(86,315)
Purchase of patents		(6,736)	-
Interest received		39,036	32,074
Net cash flows used in investing activities		<u>18,672</u>	<u>(54,241)</u>
Cash flows from financing activities			
Proceeds of share issue		4,277,037	-
Share issue costs		(400,566)	-
Increase in loans		-	(112,623)
Loans repaid		12,000	-
Repayment of borrowings		-	(20,392)
Interest paid		-	(3,092)
Net cash flows used in financing activities		<u>3,888,471</u>	<u>(136,107)</u>
Net decrease in cash and cash equivalents		2,502,910	(990,751)
Cash and cash equivalents at the beginning of the period		890,511	2,362,720
Exchange rate adjustments		2,688	93,488
Cash and cash equivalents at the end of the period	5	<u><u>3,396,109</u></u>	<u><u>1,465,457</u></u>

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

For the half-year ended 30 June 2011

1. CORPORATE INFORMATION

The condensed financial report of Electrometals Technologies Limited ("the company") for the half-year ended 30 June 2011 was authorised for issue in accordance with a resolution of directors on 22 August 2011. Electrometals Technologies Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the group are described in note 3.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed general purpose financial report for the half-year ended 30 June 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full annual report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2010 and considered together with any public announcements made by the company during the half-year ended 30 June 2011 in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules. Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The consolidated entity had a net loss for the 6 months period ending 30 June 2011 of \$1,578,375 (year ended 31 December 2010 -\$2,441,524) and cash outflows from operating activities of \$1,404,233 (year ended 31 December 2010 - \$1,867,403).

The directors are actively seeking new contracts for sale of EMEW technology. The directors believe that there are reasonable grounds to believe that the company will be able to achieve sufficient sales and related cash inflows and reduce operating expenditures where necessary to enable them to maintain sufficient cash balances. This belief is based on the entity's history of sales, its proven technology, and its relationships with significant mining companies.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as going concern.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Electrometals Technologies Limited and its subsidiaries as at 30 June 2011 ("the group").

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the group and cease to be consolidated from the date on which control is transferred out of the group. Investments in subsidiaries held by Electrometals Technologies Limited are accounted for at cost in the separate financial statements of the parent entity. The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(b) Changes in accounting policy

- (i) Since 1 January 2011, the group has adopted the following new and amended Australian Accounting Standards. Adoption of these Standards did not have any effect on the financial position or performance of the group.

AASB 107 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classed as a cash flow from investing activities.

AASB 136 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment as defined in AASB 8 before aggregation for reporting purposes.

There are currently no accounting standards issued but not yet effective that would have a material impact on the group.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

During the half-year, the group's activities consisted solely of the manufacturing and sale of electrowinning equipment for the metals processing industry. The group has not identified any operating segments based on the internal reports that are received and used by the executive directors (the chief operating decision-makers) in assessing performance and in determining the allocation of resources. Refer to note 6 for discontinued operation in 2010.

4. REVENUE, INCOME AND EXPENSES

	CONSOLIDATED	
	30 June 2011	30 June 2010
	\$	\$
(a) Other Revenue		
Interest	47,163	46,302
Foreign exchange gain	6,092	1,971
Insurance claim	8,878	-
Rent received	1,481	-
	<u>63,614</u>	<u>48,273</u>
(b) Other Expenses		
Options grant expense	10,451	7,088
Provision for doubtful debts	15,125	-
Research and development written off	56,178	31,604
Test programs and other expenses written off	296,792	360,361
Impairment loss on goodwill	-	15,109
	<u>378,546</u>	<u>414,162</u>

5. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	30 June 2011	30 June 2010
	\$	\$
Cash at bank and in hand	21,560	65,457
Short-term deposits	3,374,549	1,400,000
	<u>3,396,109</u>	<u>1,465,457</u>

6. DISCONTINUED OPERATIONS – 2010 ACCOUNTS

(a) Details of operations held for sale.

As at 30 June 2010, the board of directors were in final discussions with a view to selling the company's investment in Kurion Technologies Limited, and this sale was completed subsequent to the reporting date, on 30 July 2010, at which date control of the business passed to the acquirer. Therefore, the investment in Kurion Technologies was classed as an asset for sale.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

(b) Financial performance of operations held for sale.

