

Energy Metals Limited

ABN 63 111 306 533

QUARTERLY REPORT TO SHAREHOLDERS

for the three months
ended 31 December 2008.

ASX Code - EME

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This report and further information are
available on Energy Metals' website at:

www.energymetals.net



HIGHLIGHTS

* Assaying confirms shallow, high grade intersections from **Bigryli** (NT) including:

5m @ 0.48% U₃O₈ 0.48% V₂O₅ from 80m

6m @ 0.26% U₃O₈ 0.79% V₂O₅ from 37m

4m @ 0.44% U₃O₈ 1.22% V₂O₅ from 114m

7m @ 0.30% U₃O₈ 0.45% V₂O₅ from 104m

An upgraded resource incorporating 2008 drill results is expected late March 2009

* Shallow first pass drilling at **Cappers** (NT) records anomalous intercepts from most holes

* Drilling on Energy Metals other 100% owned projects in WA & NT returns encouraging intercepts, with further results pending

FINANCIAL

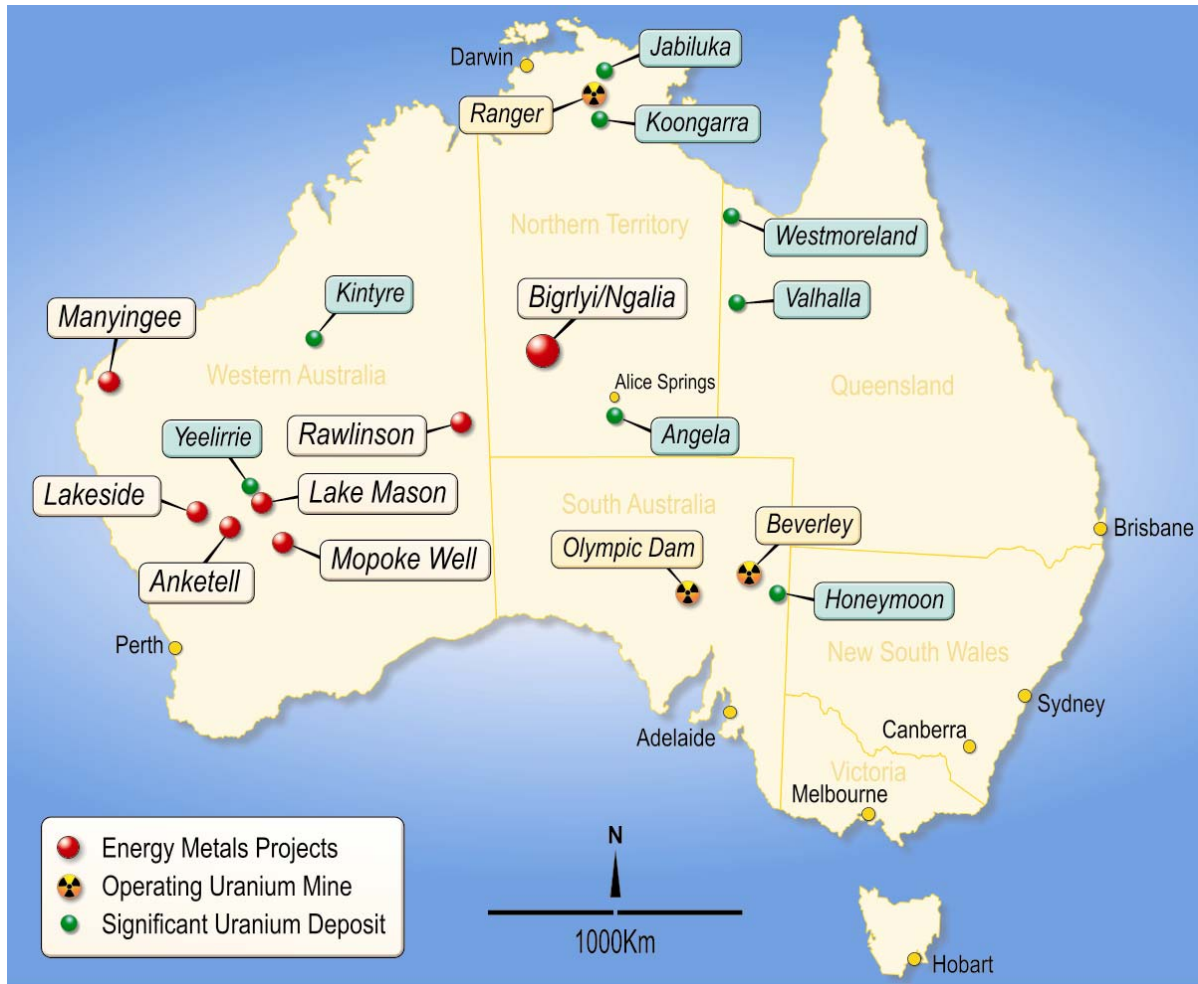
* Energy Metals had approximately \$5.7M in cash and a total of 117.1M shares on issue at 31 December 2008.

