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15 October 2007

Company Announcements Office  
Australian Stock Exchange Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
Sydney NSW 2000

**Via electronic lodgement**

## **2007 ANNUAL REPORT**

Energy Metals Limited is pleased to provide its 2007 Annual Report as attached.

The Annual Report will be available on the Company's website and will be despatched to shareholders on 16<sup>th</sup> October together with the Notice of Annual General Meeting and proxy form.

A handwritten signature in black ink, appearing to read 'Lindsay Dudgefield'.

LINDSAY DUDFIELD  
**Executive Director.**



ANNUAL REPORT 2007

 **Energy Metals**  
Limited

ABN 63 111 306 533



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## C O R P O R A T E   D E T A I L S

### Directors

Donald Ross Kennedy (Chairman)  
Lindsay George Dudfield (Executive Director)  
Oscar Aamodt (Non-Executive Director)

### Company Secretary

Patricia Anne Farr

### Registered Office

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### Auditor

BDO Kendalls Audit & Assurance (WA) Pty Ltd  
128 Hay Street  
SUBIACO WA 6008

### Share Registry

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

### Stock Exchange Listing

The Company's shares are listed by the  
Australian Stock Exchange Limited ("ASX")  
ASX Code **EME**. The home exchange is Perth.

### Bankers

National Australia Bank Limited  
50 St Georges Terrace  
PERTH WA 6000

### Solicitors

Blakiston & Crabb  
1202 Hay Street  
WEST PERTH WA 6005

## CHAIRMAN'S REPORT

Dear Fellow Shareholder

Financial year 2006/2007 has been most rewarding for our shareholders with the share price moving up from \$1.81 at 1 July 2006 to \$6.64 at 30 June 2007. This movement has been in part due to the surging uranium price but also to the excellent drill results being obtained from our flagship Bigrlyi Project in the Northern Territory.

Current (March 2007) JORC compliant resources at Bigrlyi (53.3% owner, and operator) are 4.53 million tonnes at 1.4 kg/t  $U_3O_8$  and 1.6kg/t  $V_2O_5$ , at the 0.5 kg/t  $U_3O_8$  cut-off. This figure translates to 14.3 million pounds (lbs) of  $U_3O_8$  and 16.3 million lbs of  $V_2O_5$ .

A substantial drilling program currently underway at Bigrlyi is aimed mainly at extending the deposits beyond the envelopes which capture the current resources. Results to date have been very encouraging, including many high-grade intercepts, and a significant increase in the resources at Bigrlyi is expected to be completed in the June 2008 quarter.

Exploration will progressively increase on the surrounding 100% owned ground where a number of high quality uranium targets have been identified from detailed radiometric data, including some targets parallel to the Bigrlyi zone.

In Western Australia the various 100% owned calcrete uranium projects, near the giant Yeelirrie deposit, are being systematically detailed by shallow drilling such that Energy Metals is ready to carry out feasibility studies once the current uranium policy in WA changes.

We are in the fortunate position of controlling a high grade uranium deposit located in a jurisdiction (NT) where all levels of government (local and Federal) encourage new uranium mines and at a time of unprecedented demand for this metal. The forthcoming period should be a very exciting one for Energy Metals shareholders as we approach Bankable Feasibility and Decision to Mine at Bigrlyi.



**D. ROSS KENNEDY**

Chairman





## REVIEW OF ACTIVITIES

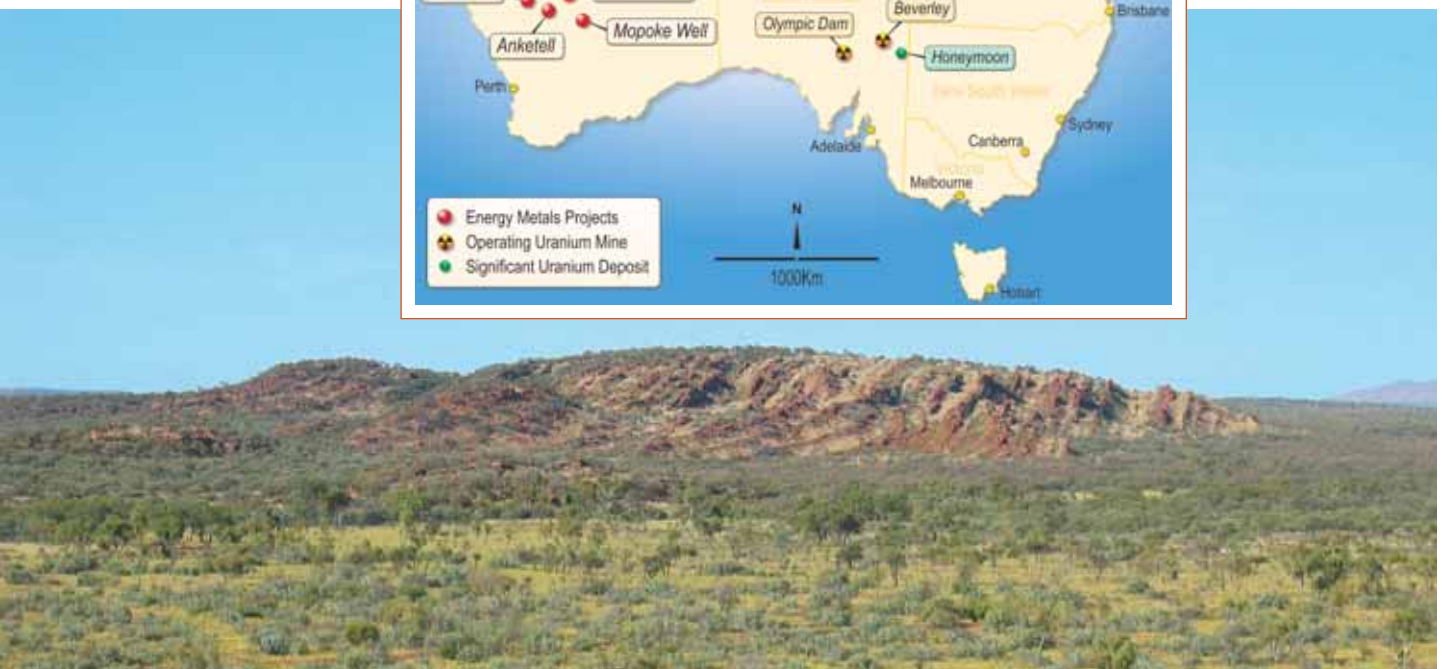
Energy Metals is a dedicated uranium explorer with eight projects located in the Northern Territory (NT) and Western Australia covering over 4,000 km<sup>2</sup>. Most of the projects contain uranium mineralisation discovered by major companies in the 1970's, including the advanced Bigrlyi project (NT), which is characterised by relatively high uranium grades (with vanadium credits) and excellent metallurgical recoveries.

Australia has significant uranium endowment with the continent containing approximately 40% of the world's known uranium resources. Despite this natural endowment unfavourable politics and a depressed uranium price have resulted in minimal uranium exploration in Australia since the mid 1980's.

However there have been several positive developments recently including:

- the uranium price increasing from US\$10 per pound early 2003 to \$85 currently,
- public opinion (and the political landscape) becoming increasingly supportive of uranium mining, driven in part by the threat of global warming,
- the Australian Labor Party recently abandoning its opposition to uranium mining, meaning the development of new uranium mines now has bi-partisan support at the federal level, and
- the Northern Territory government reversing its previous position and confirming its support for new uranium mines in NT.

Energy Metals is in a prime position to take advantage of the favourable outlook for the metal. In addition to advancing the projects currently in the portfolio the Company is also reviewing new uranium opportunities in Australia.

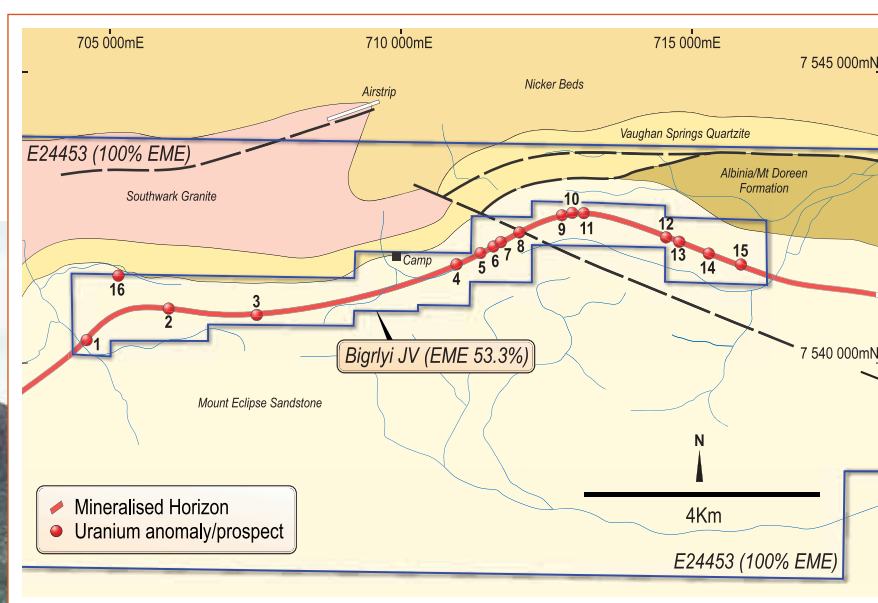


## REVIEW OF ACTIVITIES Continued

## NORTHERN TERRITORY

## BIGRLYI (EME 53.3%)

The Bigrlyi project comprises 10 granted exploration retention licences located approximately 390 km northwest of Alice Springs. The project, which is a joint venture with Paladin Resources subsidiary Valhalla Uranium (41.7%) and Southern Cross Exploration (5%), was subject to significant exploration activity in the period 1974 to 1982, including over 400 drill holes, resource calculations and metallurgical testwork. The project was put on care and maintenance in 1983 following the adoption by the Labor government of the "Three Mines" policy that, together with low uranium prices, stifled the development of new uranium projects in Australia.



## WORK COMPLETED IN 2005/06

Energy Metals listed on ASX in September 2005 and re-commenced field activities at Bigrlyi in November 2005, some 23 years after the project had been mothballed. Work undertaken during the 2005/06 period included a detailed environmental assessment and installation of appropriate radiation monitoring procedures, evaluation of the drilling and assay data generated by previous explorers and re-assaying of historic drill core.

Both historical data and results from the re-assaying program were validated and incorporated into a new digital database, with resource consultants Hellman and Schofield (H&S) providing independent advice on modeling methods, geostatistics and wireframe modelling of the mineralisation domains. In July 2006 Energy Metals announced initial uranium and vanadium resources at Bigrlyi (summarised below):

## INDICATED AND INFERRED RESOURCES – JULY 2006

| Cut Off Grade (%) | Tonnes    | U <sub>3</sub> O <sub>8</sub> (%) | V <sub>2</sub> O <sub>5</sub> (%) | U <sub>3</sub> O <sub>8</sub> (Kt) | U <sub>3</sub> O <sub>8</sub> (Mlb) | V <sub>2</sub> O <sub>5</sub> (Kt) | V <sub>2</sub> O <sub>5</sub> (Mlb) |
|-------------------|-----------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| 0.10              | 1,835,000 | 0.21                              | 0.22                              | 3.8                                | 8.4                                 | 3.99                               | 8.8                                 |
| 0.05              | 3,763,000 | 0.14                              | 0.17                              | 5.6                                | 11.4                                | 6.3                                | 14.1                                |

## WORK COMPLETED IN 2006/07

Following completion of aboriginal heritage surveys, a reverse circulation (RC) and diamond drilling program commenced at Bigrlyi in October 2006 and continued until the end of the field season in mid December 2006. Some 43 holes were completed in this period, with most holes intersecting significant uranium mineralisation. Uranium and vanadium resource models were re-calculated incorporating results from this drilling with the updated resource estimate (summarised below) released in March 2007:

### INDICATED AND INFERRED RESOURCES – MARCH 2007

| Cut Off (%) | Tonnes    | U <sub>3</sub> O <sub>8</sub> (%) | V <sub>2</sub> O <sub>5</sub> (%) | U <sub>3</sub> O <sub>8</sub> (Kt) | U <sub>3</sub> O <sub>8</sub> (Mlb) | V <sub>2</sub> O <sub>5</sub> (Kt) | V <sub>2</sub> O <sub>5</sub> (Mlb) |
|-------------|-----------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| 0.10        | 2,430,000 | 0.21                              | 0.20                              | 5.00                               | 11.2                                | 4.95                               | 10.7                                |
| 0.05        | 4,530,000 | 0.14                              | 0.16                              | 6.50                               | 14.3                                | 7.41                               | 16.3                                |

Tonnes are metric (2204.62 pounds, Kt may not total due to round-off errors).



The resources were estimated by H&S using ordinary kriging and are shown at 0.10% and 0.05% U<sub>3</sub>O<sub>8</sub> cut-off grades. Energy Metals considers that the 0.05% U<sub>3</sub>O<sub>8</sub> lower cut-off grade best approximates the economic cut-off grade considering the style of the mineralisation and the current uranium price.

At a cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub> the Bigrlyi resource now totals 14.3 million pounds (lbs) of U<sub>3</sub>O<sub>8</sub> and 16.3 million lbs of V<sub>2</sub>O<sub>5</sub>, representing a 26% increase in uranium and a 17% increase in vanadium compared with the previous (July 2006) resource. Furthermore the price of uranium has increased from US\$45.5/lb in July 2006 to US\$85/lb currently, with most market observers anticipating the uranium price to remain strong for years to come.

Although not directly comparable the Bigrlyi resources have been converted to gold equivalents to assist shareholders better understand the potential value of the mineralisation outlined to date:

| Cut Off (%U <sub>3</sub> O <sub>8</sub> ) | Tonnes    | Gold Equivalent* Moz | Grade (g/t) |
|-------------------------------------------|-----------|----------------------|-------------|
| 0.10                                      | 2,430,000 | 1.37                 | 17.6        |
| 0.05                                      | 4,530,000 | 1.79                 | 12.3        |

\*Au \$US730/oz, U<sub>3</sub>O<sub>8</sub> \$US85/lb, V<sub>2</sub>O<sub>5</sub> \$US6/lb



## REVIEW OF ACTIVITIES Continued

Early 2007 the Bigirlyi Joint Venture partners approved a substantial drilling program (262 holes for 51,255m) for the 2007 field season, with most of the proposed holes to be drilled outside of current resource envelopes. Drilling commenced late April 2007 with two rigs (one diamond and one RC) drilling around the clock.

