



ABN 63 111 306 533

Half Year Financial Report

31 December 2009

ENERGY METALS LIMITED
HALF YEAR FINANCIAL STATEMENTS
31 DECEMBER 2009

CORPORATE DIRECTORY

DIRECTORS

He Zuyuan - Non-Executive Chairman
Geoffrey Jones - Non-Executive Director
Lindsay Dudfield - Executive Director
Luo Huachun - Technical Director
Cui Bin - Financial Director

CONTACT DETAILS

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REGISTERED OFFICE

Level 2, 18 Kings Park Road
WEST PERTH WA 6005

COMPANY SECRETARY

Patricia Anne Farr

POSTAL ADDRESS

PO Box 1033
WEST PERTH WA 6872

STOCK EXCHANGE LISTING

Australian Stock Exchange
ASX Code : **EME**

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

SOLICITORS

Steinepreis Paganin
Level 4, 16 Milligan Street
PERTH WA 6000

SHARE REGISTRY

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

BANKERS

National Australia Bank
50 St Georges Terrace
PERTH WA 6000

ENERGY METALS LIMITED

DIRECTORS' REPORT

Your Directors present the financial statements of Energy Metals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

DIRECTORS

The names of the Directors in office during the half-year and at the date of this report are as follows. Directors were in office for this entire period unless otherwise stated:

He Zuyuan (44) – *appointed 23rd December 2009*
Geoffrey Michael Jones (48) *B. Eng FIEAust CPEng*
Lindsay George Dudfield (53) *B.Sc.*
Luo Huachun (40) – *appointed 23rd December 2009*
Cui Bin (34) – *appointed 23rd December 2009*
Oscar Aamodt (64) *FCIS – resigned 23rd December 2009*

Mr He was appointed Non-executive Chairman on 23rd December 2009 and holds a bachelor degree in geology and an MBA from Tsinghua University in China and has over 21 years experience in uranium exploration and financial management. Mr He was previously the Chief Financial Officer and Vice President of Nanjing Zhong Da Group for a period of 3 years. Mr He is currently a director of the following Chinese Companies: Beijing Sino-Kaz Uranium Investment Company Limited; Semizbay-U LLP; and China Uranium Development Company Limited. Mr He does not currently hold any shares or options in Energy Metals Limited and holds no other Australian Company directorships.

Mr Luo was appointed Technical Director on 23rd December 2009 and is a member of the Geological Society of China and holds a Masters Degree in Geology from Chang Chun University of Science and Technology and has over 17 years of technical experience. Mr Luo also holds Hazard Assessment Engineer qualifications from the Ministry of Personnel of China. Mr Luo has previously acted as the Deputy Researcher for the institute of Seismic Engineering (Beijing Earthquake Administration). Mr Luo does not currently hold any shares or options in Energy Metals Limited and holds no other Australian directorships.

Mr Cui was appointed Financial Director on 23rd December 2009 and holds a Bachelor degree in accounting from Beijing University of Chemical Technology and has 12 years financial management experience. Mr Cui previously held the position of senior financial manager of Tiens Group International based in Africa. Mr Cui does not currently hold any shares or options in Energy Metals Limited and holds no other Australian directorships.

REVIEW OF OPERATIONS

The Company reported an operating loss after income tax of \$2,133,592 for the six months ended 31 December 2009 (2008: profit after income tax of \$69,289).

Energy Metals Limited is a dedicated uranium explorer with nine projects located in the Northern Territory (NT) and Western Australia (WA) covering over 4,000 km². Most of the projects contain uranium mineralisation discovered by major companies in the 1970's. The Company's main focus is the advanced Bigrlyi project (NT), which is characterised by relatively high uranium grades (with vanadium credits) and excellent metallurgical recoveries. A JORC compliant uranium and vanadium resource estimate (7.27Mt @ 0.13% U₃O₈ & 0.24% V₂O₅ at 0.5kg/t U₃O₈ cut-off) was announced to the ASX in May 2009.

ENERGY METALS LIMITED

DIRECTORS' REPORT

Field work undertaken during the half year was predominantly focused on the Bigryli project where 67 RC holes (total 8,118m) and 9 diamond holes (total 750m) were drilled to infill resource positions at the A4 and A15 deposits, and to investigate untested positions west of A4 and A15. A new Bigryli resource estimate incorporating recent drilling results is scheduled for release in the June 2010 quarter.

