ENERGY METALS LIMITED
AND ITS CONTROLLED ENTITY

A.B.N. 63 111 306 533

2009 ANNUAL REPORT

CORPORATE DETAILS

Directors
Oscar Aamodt
(Non-Executive Chairman)

Lindsay George Dudfield
(Executive Director)

Geoffrey Michael Jones
(Non-Executive Director)

Company Secretary
Patricia Anne Farr

Registered Office
Level 2
18 Kings Park Road
WEST PERTH WA 6005
Telephone: 61 8 9322 6904
Facsimile: 61 8 9321 7950
Email: enquiry@energymetals.net
Web: www.energymetals.net

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”) - Code **EME**.
The home exchange is Perth.

CONTENTS

Bankers
National Australia Bank Limited
50 St Georges Terrace
PERTH WA 6000

Solicitors
Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Energy Metals Limited and the entities it controlled at the end or during the year ended 30 June 2009.

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:

Oscar Aamodt
Lindsay George Dudfield
Geoffrey Michael Jones (appointed 29/08/2008)
Donald Ross Kennedy (resigned 01/09/2008)

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

The consolidated profit of the Group after providing for income tax for the year ended 30 June 2009 was $83,226 (2008: loss $272,216).

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 on the ASX, the Company has conducted uranium exploration activities on its various projects with the major focus being on the Bigrlyi 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 $16,493,040 at 30 June 2009 (2008: $15,876,401).

Cash and assets utilised by the Company for the period ended 30 June 2009 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

On 8th September 2009 the Company announced it has entered into an Implementation Deed with CGNPC Uranium Resources Co. Ltd., a wholly owned subsidiary of China Guangdong Nuclear Power Company ("CGNPC"), under which China Uranium Development Company Limited ("CUD"), also a wholly owned subsidiary of CGNPC, will offer to acquire up to 70% of the outstanding ordinary shares of Energy Metals for $1.02 cash per share by means of a proportional takeover bid. As a part of the transaction CUD will underwrite a 1:9 rights issue by Energy Metals at $0.90 per share which Energy Metals intends to implement on completion of the proportional takeover bid. The rights issue seeks to raise approximately $11.7M.

The Implementation Deed has a number of conditions related to government approvals that are required to be satisfied before the transaction can be completed.

Further information regarding the transaction can be obtained from the Australian Stock Exchange www.asx.com.au and the Company's website www.energymetals.net

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.

INFORMATION ON DIRECTORS

Name	Director's Experience	Special Responsibilities
Mr Oscar Aamodt FCIS	Mr Aamodt is a member of the Institute of Chartered Secretaries and Administrators and has more than 24 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. Other public company directorships held by Mr Aamodt over the last three years are: Independence Group NL – current Brumby Resources Limited – (February 2006 – October 2006)	Non-Executive Chairman
Mr Lindsay Dudfield BSc	Mr Dudfield is a qualified geologist with 29 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. He is currently the Managing Director of Jindalee Resources Ltd. Other public company directorships held by Mr Dudfield over the last three years are: Jindalee Resources Limited – current	Executive Director
Mr Geoff Jones BEng FIEAust CPEng (appointed 29/08/2008)	Mr Jones is a Fellow of the Institution of Engineers, Australia, with a Bachelor of Engineering (Civil) degree. He has over 25 years experience covering the areas of construction, engineering, mineral processing and project development. Mr Jones has been responsible for the preparation of feasibility studies for gold and base metals projects and has completed numerous project evaluations and due diligence reviews and has managed the successful development of projects both domestically and overseas. Mr Jones has operated his own project management and engineering consultancy, JMG Projects Pty Ltd, servicing the mining industry. In this capacity Mr Jones has completed works on gold and base metal projects for Australian and overseas based mining groups. Mr Jones is currently employed with Sedgman Limited - Intermet Engineering as the General Manager of Metals. Intermet provide innovative process design and engineering solutions to the resource sector. Other public company directorships held by Mr Jones over the last three years are: Brumby Resources Ltd – (February 2006 – current) Matrix Metals Ltd – (October 2006 – current) Adamus Resources Limited – (March 2006 – April 2008)	Non-Executive Director

Name	Director's Experience	Special Responsibilities
Mr Donald Kennedy BSc (Hons) (resigned 01/09/2008)	Mr Kennedy was a qualified geologist with 44 years experience in gold and base metals exploration, both in Australia and overseas. As Managing Director, then Exploration Director, of Resolute Limited, leading to the development of gold mines at Marymia, Chalice, Higginsville and Challenger in Australia and Nkran and Golden Pride in Africa. Other public company directorships held by Mr Kennedy over the last three years were: Jindalee Resources Limited – (April 2002 – September 2008) Uran Limited – (December 2007 – September 2008) Vital Metals Limited – (January 2005 – September 2008) Great Western Resources Limited – (January 2007 – September 2008)	Non-Executive Director

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	Unlisted 10c Options Expiring 30/06/2010
L G Dudfield	6,575,400	1,500,000
O Aamodt	236,250	750,000
G M Jones	-	-

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2009 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
L G Dudfield	9	9
O Aamodt	9	9
G M Jones	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.

Retirement, election and continuation in office of directors

Mr Kennedy resigned as a non-executive director on 1st September 2008.

Mr Geoffrey Jones was appointed a director on 29th August 2008. In accordance with the *Corporations Act 2001* and the Company's constitution, the Company confirmed the appointment of Mr Jones at the 2008 Annual General Meeting.

Mr Aamodt was appointed Chairman of the Company upon the resignation of Mr Kennedy on 1st September 2008.

Mr Aamodt is the director retiring by rotation who, being eligible, may offer himself for re-election at Annual General Meeting.

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.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Remuneration Policy

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.

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

All executives receive either consulting fees or a salary, part of which maybe 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 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 24th 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 and is currently set at $100,000 per annum. 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.

Company performance, shareholder wealth and directors and key executive remuneration

The policy, setting the terms and conditions for the executive directors and specified executives, was developed and approved by the board and is considered appropriate for the current exploration phase of the Company's development. Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of Directors. Fees paid to directors are not linked to the performance of the Company. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Company's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders).