To date results have been announced from 91 holes with uranium mineralisation intersected in 69 holes. Significant uranium intercepts recorded from downhole radiometric logging (eU<sub>3</sub>O<sub>8</sub> values), and, where available, confirmatory geochemical uranium assays (U<sub>3</sub>O<sub>8</sub> values) are summarised in the following table:

| DEPOSIT | HOLE    | FROM<br>(m) | INTERCEPT | U <sub>3</sub> O <sub>8</sub><br>% | U <sub>3</sub> O <sub>8</sub><br>lbs/t | V <sub>2</sub> O <sub>5</sub><br>% | eU <sub>3</sub> O <sub>8</sub> INTERCEPT                 |
|---------|---------|-------------|-----------|------------------------------------|----------------------------------------|------------------------------------|----------------------------------------------------------|
| A2      | B07005  |             |           | Geochemical assays pending         |                                        |                                    | 1.15m @ 0.10 from 53.15m                                 |
|         | B07009  |             |           | Geochemical assays pending         |                                        |                                    | 1.15m @ 0.10 from 43.70m<br>1.70m @ 0.14 from 58.45m     |
|         | B07010  |             |           | Geochemical assays pending         |                                        |                                    | 3.15m @ 0.15 from 103.24m                                |
| A4      | B06024  | 271.0       | 1.0m @    | 0.33                               | 7.28                                   | 0.15                               | 1.65m @ 0.14 from 269.26m                                |
|         | B07118  | 185.0       | 2.0m @    | 0.33                               | 7.28                                   | 0.11                               | 2.95m @ 0.12% from 183.34m                               |
|         | B07086  | 225.0       | 1.0m @    | 0.34                               | 7.50                                   | 0.23                               | 2.10m @ 0.10 from 223.98m                                |
|         | B07087  |             |           | Geochemical assays pending         |                                        |                                    | 3.20m @ 0.12 from 138.19m<br>3.35m @ 0.20 from 141.84m   |
|         | B07120  | 191.5       | 9.5m @    | 0.52                               | 11.46                                  | 1.22                               | 6.75m @ 0.24% from 189.96m<br>2.15m @ 0.21% from 197.16m |
|         | B07124  | 151.5       | 1.0m @    | 0.15                               | 3.31                                   | 0.30                               | 1.10m @ 0.06 from 150.83m                                |
|         |         | 157.5       | 1.5m @    | 0.60                               | 13.23                                  | 0.79                               | 1.80m @ 0.20 from 156.53m                                |
|         | B07127  | 281.0       | 4.0m @    | 0.14                               | 3.09                                   | 0.81                               | 4.65m @ 0.07 from 280.42m                                |
|         |         | 289.0       | 4.0m @    | 0.33                               | 7.28                                   | 2.18                               | 9.25m @ 0.12 from 288.42m                                |
|         |         | 293.0       | 7.0m @    | 0.05                               | 1.10                                   | 0.22                               |                                                          |
|         | B07128  | 81.0        | 3.0m @    | 0.83                               | 18.30                                  | 2.97                               | 4.15m @ 0.25 from 80.97m                                 |
|         |         | 131.0       | 2.0m @    | 0.11                               | 2.43                                   | 0.05                               | 0.30m @ 0.01 from 130.87m                                |
|         |         | 135.0       | 4.0m @    | 0.20                               | 4.41                                   | 0.48                               | 3.40m @ 0.08 from 134.92m                                |
|         | B07129  | 304.0       | 1.0m @    | 0.02                               | 0.44                                   | 0.23                               | 3.90m @ 0.27% from 306.72m                               |
|         |         | 307.5       | 4.5m @    | 0.79                               | 17.42                                  | 3.17                               |                                                          |
|         |         | 313.0       | 1.5m @    | 0.15                               | 3.31                                   | 0.62                               |                                                          |
|         | B07130A | 152.5       | 3.5m @    | 0.23                               | 5.07                                   | 0.41                               | 1.85m @ 0.19 from 151.06m                                |
|         | B07131  | 210.0       | 1.0m @    | 0.11                               | 2.43                                   | 0.27                               | 1.55m @ 0.08 from 134.92m                                |
|         | B07132  | 70.0        | 1.0m @    | 0.14                               | 3.09                                   | 0.95                               | 1.0m @ 0.04 from 69.59m                                  |
|         | B07133  | 254.0       | 8.0m @    | 0.41                               | 9.04                                   | 1.37                               | 6.25m @ 0.24 from 254.78m                                |
|         |         | 270.0       | 2.0m @    | 0.91                               | 20.06                                  | 0.75                               | 5.0m @ 0.17 from 268.43m                                 |



| DEPOSIT | HOLE    | FROM<br>(m) | INTERCEPT | U <sub>3</sub> O <sub>8</sub><br>% | U <sub>3</sub> O <sub>8</sub><br>lbs/t | V <sub>2</sub> O <sub>5</sub><br>% | eU <sub>3</sub> O <sub>8</sub> INTERCEPT                                         |
|---------|---------|-------------|-----------|------------------------------------|----------------------------------------|------------------------------------|----------------------------------------------------------------------------------|
| A4      | B07135  | 110.0       | 1.0m @    | 0.23                               | 5.07                                   | 0.85                               | No significant probe results                                                     |
|         |         | 115.0       | 1.0m @    | 0.12                               | 2.65                                   | 0.73                               | No significant probe results                                                     |
|         | B07143  | 133.0       | 2.0m @    | 0.16                               | 3.53                                   | 0.23                               | 1.90m @ 0.14 from 131.62m                                                        |
|         |         | 258.0       | 3.0m @    | 0.20                               | 4.41                                   | 0.59                               | 2.55m @ 0.21 from 257.12m                                                        |
|         | B07144  | 267.0       | 3.0m      | 0.49                               | 10.80                                  | 0.12                               | 2.20m @ 0.20 from 267.59m                                                        |
|         | B07147  | 258.0       | 3.0m @    | 0.18                               | 3.97                                   | 1.08                               | 2.75m @ 0.17 from 257.32m                                                        |
|         | B07160  |             |           | Geochemical assays pending         |                                        |                                    | 1.75m @ 0.24 from 56.08m<br>1.85m @ 0.13 from 58.48m                             |
|         | B07165  |             |           | Geochemical assays pending         |                                        |                                    | 1.40m @ 0.15 from 126.92m                                                        |
|         | B07181  |             |           | Geochemical assays pending         |                                        |                                    | 1.85m @ 0.27 from 87.31m<br>1.65m @ 0.20 from 89.76m<br>2.60m @ 0.36 from 98.31m |
|         | B07186  |             |           | Geochemical assays pending         |                                        |                                    | 3.35m @ 0.10 from 215.67m<br>3.25m @ 0.12 from 258.57m                           |
| A7      | B07197  |             |           | Geochemical assays pending         |                                        |                                    | 3.30m @ 0.45 from 201.51m                                                        |
| A15     | B07233A |             |           | Geochemical assays pending         |                                        |                                    | 1.90m @ 0.32 from 172.82m                                                        |
|         | B07235  |             |           | Geochemical assays pending         |                                        |                                    | 2.35m @ 0.43 from 119.76m                                                        |
|         | B07237  | 390.5       | 0.5m @    | 0.13                               | 2.87                                   | 0.26                               | 1.25m @ 0.04 from 389.49m                                                        |
|         | B07239  | 100.5       | 1.5m @    | 0.69                               | 15.21                                  | 0.62                               | 2.1m @ 0.22 from 99.93m                                                          |
|         | B07240  | 344.0       | 1.0m @    | 0.20                               | 4.41                                   | 0.24                               | 1.35m @ 0.07 from 344.05m                                                        |
|         |         | 346.5       | 2.0m @    | 0.46                               | 10.14                                  | 0.50                               | 2.45m @ 0.15 from 346.30m                                                        |
|         | B07241  | 393.5       | 0.5m @    | 0.18                               | 3.97                                   | 0.33                               | 0.85m @ 0.05 from 391.83m                                                        |
|         |         | 396.0       | 0.5m @    | 0.20                               | 4.41                                   | 0.36                               |                                                                                  |
|         | B07242  | 338.5       | 0.5m @    | 0.28                               | 6.17                                   | 0.02                               | 1.05m @ 0.05 from 337.66m                                                        |
|         | B07255  |             |           | Geochemical assays pending         |                                        |                                    | 1.80m @ 0.15 from 195.70m                                                        |

Assays based on core sampled at 0.5m intervals and analysed by ALS Chemex (Brisbane). U analysed by XRF; V by XRF (<1000 ppm) and ICP (>1000 ppm).

It is important to note that a comparison of the chemical assay and radiometric equivalent grades over 16 different mineralised zones in 11 different drill holes at Bigrlyi has revealed that radiometric grades (eU<sub>3</sub>O<sub>8</sub>) are consistently lower than the chemical grades (U<sub>3</sub>O<sub>8</sub>) for approximately the same interval. This suggests that the uranium mineralisation at Bigrlyi may not be in equilibrium, resulting in the downhole probe underestimating the amount of uranium present in the system.

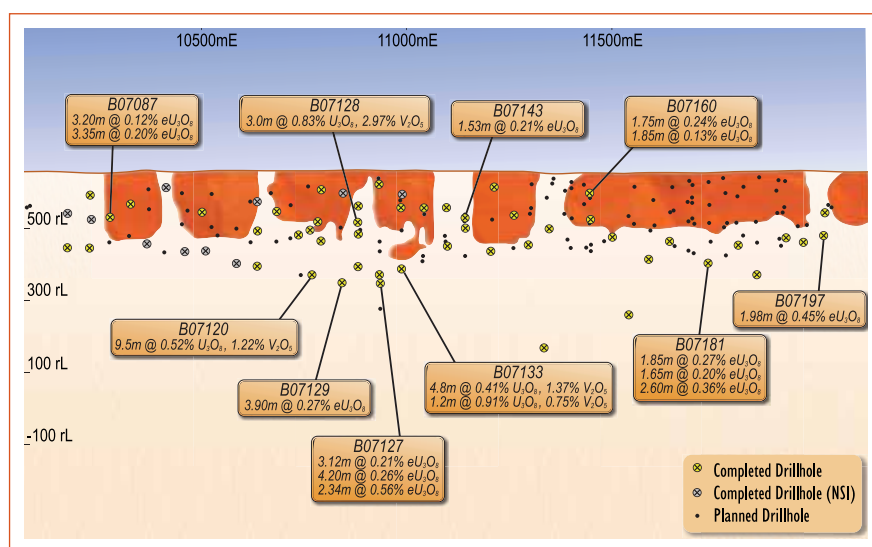
Energy Metals will continue to compare chemical assay data to radiometric probe data to gain an overall understanding of radiometric disequilibrium throughout the deposits. It is likely that the radiometric calibration factors will be changed in time to reflect new data comparisons, however until sufficient data can be analysed, Energy Metals plans to err on the side of caution when reporting radiometric results.

## REVIEW OF ACTIVITIES Continued

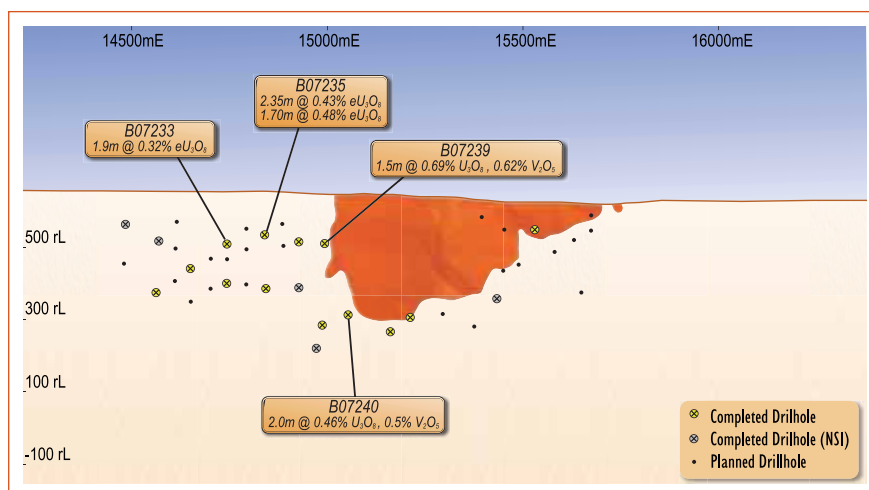
Highlights from the current drilling program include the discovery of multiple, often shallow, lenses at the Anomaly 4 deposit and the confirmation of extensions to the west of the Anomaly 15 deposit. Energy Metals is very encouraged by the results to date and has proposed follow up drilling to be completed prior to the end of the 2007 field season. The Company is confident that there will be a significant increase in the resource base at Bigriyi, with this new resource likely to be released in the March 2008 quarter.

An economic scoping mining study encompassing an open pit optimisation, underground design and whole project study at Bigriyi commenced earlier this year and is nearing completion with reportable results expected late September. The study has utilised the current (March 2007) JORC resource model and does not include any data generated from the current drilling program that commenced in April 2007. Design and costing of the milling process is complete for this level of study including operating and capital costs. A total of 8 pits have been designed and optimised (A15 – 1, A4 – 6, A2-1) with underground design work complete at Anomaly 15 and nearing completion at Anomaly 4.

Compilation of mine capital requirements and finalisation of the reports are also nearly completed. It is anticipated that once the scoping study results are finalised, a decision will be made shortly thereafter on the commencement and scope of a full feasibility study. This study will likely be based on the substantially larger resource expected early 2008, which has further positive implications for the Bigriyi project.



**Anomaly 15 Long Section showing Current Resources (orange) and 2007 Drilling.**



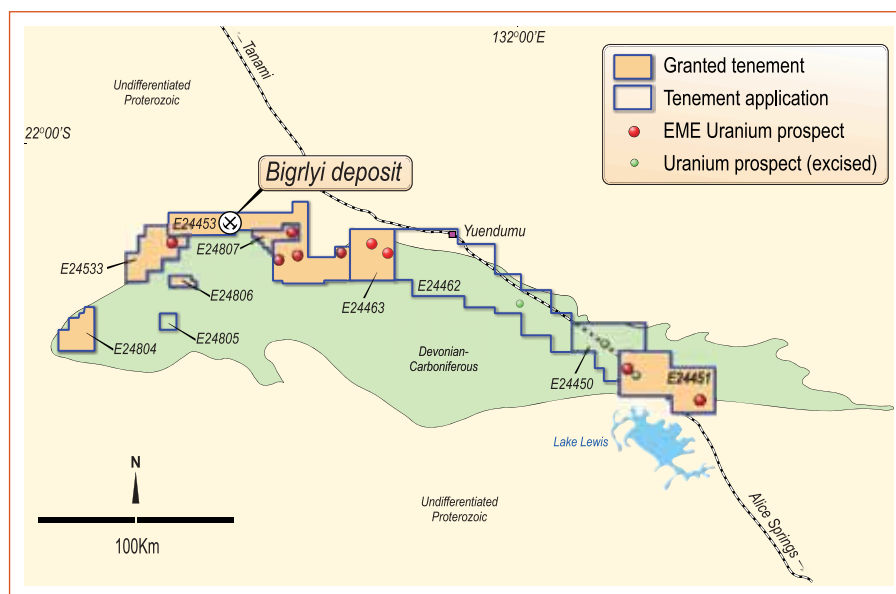


## NGALIA REGIONAL (EME 100%)

The Ngalia Regional project comprises ten 100% owned exploration licences (E's) (total area 2,840 km<sup>2</sup>) located in the Ngalia Basin, between 180 and 350 km northwest of Alice Springs in the Northern Territory. Seven of these tenements are contiguous and enclose the Bigrlyi project as well as containing a number of uranium occurrences including the Malawiri prospect (EME 52%) and the Walbiri prospect (EME 42%). The remaining 3 tenements cover discrete uranium anomalies, with no evidence of previous exploration, located southwest of the Bigrlyi deposits.

Energy Metals is pleased to report that 7 of the 10 Ngalia Regional Exploration Licences initially applied for by the Company have now been granted by the Northern Territory Department of Primary Industry, Fisheries and Mines (DPIFM). The remaining 3 applications (E's 24450, 24462 and 24805) are located on Aboriginal Freehold land and the consent of the Traditional Owners is required before the tenements can be granted. Energy Metals has been negotiating with the Traditional Owners through the Central Land Council (CLC) and is confident that the Company will gain access to these areas.

Work undertaken during the 2007 field season included first pass exploration in areas west and east along strike from Bigrlyi. No drilling has been completed so far this year as work has involved preparing site access, mapping compilation, heritage



*Ngalia Regional Tenements*

clearances and DPIFM approvals. A detailed (100m line spacing) airborne radiometric and aeromagnetic survey over E's 24804, 24806, 24533, 24453, 24807 and 24463 commenced in September 2007, with a similar survey encompassing E24451 due to commence in October 2007. This detailed data will provide valuable information prior to finalising first pass drill programs in these areas.

Heritage clearances have been completed for proposed drilling programs at E's 24463 and 24451 with further surveys on E's 24804, 24806, 24533, 24453 and 24807 due to commence in September 2007. Negotiations on land access/compensation agreements regarding ground disturbing exploration activity are ongoing with the CLC, with dialogue for agreements on E's 24804, 24806, 24807, 24533, 24453, 24463 and 24451 well advanced. It is expected that agreements for exploration access on most of the tenements will be completed by late November 2007.

Initial ground based work to follow up discrete aerial uranium channel anomalies located on E's 24804 and 24806 verified that anomalies can be reproduced at the sites. E24804 contains substantial drainage related anomalies with minor calcrete, shallow lake systems and dune sand prominent. E24806 contains radiometric anomalies related to outcropping reduced and oxidised sandstones similar to the stratigraphy found at Bigrlyi.