The results of the discontinued operations for the half-year to 30 June 2010 were as follows:

	30 June 2011	30 June 2010
	\$	\$
Revenue	-	1,542,397
Cost of sales	-	(1,285,725)
Gross profit	-	256,672
Expenses	-	(663,180)
Operating loss	-	(406,508)
Other income	-	191
Other expenses	-	(40,963)
Loss before tax	-	(447,280)
Tax	-	(12,243)
Loss from discontinued operations after tax	-	(459,523)

(c) Assets and liabilities of operations held for sale.

The classes of assets and liabilities of Kurion Technologies Limited at 30 June 2010 were as follows:

	30 June 2010
	\$
Assets	
Cash and cash equivalents	-
Trade and other receivables	-
Inventory	-
Property plant and equipment	-
Other	-
Goodwill	-
Assets classified as held for sale	-
	1,217,531
Liabilities	
Trade and other payables (including \$390,551 loan from parent)	-
Less: loan from parent eliminated on consolidation	-
Total liabilities	-
Net assets of the disposal group on consolidation	-
	247,770

(d) Cash flow information: operations held for sale.

	30 June 2010
	\$
The net cash flows of Kurion Technologies Limited are as follows:	
Operating activities	-
Investing activities	-
Financing activities	-
Net cash flow	-
	54,743
	(26,203)
	5,102
	33,642

7. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	30 June 2011	31 Dec 2010
	\$	\$
Development costs – automated harvester	110,854	110,854
Goodwill on acquisition of subsidiaries	589,975	589,975
Patents	16,486	22,091
Less: Provision for impairment	(709,774)	(702,464)
	7,541	20,456

The impairment in relation to development costs for the automated harvester has been recognised as it is not certain at this stage that future economic benefits will flow to the group.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

8. ISSUED CAPITAL

	30 June 2011	31 Dec 2010
	\$	\$
Ordinary shares - Issued and fully paid	37,073,457	33,187,455
Preference shares - Issued and fully paid	133,333	133,333
	<u>37,206,790</u>	<u>33,320,788</u>
	<u>Number</u>	<u>Number</u>
Balance - ordinary shares	441,970,735	204,357,579
Balance - preference shares	666,667	666,667
	<u>442,637,402</u>	<u>205,024,246</u>

Movement in shares on issue – ordinary shares

	Number	\$
Balance 31 December 2010	204,357,579	33,187,455
Pro-rata share issue	237,613,156	4,277,037
Share issue costs	-	(391,035)
Balance 30 June 2011	<u>441,970,735</u>	<u>37,073,457</u>

9. DIVIDENDS PAID AND PROPOSED

No dividends have been paid in the 6 months to 30 June 2011 (2010: nil) and none is proposed.

10. COMMITMENTS AND CONTINGENCIES

	30 June 2011	31 Dec 2010
	\$	\$
Operating lease commitments		
Payable as follows:		
Not later than one year	104,935	210,750
Later than one year but not later than five years	8,128	-
	<u>113,063</u>	<u>210,750</u>

These commitments relate to office space, workshop space and equipment rentals used in the group's operations. Leases are normally for 1-2 years, with a 1-2 year option.

11. INCORPORATION OF SUBSIDIARY

On 2 February 2011, the group incorporated a subsidiary, Electrometals USA LLC, as a precursor to initiating DBOO (develop, build, own and operate) activities in the USA, whereby the group will undertake electrowinning activities on its own account.

12. EVENTS AFTER BALANCE SHEET DATE

At the date of this report the directors are not aware of any matters or circumstances which have arisen since 30 June 2011 that have significantly affected or may significantly affect:

1. the operations of the group in the financial years subsequent to 30 June 2011, or
2. the results of those operations, or
3. the state of affairs of the group in the financial years subsequent to 30 June 2011.

DIRECTORS' DECLARATION

In accordance with a resolution of directors of Electrometals Technologies Limited, I state that;

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2011 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; 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.

On behalf of the board



R E Keevers
Chairman

Gold Coast
22 August 2011



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To the members of Electrometals Technologies Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Electrometals Technologies Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement 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 half-year end or from time to time during the half-year.

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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that 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 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 2011 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 Electrometals Technologies Limited and the entities it controlled during the half-year, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' 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 Electrometals Technologies 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 2011 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*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Brad Tozer'.

Brad Tozer
Partner
Brisbane
22 August 2011