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**	**At 30 June 2008**	**At 30 June 2009**
Share Price	$1.81	$6.64	$1.49*	$0.515
Market Capitalisation	$45M	$178M	$174.5M	$60.3M
Dividend	-	-	-	-

(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). * *The share capital of the Company was reorganized effective 29 February 2008. The reorganization was by way of a share split whereby each share in the Company was split into 3 shares.*

Directors and Executives (Key Management Personnel) Emoluments

The Company's policy for determining the nature and amount of emoluments of key management personnel 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.

		Short-term benefits		**Post-employment**	**Share-based payment**		**% remuneration consisting of options**
Non-Executive Directors		Directors Fees $	Cash Salary, Consulting Fees $	Super-annuation $	Options $	Total $	%
D R Kennedy	2009	6,667	-	-	-	6,667	-
	2008	10,000	35,723	3,919	-	49,642	-
O Aamodt	2009	25,000	-	-	-	25,000	-
	2008	25,000	-	-	-	25,000	-
G M Jones	2009	19,113	-	1,720	-	20,833	-
	2008	-	-	-	-	-	-
Executive Directors							
L G Dudfield	2009	-	166,045	-	-	166,045	-
	2008	-	126,918	-	-	126,918	-
Senior Managers							
P A Farr #^	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
N Burn	2009	-	153,846	13,846	-	167,692	-
	2008	-	-	-	-	-	-
D L Hughes #	2009	-	-	-	-	-	-
	2008	-	122,214	10,999	-	133,213	-
T Saul #	2009	-	-	-	-	-	-
	2008	-	56,539	5,089	-	61,628	-

# denotes the highest paid executives of the Company as required to be disclosed under the *Corporations Act 2001.*

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarised the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the Executive Director and other Senior Managers are also formalised in service agreements as summarised below.

<u>D R Kennedy</u>

On 1st July 2005 the Company entered into an agreement (via a letter of appointment), appointing Mr Kennedy as a Non-Executive Director. Pursuant to the terms of the letter of appointment, during the year the Company paid Mr Donald Ross Kennedy directors fees totalling $6,667. Mr Kennedy resigned as non-executive director effective 1st September 2008.

<u>O Aamodt</u>

On 8th July 2005 the Company entered into an agreement (via a letter of appointment), appointing Mr Aamodt as a Non-Executive Director. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Aamodt is entitled to directors fees of $25,000 per annum and additional fees based on an hourly rate of $120 per hour for special duties or services outside the scope of ordinary duties of a non-executive director.

L G Dudfield
Mr Dudfield is employed via a Consultancy Agreement between 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. If the number of hours in a working month exceed 50 hours the Company has agreed to pay additional fees at reasonable commercial rates. Unless extended for a further period the current agreement will expire on 1 July 2011. The agreement may be terminated by either party on 90 days notice or earlier in the event of a default not remedied within 14 days.

P A Farr ^
Ms Farr is Company Secretary of Energy Metals Limited is employed by Jindalee Resources Limited and as such receives no direct salary or consulting fees from the Company. Details regarding payment for Ms Farr's services is disclosed in Note 22(d).

N R Burn
Mr Burn was appointed Exploration Manager on 14th July 2009 pursuant to the terms and conditions of his employment contract with the Company which unless extended for a further period will expire 30 June 2010. Mr Burns salary is reviewed annually and is currently set at $180,000 per annum. Upon termination of the contract for any reason the Company will pay all entitlements due to the Employee.

D L Hughes
Mr Hughes was appointed Exploration Manager on 20th January 2006 pursuant to the terms and conditions of his employment contract with the Company. Mr Hughes resigned from this position effective 21st February 2008 and was paid all entitlements due.

T Saul
Mr Saul was appointed Exploration Manager on 25th February 2008 pursuant to the terms and conditions of his employment contract with the Company. Mr Saul resigned from this position effective 10th June 2008 and was paid all entitlements due.

Options granted as part of remuneration

Options over shares in Energy Metals Limited are granted under the Energy Metals Employee Share Option Plan. Participation in the plan and any vesting criteria, is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any options issued to directors of the Company are subject to shareholder approval and are not linked to company financial performance.

Share-based compensation

Details of options over ordinary shares in the Company provided as remuneration to each director of Energy Metals Limited and senior managers of the Company are set out below. All options are vested on grant date.

Name	**Number of options granted during the year**		**Number of options vested during the year**	
Directors	**2009**	**2008**	**2009**	**2008**
D R Kennedy	-	-	-	-
O Aamodt	-	-	-	-
L G Dudfield	-	-	-	-
G M Jones	-	-	-	-
Senior Managers				
P Farr	-	-	-	-
N Burn	-	-	-	-
D L Hughes	-	-	-	-
T Saul	-	-	-	-

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.

Further information on the fair value of share options and assumptions is set out in Note 15 to the financial statements.

Securities Policy

The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors, Senior Management and employees of the Company act ethically and do not use confidential inside information for personal gain. The policy states acceptable and unacceptable times for trading in Company securities and outlines the responsibility of directors, senior management and employees to ensure that trading complies with the Corporations Act 2001, the Australian Securities Exchange (ASX) Listing Rules and Company Policy.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

Shares provided on exercise of options

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each director of Energy Metals Limited and senior managers of the Company are set out below.

	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year		Amount paid per share issued	
Directors		**2009**	**2008**	**2009**	**2008**
D R Kennedy	-	-	-	-	-
O Aamodt	-	-	-	-	-
L G Dudfield	-	-	-	-	-
G M Jones	-	-	-	-	-
Senior Managers					
P Farr	-	-	-	-	-
T Saul	23/07/2008	-	20,000	-	$3.00

No amounts are unpaid on any shares issued on the exercise of options.

End of Remuneration Report.

SHARES UNDER OPTION

There were no options granted during the year ended 30 June 2009.