## REVIEW OF ACTIVITIES Continued

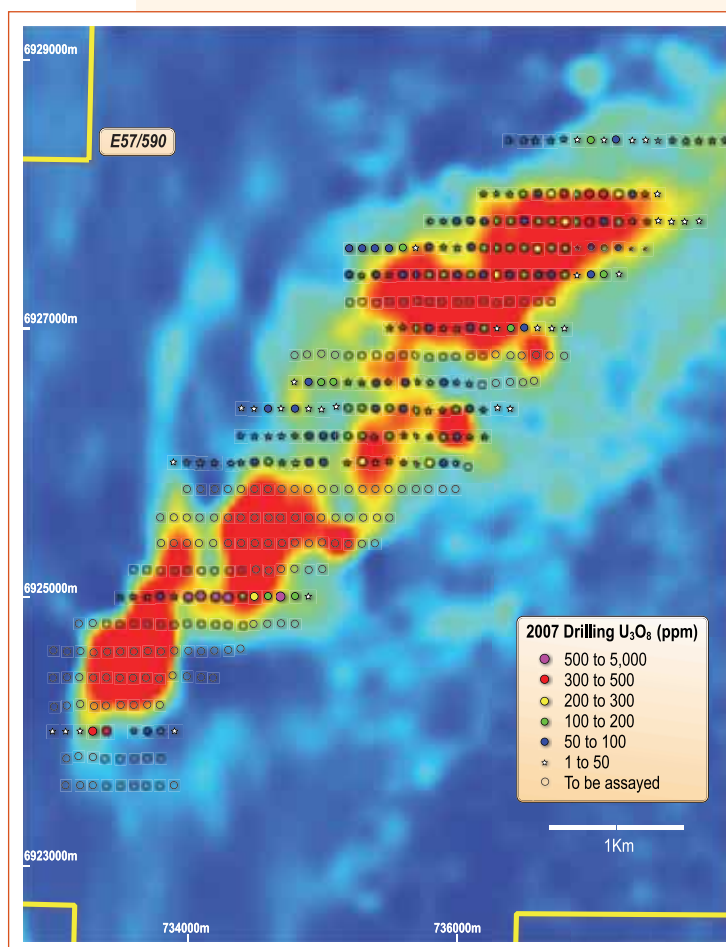
## WESTERN AUSTRALIA

## LAKE MASON (EME 100%)

This project comprises one granted exploration licence (E 57/590) with an area of 64 km<sup>2</sup> centred 25 km north-northeast of Sandstone and 80 km southwest of the Yeelirrie deposit. Previous exploration by BP Minerals in the 1970's discovered shallow carnotite mineralisation in valley calcretes associated with the Lake Mason drainage system.

A 330 hole shallow aircore drilling program was completed at Lake Mason in July 2007. Holes were drilled 100m apart on 200m spaced traverses (refer figure below) with the drilling designed to generate sufficient data density to allow the generation of an initial resource estimate. Smoothed radiometric probe results are pending for 143 holes and these are expected by the end of September after which further geochemical sampling and assaying can take place. Significant intercepts (average >200ppm/ metre U<sub>3</sub>O<sub>8</sub>) from the first 187 holes of this program are summarized below:

| HOLE     | FROM | INTERCEPT | U <sub>3</sub> O <sub>8</sub><br>(ppm) | V <sub>2</sub> O <sub>5</sub><br>(ppm) |
|----------|------|-----------|----------------------------------------|----------------------------------------|
|          | (m)  |           |                                        |                                        |
| LMAC-096 | 1.5  | 2.5       | 151                                    | 289                                    |
| LMAC-097 | 2.0  | 2.0       | 115                                    | 352                                    |
| LMAC-099 | 0.0  | 3.5       | 194                                    | 400                                    |
| LMAC-100 | 0.5  | 2.5       | 124                                    | 442                                    |
| LMAC-101 | 0.0  | 4.5       | 250                                    | 339                                    |
| LMAC-102 | 2.5  | 3.0       | 192                                    | 349                                    |
| LMAC-103 | 3.0  | 2.5       | 350                                    | 354                                    |
| LMAC-105 | 3.0  | 2.0       | 132                                    | 247                                    |
| LMAC-113 | 0.5  | 2.5       | 95                                     | 148                                    |
| LMAC-122 | 0.5  | 2.5       | 112                                    | 401                                    |
| LMAC-123 | 0.5  | 2.5       | 126                                    | 381                                    |
| LMAC-124 | 1.5  | 2.5       | 108                                    | 508                                    |
| LMAC-126 | 2.0  | 3.0       | 208                                    | 434                                    |
| LMAC-127 | 3.0  | 3.0       | 194                                    | 401                                    |
| LMAC-128 | 3.0  | 2.5       | 162                                    | 332                                    |
| LMAC-131 | 3.0  | 3.0       | 141                                    | 331                                    |
| LMAC-141 | 0.0  | 5.0       | 108                                    | 300                                    |
| LMAC-142 | 0.0  | 4.5       | 132                                    | 374                                    |
| LMAC-144 | 0.0  | 2.5       | 104                                    | 355                                    |
| LMAC-146 | 0.0  | 3.5       | 201                                    | 245                                    |
| LMAC-147 | 0.0  | 2.5       | 98                                     | 217                                    |
| LMAC-148 | 3.5  | 2.5       | 184                                    | 366                                    |
| LMAC-151 | 3.5  | 2.0       | 142                                    | 374                                    |
| LMAC-154 | 3.0  | 3.0       | 126                                    | 317                                    |
| LMAC-222 | 3.0  | 3.0       | 118                                    | 362                                    |
| LMAC-224 | 3.5  | 2.0       | 191                                    | 280                                    |
| LMAC-226 | 3.0  | 2.0       | 128                                    | 328                                    |
| LMAC-229 | 3.0  | 2.5       | 190                                    | 442                                    |
| LMAC-242 | 1.5  | 4.0       | 153                                    | 343                                    |
| LMAC-245 | 0.0  | 5.5       | 104                                    | 266                                    |



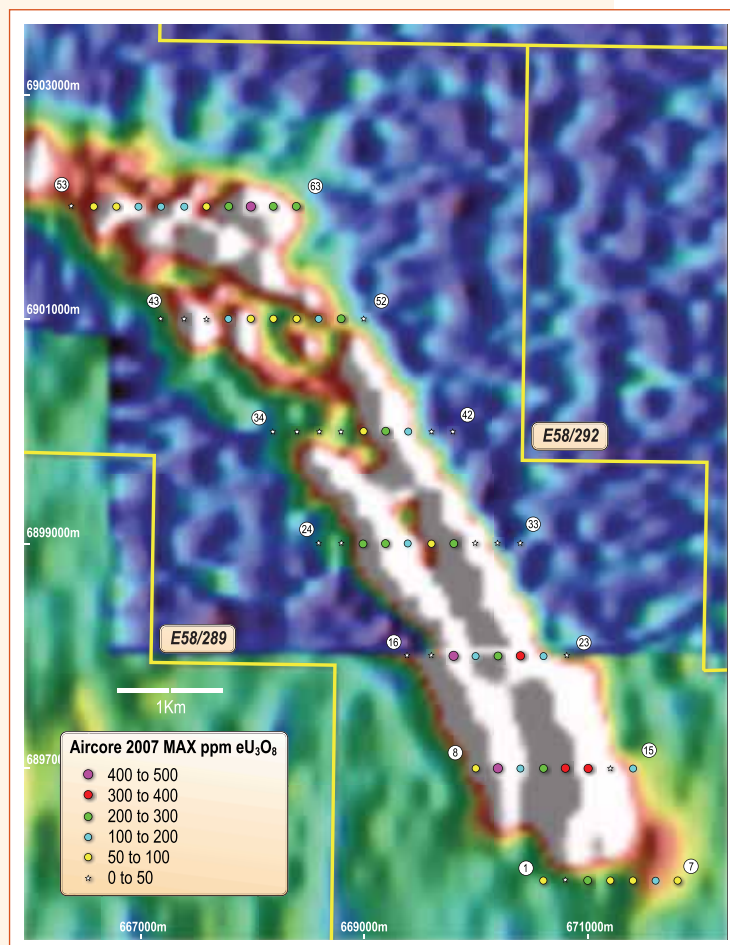
Lake Mason Project – 2007 Drilling over Radiometrics

#### ANKETELL (EME 100%)

The Anketell project is located 100 km east of Mt Magnet and comprises two granted exploration licences (E's 58/289 & 58/292) with a total area of 165 km<sup>2</sup>. The tenements contain shallow calcrete hosted carnotite mineralisation discovered by Western Mining (WMC) in 1972. The mineralisation is similar in style to the Yeelirrie deposit, also discovered by WMC in the same year and located 150 km to the northeast.

Sixty three vertical aircore holes (total 945m) were drilled at Anketell during the period. The holes were collared 200m apart on 1 km spaced traverses. The drilling confirmed the presence of uranium mineralisation in calcrete and calcareous clays with most traverses recording anomalous intercepts.

All holes were cased with PVC and surveyed using a downhole gamma logging probe to estimate uranium grades (eU<sub>3</sub>O<sub>8</sub>) with samples from anomalous intervals submitted for assay to determine the chemical or assay grade (U<sub>3</sub>O<sub>8</sub>). Significant intercepts (average >200ppm/metre U<sub>3</sub>O<sub>8</sub>) returned from chemical assays are summarized below. Generally the correlation between radiometric data and chemical assays is reasonable although it should be noted that the drill sample volume is relatively small compared to the area of influence represented by the radiometric data.



Anketell Project – 2007 Drilling over Radiometrics

| HOLE   | FROM (m) | INTERCEPT | U <sub>3</sub> O <sub>8</sub> (ppm) | V <sub>2</sub> O <sub>5</sub> (ppm) |
|--------|----------|-----------|-------------------------------------|-------------------------------------|
| AAC-03 | 5.5      | 9.0       | 126                                 | 147                                 |
| AAC-05 | 6.0      | 2.0       | 102                                 | 181                                 |
| AAC-06 | 3.0      | 3.0       | 117                                 | 141                                 |
| AAC-09 | 1.5      | 5.0       | 223                                 | 129                                 |
| AAC-10 | 1.0      | 6.5       | 100                                 | 91                                  |
| AAC-11 | 6.0      | 3.5       | 289                                 | 74                                  |
| AAC-12 | 1.0      | 11.5      | 147                                 | 75                                  |
| AAC-13 | 0.0      | 10.0      | 181                                 | 72                                  |
| AAC-18 | 0.0      | 5.0       | 520                                 | 14                                  |
| AAC-20 | 0.5      | 8.5       | 195                                 | 36                                  |
| AAC-21 | 0.5      | 8.5       | 250                                 | 27                                  |
| AAC-22 | 6.0      | 2.5       | 170                                 | 86                                  |
| AAC-26 | 1.0      | 2.0       | 153                                 | 50                                  |
| AAC-27 | 0.5      | 2.5       | 186                                 | 37                                  |
| AAC-30 | 6.0      | 3.0       | 168                                 | 91                                  |
| AAC-39 | 0.5      | 3.0       | 161                                 | 66                                  |
| AAC-40 | 1.0      | 2.0       | 104                                 | 56                                  |
| AAC-60 | 1.5      | 4.0       | 99                                  | 53                                  |
| AAC-61 | 2.5      | 3.5       | 217                                 | 27                                  |

Further work will be undertaken to determine the level of radiometric equilibrium at Anketell as the project moves towards an initial resource estimation. This will likely involve more definitive test drilling and bulk sampling to provide larger sample volumes to compare to radiometric grades.



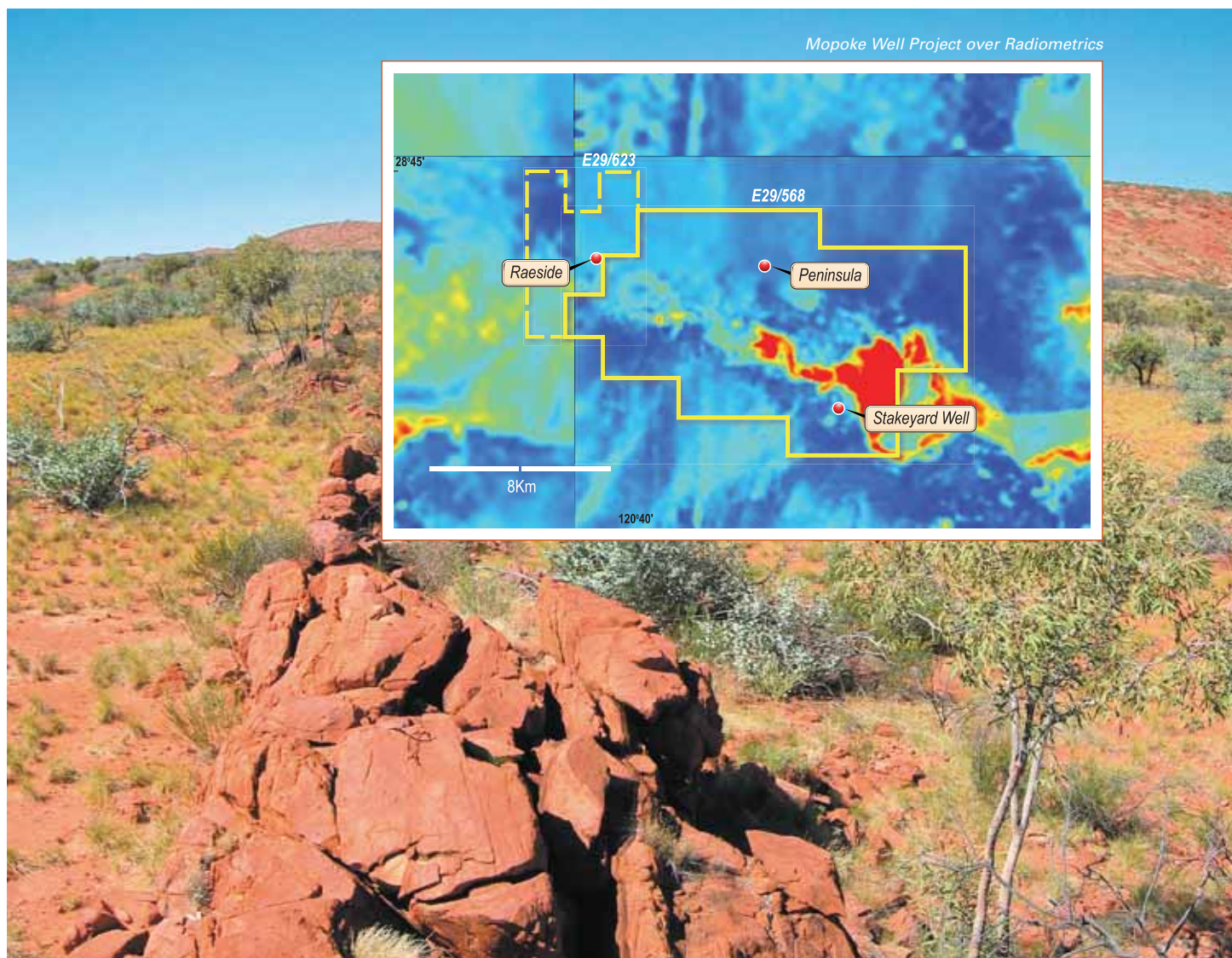
## REVIEW OF ACTIVITIES Continued

**MOPOKE WELL (EME 100%)**

The Mopoke Well project comprises two exploration licences (E 29/568 & ELA 29/623) located 55 km west of Leonora and covers an area of 160 km<sup>2</sup>. E 29/568 was granted early January 2006 and contains two historic uranium deposits (Peninsula and Stakeyard Well), with a third deposit (Raeside) located on the western edge of the tenement. All three deposits are hosted by valley calcretes associated with the Lake Raeside drainage system. ELA 29/623, which abuts E 29/568 to the west, ranks behind competing applications as a result of a ballot to determine priority held in August 2007.

A gravity survey designed to better define paleochannels likely to host uranium mineralisation was completed during the period. Results of this survey are being assessed prior to commencing follow up work.

Energy Metals' exploration efforts have strong support from the aboriginal claimants for the area. However due to the presence of the Lake Reyside (Lake Raeside) Aboriginal sacred site and Department of Indigenous Affairs curtilage that covers almost the entire tenement, it will be necessary for the Company to obtain permission from the Minister of Aboriginal Affairs prior to commencing follow up drilling.