A handwritten signature in black ink that reads "Lindsay Dudfield".

**Lindsay Dudfield
Executive Director
30 January 2009**

INTRODUCTION

Energy Metals is a dedicated uranium explorer with eight projects located in the Northern Territory (NT) and Western Australia covering over 4,000 km². Most of the projects contain uranium mineralisation discovered by major companies in the 1970's, including the advanced Bigrlyi Project (NT).



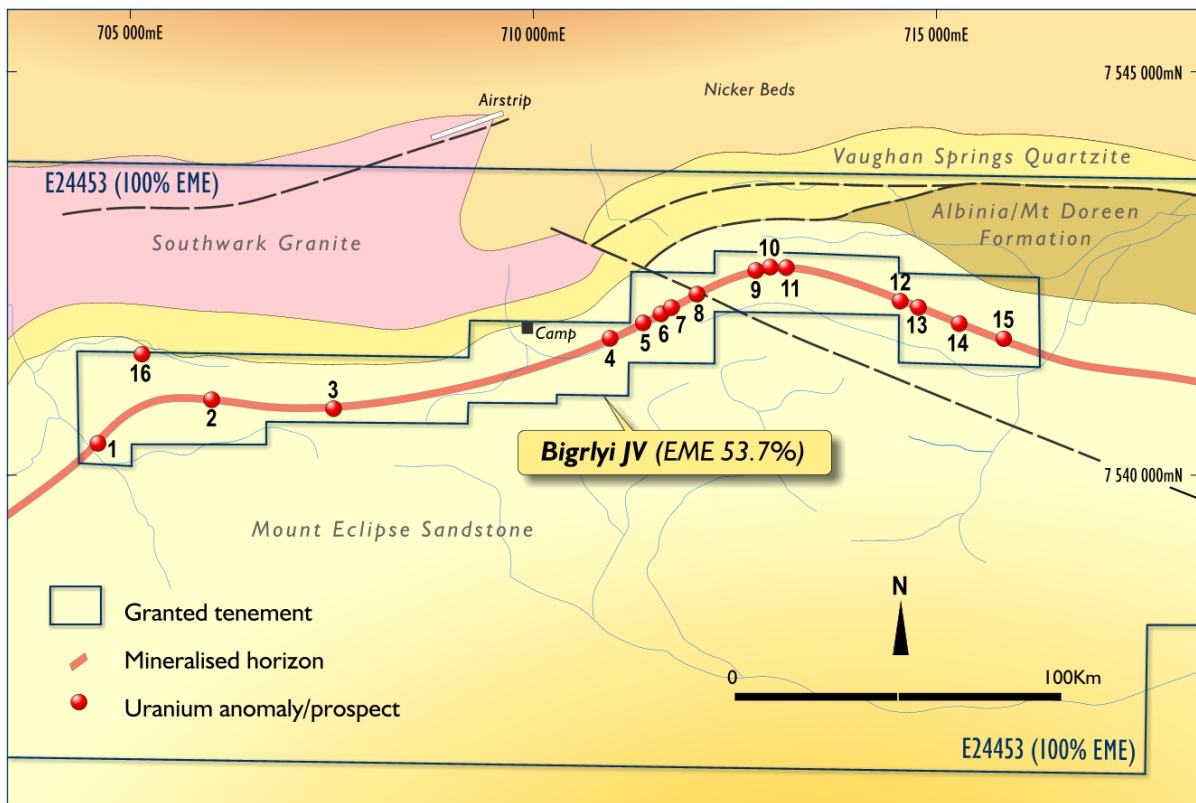
Australia has significant uranium endowment with the continent containing approximately 36% of the world's low cost uranium resources.

With the changing political and public sentiment to uranium mining in Australia and strong long term uranium prices 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.

NORTHERN TERRITORY

Bigrlyi (EME 53.74 %)

The Bigrlyi project comprises 10 granted exploration retention licenses located approximately 350 km northwest of Alice Springs. The project, which is a joint venture with Paladin Energy subsidiary Valhalla Uranium (42.06%) and Southern Cross Exploration (4.20%), is characterised by relatively high uranium grades (with vanadium credits) and excellent metallurgical recoveries.