The details of unlisted share options on issue and fully vested at the date of this report by the Company are as follows:

Grant Date	Number	Date vested & exercisable	Expiry Date	Exercise Price	Value per option at grant date
06/12/2005	3,750,000	06/12/2005	30/06/2010	$0.10	$0.27
05/01/2007	450,000*	05/01/2007	30/06/2011	$0.98	$0.84

**includes the balance of options as disclosed in Note 15 as at the date of this report.*

Shares Issued on Exercise of Options

There were no 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.

DIRECTORS AND OFFICERS INSURANCE

The Company has paid a premium to insure the directors and officers of the Company for the period 30/10/2008 to 30/10/2009 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.

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.

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.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

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 43 of this report.

NON-AUDIT SERVICES

The external auditor did not perform any non-audit services during the year ended 30 June 2009.

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

14th day of September 2009, at Perth, Western Australia

L G DUDFIELD
Executive Director.

Corporate Governance Statement
For the year ended 30 June 2009

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 Board believes that high standards of corporate governance are an essential prerequisite for creating sustainable value for shareholders. This statement summarises the Company's main corporate governance policies and practices in place throughout the reporting period ended 30 June 2009. The policies and practices 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.

The Company's most significant governance policies are available on the Company's website www.energymetals.net

Principal 1: Lay solid foundations for management and oversight

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 is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies.

The appointment of non-executive directors are formalized in accordance with the requirements of the Corporations Act 2001 and the Company's constitution.

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarised the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the Executive Director and other Senior Managers are formalised in service agreements which are summarised in the Directors Report.

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

Name	Age	Position	Special Expertise
Oscar Aamodt	63	Non-Executive Director	Company Management
Lindsay George Dudfield	52	Executive Director	Resource Industry
Geoffrey Michael Jones	47	Non-Executive Director	Engineering & Project Management

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

The Company's Chairman is responsible for leadership and governance of the board and ensuring its efficient organization and conduct.

The only publicly available copy of matters reserved for the board is the Corporate Governance Statement in the annual report

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

The other senior executive of the Company is the Company Secretary whose responsibilities include ensuring the Board received regular financial information and reports, preparation of statutory financial statements, corresponding with corporate regulators the Australian Securities Exchange and Australian Securities & Investments Commission and maintaining details of the Company's banking arrangements and funds on hand.

The board reviews the performance of senior executives whose performance is assessed against their performance in their respective roles and responsibilities. The reviews are done at least annually and more often when deemed necessary. The senior executives were reviewed during the 2009 financial year in accordance with this procedure.

The only publicly available copy of matters reserved for senior executives is the Corporate Governance Statement in the annual report

Principle 2: Structure the Board to add value

The Corporate Governance Council recommends that a majority of the Board should be independent directors. The guidelines define independence as not being a member of management and 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 their judgement. The two non-executive directors on the board are considered to be independent as they comply with this definition

In the first quarter of 2008 changes were made to the composition of the board. With the appointment of Mr Geoff Jones as non-executive director on 29/08/2008 the Board meets the recommendation of the ASX Guidelines that a majority of the Board are independent directors and that the chair is an independent director who does not hold the position of chief executive officer.

The ASX Guidelines recommends listed entities establish a nomination committee. During the year ended 30 June 2009, 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 and the Company's current stage of development, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee. When a new director appointment is to be made the remaining board members seek a candidate that has relevant industry experience, is willing to serve on the board and following appointment that director stands for re-election by shareholders at the next annual general meeting. The only publicly available policy for the nomination and appointment for directors is the Corporate governance statement in the annual report

Due to the nature of the company's activities and small size of the company there is currently no internal formal process for performance evaluation of the Board, however, shareholders are able to assess the performance of the board by the way they manage the company and vote for or against their re-appointment at the annual general meeting.

The skills, experience and expertise relevant to the position held by each director is disclosed in the Directors' Report which forms part of this report.

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.

Principle 3: Promote ethical and responsible decision-making

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct adopted by the Company requires that all employees abide by the laws, regulations and business practices wherever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place various internal policies which provide internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and that any legal, environmental and social consequences of such dealings will be properly considered before any action is taken.

The Company has an Environmental Policy which requires that all employees comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

The Company is committed to maintaining the highest standards of integrity and seeks to ensure that all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and market integrity. The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors and employees of the Company act ethically and do not use confidential information for personal gain.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

A copy of the Company's Code of Conduct, Environmental and Share Trading policy is available on the Company's website.

Principle 4: Safeguard Integrity in Financial Reporting

The ASX Guidelines recommend listed entities establish an audit committee. During the year ended 30 June 2009 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 as a whole meets with the company auditor prior to the final sign-off of the half yearly and final annual accounts

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

- 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;
- 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; and
- reviewing and approving corporate governance systems.

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. The Executive Director and Company Secretary are required to periodically state in writing to the Board that the Company's financial report presents a true and fair view of the Company's financial condition and that results are reported in accordance with relevant accounting standards.

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.

Principle 5: Make Timely and balanced 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.

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

Presentations that are made to analysts or investors are posted on the Company's website. If the presentations contain information that has not previously been announced to ASX that could have a material effect on the share price, the presentation is released to the ASX before the presentation is made.

A copy of the Company's continuous disclosure policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

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.

The Board of Energy Metals Limited adopted a policy to promote effective communication with shareholders.

A copy of the policy is available from the Company's website.

Principle 7: Recognise and Manage Risk

Taking and managing risk are central to business and building shareholder value. The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment, identify potential opportunities & risk areas therein; and
- monitor systems established to ensure prompt and appropriate responses to shareholders complaints and enquiries.

The Board meets on a regular basis and reviews and monitors the parameters under which such risks will be managed. The Board has established a Risk Management Team ("RMT") which comprises the Executive Director and Company Secretary and any other senior executives the RMT consider appropriate to oversee the daily management of risk and make recommendations to the Board on risk management matters. The RMT is not a committee of the Board and the Board acknowledges that it is ultimately responsible for the implementation of any policies, actions or decisions made by the RMT.

The Executive Director and Company Secretary are required to periodically report to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material aspects.

The Board also receives a declaration pursuant to s295A of the Corporations Act from the Chief Executive Officer (Executive Director) prior to the approval of financial statements.