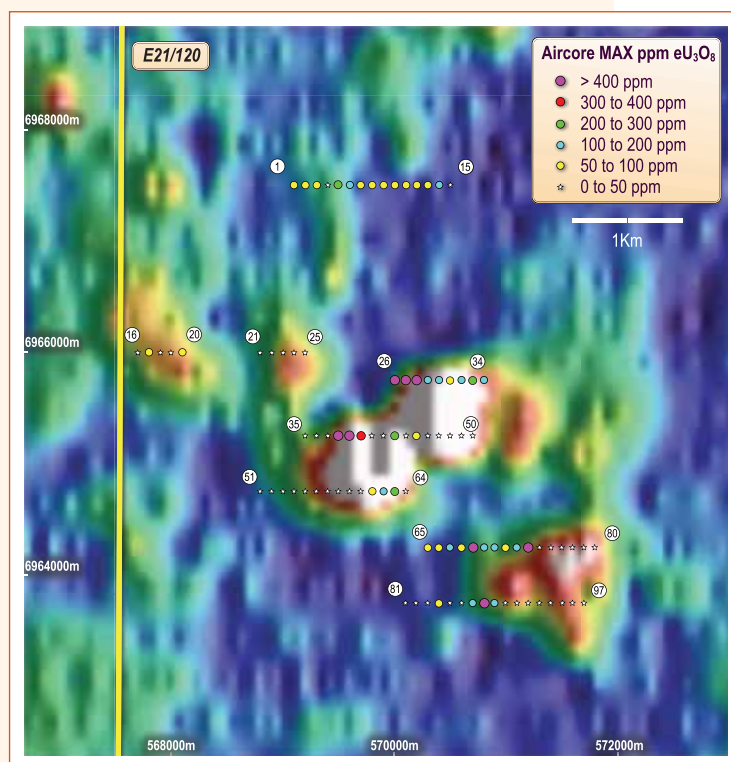


#### LAKESIDE (EME 100%)

The Lakeside project is located in the Murchison district 20 km west of Cue and comprises granted exploration licence E 21/120 (area 75 km<sup>2</sup>). This project was acquired to follow up previously discovered carnotite mineralisation hosted by valley calcretes associated with major saline drainages.

First pass aircore drilling (97 holes for 970m) designed to infill known mineralisation and to seek extensions buried beneath transported cover was completed during the period. Holes were mostly collared on a grid density of 100m x 500m, and were cased with PVC and surveyed using a downhole gamma logging probe to estimate uranium grades (eU<sub>3</sub>O<sub>8</sub>).

The drilling and subsequent geochemical assaying has confirmed the presence of uranium mineralisation in calcrete and calcareous clays with most traverses recording anomalous intercepts, with significant intercepts (average >200ppm/metre U<sub>3</sub>O<sub>8</sub>) from this program, as determined by chemical assays, summarised below.



Lakeside Project – 2007 Drilling over Radiometrics

| HOLE    | FROM<br>(m) | INTERCEPT | U <sub>3</sub> O <sub>8</sub><br>(ppm) | V <sub>2</sub> O <sub>5</sub><br>(ppm) |
|---------|-------------|-----------|----------------------------------------|----------------------------------------|
| LAC-026 | 1.5         | 2.0       | 174                                    | 431                                    |
| LAC-027 | 0.0         | 5.5       | 309                                    | 511                                    |
| LAC-028 | 0.0         | 5.5       | 301                                    | 596                                    |
| LAC-033 | 0.0         | 2.0       | 266                                    | 468                                    |
| LAC-034 | 1.5         | 1.0       | 69                                     | 373                                    |
| LAC-038 | 0.5         | 3.0       | 182                                    | 344                                    |
| LAC-039 | 1.5         | 2.0       | 202                                    | 348                                    |
| LAC-040 | 1.5         | 1.5       | 368                                    | 539                                    |
| LAC-043 | 0.5         | 2.0       | 217                                    | 459                                    |
| LAC-063 | 1.0         | 3.0       | 106                                    | 466                                    |
| LAC-066 | 4.5         | 0.5       | 59                                     | 546                                    |
| LAC-068 | 4.5         | 0.5       | 55                                     | 536                                    |
| LAC-069 | 2.0         | 3.5       | 197                                    | 615                                    |
| LAC-070 | 0.0         | 4.0       | 127                                    | 505                                    |
| LAC-071 | 0.0         | 3.5       | 62                                     | 232                                    |
| LAC-073 | 0.5         | 4.0       | 69                                     | 280                                    |
| LAC-074 | 1.0         | 3.5       | 271                                    | 692                                    |
| LAC-088 | 1.5         | 2.5       | 114                                    | 420                                    |

Initial radiometric probe results (eU<sub>3</sub>O<sub>8</sub>) compare reasonably well to geochemically derived results (U<sub>3</sub>O<sub>8</sub>) and at this stage provide valuable information on the location of anomalous material. As is the case with the Lake Mason and Anketell projects further work will be undertaken to determine the level of radiometric equilibrium at Lakeside prior to calculating an initial resource. This will include substantial extensional and infill drilling of prospective zones, bulk sampling and ore characterisation work.

## REVIEW OF ACTIVITIES Continued

**MANYINGEE (EME 100%)**

The Manyingee exploration licence (E 08/1480) is located 85 km south of the port of Onslow. The tenement (total area 86 km<sup>2</sup>) was granted early February 2006 and surrounds the mining leases containing Paladin's Manyingee resource, a stacked series of paleochannel hosted roll front uranium deposits.

Work completed by Energy Metals during the period included a review of previous exploration and interpretation of available regional data sets (aeromagnetic, radiometric, gravity and satellite imagery) from the area.

A helicopter borne electromagnetic (HEM) survey scheduled to be completed during the March 2007 quarter was delayed due to weather restrictions and contractor availability, and is now scheduled to commence late September 2007. This survey, which will cover the entire tenement, is expected to identify extensions of the Manyingee paleochannels for drill follow-up early in 2008.

**RAWLINSON (EME OPTION TO ACQUIRE 100%)**

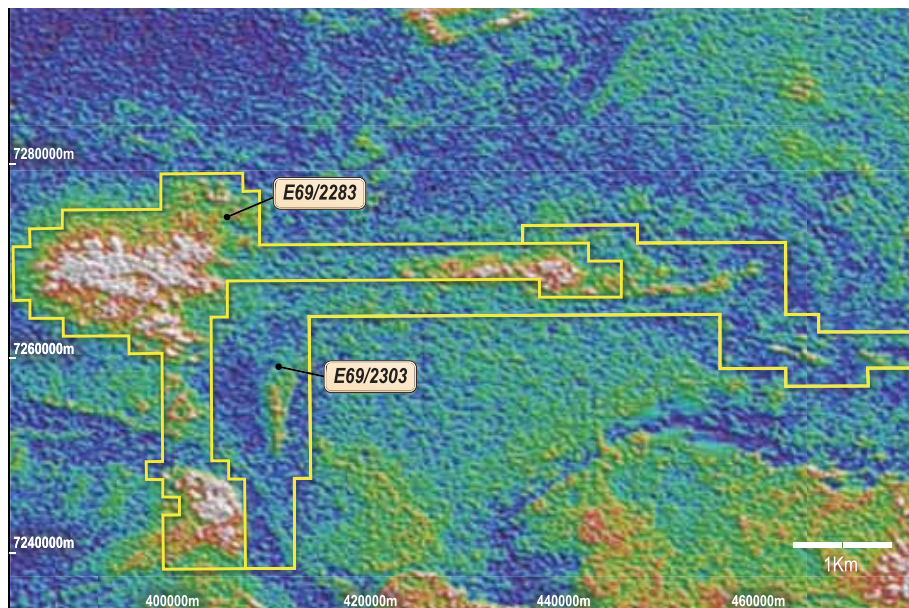
The Rawlinson Project comprises four exploration licence applications (total area of 1,450 km<sup>2</sup>) located in the Gibson Desert, approximately 950 km northeast of Kalgoorlie and 60 km west of the NT border.

The tenements cover strong uranium channel anomalies revealed by a recent (1998) government airborne geophysical survey. The Company can acquire a 100% interest in ELA's 69/2281 to 69/2283 (inclusive) by reimbursing the vendor for initial costs and issuing Energy Metals shares and options within 3 years of grant and approval of access for exploration. In addition the Company has made application for a further exploration licence (ELA 69/2303) adjacent to the three existing licence applications.

The area is part of the Central Australia Aboriginal Reserve and due to the remote location and restricted access the geology of the area is poorly understood. However it appears that the main uranium anomalies are associated with mid Proterozoic age metasediments unconformably overlain by younger sedimentary rocks with potential for unconformity and roll-front style uranium deposits, as well as surficial uranium mineralisation. There is no evidence of previous uranium exploration in the area.

The Rawlinson project provides Energy Metals with a low cost option to control untested outcropping uranium anomalies with the potential to represent a completely new uranium province. Negotiations with the Ngaanyatjarra Land Council, the body representing the traditional owners, are continuing and Energy Metals is confident that access for exploration will be granted to the Company.

*Rawlinson South Project over Radiometrics*



## CORPORATE

Several potential acquisitions were examined and rejected during the period. Management continues to review opportunities to grow the Company, including mergers where appropriate.



*Note: Uranium mineralisation grades through this report annotated with a sub-prefix 'e' have been reported as uranium equivalent grades derived from down-hole gamma ray logging results and should be regarded as approximations only.*

*Gamma logging or "total count gamma logging" (the method used by Energy Metals) is a common method used to estimate uranium grade where the radiation contribution from thorium and potassium is very small. Sandstone and calcrete hosted deposits are usually of this type. Gamma logging does not account for energy derived from thorium and potassium (as does spectral gamma logging) and thus the result is expressed as an equivalent value or eU308.*

*The gamma radiation from potassium, uranium and thorium is dominated by gamma rays at specific energy levels. These energy levels are sufficiently well separated such that they can be measured independently of each other. They are typically measured as narrow energy bands that contain the specific energy levels. Bands are used because the measuring systems do not have the resolution to target a specific energy wavelength. There is some scattering of higher energy gamma radiation, e.g. thorium, into lower energy radiation, e.g. uranium and potassium. This scattered radiation can be calculated from suitable calibration procedures and removed from the lower energy level measurements. This method is commonly termed spectral gamma logging.*

*Energy Metals uses gamma probes which are initially calibrated at the PIRSA (Primary Industry & Resources South Australia) test pits and then subjected to annual recalibration to ensure the integrity of the probe instrument. Furthermore, Energy Metals runs regular checks to validate the accuracy of probe data using calibrated test holes located on site.*

*The information in this report relating to mineral resources is based on information compiled by Lorry Hughes and Arnold van der Heyden BSc, MAusIMM. Both Mr Hughes and Mr van der Heyden have more than five years relevant experience in estimation of mineral resources and the mineral commodity uranium. Mr Hughes is a full time employee of Energy Metals Limited and takes responsibility for the quality of the data and geological interpretations, including the data provided to H & S. Mr van der Heyden is a full time employee of H & S and takes responsibility for the resource estimation.*

*Mr Hughes and Mr van der Heyden have sufficient experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code". Each of the above named consents to the inclusion of the information in the report in the form and context in which it appears.*





## DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Group) of Energy Metals Limited for the year ended 30 June 2007.

### DIRECTORS

The following persons were directors of Energy Metals Limited during the whole of the financial year (or as disclosed) and up to the date of this report:

- Lindsay George Dudfield
- Oscar Aamodt
- Donald Ross Kennedy

### PRINCIPAL ACTIVITIES

The principal activity of Energy Metals throughout the year was uranium exploration. During the financial year there was no change in the nature of this activity.

### FINANCIAL RESULTS

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2007 was \$1,827,825 (2006: loss \$1,195,221).

### DIVIDENDS

No dividends have been paid or declared and no dividends have been recommended by the Directors.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Group during the year.

### REVIEW OF OPERATIONS

Following the successful listing of the Company on the ASX, the Company has conducted uranium exploration activities on its various projects with the major focus being on the Biglyi Project in the Northern Territory.

Full details of the Company's exploration activities during the year are included within the Review of Activities section of the Annual Report.

### FINANCIAL POSITION

The net assets of the Group were \$7,883,902 at 30 June 2007 (2006: \$7,430,470).

Cash and assets utilised by the Company for the period ended 30 June 2007 is consistent with the Company's business objectives since listing on the Australian Stock Exchange on 9 September 2005.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Company in future financial years.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years that are not already disclosed in this report.



## DIRECTORS' REPORT Continued

## INFORMATION ON DIRECTORS

| Name                                                          | Director's Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Special Responsibilities                       |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <b>Mr Donald Ross Kennedy</b><br><i>BSc (Hons)</i>            | <p>Mr Kennedy is a qualified geologist with 43 years experience in gold and base metals exploration, both in Australia and overseas. As Managing Director, then Exploration Director, of Resolute Limited he was the leader of one of the most successful exploration teams in Australia, leading to the development of gold mines at Marymia, Chalice, Higginsville and Challenger in Australia and Nkran and Golden Pride in Africa. Fellow of the AusIMM and member of the AIG, GSA, MICA and AICD.</p> <p>Other public company directorships held by Mr Kennedy over the last three years are:</p> <ul style="list-style-type: none"> <li>• Jindalee Resources Limited – current</li> <li>• Uran Limited – current</li> <li>• Vital Metals Limited – current</li> <li>• Great Western Resources Limited -current</li> <li>• Lach Drummond Resources Ltd (January 2004 – July 2004)</li> <li>• Paladin Resources Ltd (December 2002 – March 2003).</li> </ul> | <p>Chairman<br/>Non-executive<br/>Director</p> |
| <b>Mr Lindsay George Dudfield</b><br><i>BSc</i>               | <p>Mr Dudfield is a qualified geologist with 28 years experience exploring for gold and base metals in Australia and overseas, including close involvement with a number of greenfields discoveries. Member of the AusIMM, SEG, AIG and GSA.</p> <p>Other public company directorships held by Mr Dudfield over the last three years are:</p> <ul style="list-style-type: none"> <li>• Jindalee Resources Limited – current</li> <li>• Horizon Global Limited (October 1994 – June 2005)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>Executive Director</p>                      |
| <b>Oscar Aamodt</b><br><i>FCIS</i><br>(appointed 6 July 2005) | <p>Mr Aamodt is a member of the Institute of Chartered Secretaries and Administrators and has more than 22 years experience in the administration and management of mining and exploration listed companies in Australia and overseas. He has held a number of directorships in Australian mining and exploration companies and was previously employed as Chief Financial Officer of a large mining company with operations in Australia and Africa. From February 2002 until June 2004 he was a director and Company Secretary of Abelle Limited and most recently Company Secretary of Bluestone Tin Limited and Metals Exploration Limited.</p> <p>Other public company directorships held by Mr Aamodt over the last three years are:</p> <ul style="list-style-type: none"> <li>• Independence Group NL – current</li> <li>• Abelle Limited (February 2002 – June 2004)</li> <li>• Brumby Resources Limited – (February 2006 – October 2006)</li> </ul>    | <p>Non-executive<br/>Director</p>              |



## DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The particulars of Directors' interest in shares and options are as at the date of this report.

|              | Ordinary Shares | 30c Options<br>Expiring 30/06/2008 | Unlisted 35c Options<br>Expiring 30/06/2010 |
|--------------|-----------------|------------------------------------|---------------------------------------------|
| D R Kennedy  | 36,000          | 8,000                              | 500,000                                     |
| L G Dudfield | 1,372,000       | 686,000                            | 500,000                                     |
| O Aamodt     | 75,000          | -                                  | 250,000                                     |

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2007 and the numbers of meetings attended by each Director.

|              | Number Held<br>Whilst in Office | Number<br>Attended |
|--------------|---------------------------------|--------------------|
| D R Kennedy  | 7                               | 6                  |
| L G Dudfield | 7                               | 7                  |
| O Aamodt     | 7                               | 7                  |

As at the date of this report, the Company did not have an Audit Committee of the Board of Directors. The Board considers that due to the Company's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Company's mechanisms designed to ensure independent judgement in decision making.