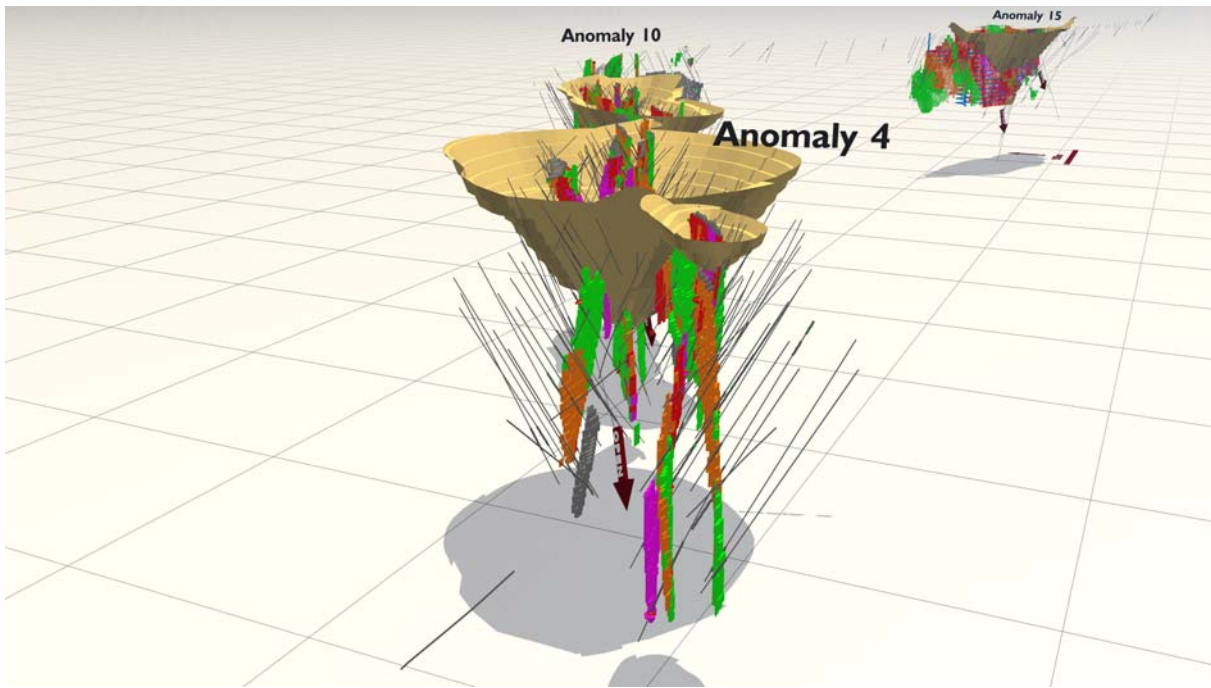
Current resources at Bigrlyi (announced March 2008) total 23.4 million pounds (Mlbs) U_3O_8 and 43.7Mlbs V_2O_5 (500ppm U_3O_8 cut-off). An Updated Scoping Study completed July 2008 and based on these resources demonstrated that the Bigrlyi Project has the potential to produce 16.2Mlbs of U_3O_8 and 14.5Mlbs V_2O_5 over a mine life of 12 years.

For further details on the Bigrlyi resources and the Updated Scoping Study please refer to ASX announcements or the Company's website www.energymetals.net

The Bigrlyi mineralisation remains open adjacent to open pit and underground mining positions evaluated by the Updated Scoping Study and there is excellent scope to delineate additional resources, which would further enhance project economics.

Drilling

An RC and diamond drill program (total 89 holes for 16,385m) designed to extend shallow resource positions at the A4 and A15 deposits commenced in early September 2008 and was completed in mid December 2008. Downhole calibrated gamma probe (eU_3O_8) results from holes drilled at the A4 deposit were detailed in announcements made in October and November 2008, with anomalous uranium mineralisation intersected in most holes.



Looking east over the A4 deposit to the A15 deposit. Note the multiple lenses at A4, adjacent to conceptual open pit development. Also note the limited drilling between A10 and A15.

Geochemical assays have now been received for 70 holes from this program, with 60 holes intersecting anomalous uranium values ($>100\text{ppm U}_3\text{O}_8$), including significant shallow uranium (and vanadium) intercepts adjacent to resource positions at the A4 deposit. Some of the intercepts from this program are summarised below:

B08004*	6m @ 0.26% U_3O_8 & 0.79% V_2O_5	from 37m
B08008*	5m @ 0.48% U_3O_8 & 0.50% V_2O_5	from 80m
B08021*	4m @ 0.44% U_3O_8 & 1.22% V_2O_5	from 114m
B08041	7m @ 0.18% U_3O_8 & 0.80% V_2O_5	from 153m
B08051A	7m @ 0.13% U_3O_8 & 0.07% V_2O_5	from 206m
B08055	7m @ 0.30% U_3O_8 & 0.45% V_2O_5	from 104m (A15)
B08091	3m @ 0.78% U_3O_8 & 0.33% V_2O_5	from 172m

* previously announced (18 December 2008)

A review of the follow-up geochemical sampling indicates that results compare favourably with the previously announced downhole gamma logging probe values, with minor radiometric disequilibrium noted at near surface levels. Table 1 (appended) includes a comparison of significant uranium assays ($>0.1\% \text{U}_3\text{O}_8$) received to date with downhole gamma logging results previously announced to ASX.