A copy of the policy is available from the Company's website.

Principle 8: Remunerate fairly and responsibly

The Company does not have a formal remuneration policy and has not established a separate remuneration committee. Due to the early state of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Remuneration is currently in accordance with the general principles recommended by the ASX, that is, non-executive directors receive a fixed fee for their services and do not receive performance based remuneration. 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 to subscribe for shares, subject to approval by Shareholders. The Company has not complied with the ASX Guideline in this regard but considers the nature and quantum of remuneration of its non-executive directors to be appropriate and reasonable for a Company of its size and the granting of options is a useful tool for attracting and retaining quality directors without diminishing the Company's cash resources.

All executives receive either consulting fees or a salary, part of which maybe 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 executives performance and comparable information from industry sectors and other listed companies in similar industries.

There are no schemes for retirement benefits for non-executive directors.

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

ENERGY METALS LIMITED
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Revenue from continuing operations	4a	997,988	1,002,687	997,988	1,002,687
Depreciation expenses	4b	(70,731)	(65,274)	(70,731)	(65,274)
Exploration expenditure written off	4b	(13,153)	-	(13,153)	-
Employee benefits expenses	4c	(145,841)	(373,517)	(145,841)	(373,517)
Corporate and regulatory expenses		(181,623)	(245,813)	(181,623)	(245,813)
Other administrative expenses		(503,414)	(590,299)	(502,922)	(590,022)
Profit/(Loss) before income tax		83,226	(272,216)	83,718	(271,939)
Income tax expense	5	-	-	-	-
Profit/(Loss) for the year		83,226	(272,216)	83,718	(271,939)
Profit/(Loss) attributable to members of Energy Metals Limited		83,226	(272,216)	83,718	(271,939)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the company:					
Basic profit/(loss) per share (cents per share)	7	0.00071	(0.0030)	0.00071	(0.0030)
Diluted earnings (loss) per share (cents per share)	7	0.00068	(0.0029)	0.00068	(0.0029)

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

ENERGY METALS LIMITED
BALANCE SHEETS
AS AT 30 JUNE 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
CURRENT ASSETS					
Cash and cash equivalents	9	5,060,371	5,329,275	5,060,371	5,329,275
Trade and other receivables	10	189,859	2,125,602	191,285	2,126,536
Total Current Assets		5,250,230	7,454,877	5,251,656	7,455,811
NON-CURRENT ASSETS					
Property, plant and equipment	11	365,297	406,173	365,297	406,173
Exploration and evaluation expenditure	12	10,912,515	8,096,943	10,912,515	8,096,943
Total Non-Current Assets		11,278,812	8,503,116	11,277,812	8,503,116
TOTAL ASSETS		16,528,042	15,957,993	16,529,468	15,958,927
CURRENT LIABILITIES					
Trade and other payables	13	35,002	81,592	35,002	81,592
Total Current Liabilities		35,002	81,592	35,002	81,592
TOTAL LIABILITIES		35,002	81,592	35,002	81,592
NET ASSETS		**16,493,040**	**15,876,401**	**16,494,466**	**15,877,335**
EQUITY					
Contributed equity	14	17,337,555	16,804,142	17,337,555	16,804,142
Reserves	15, 16	2,419,100	2,419,100	2,419,100	2,419,100
Accumulated losses	17	(3,263,615)	(3,346,841)	(3,262,189)	(3,345,907)
TOTAL EQUITY		**16,493,040**	**15,876,401**	**16,494,466**	**15,877,335**

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

ENERGY METALS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Company	
		2009	**2008**	**2009**	**2008**
		$	**$**	**$**	**$**
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Payments to suppliers and consultants		(708,629)	(1,724,788)	(708,629)	(1,724,687)
Joint Venture fees received		876,323	1,040,570	876,323	1,040,570
Joint Venture costs		(245,532)	(390,155)	(245,532)	(390,155)
Interest received		342,828	267,366	342,828	267,366
Net cash inflow/(outflow) from operating activities	6	264,990	(807,006)	264,990	(806,906)
Cash flows from investing activities					
Payments for exploration, evaluation and development expenditure		(2,815,572)	(3,973,222)	(2,815,572)	(3,973,222)
Payments for property, plant and equipment		(29,855)	(232,765)	(29,855)	(232,765)
Net cash outflow from investing activities		(2,845,427)	(4,205,987)	(2,845,427)	(4,205,987)
Cash flows from financing activities					
Proceeds from issue of shares and options		2,311,533	8,264,715	2,311,533	8,264,715
Net cash inflow from financing activities		2,311,533	8,264,715	2,311,533	8,264,715
Net increase / (decrease) in cash and cash equivalents		(268,904)	3,251,721	(268,904)	3,251,822
Cash and cash equivalents at the beginning of the financial year		5,329,275	2,077,554	5,329,275	2,077,453
Cash and cash equivalents at the end of the financial year	6	5,060,371	5,329,275	5,060,371	5,329,275

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

ENERGY METALS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Company	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
Total equity at the beginning of the year	15,876,401	7,883,902	15,877,335	7,884,559
Profit/(Loss) for the year	83,226	(272,216)	83,718	(271,939)
Total recognised income and expense for the year	83,226	(272,216)	83,718	(271,939)
Transactions with equity holders in their capacity as equity holders				
Contributions of equity net of transaction costs	533,413	8,264,715	533,413	8,264,715
Share options expense	-	-	-	-
	533,413	8,264,715	533,413	8,264,715
Total equity at the end of the year	16,493,040	15,876,401	16,494,466	15,877,335
Total recognised income and expense for the year is attributable to:				
Members of Energy Metals Limited	83,226	(272,216)	83,718	(271,939)

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

1. CORPORATE INFORMATION

The financial report of Energy Metals Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of directors on 11th September 2009.

The financial report covers the Group of Energy Metals Ltd and its 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 3.

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) Statement of Compliance

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of applicable Accounting Standards including Australian Interpretations and the Corporations Act 2001.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of its controlled entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the financial statements and notes thereto comply with International Financial Reporting Standards (“IFRS”).