## COMPANY SECRETARY INFORMATION

Ms Patricia Farr was appointed Company Secretary on 9 May 2005. She is an experienced company administrator, having previously worked for Resolute Mining Ltd, and is currently employed by Jindalee Resources Limited.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

## REMUNERATION REPORT (Audited)

The information provided in the Remuneration Report include remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. The Directors have reviewed the disclosure requirements to identify key management personnel and as a result of the assessment the only key management person is the Executive Director. The references within the Directors' Report therefore also relate to key management personnel.

These disclosures have been transferred from the Financial Report and have been audited.

## REMUNERATION POLICY (AUDITED)

The remuneration policy of the Company has been designed to align Directors' objectives with shareholder and business objectives. The Board of Energy Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

## DIRECTORS' REPORT Continued

The Board's policy for determining the nature and amount of remuneration for board members of the Company is as follows:

The remuneration policy, setting the terms and conditions for the Executive Director and specified executives, was developed and approved by the Board. All executives receive either consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to Directors are subject to approval by shareholders. The Board reviews executive packages annually by reference to the Company's performance, executives performance and comparable information from industry sectors and other listed companies in similar industries. An Employee Share Option Plan was adopted by the Company following approval by shareholders at the Company's Annual General Meeting held on 24 November 2006.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

All remuneration paid to Directors and specified executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive Directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Company. Non-executive Directors' remuneration may also include an incentive portion consisting of options, subject to approval by shareholders.

**REMUNERATION LINK TO COMPANY PERFORMANCE (AUDITED)**

The following table shows the share price and the market capitalisation of the Company at the end of the financial year. No dividends have been paid during the period.

|                       | At 30 June 2006 | At 30 June 2007 |
|-----------------------|-----------------|-----------------|
| Share Price           | \$1.81          | \$6.64          |
| Market Capitalisation | \$45M           | \$178M          |

(Note that the Company was first listed on the Australian Stock Exchange on 9 September 2005 and consequently there was no share market capitalisation of the company prior to 30 June 2006).

**DIRECTORS AND EXECUTIVES (KEY MANAGEMENT PERSONNEL) EMOLUMENTS (AUDITED)**

The Company's policy for determining the nature and amount of emoluments of Board members is that Directors are to be paid consulting fees at commercial rates for professional services performed.

Details of the nature and amount of each element of the emoluments of each Director of Energy Metals Limited are set out in the following tables.

**NON-EXECUTIVE DIRECTORS OF ENERGY METALS LIMITED**

| Name        |      | Short-term benefits  |                       | Post-employment<br>Superannuation | Share-based payment<br>Options | Total   |
|-------------|------|----------------------|-----------------------|-----------------------------------|--------------------------------|---------|
|             |      | Directors Fees<br>\$ | Consulting Fees<br>\$ |                                   |                                |         |
| D R Kennedy | 2007 | 10,000               | 35,723                | -                                 | -                              | 45,723  |
|             | 2006 | 10,000               | 25,400                | -                                 | 267,950                        | 293,350 |
| O Aamodt    | 2007 | 25,000               | -                     | -                                 | -                              | 25,000  |
|             | 2006 | 25,000               | -                     | -                                 | 133,975                        | 158,975 |

On 1 July 2005 the Company entered into an agreement appointing Mr Kennedy as a Non-Executive Director and pursuant to the terms of the agreement, during the year the Company paid Little Tagon Pty Ltd, a company related to Mr Donald Ross Kennedy, \$10,000 being Directors Fees and \$35,723 for the provision of technical and management services provided by Mr Kennedy.

## EXECUTIVE DIRECTORS OF ENERGY METALS LIMITED

| Name         |      | Short-term benefits |              | Post employment |                | Share-based | Options | Total   |
|--------------|------|---------------------|--------------|-----------------|----------------|-------------|---------|---------|
|              |      | Salary              | Vehicle Hire | Consulting Fees | Superannuation | payment     |         |         |
|              |      | \$                  | \$           | \$              | \$             |             | \$      | \$      |
| L G Dudfield | 2007 | -                   | -            | 114,708         | -              | -           | -       | 114,708 |
|              | 2006 | -                   | 640          | 84,900          | -              | -           | 267,950 | 353,490 |

On 6 July 2005 the Company entered into a consultancy agreement with Executive Director Mr Dudfield and Jopan Management Pty Ltd trading as Western Geological Services whereby Western Geological Services has agreed to provide Mr Dudfield's services for not less than 50 hours per month. In consideration for providing Mr Dudfield's services the Company will pay Western Geological Services a retainer of \$4,000 per month.

## OPTIONS GRANTED AS PART OF REMUNERATION

| Name         | Grant Date | Grant Number | Value per option at grant date | Value of options granted during the year | Value of options vested during the year | Value of options exercised during year | Value of options lapsed during year | Total value of options granted, exercised and lapsed during year | % remuneration consisting of the options for the year |
|--------------|------------|--------------|--------------------------------|------------------------------------------|-----------------------------------------|----------------------------------------|-------------------------------------|------------------------------------------------------------------|-------------------------------------------------------|
| 30 June 2007 |            |              |                                |                                          |                                         |                                        |                                     |                                                                  |                                                       |
| L G Dudfield | -          | -            | -                              | -                                        | -                                       | -                                      | -                                   | -                                                                | -                                                     |
| D R Kennedy  | -          | -            | -                              | -                                        | -                                       | -                                      | -                                   | -                                                                | -                                                     |
| O Aamodt     | -          | -            | -                              | -                                        | -                                       | -                                      | -                                   | -                                                                | -                                                     |

| Name         | Grant Date | Grant Number | Value per option at grant date | Value of options granted during the year | Value of options vested during the year | Value of options exercised during year | Value of options lapsed during year | Total value of options granted, exercised and lapsed during year | % remuneration consisting of the options for the year |
|--------------|------------|--------------|--------------------------------|------------------------------------------|-----------------------------------------|----------------------------------------|-------------------------------------|------------------------------------------------------------------|-------------------------------------------------------|
| 30 June 2006 |            |              |                                |                                          |                                         |                                        |                                     |                                                                  |                                                       |
| L G Dudfield | 06/12/05   | 500,000      | \$0.5359                       | 267,950                                  | 267,950                                 | -                                      | -                                   | 267,950                                                          | 75.870                                                |
| D R Kennedy  | 06/12/05   | 500,000      | \$0.5359                       | 267,950                                  | 267,950                                 | -                                      | -                                   | 267,950                                                          | 88.370                                                |
| O Aamodt     | 06/12/05   | 250,000      | \$0.5359                       | 133,975                                  | 133,975                                 | -                                      | -                                   | 133,975                                                          | 84.270                                                |

For details on the valuation of the options, including models and assumptions used, please refer to Note 22. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

## DIRECTORS AND OFFICERS INSURANCE

The Company has paid a premium to insure the directors and officers of the Company for the period 22/08/06 to 22/08/2007 against those liabilities for which insurance is permitted under section 199B of the Corporations Act 2001. Details of the nature of the liabilities insured for and the amount of the premium are subject to a confidentiality clause under the contract of insurance.

## SHARE OPTIONS

The details of the options on issue at the date of this report by the Company are as follows:

|          | Number    | Exercise Price | Expiry Date  |
|----------|-----------|----------------|--------------|
| Quoted   | 9,933,284 | \$0.30         | 30 June 2008 |
| Unquoted | 400,000   | \$0.30         | 30 June 2008 |
| Unquoted | 1,250,000 | \$0.35         | 30 June 2010 |
| Unquoted | 165,000   | \$1.00         | 30 June 2011 |
| Unquoted | 200,000   | \$2.00         | 30 June 2011 |
| Unquoted | 330,000   | \$3.00         | 30 June 2011 |



## DIRECTORS' REPORT Continued

**SHARES ISSUED ON EXERCISE OF OPTIONS**

There were 3,127,374 shares issued on exercise of options during the year and up to the date of this report. No amounts are unpaid on any of the shares.

| Date options granted | Issue price of shares | Number of shares issued |
|----------------------|-----------------------|-------------------------|
| 18 May 2005          | \$0.30                | 750,000                 |
| 25 November 2005     | \$0.30                | 2,322,374               |
| 22 December 2006     | \$1.00                | 35,000                  |
| 5 January 2007       | \$3.00                | 20,000                  |
|                      |                       | <u>3,127,374</u>        |

**ENVIRONMENTAL REGULATION**

The Company is subject to significant environmental regulation in respect of its exploration activities. Tenements in the Northern Territory and Western Australia are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies and with rehabilitation required on completion of exploration activities.

Energy Metals Limited conducts its exploration activities in an environmentally sensitive manner and the Company is not aware of any breach of statutory environmental conditions or obligations.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is included on page 47 of this report.

**NON-AUDIT SERVICES**

The external auditor did not perform any non-audit services during the year ended 30 June 2007.

**This report which includes the accompanying Corporate Governance Statement is signed in accordance with a resolution of the Directors.**

14th day of September 2007, at Perth, Western Australia



**L G DUDFIELD**

Executive Director

## CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

It is the responsibility of the Board of Directors of Energy Metals Limited to monitor the business affairs of the Company and to protect the rights and interests of the shareholders. The corporate governance practices in place throughout the reporting year ended 30 June 2007 have aimed to ensure the implementation of a strategic business plan and an integrated framework of accountability over the Company's resources, functions and assets.

In accordance with the ASX Corporate Governance Council's best practice recommendations, the Corporate Governance Statement contains specific information, and also reports on the Company's adoption of the Council's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Company's corporate governance principles and policies are therefore structured with reference to the Corporate Governance Council's best practice recommendations, which are as follows:

|                     |                                                    |
|---------------------|----------------------------------------------------|
| <b>Principle 1</b>  | Lay solid foundations for management and oversight |
| <b>Principle 2</b>  | Structure the board to add value                   |
| <b>Principle 3</b>  | Promote ethical and responsible decision making    |
| <b>Principle 4</b>  | Safeguard integrity in financial reporting         |
| <b>Principle 5</b>  | Make timely and balanced disclosure                |
| <b>Principle 6</b>  | Respect the rights of shareholders                 |
| <b>Principle 7</b>  | Recognise and manage risk                          |
| <b>Principle 8</b>  | Encourage enhanced performance                     |
| <b>Principle 9</b>  | Remunerate fairly and responsibly                  |
| <b>Principle 10</b> | Recognise the legitimate interests of stakeholders |

The Company's corporate governance practices were in place throughout the year ended 30 June 2007. With the exception of the departures from the Corporate Governance Council recommendations in relation to the independence of the Board, the nomination committee and audit committee as detailed below, the corporate governance practices of the Company were compliant with the council's best practice recommendations.

### THE BOARD

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the Board, all issues are considered by the full Board. The Board has established a framework for the management of the Company including an overall framework of internal control, director nomination, risk management and ethical standards.

The Directors of the Company in office at the date of this statement are:

| <b>Name</b>             | <b>Age</b> | <b>Position</b>        | <b>Special Expertise</b>   |
|-------------------------|------------|------------------------|----------------------------|
| Donald Ross Kennedy     | 68         | Non-Executive          | Chairman Resource Industry |
| Oscar Aamodt            | 61         | Non-Executive Director | Company Management         |
| Lindsay George Dudfield | 50         | Executive Director     | Resource Industry          |

The Company's Executive Director has the responsibility for guiding management in effectively carrying out tasks and achieving Company objectives.

The Board comprises of a non-executive Chairman, one other non-executive Director and one executive Director. The Board believes this structure is effective for the current range of duties of the Board to be properly discharged.

The Directors may, in fulfilling their duties, obtain independent professional advice at the Company's expense, however prior notification by the Director to the Board is required.

At every Annual General Meeting one third of the Directors must retire and sit for re-election.

## CORPORATE GOVERNANCE STATEMENT Continued

**INDEPENDENCE**

Corporate Governance Council Recommendation 2.1 requires that the majority of the Board are independent directors. In addition, Recommendation 2.2 requires the chairperson of the company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

In accordance with this definition, two of the Directors making up the Board as at year end are not considered to be independent when applying the Council's definition of independence, either by virtue of their substantial shareholdings in the Company or because they are on the Board of a company which is a substantial shareholder of the Company. The Company considers industry experience and specific expertise to be important attributes of its Board members. The Board is conscious of the need for independence and ensures that directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions and asks that those Directors do not discuss those transactions or potential transactions with other Directors.

**NOMINATION COMMITTEE**

Recommendation 2.4 requires listed entities establish a nomination committee. During the year ended 30 June 2007, Energy Metals Limited did not have a separately established nomination committee. However, responsibilities of the full Board include the duties and responsibilities typically delegated to such a committee and given the size of the Company the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

**AUDIT COMMITTEE**

Recommendation 4.2 requires listed entities establish an audit committee. During the year ended 30 June 2007 Energy Metals Limited did not have a separately established audit committee. The Board considers that due to the Company's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Company's mechanisms designed to ensure independent judgement in decision making.

The Board considers and deals with matters which would ordinarily be attended to by an audit committee including:

- setting policy and long and short term strategic planning;
- communicating strategy to relevant parties for implementation;
- monitoring the Company's performance against strategy;
- approving and monitoring all significant or major business transactions;
- designing and implementing an appropriate organisational structure;
- appointing and monitoring the conduct and performance of management and personnel and overseeing all remuneration, development and succession;
- approving and monitoring financial reporting and compliance;
- identifying and monitoring the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and reviewed;
- overseeing control and accountability systems;
- ensuring that the Board remains appropriately skilled to meet Company needs;
- reviewing and approving corporate governance systems; and
- delegating authority to management where appropriate.

The Executive Director is accountable to the Board for management of the Company within authority levels approved by the Board and is subject to the supervision of the Board.

**REMUNERATION**

The Company is required to disclose in its annual report details of remuneration to Directors. A detailed explanation of the basis and quantum of Directors' remuneration is set out in the Directors' Report.



## REVIEW OF BOARD PERFORMANCE

There is currently no formal process for performance evaluation of the Board, individual directors or the Executive Director.

## CONTINUOUS DISCLOSURE

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and Corporations Act 2001. The Company is required to disclose to the ASX any information which a reasonable person would expect to have a material effect on the price or value of the Company's securities unless certain exemptions from the requirements apply. To ensure it meets its continuous disclosure obligations, the Board has nominated the Executive Director and Company Secretary as responsible for all disclosure matters. Their role is to collate and, where appropriate, disclose share price sensitive information.

## IDENTIFICATION AND MANAGEMENT OF SIGNIFICANT BUSINESS RISK

The Board has identified the significant areas of potential business and legal risk to the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Executive Director.

The Board reviews and monitors the parameters under which such risks will be managed.

## ETHICAL STANDARDS

The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Company's officers and employees are members of their appropriate professional bodies and are required to act in accordance with the law and with the highest ethical standards.

Directors and staff of Energy Metals Limited are not permitted to engage in trading of the Company's shares during a period when they are in possession of price sensitive information which is not currently available to the market. This includes the period leading up to the release of periodic reports.

Where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration.

## SHAREHOLDER COMMUNICATION

In the Company's current stage of development, matters of crucial importance arise regularly. The Executive Director will discuss significant issues with Board members and jointly will make a decision on the timely release of factual and balanced information concerning the Company's activities.

The Board of Energy Metals Limited endeavours to ensure that shareholders are informed of all the activities affecting the Company. Information is conveyed to shareholders via the annual report, quarterly reports and other announcements which are delivered to the Australian Stock Exchange and posted on the Company's website (<http://www.energymetals.net>). Shareholders with access to the internet are encouraged to submit their email addresses to receive electronic copies of information distributed by the Company. Hard copies of this information are available on request.

The Board encourages the attendance and participation of shareholders at the Annual General Meeting and specifically convened General Meetings by holding those meetings in a location accessible by a large number of shareholders.

## EXTERNAL AUDITOR

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. It is the auditor's policy to rotate engagement partners on listed companies at least every five years.

The auditor is required to attend the Annual General Meeting of Shareholders. The Chairman will permit shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report, in accordance with section 250T of the Corporations Act 2001.

## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

|                                                                                                     | Note | Consolidated       |          | Company            |                    |
|-----------------------------------------------------------------------------------------------------|------|--------------------|----------|--------------------|--------------------|
|                                                                                                     |      | 2007               | 2006     | 2007               | 2006               |
|                                                                                                     |      | \$                 | \$       | \$                 | \$                 |
| Revenue from continuing operations                                                                  | 3a   | 995,766            | -        | 995,766            | 169,852            |
| Depreciation expenses                                                                               | 3b   | (37,546)           | -        | (37,546)           | (11,180)           |
| Exploration expenditure written off                                                                 | 3b   | (45,055)           | -        | (45,055)           | (41,588)           |
| Employee benefits expenses                                                                          | 3c   | (1,990,105)        | -        | (1,990,105)        | (806,862)          |
| Corporate and regulatory expenses                                                                   |      | (82,246)           | -        | (82,246)           | (271,449)          |
| Joint Venture costs                                                                                 |      | (285,281)          | -        | (285,281)          | -                  |
| Other administrative expenses                                                                       |      | (383,358)          | -        | (382,701)          | (233,994)          |
| <b>Profit (Loss) before income tax</b>                                                              |      | <b>(1,827,825)</b> | <b>-</b> | <b>(1,827,168)</b> | <b>(1,195,221)</b> |
| Income tax expense                                                                                  | 24   | -                  | -        | -                  | -                  |
| <b>Profit (Loss) after income tax</b>                                                               |      | <b>(1,827,825)</b> | <b>-</b> | <b>(1,827,168)</b> | <b>(1,195,221)</b> |
| Profit (Loss) attributable to members of<br>Energy Metals Limited                                   |      | <b>(1,827,825)</b> | <b>-</b> | <b>(1,827,168)</b> | <b>(1,195,221)</b> |
| Earnings per share for profit (loss) attributable to the<br>ordinary equity holders of the company: |      |                    |          |                    |                    |
| Basic earnings (loss) per share (cents per share)                                                   | 14   | (0.0698)           | -        | (0.0698)           | (0.058)            |
| Diluted earnings (loss) per share (cents per share)                                                 | 14   | (0.0698)           | -        | (0.0698)           | (0.058)            |

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

## BALANCE SHEET

AS AT 30 JUNE 2007

|                                        | Note   | Consolidated |      | Company     |             |
|----------------------------------------|--------|--------------|------|-------------|-------------|
|                                        |        | 2007         | 2006 | 2007        | 2006        |
|                                        |        | \$           | \$   | \$          | \$          |
| <b>CURRENT ASSETS</b>                  |        |              |      |             |             |
| Cash and cash equivalents              | 13     | 2,314,678    | -    | 2,314,578   | 6,082,087   |
| Trade and other receivables            | 12     | 1,482,265    | -    | 1,483,022   | 232,916     |
| Total Current Assets                   |        | 3,796,943    | -    | 3,797,600   | 6,315,003   |
| <b>NON-CURRENT ASSETS</b>              |        |              |      |             |             |
| Property, plant and equipment          | 6      | 238,682      | -    | 238,682     | 127,323     |
| Exploration and evaluation expenditure | 7      | 4,123,721    | -    | 4,123,721   | 1,003,922   |
| Total Non-Current Assets               |        | 4,362,403    | -    | 4,362,403   | 1,131,245   |
| <b>TOTAL ASSETS</b>                    |        | 8,159,346    | -    | 8,160,003   | 7,446,248   |
| <b>CURRENT LIABILITIES</b>             |        |              |      |             |             |
| Trade and other payables               | 8      | 275,444      | -    | 275,444     | 15,778      |
| Total Current Liabilities              |        | 275,444      | -    | 275,444     | 15,778      |
| <b>TOTAL LIABILITIES</b>               |        | 275,444      | -    | 275,444     | 15,778      |
| <b>NET ASSETS</b>                      |        | 7,883,902    | -    | 7,884,559   | 7,430,470   |
| <b>EQUITY</b>                          |        |              |      |             |             |
| Contributed equity                     | 9      | 8,539,427    | -    | 8,539,427   | 8,007,395   |
| Reserves                               | 22, 23 | 2,419,100    | -    | 2,419,100   | 669,875     |
| Accumulated losses                     | 20     | (3,074,625)  | -    | (3,073,968) | (1,246,800) |
| <b>TOTAL EQUITY</b>                    |        | 7,883,902    | -    | 7,884,559   | 7,430,470   |

The above balance sheet should be read in conjunction with the accompanying notes.

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

|                                                                             | Note | Consolidated          |                       | Company               |                       |
|-----------------------------------------------------------------------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                             |      | 2007<br>\$            | 2006<br>\$            | 2007<br>\$            | 2006<br>\$            |
|                                                                             |      | Inflows<br>(Outflows) | Inflows<br>(Outflows) | Inflows<br>(Outflows) | Inflows<br>(Outflows) |
| <b>Cash flows from operating activities</b>                                 |      |                       |                       |                       |                       |
| Payments to suppliers and consultants                                       |      | (1,933,291)           | -                     | (1,933,391)           | (640,725)             |
| Joint Venture fees received                                                 |      | 628,427               | -                     | 628,427               | -                     |
| Joint Venture costs                                                         |      | (285,281)             | -                     | (285,281)             | -                     |
| Interest received                                                           |      | 367,339               | -                     | 367,339               | 129,990               |
| <b>Net cash inflow (outflow) from operating activities</b>                  | 11   | (1,222,806)           | -                     | (1,222,906)           | (640,725)             |
| <b>Cash flows from investing activities</b>                                 |      |                       |                       |                       |                       |
| Payments for exploration, evaluation<br>and development expenditure         |      | (3,164,854)           | -                     | (3,164,854)           | (550,558)             |
| Payments for property, plant and equipment                                  |      | (148,905)             | -                     | (148,905)             | (135,691)             |
| <b>Net cash inflow (outflow) from investing activities</b>                  |      | (3,313,759)           | -                     | (3,313,759)           | (556,259)             |
| <b>Cash flows from financing activities</b>                                 |      |                       |                       |                       |                       |
| Proceeds from issue of shares and options                                   |      | 532,031               | -                     | 532,031               | 7,639,499             |
| Repayment of borrowing                                                      |      | -                     | -                     | -                     | (360,431)             |
| <b>Net cash inflow (outflow) from financing activities</b>                  |      | 532,031               | -                     | 532,031               | 7,279,068             |
| <b>Net increase / (decrease) in cash<br/>and cash equivalents</b>           |      | (4,004,534)           | -                     | (4,004,634)           | 6,082,084             |
| <b>Cash and cash equivalents<br/>at the beginning of the financial year</b> |      | 6,082,087             | -                     | 6,082,087             | 3                     |
| <b>Cash and cash equivalents<br/>at the end of the financial year</b>       | 11   | 2,077,554             | -                     | 2,077,453             | 6,082,087             |

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



## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

|                                                                         | Consolidated |      | Company     |             |
|-------------------------------------------------------------------------|--------------|------|-------------|-------------|
|                                                                         | 2007         | 2006 | 2007        | 2006        |
|                                                                         | \$           | \$   | \$          | \$          |
| Total equity at the beginning of the year                               | 7,430,470    | -    | 7,430,470   | 316,317     |
| Loss for the year                                                       | (1,827,825)  | -    | (1,827,168) | (1,195,221) |
| Total recognised income and expense for the year                        | (1,827,825)  | -    | (1,827,168) | (1,195,221) |
| Transactions with equity holders<br>in their capacity as equity holders |              |      |             |             |
| Contributions of equity net of transaction costs                        | 532,032      | -    | 532,032     | 7,639,499   |
| Share options expense                                                   | 1,749,225    | -    | 1,749,225   | 669,875     |
|                                                                         | 2,281,257    | -    | 2,281,257   | 8,309,374   |
| Total equity at the end of the year                                     | 7,883,902    | -    | 7,884,559   | 7,430,470   |
| Total recognised income and expense<br>for the year is attributable to: |              |      |             |             |
| Members of Energy Metals Limited                                        | (1,827,825)  | -    | (1,827,168) | (1,195,221) |

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 1. CORPORATE INFORMATION

The financial report of Energy Metals Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of directors on 14 September 2007.

The financial report covers the Group of Energy Metals Ltd and controlled entities, and Energy Metals Ltd as an individual parent entity. Energy Metals Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in note 19.

Unless otherwise stated, policies adopted in the preparation of the financial report are consistent with those of the previous year.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

#### (a) BASIS OF PREPARATION/ACCOUNTING.

The financial report is a general purpose financial report prepared in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretation and the Corporations Act 2001. The Financial Report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

#### (b) STATEMENT OF COMPLIANCE

The Financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

#### (c) IMPAIRMENT OF ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(d) SHARE BASED PAYMENT TRANSACTIONS****SHARE BASED PAYMENTS**

Under AASB 2 Share Based Payments, the Company must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity.

The Company provides benefits to employees (including directors) of the company in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using a binomial model.

**(e) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of Energy Metals Limited and all of its controlled entities. A controlled entity exists where Energy Metals Ltd has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Energy Metals Ltd to achieve the objectives of Energy Metals Ltd. A list of controlled entities is contained in Note 4 to the financial statements.

All inter-company balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

**(f) PROPERTY, PLANT AND EQUIPMENT**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all buildings, plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

**(g) INCOME TAX**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued****(g) INCOME TAX Continued**

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority

**OTHER TAXES**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(h) EXPLORATION AND EVALUATION EXPENDITURE**

The Company's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

- i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.
- ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
  - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
  - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

**(i) CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but is net of outstanding bank overdrafts.



**(j) EMPLOYEE ENTITLEMENTS**

The Company's liability for employee entitlements arising from services rendered by employees to balance date are recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

**(k) EARNINGS PER SHARE****(i) BASIC EARNINGS PER SHARE**

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Company after income tax by the weighted average number of ordinary shares outstanding during the financial period.

**(ii) DILUTED EARNINGS PER SHARE**

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the period.

**(l) REVENUE**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax.

**(m) INTEREST IN A JOINTLY CONTROLLED OPERATION**

The Company has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint controlled operation involves the use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

**(n) TRADE AND OTHER RECEIVABLES**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

**(o) TRADE AND OTHER PAYABLES**

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

**(p) CONTRIBUTED EQUITY**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Continued

|                                                                          | Consolidated |      | Company |         |
|--------------------------------------------------------------------------|--------------|------|---------|---------|
|                                                                          | 2007         | 2006 | 2007    | 2006    |
|                                                                          | \$           | \$   | \$      | \$      |
| <b>3a. REVENUE</b>                                                       |              |      |         |         |
| Revenue from continuing operations includes the following revenue items: |              |      |         |         |
| Interest received from other parties                                     | 367,339      | -    | 367,339 | 129,990 |
| Joint Venture administration fees                                        | 628,427      | -    | 628,427 | 39,862  |
|                                                                          | 995,766      | -    | 995,766 | 169,852 |

**3b. EXPENSES**

Profit (Loss) includes the following specific expenses:

|                                     |        |   |        |        |
|-------------------------------------|--------|---|--------|--------|
| Depreciation                        | 37,546 | - | 37,546 | 11,180 |
| Exploration expenditure written off | 45,055 | - | 45,055 | 41,588 |

**3c. EMPLOYEE BENEFITS EXPENSES**

Share based payment expense

|                        |           |   |           |         |
|------------------------|-----------|---|-----------|---------|
| - Employees            | 1,749,225 | - | 1,749,225 | -       |
| - Directors            | -         | - | -         | 669,875 |
| Wages & superannuation | 135,402   | - | 135,402   | 36,923  |
| Directors fees         | 35,000    | - | 35,000    | 35,000  |
| Consultants            | 70,478    | - | 70,478    | 65,064  |
|                        | 1,990,105 | - | 1,990,105 | 806,862 |

**4. CONTROLLED ENTITIES**

|                            | 2007 | % held<br>2006 | Class | State of<br>Incorporation | Date of<br>Incorporation | Investment at Cost |      |
|----------------------------|------|----------------|-------|---------------------------|--------------------------|--------------------|------|
|                            |      |                |       |                           |                          | 2007               | 2006 |
| <b>Parent Entity</b>       |      |                |       |                           |                          |                    |      |
| Energy Metals Limited      |      |                | Ord   | WA                        | 08/10/2004               | -                  | -    |
| <b>Controlled Entities</b> |      |                |       |                           |                          |                    |      |
| NT Energy Pty Ltd          | 100% | 0%             | Ord   | VIC                       | 15/11/2006               | 100                | -    |
|                            |      |                |       |                           |                          | 100                | -    |

The date of acquisition of the controlled entities was on the date of incorporation. The fair value of net assets acquired at the date of acquisition was nil.

## 5. KEY MANAGEMENT PERSONNEL

### (a) Details of Directors (Key Management Personnel)

The following persons were directors of Energy Metals Limited during the financial year:

- Mr D R Kennedy - Chairman
- Mr L Dudfield - Executive Director
- Mr O Aamodt - Non-Executive Director

There were no other key management personnel during the year ended 30 June 2007.

### (b) Key Management Personnel Compensation

|                                         | Consolidated Company |      |         |         |
|-----------------------------------------|----------------------|------|---------|---------|
|                                         | 2007                 | 2006 | 2007    | 2006    |
|                                         | \$                   | \$   | \$      | \$      |
| Short-term employee benefits -directors | 185,431              | -    | 185,431 | 145,940 |
| Post-employment benefits                | -                    | -    | -       | -       |
| Share-based payments – directors        | -                    | -    | -       | 669,872 |
|                                         | 185,434              | -    | 185,431 | 815,815 |

The Company has utilised the relief provided by Corporations Regulations 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in the remuneration report within the Directors' Report.

### (c) Equity Instrument Disclosures Relating to Directors and Employees

#### (i) Options provided as remuneration and shares issued on any exercise of such options

Details of options provided as remuneration and shares issued on any exercise of such options to Directors, together with terms and conditions can be found within the Directors' Report in the Remuneration Report.