Exploration at A4 has generally targeted mineralisation at the upper and lower contacts of the main reduced horizon (Unit C). However, there are occasional parallel mineralised horizons, associated with cross structures, within the bounding oxidised units, up to 30m from these contacts. Although apparently of limited strike length, these zones can host significant grades, and their proximity to mineralisation at the main redox boundaries makes them an attractive target. To date these lenses have only been identified at A4.

It is expected that all assay results from the 2008 drilling program will be received by early next month, with the upgraded Bigrlyi resource to be available by the end of March 2009.

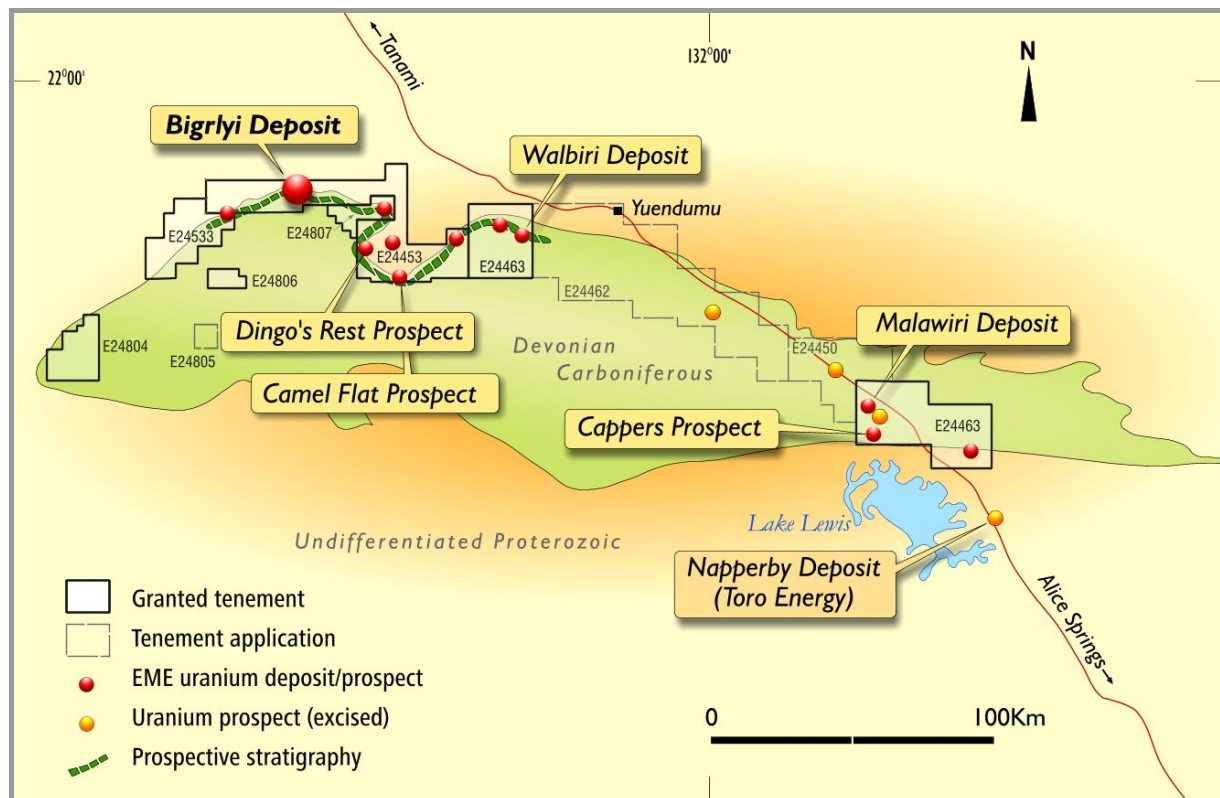
Metallurgical & Environmental

Large diameter diamond core drilling was completed at Bigrlyi in December with representative samples from the A4 and A15 deposits submitted for physical (comminution) testing and 'front-end' processing testwork.

Community consultation and collection of data for environmental baseline studies are ongoing and archeological/heritage consultants completed an initial site inspection during the period.