The financial report is presented in the Australian currency.

(b) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Company’s assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

(I) *AASB 8 Operating Segments and AASB 20073 Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting period commencing on or after 1 January 2009. AASB 8 will result in a significant change to the approach to segment reporting, as it requires adoption of a ‘management approach’ to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company has not yet decided when to adopt AASB 8. Adoption of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage it is not expected to affect any of the amounts recognised in the financial statements.

(II) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting period beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Company intends to apply the revised standard from 1 July 2009.

(III) *AASB 2008-1 Amendments to Australiana Accounting Standards – Share Based Payments Vesting Conditions and Cancellations*

The amendments clarify the definition of 'vesting conditions' introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The consolidated entity does not have share-based payment arrangements that are affected by these amendments.

(IV) *AASB 127(revised) Consolidated and Separate Financial Statements*

Under the revised standard a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction. If the consolidated entity changes its ownership interest in the existing subsidiary in the future, the change will be accounted for as an equity transaction. This will have an impact on goodwill, nor will it give rise to a gain or a loss in the consolidated entity's income statement.

(c) Basis of Preparation/Accounting.

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.

In applying AIFRS, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These accounting policies have been consistently applied throughout the period.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial report for the year ended 30 June 2009 and the comparative information.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Energy Metals Limited and it's controlled entity. 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. The controlled entity is contained in Note 23 to the financial statements.

All inter-company balances and transactions between entities in the group, including any unrealised profits of 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.

(e) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, and deposits repayable on demand with a financial institution. The cash and cash equivalents balance primarily consists of funds on term deposit with original maturity at time of purchase of three months or less that are readily convertible to known amounts of cash and which are subject to minimal risk of changes in value.

(f) Trade and Other Receivables

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

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for doubtful debts and impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognized in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognized becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(g) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Fee revenue from joint venture activities is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, rebates and amounts collected on behalf of third parties.

All revenue is stated net of the amount of goods and services tax.

(h) 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 property, plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(i) 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 it's 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(n) 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 black-scholes model.

(o) Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating profit/(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.

(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.

(q) 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.

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.

(r) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised exploration and evaluation expenditure
The Group's accounting policy is stated at 1(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure fairly reflect the prevailing situation.

Financial Instruments
The Company has exposure to interest rate risk which is the risk that the Company's financial position will be adversely affected by movements in interest rates. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The Company has no monetary foreign currency assets or liabilities.

(s) Provisions

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(t) Comparatives

Comparatives have been adjusted where necessary to ensure comparability with the 2009 accounts.

3. SEGMENT INFORMATION

The Groups primary reporting format is business segments and its secondary reporting format is geographical segments.

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.

4. REVENUES AND EXPENSES

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
(a) Revenue from continuing operations includes the following revenue items:				
Insurance recovery	-	1,745	-	1,745
Interest received from other parties	342,828	267,366	342,828	267,366
Joint Venture revenue received	631,006	650,415	631,006	650,415
Fuel rebate	24,154	83,161	24,154	83,161
	997,988	1,002,687	997,988	1,002,687
(b) Profit (Loss) includes the following specific expenses:				
Depreciation	70,731	65,274	70,731	65,274
Exploration expenditure written off	13,153	-	13,153	-
	83,884	65,274	83,884	65,274
(c) Employee benefit expenses:				
Wages & superannuation	71,042	295,284	71,042	295,284
Directors fees	50,780	35,000	50,780	35,000
Consultants	24,019	43,233	24,019	43,233
	145,841	373,517	145,841	373,517

5. TAXATION

The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:				
Profit/(Loss) before income tax	83,226	(272,216)	83,718	(271,939)
Income tax expense (benefit) @ 30%	24,968	(81,665)	25,115	(81,582)
Tax effect of amounts which are not deductible in calculating taxable income:				
Other costs not deductible	2,806	191	2,806	191
Deferred tax assets relating to tax losses not recognised	(27,774)	81,474	(27,921)	81,391
Total income tax expense	-	-	-	-

The franking account balance at year end was $nil (2008: $nil).

Deferred tax assets and liabilities not recognised relate to the following:

Deferred tax assets				
Tax losses	214,861	277,538	214,861	277,261
Other temporary differences	-	399	-	399
Deferred tax liabilities				
Other temporary differences	-	-	-	-
Net deferred tax assets not recognised	214,861	277,937	214,861	277,660

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.

The use of losses is dependent on the Company satisfying the required criteria within the Income Tax Assessment Act 1936 & 1997 at the time the losses are incurred and used. The provisions of the Acts may change or the ownership of the Company may vary resulting in losses being lost in the future.

6. RECONCILIATION OF PROFIT (LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Profit/ (Loss) after income tax	83,226	(272,216)	83,718	(271,939)
Exploration expenditure written off	13,182	-	13,182	-
Depreciation	70,731	65,274	70,731	65,274
Annual leave expense	9,353	-	9,353	-
Change in operating assets and liabilities during the financial year:				
(Increase) decrease in trade and other receivables	135,088	(643,337)	134,596	(643,514)
Increase (decrease) in trade and other payables	(46,590)	43,273	(46,590)	43,273
Net cash inflow (outflow) from operating activities	264,990	(807,006)	264,990	(806,906)
Reconciliation of cash balance comprises:				
Cash and cash equivalents*	5,060,371	5,329,275	5,060,371	5,329,275
	5,060,371	5,329,275	5,060,371	5,329,275

*Cash at bank earns interest at 5.61% (2008: 7.67%). Cash on term deposit are denominated in A$ with an average maturity of 60 days (2008: 30 days) and effective interest rate of between 3.90% to 8.10%.