#### (ii) Share and option holdings

The number of shares and options over ordinary shares in the Company held during the financial year by each Director of Energy Metals Limited, including their personally related parties, are set out below:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Continued

## 5. KEY MANAGEMENT PERSONNEL Continued

## SHAREHOLDINGS

Aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Directors of the Company at the date of this report:

| 2007                              | Balance at<br>at the start<br>of the year | Received during<br>the year on exercise<br>of options | Other changes<br>during<br>the year | Balance at<br>the end of<br>the year |
|-----------------------------------|-------------------------------------------|-------------------------------------------------------|-------------------------------------|--------------------------------------|
| Name                              |                                           |                                                       |                                     |                                      |
| <b>Mr D R Kennedy</b>             |                                           |                                                       |                                     |                                      |
| Ordinary fully paid shares        | 36,000                                    | -                                                     | -                                   | 36,000                               |
| Listed Options (ASX Code EMEO)    | 18,000                                    | -                                                     | (10,000)                            | 8,000                                |
| Unlisted Options (ASX Code EMEAM) | 500,000                                   | -                                                     | -                                   | 500,000                              |
| <b>Mr L G Dudfield</b>            |                                           |                                                       |                                     |                                      |
| Ordinary fully paid shares        | 1,372,000                                 | -                                                     | -                                   | 1,372,000                            |
| Listed Options (ASX Code EMEO)    | 686,000                                   | -                                                     | -                                   | 686,000                              |
| Unlisted Options (ASX Code EMEAM) | 500,000                                   | -                                                     | -                                   | 500,000                              |
| <b>Mr O Aamodt</b>                |                                           |                                                       |                                     |                                      |
| Ordinary fully paid shares        | 50,000                                    | -                                                     | -                                   | 75,000                               |
| Listed Options (ASX Code EMEO)    | 25,000                                    | 25,000                                                | -                                   | -                                    |
| Unlisted Options (ASX Code EMEAM) | 250,000                                   | -                                                     | -                                   | 250,000                              |
| <b>2006</b>                       |                                           |                                                       |                                     |                                      |
| <b>Mr D R Kennedy</b>             |                                           |                                                       |                                     |                                      |
| Ordinary fully paid shares        | -                                         | -                                                     | 36,000                              | 36,000                               |
| Listed Options (ASX Code EMEO)    | -                                         | -                                                     | 18,000                              | 18,000                               |
| Unlisted Options (ASX Code EMEAM) | -                                         | -                                                     | 500,000                             | 500,000                              |
| <b>Mr L G Dudfield</b>            |                                           |                                                       |                                     |                                      |
| Ordinary fully paid shares        | -                                         | -                                                     | 1,372,000                           | 1,372,000                            |
| Listed Options (ASX Code EMEO)    | -                                         | -                                                     | 686,000                             | 686,000                              |
| Unlisted Options (ASX Code EMEAM) | -                                         | -                                                     | 500,000                             | 500,000                              |
| <b>Mr O Aamodt</b>                |                                           |                                                       |                                     |                                      |
| Ordinary fully paid shares        | -                                         | -                                                     | 50,000                              | 50,000                               |
| Listed Options (ASX Code EMEO)    | -                                         | -                                                     | 25,000                              | 25,000                               |
| Unlisted Options (ASX Code EMEAM) | -                                         | -                                                     | 250,000                             | 250,000                              |



(d) Other Transactions with Key Management Personnel

- i) Pursuant to a Consulting Agreement dated 6 July 2005 between the Company and Jopan Management Pty Ltd ("Jopan"), the Company paid a total of \$114,708 during the year to Western Geological Services (a division of Jopan). The fees were for the provision of technical and management services provided to the Company by Mr Lindsay Dudfield. Mr Dudfield's spouse is the major shareholder of, and sole director and company secretary of Jopan.
- ii) During the year the Company paid Little Tagon Pty Ltd, a company related to Mr Donald Ross Kennedy, \$10,000 being Directors Fees and \$35,723 for the provision of technical and management services provided by Mr Kennedy.
- iii) During the year the Company paid a total of \$120,000 to Jindalee Resources Limited for provision of registered and serviced offices and the provision of staff (employed by Jindalee) to provide administrative, secretarial, corporate compliance and reception services. During the year the Company reimbursed Jindalee Resources a total of \$32,999 being reimbursement for goods purchased by Jindalee on behalf of Energy Metals. Jindalee Resources is a substantial shareholder in Energy Metals holding 10,000,000 shares escrowed until 09/09/2007. Lindsay George Dudfield and Donald Ross Kennedy are also directors of Jindalee Resources Limited.

|  | Consolidated |      | Company |      |
|--|--------------|------|---------|------|
|  | 2007         | 2006 | 2007    | 2006 |
|  | \$           | \$   | \$      | \$   |

## 6. NON-CURRENT ASSETS

### – PROPERTY, PLANT AND EQUIPMENT

|                               |          |   |          |          |
|-------------------------------|----------|---|----------|----------|
| Plant and equipment – at cost | 236,973  | - | 236,973  | 117,432  |
| Less accumulated depreciation | (42,074) | - | (42,074) | (11,012) |
|                               | 194,899  | - | 194,899  | 106,420  |
| Motor vehicle – at cost       | 50,727   | - | 50,727   | 21,364   |
| Less accumulated depreciation | (6,944)  | - | (6,944)  | (461)    |
|                               | 43,783   | - | 43,783   | 20,903   |

|                                                                        | Plant & equipment | Motor vehicle | Total    |
|------------------------------------------------------------------------|-------------------|---------------|----------|
|                                                                        | \$                | \$            | \$       |
| Reconciliation of the carrying amount of property plant and equipment: |                   |               |          |
| Carrying amount at 1 July 2006                                         | 106,420           | 20,903        | 127,323  |
| Additions                                                              | 119,542           | 29,363        | 148,905  |
| Depreciation expense                                                   | (31,063)          | (6,483)       | (37,546) |
| Carrying amount at 30 June 2007                                        | 194,899           | 43,783        | 238,682  |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Continued

|                                                 | Consolidated |      | Company   |           |
|-------------------------------------------------|--------------|------|-----------|-----------|
|                                                 | 2007         | 2006 | 2007      | 2006      |
|                                                 | \$           | \$   | \$        | \$        |
| <b>7. NON-CURRENT ASSETS</b>                    |              |      |           |           |
| <b>– EXPLORATION AND EVALUATION EXPENDITURE</b> |              |      |           |           |
| Balance at beginning of the year                | 1,003,922    | -    | 1,003,922 | 494,952   |
| Exploration expenditure incurred                | 3,164,854    | -    | 3,164,854 | 550,558   |
| Exploration expenditure written off             | (45,055)     | -    | (45,055)  | (41,588)  |
| Balance at the end of the year                  | 4,123,721    | -    | 4,123,721 | 1,003,922 |

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

**8. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**

|                                      |         |   |         |        |
|--------------------------------------|---------|---|---------|--------|
| Other payables                       | 38,320  | - | 38,320  | 15,778 |
| Bank overdraft (unpresented cheques) | 237,124 | - | 237,124 | -      |
|                                      | 275,444 | - | 275,444 | 15,778 |

**9. CONTRIBUTED EQUITY****Share capital**

|                                                                                                  |           |   |           |           |
|--------------------------------------------------------------------------------------------------|-----------|---|-----------|-----------|
| 26,871,579 ordinary shares, fully paid (2006: 25,179,802)                                        | 8,539,427 | - | 8,539,427 | 8,007,395 |
| Balance at the beginning of the year                                                             | 8,007,395 | - | 8,007,395 | 9,977,594 |
| Movements:                                                                                       |           |   |           |           |
| 1,656,777 fully paid ordinary shares @ 30 cents each on the exercise of options on various dates | 497,032   | - | 497,032   | 53,941    |
| 35,000 fully paid ordinary shares @ \$1 each on the exercise of options on 07/02/2007            | 35,000    | - | 35,000    | -         |
| less: transaction costs                                                                          | -         | - | -         | (24,140)  |
| Balance at the end of year                                                                       | 8,539,427 | - | 8,539,427 | 8,007,395 |

Ordinary shares participate in dividends. On winding up of the company any proceeds would be distributed in proportion to the number of the shares held. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholders has one vote on a show of hands.

## 10. PERFORMANCE BONDS AND SECURITY DOCUMENTS

In support of titles granted to or operated by the Company, various securities have been submitted to the Department of Industry and Resources. These consist of unconditional performance bonds, securities or Form 32 security documents with a total potential liability of \$30,000.

|                                                    | Consolidated |      | Company     |             |
|----------------------------------------------------|--------------|------|-------------|-------------|
|                                                    | 2007         | 2006 | 2007        | 2006        |
|                                                    | \$           | \$   | \$          | \$          |
| <b>11. RECONCILIATION OF PROFIT (LOSS)</b>         |              |      |             |             |
| <b>AFTER INCOME TAX TO NET CASH</b>                |              |      |             |             |
| <b>OUTFLOW FROM OPERATING ACTIVITIES</b>           |              |      |             |             |
| Profit (Loss) after income tax                     | (1,827,825)  | -    | (1,827,168) | (1,195,221) |
| Exploration expenditure written off                | 45,055       | -    | 45,055      | 41,588      |
| Depreciation                                       | 37,546       | -    | 37,546      | 11,180      |
| Share based payment expense                        | 1,749,225    | -    | 1,749,225   | 669,875     |
| Change in operating assets and liabilities         |              |      |             |             |
| during the financial year:                         |              |      |             |             |
| (Increase) decrease in trade and other receivables | (1,249,349)  | -    | (1,249,449) | (46,524)    |
| Increase (decrease) in trade and other payables    | 22,452       | -    | 22,452      | 8,367       |
| Net cash (outflow) from operating activities       | (1,222,806)  | -    | (1,222,906) | (510,735)   |
| Reconciliation of cash balance comprises:          |              |      |             |             |
| Cash and cash equivalents                          | 2,314,678    | -    | 2,314,578   | 6,082,087   |
| Bank overdraft (unpresented cheques)               | (237,124)    | -    | (237,124)   | -           |
|                                                    | 2,077,554    | -    | 2,077,454   | 6,082,087   |

## 12. TRADE AND OTHER RECEIVABLES

|                                    |           |   |           |         |
|------------------------------------|-----------|---|-----------|---------|
| Trade receivables                  | 1,447,008 | - | 1,447,008 | 186,392 |
| Other receivables                  | -         | - | 757       | 46,524  |
| Share of Joint Venture receivables | 35,257    | - | 35,257    | -       |
|                                    | 1,482,265 | - | 1,483,022 | 232,916 |

## 13. CASH AND CASH EQUIVALENTS

|                             |           |   |           |           |
|-----------------------------|-----------|---|-----------|-----------|
| Term deposits               | 1,999,341 | - | 1,999,241 | 5,503,081 |
| Cash at bank                | -         | - | -         | 579,006   |
| Share of Joint Venture cash | 315,337   | - | 315,337   | -         |
|                             | 2,314,678 | - | 2,314,578 | 6,082,087 |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Continued

|                                                                                                                                            | Consolidated |      | Company       |               |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|------|---------------|---------------|
|                                                                                                                                            | 2007         | 2006 | 2007          | 2006          |
|                                                                                                                                            | \$           | \$   | \$            | \$            |
| <b>14. EARNINGS PER SHARE</b>                                                                                                              |              |      |               |               |
| Earnings used in calculation of basic and diluted earnings per share                                                                       | (1,827,825)  | -    | (1,827,168)   | (1,195,221)   |
| Basic earnings (loss) per share (cents per share)                                                                                          | (0.0698)     | -    | (0.0698)      | (0.058)       |
| Diluted earnings (loss) per share (cents per share)                                                                                        | (0.0698)     | -    | (0.0698)      | (0.058)       |
|                                                                                                                                            |              |      | <b>2007</b>   | <b>2006</b>   |
|                                                                                                                                            |              |      | <b>Number</b> | <b>Number</b> |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.                                |              |      | 26,173,108    | 20,430,747    |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share |              |      | 26,173,108    | 20,430,747    |

**15. 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.

|  | Consolidated |      | Company |      |
|--|--------------|------|---------|------|
|  | 2007         | 2006 | 2007    | 2006 |
|  | \$           | \$   | \$      | \$   |

**16. COMMITMENTS****TENEMENT EXPENDITURE COMMITMENTS:**

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2007/2008. 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 2007/2008.

|         |   |         |         |
|---------|---|---------|---------|
| 499,500 | - | 499,500 | 530,700 |
|---------|---|---------|---------|

**Capital Commitments**

There are no capital expenditure commitments for the Company as at 30 June 2007.

| Consolidated |      | Company |      |
|--------------|------|---------|------|
| 2007         | 2006 | 2007    | 2006 |
| \$           | \$   | \$      | \$   |

## 17. REMUNERATION OF AUDITORS

Amounts received or due and receivable  
at 30 June 2007 by the auditors for:

|                                           |        |   |        |        |
|-------------------------------------------|--------|---|--------|--------|
| Audit and review of the financial reports | 20,582 | - | 20,582 | 10,106 |
|                                           | 20,582 | - | 20,582 | 10,106 |

## 18. FINANCIAL RISK MANAGEMENT

### (a) Credit Risk Exposure

The Company has no significant concentrations of credit risk.

### (b) Interest Rate Risk Exposure

The Company's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings was 4.35% at 30 June 2007. All other financial assets and liabilities are non interest bearing. The net fair value of the Company's financial assets and liabilities approximates their carrying value.

## 19. SEGMENT INFORMATION

### Business Segment

During the financial year the Company operated in one segment, the mining exploration and prospecting industry.

### Geographical Segments

During the financial year the Company operated within Australia only, specifically the Northern Territory and Western Australia.

## 20. ACCUMULATED LOSSES

|                                                               |             |   |             |             |
|---------------------------------------------------------------|-------------|---|-------------|-------------|
| Accumulated losses at the beginning of the financial year     | (1,246,800) | - | (1,246,800) | (51,579)    |
| Net profit (loss) attributable to members of the Company      | (1,827,825) | - | (1,827,168) | (1,195,221) |
| Accumulated profits (losses) at the end of the financial year | (3,074,625) | - | (3,073,968) | (1,246,800) |

## 21. EVENTS OCCURRING AFTER BALANCE SHEET DATE

There are no events subsequent to the end of the financial year that would have a material effect on the financial report.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Continued

**22. SHARE BASED PAYMENT TRANSACTIONS**

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions. The expense in the year was \$1,749,225 (2006: \$669,875).

**EMPLOYEE OPTION PLAN**

The establishment of the Energy Metals Employee Share Option Plan was approved by shareholders at the 2006 annual general meeting. The Employee Share Option Plan is designed to provide eligible employees, executive officers and directors of the Company an opportunity, in the form of Options to subscribe for Shares in the Company. An "eligible employee" is a person who is at the time of an offer under the plan, a full or part time employee or director of the Company or an associated body corporate of the Company. Any offer of options to Directors will be subject to shareholder approval.

Under the plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms set out in the rules of the plan. Options granted under the plan will be offered to participants in the plan on the basis of the Board's view of the contribution of the eligible person to the Company. When exercisable, each option is convertible into one ordinary share. Options granted under the plan carry no dividend or voting rights.

Set out below are summaries of options granted under the plan:

| Grant Date                                   | Expiry Date | Exercise Price | Balance at the start of the year Number | Granted during the year Number | Exercised during the year Number | Forfeited during the year Number | Balance at end of the year Number | Vested and exercisable at end of the year Number |
|----------------------------------------------|-------------|----------------|-----------------------------------------|--------------------------------|----------------------------------|----------------------------------|-----------------------------------|--------------------------------------------------|
| <b>Consolidated and parent entity - 2007</b> |             |                |                                         |                                |                                  |                                  |                                   |                                                  |
| 22/12/2006                                   | 30/06/2011  | \$1.00         | -                                       | 200,000                        | 35,000                           | -                                | 165,000                           | -                                                |
| 22/12/2006                                   | 30/06/2011  | \$2.00         | -                                       | 200,000                        | -                                | -                                | 200,000                           | -                                                |
| 05/01/2007                                   | 30/06/2011  | \$3.00         | -                                       | 350,000                        | 20,000                           | -                                | 330,000                           | -                                                |
| Weighted average exercise price              |             |                | -                                       | \$2.20                         | \$1.73                           | -                                | \$2.23                            | -                                                |
| <b>Consolidated and parent entity - 2006</b> |             |                |                                         |                                |                                  |                                  |                                   |                                                  |
| -                                            | -           | -              | -                                       | -                              | -                                | -                                | -                                 | -                                                |
| Weighted average exercise price              |             |                | -                                       | -                              | -                                | -                                | -                                 | -                                                |

**Fair Value of share options and assumptions**

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes option valuation methodology. The life of the options and early exercise option are built into the option model.

The assumptions used for the options valuation are as follows:

|                              |            |            |            |
|------------------------------|------------|------------|------------|
| Exercise Price               | \$1.00     | \$2.00     | \$3.00     |
| Expected Life                | 4.49 years | 4.49 years | 4.49 years |
| Share Price at time of issue | \$3.60     | \$3.60     | \$3.95     |
| Expected volatility          | 70%        | 70%        | 68%        |
| Dividend yield               | 0%         | 0%         | 0%         |
| Risk free interest rate      | 5.75%      | 5.75%      | 6.27%      |
| Option value                 | \$2.989    | \$2.592    | \$2.5227   |

| Consolidated |      | Company |      |
|--------------|------|---------|------|
| 2007         | 2006 | 2007    | 2006 |
| \$           | \$   | \$      | \$   |

## 23. RESERVES

### Share-based option reserve

|                                      |           |   |           |         |
|--------------------------------------|-----------|---|-----------|---------|
| Balance at the beginning of the year | 699,875   | - | 669,875   | -       |
| Options expense (Note 22 & 3)        | 1,749,225 | - | 1,749,225 | 669,875 |
| Balance at the end of the year       | 2,419,100 | - | 2,419,100 | 669,875 |

### Nature and purpose of the reserve:

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

## 24. TAXATION

The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

|                                                                               |             |   |             |             |
|-------------------------------------------------------------------------------|-------------|---|-------------|-------------|
| Loss before income tax                                                        | (1,827,825) | - | (1,827,168) | (1,195,221) |
| Income tax (benefit) @ 30%                                                    | (548,347)   | - | (548,150)   | (358,566)   |
| Tax effect of amounts which are not deductible in calculating taxable income: |             |   |             |             |
| Share based payments                                                          | 524,767     | - | 524,767     | 200,962     |
| Other costs not deductible                                                    | 2078        | - | 2078        | 115         |
| Temporary differences not recognised                                          | -           | - | -           | 834         |
| Deferred tax assets relating to tax losses not recognised                     | (21,502)    | - | (21,305)    | 156,655     |
| Total income tax expense                                                      | -           | - | -           | -           |

The franking account balance at year end was \$nil (2006: \$nil).