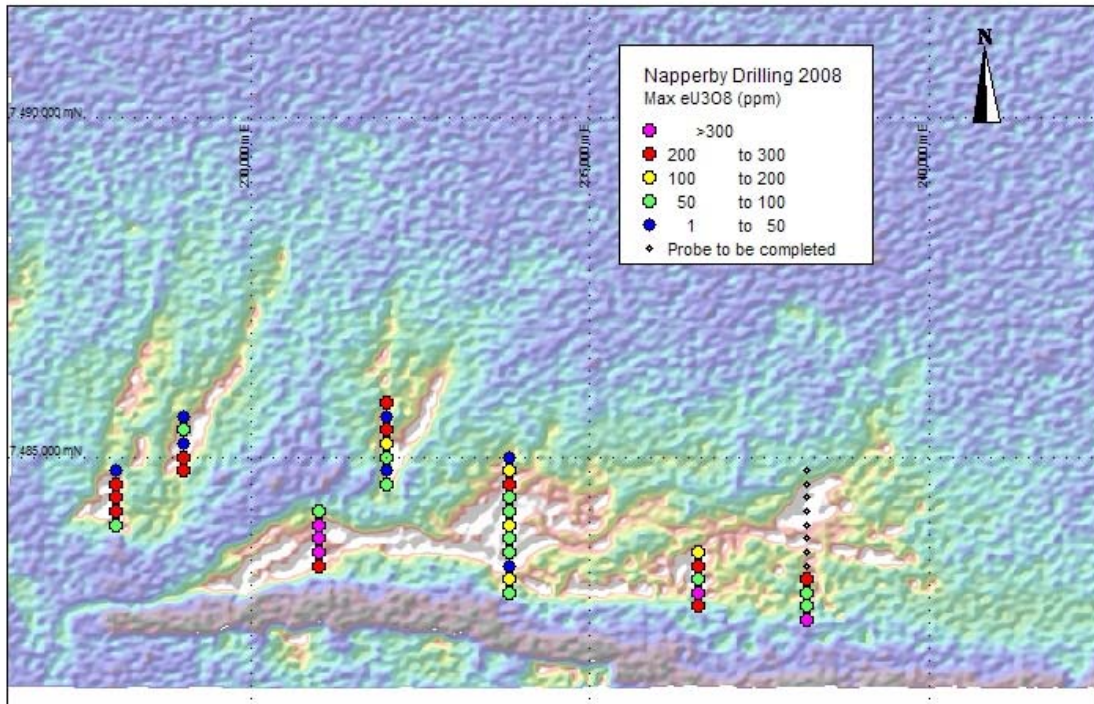
Ngalia Regional (EME 100%)

The Ngalia Regional project comprises ten 100% owned exploration licenses (total area 2,840 km²) 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 Walbiri and Malawiri prospects, located 55km and 150km SE of Bigrlyi respectively. The remaining 3 tenements cover discrete uranium anomalies, with no evidence of previous exploration, located southwest of the Bigrlyi deposits.



Seven of the 10 Ngalia Regional Exploration Licenses have been granted by the Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources (DRDPIFR). The remaining three applications (EL'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.

Drill testing of targets at Ngalia Regional commenced during the period. First pass, broad spaced aircore drilling (50 holes for 500m) was undertaken at **Cappers** prospect to investigate a strong airborne uranium anomaly. This anomaly, which had never been drill tested, appears to be associated with calcareous alluvium similar to the Napperby deposit located 20 kms to the SE and currently being explored by Toro Energy.



Cappers Prospect - Aircore Drilling over Radiometrics

Downhole gamma probe results have been received from 42 holes with anomalous uranium values ($eU_3O_8^*$) recorded at shallow levels in most holes, including:

NA08011	1.84m @ 208ppm eU_3O_8 from 2.34m
NA08012	2.12m @ 281ppm eU_3O_8 from 1.74m
NA08013	1.34m @ 337ppm eU_3O_8 from 2.42m

Significant intercepts are summarised in Table 2 (appended). It is emphasised that these results are preliminary and subject to confirmation by geochemical assay, with this work to be undertaken in April, at the end of the 'wet season'.

However at this early stage these results are regarded as highly encouraging with anomalous uranium values encountered over a distance in excess of 5 km. Further drilling, both infill and testing for extensions under shallow cover, will commence once geochemical assays and remaining downhole probe results have been compiled.

A small RC drilling program (5 holes for 852m) was completed at the **Camel Flat** prospect (located 33km SE of Bigrlyi) during the period. The drilling was designed to follow up historical exploration intercepts (2.8m @ 2,841ppm eU_3O_8 ; 0.8m @ 1,186ppm eU_3O_8) and provide geological information on the mineralised setting.

Downhole probing confirmed the historical anomaly, recording a best intercept of **2.5m @ 2,564 ppm eU₃O₈*** from hole CF0803 (refer to Table 3 for further details). Follow up geochemical assaying is underway with results expected in the coming period.

Further drilling at the Camel Flat prospect, and other regional prospects, is planned for the 2009 field season.

WESTERN AUSTRALIA

Exploration of Energy Metals' WA projects (all 100% owned) accelerated during the period, following the election in September 2008 of a new state government with a pro uranium mining policy.

Anketell (EME 100%)

The Anketell project is located 100km east of Mt Magnet and comprises two granted exploration licences (E's 58/289 & 58/292) with a total area of 165 km². 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.

First pass aircore drilling completed in 2007 (holes 200m apart on 1km spaced traverses) confirmed the presence of uranium mineralisation in calcrete and calcareous clays with most traverses recording anomalous intercepts.