7. EARNINGS/(LOSS) PER SHARE

Earnings used in calculation of basic and diluted earnings per share	83,226	(272,216)	83,718	(271,939)
Basic earnings (loss) per share (cents per share)	0.00071	(0.0030)	0.00071	(0.0030)
Diluted earnings (loss) per share (cents per share)	0.00068	(0.0029)	0.00068	(0.0029)

	2009 Number	2008 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share.	117,109,572	89,069,423

8. DIVIDENDS

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

9. CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Term deposits	3,642,120	3,056,619	3,642,120	3,056,619
Cash at bank	1,080,286	1,850,424	1,080,286	1,850,424
Share of Joint Venture cash	337,965	422,232	337,965	422,232
	5,060,371	5,329,275	5,060,371	5,329,275

The Company's exposure to interest rate risk is disclosed in Note 18.

10. TRADE AND OTHER RECEIVABLES

Trade receivables	185,931	277,902	185,931	277,902
Other receivables*	982	1,847,700	2,408	1,848,634
Share of Joint Venture receivables	2,946	-	2,946	-
	189,859	2,125,602	191,285	2,126,536

*Other receivables of $1,778,120 relate to options that were exercised 30 June 2008.

Trade and other receivables are denominated in Australian dollars are interest free with settlement terms of between 7 and 30 days. As at 30 June 2009 there were current trade receivables totalling $185,931 which do not contain impaired assets and are not past due. It is expected that these amounts will be received in total when due.

Due to the short-term nature of these receivables their carrying value is assumed to be their fair value. Please refer to Note 18 for information on credit risk.

11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Plant and equipment - at cost	490,480	466,027	490,480	466,027
Less accumulated depreciation	(156,890)	(95,549)	(156,890)	(95,549)
	333,590	370,478	333,590	370,478
Motor vehicle – at cost	50,727	50,727	50,727	50,727
Less accumulated depreciation	(19,020)	(15,032)	(19,020)	(15,032)
	31,707	35,695	31,707	35,695
	365,297	406,173	365,297	406,173

Reconciliation of the carrying amount of property, plant and equipment:	Plant & equipment $	Motor vehicle $	Total $
Carrying amount at 1 July 2008	370,478	35,695	406,173
Additions	29,855	-	29,855
Depreciation expense	(66,743)	(3,988)	(70,731)
Carrying amount at 30 June 2009	333,590	31,707	365,297
Carrying amount at 1 July 2007	194,899	43,783	238,682
Additions	232,765	-	232,765
Depreciation expense	(57,186)	(8,088)	(65,274)
Carrying amount at 30 June 2008	370,478	35,695	406,173

12. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Balance at beginning of the year	8,096,943	4,123,721	8,096,943	4,123,721
Exploration expenditure incurred	2,828,725	3,973,222	2,828,725	3,973,222
Exploration expenditure written off	(13,153)	-	(13,153)	-
Balance at the end of the year	10,912,515	8,096,943	10,912,515	8,096,943

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.

13. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Other payables*	35,002	81,592	35,002	81,592
	35,002	81,592	35,002	81,592

*Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

14. CONTRIBUTED EQUITY

	Consolidated		Company	
Share capital	**2009 $**	**2008 $**	**2009 $**	**2008 $**
117,115,490 ordinary shares, fully paid (2008: 116,575,490)	17,337,555	16,804,142	17,337,555	16,804,142
Balance at the beginning of the year	16,804,142	8,539,427	16,804,142	8,539,427
Movements:				
540,000 fully paid ordinary shares @ $0.9878 on the exercise of unlisted options on 04/07/2008	533,413	-	533,413	-
20,000 fully paid ordinary shares @ $3 each on the exercise of unlisted options on 23/07/07	-	60,000	-	60,000
165,000 fully paid ordinary shares @ $1.00 each on the exercise of unlisted options on 13/11/2007	-	165,000	-	165,000
2,609,771 fully paid ordinary shares @ $0.30 each on various dates	-	782,880	-	782,880
1,482,287 fully paid ordinary shares @ $3.50 each (rights issue) on 21/12/2007	-	5,188,004	-	5,188,004
Less: transaction costs	-	(244,127)	-	(244,127)
1,200,000 fully paid ordinary shares @ $0.10 each on exercise of unlisted vendor options	-	120,000	-	120,000
21,929,579 fully paid ordinary shares @ $0.10 each on exercise of options on various dates	-	2,192,958	-	2,192,958
Balance at the end of year	17,337,555	16,804,142	17,337,555	16,804,142

The share capital of the Company was reorganized effective 29 February 2008. The reorganization was by way of a share split whereby each fully paid ordinary share was split into 3 fully paid ordinary shares. Each listed option exercisable at $0.30 on or before 30 June 2008 was split into 3 listed options exercisable at $0.10 on or before 30 June 2008. Each unlisted option in the company was split into 3 unlisted options with expiry dates remaining unchanged and the relevant exercise price reduced to one third in accordance with the Listing Rules of the Australian Securities Exchange.

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.

15. 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 $Nil (2008: $Nil).

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 previously 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
Consolidated and parent entity - 2008								
22/12/2006	30/06/2011	$1.00	165,000	-	(165,000)	-	-	-
22/12/2006	30/06/2011	$2.00	200,000	-	-	600,000*	-	-
05/01/2007	30/06/2011	$0.98	330,000	-	(20,000)	-	990,000*	990,000*
Weighted average exercise price			-	-	$0.997	-	-	-
Consolidated and parent entity - 2009								
05/01/2007	30/06/2011	$0.98	990,000	-	(540,000)	-	450,000	450,000
Weighted average exercise price			-	-	$0.98	-	-	-

* Following the reorganisation of capital (share split) all options were adjusted in accordance with the Listing Rules of the Australian Securities Exchange. Refer Note 14 for further information.

<u>Fair Value of share options and assumptions</u>

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	$0.98*
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

*These assumptions are as per the original valuation pre-share split.

16. RESERVES

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Share-based option reserve				
Balance at the beginning of the year	2,419,100	2,419,100	2,419,100	2,419,100
Balance at the end of the year	2,419,100	2,419,100	2,419,100	2,419,100

Nature and purpose of the reserve:

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

17. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(3,346,841)	(3,074,625)	(3,345,907)	(3,073,968)
Net profit (loss) attributable to members of the Company	83,226	(272,216)	83,718	(271,939)
Accumulated (losses) at the end of the financial year	(3,263,615)	(3,346,841)	(3,262,189)	(3,345,907)

18. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Capital Risk Management

The Company is funded entirely by equity raisings and manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the Company consists of cash and cash equivalents (Note 9) and equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings (accumulated losses) as disclosed in Notes 14, 15, 16 and 17 respectively.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 of the financial statements.