Deferred tax assets and liabilities not recognised

relate to the following:

### Deferred tax assets

|                             |           |   |           |         |
|-----------------------------|-----------|---|-----------|---------|
| Tax losses                  | 1,049,788 | - | 1,049,788 | 573,760 |
| Other temporary differences | -         | - | -         | 834     |

### Deferred tax liabilities

|                             |           |   |           |         |
|-----------------------------|-----------|---|-----------|---------|
| Other temporary differences | -         | - | -         | -       |
| Net deferred tax assets     | 1,049,788 | - | 1,049,788 | 574,594 |

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Continued

**25. DIVIDENDS**

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

**26. NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The directors of the Group have assessed the impact of these new standards and interpretations and have determined that there would be no material impact on the reported results of the Group for the year ended 30 June 2007. The Group has therefore not adopted any of the pronouncement for this reporting period. Where the new standards and interpretations relate specifically to disclosures requirements the directors of the Group will assess all the necessary impacts on future annual reports and provide comparative information.

**27. RELATED PARTY TRANSACTIONS****(a) Parent entities**

The parent entity within the Group is Energy Metals Limited.

**(b) Subsidiaries**

Interests in subsidiaries are set out in Note 4.

**(c) Key Management Personnel**

Disclosures relating to key management personnel are set out in Note 5.

**(d) Administrative Services Agreement**

Disclosures relating to the Administrative Services Agreement are set out in Note 5d (iii).

**28. INTEREST IN JOINT VENTURE OPERATIONS**

The Company has the following interest in unincorporated joint ventures:

| Joint Venture         | Principal Activity  | % Interest |       |
|-----------------------|---------------------|------------|-------|
|                       |                     | 2007       | 2006  |
| Bigrlyi Joint Venture | Uranium Exploration | 53.29      | 53.29 |

The joint venture is a contractual arrangement between participants for the sharing of costs and outputs and does not generate revenue and profit. The joint venture does not hold any assets and the Company's share of exploration and evaluation expenditure is accounted for in accordance with the policy set out in Note 2.

The Company is a participant in the Bigrlyi Joint Venture with a 53.29% interest. The other participants in the joint venture are Valhalla Uranium Limited (41.71%) and Southern Cross Exploration NL (5%).

The company has brought to account its percentage interest of the operating costs of the joint venture in the Income Statement, and its percentage interest of the assets in the Balance Sheet.

The Company's share of assets employed in the joint venture is:

|                                        | Consolidated |      | Company   |      |
|----------------------------------------|--------------|------|-----------|------|
|                                        | 2007         | 2006 | 2007      | 2006 |
|                                        | \$           | \$   | \$        | \$   |
| CURRENT ASSETS                         |              |      |           |      |
| Cash and cash equivalents              | 315,337      | -    | 315,337   | -    |
| Trade and other receivables            | 35,257       | -    | 35,257    | -    |
| TOTAL CURRENT ASSETS                   | 350,594      | -    | 350,594   | -    |
| NON CURRENT ASSETS                     |              |      |           |      |
| Exploration and evaluation expenditure | 2,282,250    | -    | 2,282,250 | -    |
| TOTAL NON CURRENT ASSETS               | 2,282,250    | -    | 2,282,250 | -    |
| TOTAL ASSETS                           | 2,632,844    | -    | 2,632,844 | -    |

**a) Capital commitments**

There are no capital expenditure commitments for the Joint Venture as at 30 June 2007.

**b) Contingent liabilities**

To date the joint venture has been notified by the Native Title Tribunal of native title claims which cover some of the joint venture licence holdings.

Until further information arises in relation to the claims and its likelihood of success the joint venture is unable to assess the likely impact, if any, of the claims.

## DIRECTORS' DECLARATION

In accordance with a resolution of the Board of Directors, I state that: In the opinion of the Directors:

- (1) (a) the financial statements, notes and audited remuneration disclosures included in the directors' report of the Company are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Company and consolidated entity's financial position at 30 June 2007 and of their performance for the year ended on that date; and
    - (ii) complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
  - (c) the audited remuneration disclosures set out on pages 6 to 8 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.
- (2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.

On behalf of the Board.



**L G DUDFIELD**

Executive Director

Perth, Western Australia

14th September 2007.



## AUDITOR'S INDEPENDENCE DECLARATION

**BDO Kendalls**

BDO Kendalls Audit & Assurance (WA) Pty Ltd  
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www.bdo.com.au

ABN 79 112 284 787

14th September 2007

The Board of Directors  
Energy Metals Limited  
Level 2, 18 Kings Park Road  
WEST PERTH WA 6005

Dear Sirs

## DECLARATION OF INDEPENDENCE BY BDO KENDALLS TO THE DIRECTORS OF ENERGY METALS LIMITED

As lead auditor of Energy Metals Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

Yours faithfully

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls



**CHRIS BURTON**

Director

Perth, Western Australia

Dated this 14th day of September 2007

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENERGY METALS LIMITED

**BDO Kendalls**

BDO Kendalls Audit & Assurance (WA) Pty Ltd  
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 Subiaco WA 6008  
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 www.bdo.com.au

ABN 79 112 284 787

### Report on the Financial Report and AASB 124 Remuneration Disclosures Contained in the Directors' Report

We have audited the accompanying financial report of Energy Metals Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" in pages 6 to 7 of the directors' report and not in the financial report.

#### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT AND THE AASB 124 REMUNERATION DISCLOSURES CONTAINED IN THE DIRECTORS' REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Energy Metals Limited on 14th September 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

#### AUDITOR'S OPINION ON THE FINANCIAL REPORT

In our opinion:

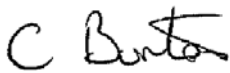
- (a) the financial report of Energy Metals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 2.

#### AUDITOR'S OPINION ON THE AASB 124 REMUNERATION DISCLOSURES CONTAINED IN THE DIRECTORS' REPORT

In our opinion the remuneration disclosures that are contained in pages 6 to 7 of the directors' report comply with Accounting Standard AASB 124.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls



**CHRIS BURTON**

Director

Perth, Western Australia

Dated this 14th day of September 2007

## ADDITIONAL INFORMATION

The following additional information not shown elsewhere in this report is required by the Australian Stock Exchange Ltd in respect of listed public companies only. This information is current as at 18/09/2007.

## SUBSTANTIAL SHAREHOLDERS

The Company has received a notice of substantial holding from the following:

- Jindalee Resources Limited in relation to 11,400,000 ordinary shares (40.27%)
- Kale Capital Corporation in relation to 3,003,507 ordinary shares (10.61%)
- Denison Mines Inc. in relation to 3,000,000 ordinary shares (10.60%)
- Mr Lindsay Dudfield in relation to 1,422,000 ordinary shares (5.02%)

## ISSUED SECURITIES

## QUOTED SECURITIES

| ASX Code | Number of Holders | Security Description                              | Total Securities |
|----------|-------------------|---------------------------------------------------|------------------|
| EME      | 961               | Ordinary Fully Paid                               | 28,307,176       |
| EMEO*    | 240               | Options expiring 30/06/2008<br>exercisable at 30c | 8,517,687        |

## UNQUOTED SECURITIES

| ASX Code | Number of Holders | Security Description                               | Total Securities |
|----------|-------------------|----------------------------------------------------|------------------|
| EMEAM*   | 3                 | Options expiring 30/06/10<br>exercisable at 35c    | 1,250,000        |
| EMEAO*   | 1                 | Options expiring 30/06/11<br>exercisable at \$1.00 | 165,000          |
| EMEAQ*   | 1                 | Options expiring 30/06/11<br>exercisable at \$2.00 | 200,000          |
| EMEAS*   | 3                 | Options expiring 30/06/11<br>exercisable at \$3.00 | 330,000          |

| ASX Code | Name of Holders             | Security Description                            | Total Securities |
|----------|-----------------------------|-------------------------------------------------|------------------|
| EMEAK*   | Central Pacific Minerals NL | Options expiring 30/06/08<br>exercisable at 30c | 400,000          |

## VOTING RIGHTS

The voting rights of each class of share are as follows:

Fully Paid Ordinary Shares – one vote per share held.

\*Options – no voting rights are attached to unexercised options.

## DISTRIBUTION SCHEDULE

| Spread of Holdings | Ordinary Shares<br>(EME) | Listed Options<br>(EMEO) |
|--------------------|--------------------------|--------------------------|
| 1 - 1,000          | 295                      | 26                       |
| 1,001 - 5,000      | 368                      | 128                      |
| 5,001 - 10,000     | 173                      | 40                       |
| 10,001 - 100,000   | 111                      | 37                       |
| 100,001 and over   | 14                       | 9                        |
| TOTAL HOLDERS      | 961                      | 240                      |

## UNMARKETABLE PARCELS

As at 18/09/2007 there were 23 shareholders holding less than a marketable parcel of shares.

## 20 LARGEST SHAREHOLDERS

The names of the twenty largest shareholders (ASX Code: EME) are listed below:

| Name                                    | % of Issued<br>Securities | Number of<br>Ordinary Shares |
|-----------------------------------------|---------------------------|------------------------------|
| 1. Jindalee Resources Limited           | 40.27                     | 11,400,000                   |
| 2. Kale Capital Corporation             | 10.61                     | 3,003,507                    |
| 3. Denison Mines Inc.                   | 10.60                     | 3,000,000                    |
| 4. Lindsay George Dudfield              | 5.02                      | 1,422,000                    |
| 5. Grandor Pty Ltd                      | 4.42                      | 1,250,000                    |
| 6. Jopan Management Pty Ltd             | 1.98                      | 559,500                      |
| 7. Teck Cominco Australia Pty Ltd       | 1.77                      | 500,000                      |
| 8. Yandal Investments Pty Ltd           | 1.28                      | 361,000                      |
| 9. Perth Select Seafoods Pty Ltd        | 1.24                      | 350,000                      |
| 10. Ross Asset Management Limited       | 1.06                      | 299,949                      |
| 11. HSBC Custody Nominees Australia Ltd | 0.77                      | 217,857                      |
| 12. Piranha Nominees Pty Ltd            | 0.71                      | 200,000                      |
| 13. UBS Wealth Management Australia     | 0.70                      | 197,942                      |
| 14. Pan Australia Nominees Pty Ltd      | 0.46                      | 128,832                      |
| 15. Andrew Daniel Gabor Scott           | 0.35                      | 99,000                       |
| 16. ANZ Nominees Ltd                    | 0.31                      | 86,985                       |
| 17. Davmin Pty Ltd                      | 0.28                      | 80,000                       |
| 18. United Asset Management Ltd         | 0.27                      | 76,000                       |
| 19. Aamodt Oscar & Wendy                | 0.26                      | 75,000                       |
| 20. Nefco Nominees Pty Ltd              | 0.26                      | 73,293                       |



## ADDITIONAL INFORMATION Continued

## 20 LARGEST OPTION HOLDERS

The names of the twenty largest holders of listed options (ASX Code: EME0) are listed below:

| Name                                   | % of Issued Securities | Number of Options |
|----------------------------------------|------------------------|-------------------|
| 1. Jindalee Resources Limited          | 42.26                  | 3,600,000         |
| 2. Kale Capital Corporation            | 15.49                  | 1,319,654         |
| 3. Lindsay George Dudfield             | 8.05                   | 686,000           |
| 4. Grandor Pty Ltd                     | 5.87                   | 500,000           |
| 5. Jopan Management Pty Ltd            | 2.75                   | 234,500           |
| 6. Perth Select Seafoods Pty Ltd       | 2.58                   | 220,000           |
| 7. Ross Asset Management               | 2.32                   | 197,479           |
| 8. Yandal Investments Pty Ltd          | 2.12                   | 180,500           |
| 9. Hoyes-Cock J A & Thorp P            | 1.06                   | 90,000            |
| 10. Nefco Nominees Pty Ltd             | 0.93                   | 79,000            |
| 11. Peter Trevor Chappell              | 0.67                   | 57,397            |
| 12. Hendricus Pty Ltd                  | 0.59                   | 50,000            |
| 13. Andrew Daniel Gabor Scott          | 0.52                   | 44,500            |
| 14. James Farr                         | 0.48                   | 40,750            |
| 15. United Asset Management            | 0.45                   | 38,000            |
| 16. Lake Argyle Holdings Pty Ltd       | 0.42                   | 36,000            |
| 17. Scott John Harmer                  | 0.42                   | 35,869            |
| 18. Australian Golf Promotions Pty Ltd | 0.40                   | 34,000            |
| 19. Leecorp Pty Ltd                    | 0.34                   | 29,000            |
| 20. Watson N K & Moroney M H           | 0.32                   | 27,500            |

## INTERESTS IN MINING TENEMENTS as at 18/09/2007.

### WESTERN AUSTRALIA

|           |             |             |
|-----------|-------------|-------------|
| E08/1480  | Manyingee   | Granted     |
| E21/120   | Lakeside    | Granted     |
| E29/568   | Mopoke Well | Granted     |
| ELA29/623 | Mopoke Well | Application |
| E57/590   | Lake Mason  | Granted     |
| E58/289   | Anketell    | Granted     |

|                        |           |             |
|------------------------|-----------|-------------|
| E58/292                | Anketell  | Granted     |
| E69/2303               | Rawlinson | Application |
| E69/2281 <sup>*4</sup> | Rawlinson | Application |
| E69/2282 <sup>*4</sup> | Rawlinson | Application |
| E69/2283 <sup>*4</sup> | Rawlinson | Application |

### NORTHERN TERRITORY

|                       |                 |             |
|-----------------------|-----------------|-------------|
| ERL46 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL47 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL48 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL49 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL50 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL51 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL52 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL53 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL54 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ERL55 <sup>*1</sup>   | Bigrlyi Project | Granted     |
| ELA24450              | Ngalia Regional | Application |
| EL24451               | Ngalia Regional | Granted     |
| EL24453               | Ngalia Regional | Granted     |
| ELA24462              | Ngalia Regional | Application |
| EL24463               | Ngalia Regional | Granted     |
| EL24533               | Ngalia Regional | Granted     |
| ERLA41 <sup>*2</sup>  | Ngalia Regional | Application |
| ERLA45 <sup>*3</sup>  | Ngalia Regional | Application |
| MCSA270 <sup>*1</sup> | Ngalia Regional | Application |
| MCSA271 <sup>*1</sup> | Ngalia Regional | Application |
| MCSA272 <sup>*1</sup> | Ngalia Regional | Application |
| EL24804               | Ngalia Regional | Granted     |
| EL24805               | Ngalia Regional | Application |
| EL24806               | Ngalia Regional | Granted     |
| EL24807               | Ngalia Regional | Granted     |

|                        |                 |             |
|------------------------|-----------------|-------------|
| MCSA273 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA274 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA275 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA276 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA277 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA278 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA318 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA319 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA320 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA321 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA322 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA323 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA324 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA325 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA326 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA327 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA328 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA329 <sup>*1</sup>  | Ngalia Regional | Application |
| MCSA330 <sup>*1</sup>  | Ngalia Regional | Application |
| MLNA1952 <sup>*1</sup> | Ngalia Regional | Application |
| MLNA1953 <sup>*1</sup> | Ngalia Regional | Application |

All of the above tenements are beneficially owned by Energy Metals Limited and percentage interest is 100% unless otherwise stated.

### ABBREVIATIONS

- \*1 = 53.3% interest
- \*2 = 52.1% interest
- \*3 = 41.9% interest
- \*4 = option to acquire 100% interest

- E = Exploration Licence (WA)
- ELA = Exploration Licence Application (WA)
- EL = Exploration Licence (NT)
- ELA = Exploration Licence Application (NT)
- ERL = Exploration Retention Licence (NT)
- ERLA = Exploration Retention Licence Application (NT)
- MCSA = Mineral Claim (Southern) Application (NT)
- MLNA = Mineral Lease (Northern) Application (NT)



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