Infill aircore drilling was undertaken at Anketell during the period with 110 holes (total 1,650m) completed. Downhole gamma probing of these holes is currently in progress, having been delayed due to weather and access difficulties. Results from this program are expected early next month, prior to calculation of an initial JORC compliant resource.

Lake Mason (EME 100%)

This project comprises one granted exploration licence (E 57/590) with an area of 64 km² centred 25 km NNE of Sandstone and 80 km SW 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.

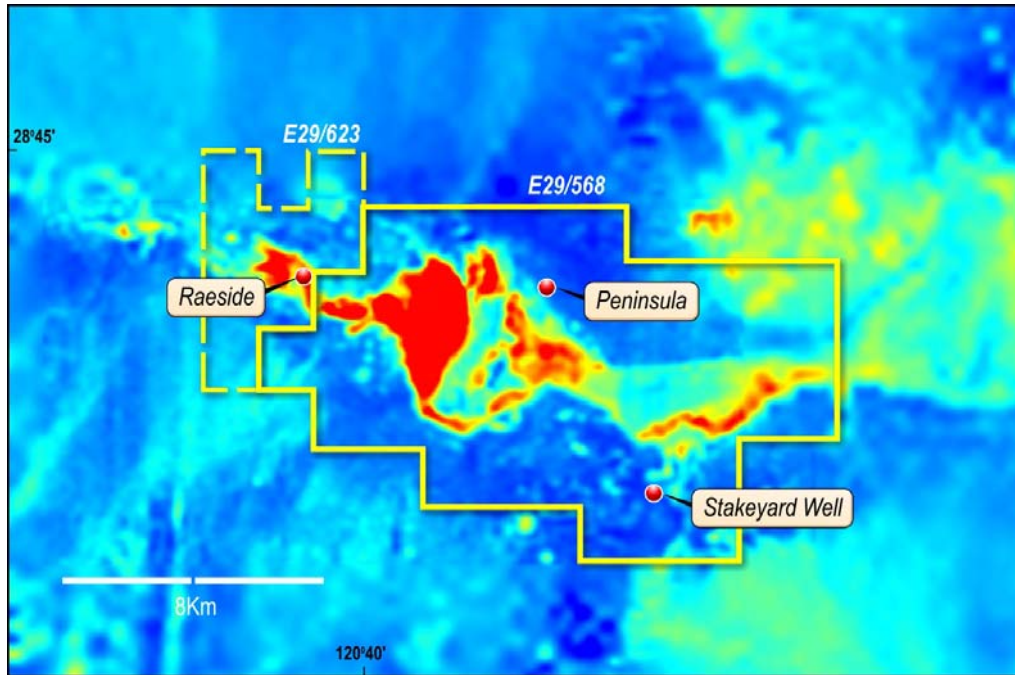
In June 2008 Energy Metals announced an initial Inferred Mineral Resource at Lake Mason of 1,343 tonnes (3.0 million lbs) U₃O₈ at a grade of 170 ppm (100ppm U₃O₈ cut-off).

No field activities were undertaken at Lake Mason in the December 2008 quarter

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 160km². Exploration Licence 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.



Mopoke Well Project over Radiometrics

Following extensive land access negotiations, first pass aircore drilling at Mopoke Well commenced late in the December 2008 quarter with 95 holes (total 950m) completed at the historical Peninsula and Stakeyard Well deposits.

The results from downhole probing, together with follow-up geochemical assays of significant intervals, will be available in the coming period.

Lakeside (EME 100%)

The Lakeside project is located in the Murchison district 20 km west of Cue and comprises exploration licence E 21/120 (area 75 km²) which was granted late January 2006. This project was acquired to follow up previously discovered carnotite mineralisation hosted by valley calcretes associated with major saline drainages.

First pass aircore drilling completed in 2007 (holes 200m apart on 1km spaced traverses) confirmed the presence of uranium mineralisation in calcrete and calcareous clays with most traverses recording anomalous intercepts.

Limited infill aircore drilling (36 holes for 360m) designed to track the 2007 anomalies beneath transported sand cover was completed in the December 2008 quarter. Downhole gamma logging has been completed with anomalous probe results noted from several holes.

Significant intercepts are summarised in Table 4 (appended). It is emphasised that these results are preliminary and subject to confirmation by geochemical assay, with this work to be undertaken in the coming period.

Rawlinson & Manyingee (EME 100%)

No field work was undertaken on these projects during the quarter pending completion of aboriginal heritage issues. Activities planned for the coming period include heritage surveys at **Manyingee** and further negotiations with Traditional Owners to approve access for exploration at **Rawlinson**, including an on-site meeting.