(c) Categories of Financial Instruments

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Financial Assets				
Current				
Cash and cash equivalents	5,060,371	5,329,275	5,060,371	5,329,275
Trade and other receivables	189,859	2,125,602	191,285	2,126,536
	5,250,230	7,454,877	5,251,656	7,455,811
Financial Liabilities				
Current				
Trade and other payables	35,002	81,592	35,002	81,592
Total Current Liabilities	35,002	81,592	35,002	81,592

(d) Credit Risk Exposure

As at the reporting date, the Company has no significant concentrations of credit risk. The carrying amount of trade and other receivables and cash & cash equivalents reflected above represents the Company's maximum exposure to credit risk.

The Company holds cash deposits with Australian banking financial institutions, namely Bankwest, National Australia Bank Adelaide Bank Ltd and Bank of Queensland.

(e) 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 5.61% at 30 June 2009. 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.

The Company invests its surplus funds with Australian banking financial institutions, namely Bankwest, National Australia Bank, Adelaide Bank Ltd and Bank of Queensland. The National Australia Bank and Bankwest has an A1+ rating with Standard & Poors and Adelaide Bank and Bank of Queensland has an A2- rating. The Company has been advised that neither institution has any exposure to the US sub-prime market.

The interest rate risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(f) Liquidity Risk

The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet our financial commitments in a timely and cost-effective manner.

The Board reviews the Company's liquidity position on a regular basis including cash flow statements to determine the forecast liquidity position and maintain appropriate liquidity levels. Note 13 details the Company's current obligations.

There are no unused borrowing facilities from any financial institution.

(g) Fair Values

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

Consolidated	Carrying Amount 2009 $	Carrying Amount 2008 $	Fair Value 2009 $	Fair Value 2008 $
Financial Assets				
Current				
Cash and cash equivalents	5,060,371	5,329,275	5,060,371	5,329,275
Trade and other receivables	189,859	2,125,602	191,285	2,126,536
	5,250,230	7,454,877	5,251,656	7,455,811
Financial Liabilities				
Current				
Trade and other payables	35,002	81,592	35,002	81,592
Total Current Liabilities	35,002	81,592	35,002	81,592

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

Cash
The carrying amount is fair value due to the liquid nature of these assets.

Receivables/payables
Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

(h) Capital

In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders. In order to achieve this object, the Company seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or the reduction of debt, the Company considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no other significant changes to the Company's capital management objectives, policies and processes in the year nor has there been any change in what the Company considers to be its capital.

19. 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.

20. COMMITMENTS

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Tenement Expenditure Commitments: The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2009/2010. 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 2009/2010.	675,500	176,000	675,500	176,000

Capital Commitments

There are no capital expenditure commitments for the Company as at 30 June 2009.

21. 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 $45,000.

22. KEY MANAGEMENT PERSONNEL

(a) Details of Directors (Key Management Personnel)

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

Mr O Aamodt - Non-Executive Chairman
Mr L Dudfield - Executive Director
Mr G Jones - Non-Executive Director (appointed 28/08/2008)
Mr D R Kennedy - Non-Executive Director (resigned 01/09/2008)

Key Management Personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company. Aside from the directors, there were no other key management personnel during the year ended 30 June 2009.

(b) Key Management Personnel Compensation

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Short-term employee benefits - directors	216,825	199,387	216,825	199,387
Post-employment benefits	1,720	-	1,720	-
	218,545	199,387	218,545	199,387

(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 and Key Management Personnel, 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:

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

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:

2009 **Name**	**Balance at the start of the year**	**Received during the year on exercise of options**	**Other changes during the year**	**Balance at the end of the year**
Mr D R Kennedy				
Ordinary fully paid shares	137,400**	-	(137,400)	-
Listed Options (ASX Code EMEO)	-	-	-	-
Unlisted Options (ASX Code EMEAM)	1,500,000	-	-	1,500,000
Mr L G Dudfield				
Ordinary fully paid shares	6,575,400	-	-	6,575,400
Listed Options (ASX Code EMEO)	-	-	-	-
Unlisted Options (ASX Code EMEAM)	1,500,000	-	-	1,500,000
Mr O Aamodt				
Ordinary fully paid shares	236,250	-	-	236,250
Unlisted Options (ASX Code EMEAM)	750,000	-	-	750,000
Mr G M Jones				
Listed Options (ASX Code EMEO)	-	-	-	-
Unlisted Options	-	-	-	-

2008 **Name**	**Balance at the start of the year (pre-share split)**	**Received during the year on exercise of options**	**Other changes during the year (rights issue & reorganisation of capital (share split)***	**Balance at the end of the year**
Mr D R Kennedy				
Ordinary fully paid shares	36,000	-	135,600*	137,400
Listed Options (ASX Code EMEO)	8,000	24,000*	(24,000*)	-
Unlisted Options (ASX Code EMEAM)	500,000	-	1,000,000*	1,500,000
Mr L G Dudfield				
Ordinary fully paid shares	1,372,000	-	5,203,400*	6,575,400
Listed Options (ASX Code EMEO)	686,000	2,058,000*	(2,058,000*)	-
Unlisted Options (ASX Code EMEAM)	500,000	-	1,000,000*	1,500,000
Mr O Aamodt				
Ordinary fully paid shares	75,000	-	161,250*	236,250
Unlisted Options (ASX Code EMEAM)	250,000	-	500,000*	750,000
Mr G M Jones				
Listed Options (ASX Code EMEO)	-	-	-	-
Unlisted Options	-	-	-	-

*The Company completed a rights issue (1:20) in December 2007 and completed a reorganization of capital (3:1 share split) in March 2008. Pursuant to the share split each unlisted option in the company was split into 3 unlisted options with expiry dates remaining unchanged and the relevant exercise price reduced to one third in accordance with the Listing Rules of the Australian Securities Exchange.