Note: The information in this report relating to Exploration Results is based on information compiled by Nick Burn BSc(Hons), MAIG., who has more than five years relevant experience in estimation of mineral resources and the mineral commodity uranium. Mr Burn is a full time employee of Energy Metals Limited and takes responsibility for the quality of the data and geological interpretations.

Mr Burn has 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". Mr Burn consents to the inclusion of the information in the report in the form and context in which it appears.

* Uranium mineralisation grades through this report are annotated with a sub-prefix 'e' because they 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 eU₃O₈.

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.

TABLE 1: SIGNIFICANT INTERCEPTS (>0.1% U₃O₈) FROM BIGRLYI

DEPOSIT	HOLE	FROM (m)	INTERCEPT (m)	U ₃ O ₈ %	U ₃ O ₈ lb/t	V ₂ O ₅ %	eU ₃ O ₈ intercept %
A4	B08004	37	6	0.26	5.83	0.79	3.0m @ 0.23 from 36.1m
		<i>incl. 39</i>	3	<i>0.44</i>	<i>9.73</i>	<i>1.06</i>	<i>2.75m @ 0.61 from 39.15m</i>
	B08005	109	3	0.18	4.06	0.68	6.35m @ 0.08 from 103.2m
	B08006	43	1	0.28	6.16	0.39	3.15m @ 0.17 from 41.7m
	B08007	37	3	0.14	3.00	0.06	
		<i>incl. 37</i>	1	<i>0.39</i>	<i>8.49</i>	<i>0.15</i>	<i>1.60m @ 0.17 from 34.12m</i>
	B08008	80	5	0.48	10.45	0.50	5.3m @ 0.52 from 77.65m
		<i>incl. 81</i>	1	<i>1.58</i>	<i>34.76</i>	<i>0.13</i>	
	B08010	54	2	0.11	2.52	0.11	1.55m @ 0.05 from 49.9
	B08011	220	3	0.18	4.01	0.69	3.1m @ 0.21 from 217.4m
	B08012	10	3	0.19	4.26	0.46	11.1m @ 0.1 from 2.1m*
	B08014	98	2	0.13	2.78	0.03	2.55m @ 0.08 from 96.4m
		104	1	0.12	2.65	0.09	1.55m @ 0.10 from 102.55
	B08015	104	2	0.14	2.98	0.15	2.4m @ 0.08 from 102.55
	B08017	121	1	0.10	2.12	0.38	0.95m @ 0.07 from 120.5
	B08018	135	2	0.15	3.37	0.06	1.8m @ 0.26 from 134.35
	B08019	87	2	0.18	3.92	0.36	2.9m @ 0.18 from 85.5
	B08020	97	2	0.12	2.70	0.16	2.2m @ 0.19 from 96.3
	B08021	114	4	0.44	9.64	1.22	3.7m @ 0.50 from 113.1
		<i>incl. 115</i>	2	<i>0.73</i>	<i>15.95</i>	<i>1.86</i>	
		189	8	0.37	8.07	1.21	7.05m @ 0.48 from 188.15
	<i>incl. 190</i>	3	<i>0.73</i>	<i>16.09</i>	<i>2.32</i>		
	B08031	148	1	0.18	3.95	0.07	2.0m @ 0.09 from 147m
	B08041	153	7	0.18	3.95	0.80	6.09m @ 0.08 from 152.2m
		<i>incl. 157</i>	2	<i>0.36</i>	<i>8.06</i>	<i>1.40</i>	
	B08042	122	4	0.17	3.89	0.06	5.0m @ 0.16 from 122.7m
	B08043	180	1	0.21	4.68	0.09	1.25m @ 0.05 from 180.1m
	B08045	160	3	0.17	3.89	0.84	2.95m @ 0.07 from 159.7m
	B08046	111	3	0.16	3.66	1.59	1.46m @ 0.19 from 110.8m
	B08047	27	2	0.18	3.94	0.11	1.95m @ 0.08 from 25.5m
		114	1	0.14	3.05	0.30	1.3m @ 0.06 from 112.6m
	B08048	162	1	0.11	2.56	0.08	1.45m @ 0.02 from 161.2
	B08049	62	1	0.11	2.52	0.36	
65		1	0.28	6.16	0.19	1.35m @ 0.07 from 64.4m	
B08051A	206	11	0.13	2.92	0.07	9.25m @ 0.07 from 205.1m	
	<i>incl. 213</i>	3	<i>0.29</i>	<i>6.39</i>	<i>0.10</i>		
B08060	109	2	0.16	3.56	0.11	3.95m @ 0.08m from 106m	
B08061	253	3	0.11	2.55	0.04	1.7m @ 0.05 from 252.8m	
B08062	132	3	0.17	3.88	0.11	Probe results unavailable	
B08064	188	1	0.14	3.23	0.43	1.6m @ 0.07 from 184.5m	
B08066	165	3	0.16	3.60	0.51	Probe results unavailable	
	175	1	0.13	2.95	0.27		
B08067	84	1	0.25	5.69	0.72	Probe results unavailable	
B08091	172	3	0.78	17.51	0.33	3.05m @ 0.19 from 170.5m	

	<i>incl. 174</i>	1	1.43	32.03	0.11		
	B08092	118	1	0.11	2.36	0.36	2.55m @ 0.05 from 115.8m
	B07167	266	5	0.13	2.90	0.86	4.2m @ 0.15 from 266.4m
	<i>incl. 267</i>	2.5	0.22	4.82	1.16		
A15	B08055	104	7	0.30	6.73	0.45	Probe results unavailable
	<i>incl. 106</i>	3	0.65	14.56	0.45		
	B08057	122	1	0.12	2.58	0.64	Probe results unavailable
	B08058	96	1	0.10	2.26	0.16	Probe results unavailable
		99	2	0.13	2.82	0.13	

Assays based on RC chips sampled at 1m intervals, diamond core sampled at 0.5m intervals and analysed by ALS Chemex (Brisbane). U analysed by XRF (ME-XRF05); V by XRF (ME-XRF05, for values <1000 ppm) and ICP (ME-ICP61, for values >1000 ppm). All assays are rounded to two decimal figures.

TABLE 2: SIGNIFICANT eU₃O₈ INTERCEPTS (ppm) FROM CAPPERS PROSPECT

HOLE	EASTING	NORTHING	FROM	TO	INTERVAL	eU ₃ O ₈	MAX eU ₃ O ₈
NA08002	228000	7484200	0.02	0.64	0.62	229	299
			0.68	1.24	0.56	122	144
NA08003	228000	7484400	0.14	0.70	0.56	156	236
			1.20	1.54	0.34	126	151
NA08004	228000	7484600	0.38	1.48	1.10	189	286
			4.32	4.80	0.48	136	176
NA08006	229000	7484800	7.84	8.56	0.72	189	286
NA08007	229000	7485000	0.76	1.34	0.58	185	222
NA08011	231000	7483400	2.34	4.18	1.84	208	289
			5.02	5.94	0.92	214	382
			6.02	6.40	0.38	116	148
			7.38	7.74	0.36	157	194
NA08012	231000	7483600	1.74	3.86	2.12	281	391
			5.00	5.36	0.36	154	251
NA08013	231000	7483800	2.42	3.76	1.34	337	739
NA08014	231000	7484000	2.52	3.54	1.02	299	688
			3.58	4.58	1.00	240	366
NA08019	232000	7485200	1.00	1.48	0.48	127	144
NA08020	232000	7485400	0.02	0.88	0.86	176	262
NA08022	232000	7485800	0.28	1.64	1.36	192	269
NA08024	233800	7483200	2.04	2.78	0.74	118.4	158
NA08028	233800	7484000	1.94	2.28	0.34	118	145
			2.34	2.62	0.28	109	121
			2.94	3.32	0.38	142	208
NA08031	233800	7484600	0.02	1.02	1.00	180	256
NA08032	233800	7484800	1.66	2.14	0.48	135	155
NA08034	236600	7482800	0.88	2.70	1.82	185	233
			3.04	3.60	0.56	147	197
NA08035	236600	7483000	3.16	3.84	0.68	276	598
NA08037	236600	7483400	0.66	2.14	1.48	160	216
			2.72	3.66	0.94	361	582
NA08038	236600	7483600	1.16	2.26	1.10	131	155
			2.30	2.76	0.46	120	133
NA08039	238200	7482600	2.98	4.14	1.16	245	412
NA08042	238200	7483200	2.94	3.46	0.52	179	288

TABLE 3: SIGNIFICANT eU₃O₈ INTERCEPTS (ppm) FROM CAMEL FLAT PROSPECT

HOLE	EASTING	NORTHING	FROM	TO	INTERVAL	eU ₃ O ₈	MAX eU ₃ O ₈
CF0802	736673	7522426	90.55	90.85	0.3	231	253
CF0803	736586	7522351	59.45	61.95	2.5	2564	5850

TABLE 4: SIGNIFICANT eU₃O₈ INTERCEPTS (ppm) FROM LAKESIDE

HOLE	EASTING	NORTHING	FROM	TO	INTERVAL	eU ₃ O ₈	MAX eU ₃ O ₈
LAC107	569300	6966250	1.64	1.94	0.30	168	224
LAC116	570200	6966250	7.76	8.02	0.26	130	163
LAC118	570400	6966250	7.14	7.78	0.64	367	847
			7.92	8.61	0.69	155	238
LAC119	570500	6966250	7.23	7.53	0.30	143	172
LAC121	570700	6966250	7.37	7.91	0.54	281	623
LAC125	569500	6966750	1.31	2.15	0.84	364	899
LAC128	569800	6966750	2.74	3.36	0.62	142	208