**Balance held at date of resignation.

(d) Other Transactions with Key Management Personnel

i) Pursuant to a Consulting Agreement dated 6 June 2009, between the Company and Jopan Management Pty Ltd ("Jopan"), the Company paid a total of $166,045 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 Mr Donald Ross Kennedy, $6,667 being Directors Fees.

iii) During the year the Company paid Mr Geoffrey Michael Jones $19,113 in Directors fees and $1,720 in superannuation. Mr Jones consulting Company GMJ Projects provided consultancy services to the Company and was paid $618 during the period.

iv) During the year the Company paid Mr Oscar Aamodt $25,000 being Directors Fees.

v) During the year the Company paid a total of $230,000 to Jindalee Resources Limited for provision of registered and serviced offices and the provision of staff (employed by Jindalee) to provide administrative, secretarial, bookeeping, Company Secretarial and reception services. During the year the Company reimbursed Jindalee Resources a total of $2,892 being reimbursement for goods purchased by Jindalee on behalf of Energy Metals. Jindalee Resources is a substantial shareholder in Energy Metals holding 46,794,273 fully paid ordinary shares in Energy Metals representing approximately 40% issued capital. Lindsay George Dudfield was a director of Jindalee Resources Limited during the year ended 30 June 2009.

23. CONTROLLED ENTITIES

						Investment at Cost	
	% held			State of	Date of	2009	2008
Controlled Entities	2009	2008	Class	Incorporation	Incorporation		
NT Energy Pty Ltd	100%	100%	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.

24. 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 23.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 22.

(d) Administrative Services Agreement

Disclosures relating to the Administrative Services Agreement are set out in Note 22d (v).

25. REMUNERATION OF AUDITORS

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Amounts paid or payable at 30 June to the auditors for:				
Audit and review of the financial reports	36,808	38,231	36,808	38,231
Other assurance service	-	-	-	-
	36,808	38,231	36,808	38,231

The auditor of Energy Metals Limited is BDO Kendalls Audit & Assurance (WA) Pty Ltd.

26. INTEREST IN JOINT VENTURE OPERATIONS

The Company has the following interest in unincorporated joint ventures:

		% Interest	
Joint Venture	**Principal Activity**	**2009**	**2008**
Bigrlyi Joint Venture	Uranium Exploration	53.74*	53.74*

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 53.74% interest (2008: 53.74%). The Company's interest in the Joint Venture increased during the previous period as a result of dilution by Southern Cross Exploration NL. Southern Cross have disputed the dilution and pursuant to the joint venture agreement the parties operate under, the matter will be resolved via a process of arbitration. A settlement proposal dated 22 July 2009 was put forth by Southern Cross to the other venturers however as at the date of this report the matter has not been settled. The other participants in the joint venture are Valhalla Uranium Limited (42.06%) and Southern Cross Exploration NL (4.20%).

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	
	2009 $	2008 $	2009 $	2008 $
CURRENT ASSETS				
Cash and cash equivalents	337,365	422,232	337,365	422,232
Trade and other receivables	2,946	-	2,946	-
TOTAL CURRENT ASSETS	340,311	422,232	340,311	422,232
NON CURRENT ASSETS				
Exploration and evaluation expenditure	7,388,540	5,403,491	7,388,540	5,403,491
TOTAL NON CURRENT ASSETS	7,388,540	5,403,491	7,388,540	5,403,491
TOTAL ASSETS	7,728,851	5,825,723	7,728,851	5,825,723

a) Commitments

There are no capital expenditure commitments for the Joint Venture as at 30 June 2009.

Estimated 2009/2010 minimum expenditure commitments for the Joint Venture tenements is $600,000.

b) Contingent liabilities

Claims of Native Title

There are no claims of Native Title that affect the joint venture licence holdings.

27. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 8th September 2009 the Company announced it has entered into an Implementation Deed with CGNPC Uranium Resources Co. Ltd., a wholly owned subsidiary of China Guangdong Nuclear Power Company ("CGNPC"), under which China Uranium Development Company Limited ("CUD"), also a wholly owned subsidiary of CGNPC, will offer to acquire up to 70% of the outstanding ordinary shares of Energy Metals for $1.02 cash per share by means of a proportional takeover bid. As a part of the transaction CUD will underwrite a 1:9 rights issue by Energy Metals at $0.90 per share which Energy Metals intends to implement on completion of the proportional takeover bid. The rights issue seeks to raise approximately $11.7M.

The Implementation Deed has a number of conditions related to government approvals that are required to be satisfied before the transaction can be completed.

Further information regarding the transaction can be obtained from the Australian Stock Exchange www.asx.com.au and the Company's website www.energymetals.net

ENERGY METALS LIMITED AND ITS CONTROLLED ENTITIES
ACN 111 306 533

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. the financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and the consolidated entity.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The audited remuneration disclosures included under the heading "remuneration Report" in the Directors Report comply with section *300A of the Corporations Act 2001*.

4. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

L G DUDFIELD
Executive Director
Perth, Western Australia
14th September 2009.

BDO Kendalls

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ABN 79 112 284 787

14 September 2009

The Director
Energy Metals Ltd
Level 2, 18 Kings Park Road
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF ENERGY METALS LIMITED

As lead auditor of Energy Metals Limited for the year ended 30 June 2009, 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 year.

C Burton

Chris Burton
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Western Australia, Perth

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENERGY METALS LIMITED

We have audited the accompanying financial report of Energy Metals Limited, which comprises the balance sheet as at 30 June 2009, 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 disclosing entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the disclosing entity 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 controls 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 Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial 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 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.

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

BDO Kendalls

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* would be in the same terms if it had been given to the directors at exactly the same time that this auditor's report was made.

Auditor's Opinion

In our opinion the financial report of Energy Metals Limited is in accordance with the *Corporations Act 2001*, including:

(a) (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their 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.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Energy Metals Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

C Burton

Chris Burton
Director

Signed in Perth, Western Australia
Dated this 14th day of September 2009.