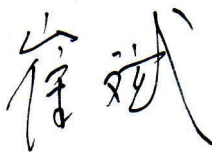
Exploration conducted on 100% owned Energy Metals projects during the period was dominated by drilling at the Ngalia Regional project (NT). Aircore drilling (310 holes for 3,070m) at Cappers prospect to follow up encouraging intercepts from the 2008 field season recorded widespread anomalous uranium mineralisation. Aircore drilling programs were also undertaken at Bigryli East, Bigryli West and Waite Creek.

On 8 September 2009 Energy Metals announced that it had entered into an Implementation Deed (**Deed**) with CGNPC Uranium Resources Co. Ltd., a wholly owned subsidiary of China Guangdong Nuclear Power Holding Co., Ltd (**CGNPC**), under which China Uranium Development Company Limited (**CUD**), also a wholly owned subsidiary of CGNPC, would 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. The takeover offer closed 18 December 2009 with CUD now holding approximately 66% of the Company's issued capital.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13 to this half-year financial report.

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



Cui Bin
Financial Director

PERTH

12 March 2010

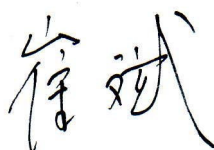
ENERGY METALS LIMITED

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) The financial statements, and notes set out on pages 5 to 12, are in accordance with the Corporations Act 2001, including:
 - i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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:



Cui Bin
Financial Director

PERTH

12 March 2010

ENERGY METALS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the half-year ended 31 December 2009

	Consolidated Half-year	
	31/12/2009	31/12/2008
	\$	\$
Revenue from continuing operations	476,190	617,174
	<hr/>	<hr/>
Depreciation expenses	(30,626)	(36,891)
Employee benefits expenses	(109,139)	(82,691)
Corporate and regulatory expenses	(665,654)	(106,492)
Administration expenses	(367,311)	(321,811)
Consultancy fees	4 (1,437,052)	-
	<hr/>	<hr/>
Profit /(loss) before income tax	(2,133,592)	69,289
Income tax expense	-	-
	<hr/>	<hr/>
Net Profit /(loss) for the half-year	(2,133,592)	69,289
	<hr/>	<hr/>
Total comprehensive income for the half year	(2,133,592)	69,289
	<hr/>	<hr/>
Profit/(loss) and comprehensive income attributable to members of Energy Metals Limited.	(2,133,592)	69,289
	<hr/>	<hr/>
Earnings per share for profit attributable to the ordinary equity holders of the company		
Basic earnings/(loss) per share (cents)	(0.0179)	0.0006
Diluted earnings/(loss) per share (cents)	-	0.0005

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

ENERGY METALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2009

		Consolidated	
	Notes	31/12/2009	30/06/2009
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		3,104,249	5,060,371
Trade and other receivables		250,822	189,859
		3,355,071	5,250,230
TOTAL CURRENT ASSETS			
NON CURRENT ASSETS			
Property, plant & equipment		413,386	365,297
Exploration and evaluation expenditure		12,459,198	10,912,515
		12,872,584	11,278,812
TOTAL NON CURRENT ASSETS			
		16,227,655	16,528,042
TOTAL ASSETS			
CURRENT LIABILITIES			
Trade and other payables	4	1,476,707	35,002
		1,476,707	35,002
TOTAL CURRENT LIABILITIES			
		1,476,707	35,002
TOTAL LIABILITIES			
		14,750,948	16,493,040
NET ASSETS			
EQUITY			
Contributed equity	3	17,729,055	17,337,555
Reserves		2,419,100	2,419,100
Accumulated losses		(5,397,207)	(3,263,615)
		14,750,948	16,493,040
TOTAL EQUITY			

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

ENERGY METALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the half-year ended 31 December 2009

	Contributed Equity	Retained earnings	Option reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 July 2008	16,804,142	(3,346,841)	2,419,100	15,876,401
Total comprehensive income for the half year				
Profit for the half year	-	69,289	-	69,289
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	-	69,289	-	69,289
Transactions with owners in their capacity as owners				
Issue of share capital	533,413	-	-	533,413
	533,413	-	-	533,413
At 31 December 2008	17,337,555	(3,277,552)	2,419,100	16,479,103
Total comprehensive income for the half year				
Profit for the half year	-	13,937	-	13,937
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	-	13,937	-	13,937
At 30 June 2009	17,337,555	(3,263,615)	2,419,100	16,493,040
Total comprehensive income for the half year				
Loss for the half year		(2,133,592)	-	(2,133,592)
Other comprehensive income		-	-	-
Total comprehensive income for the half year	-	(2,133,592)	-	(2,133,592)
Transactions with owners in their capacity as owners				
Issue of share capital	391,500	-	-	391,500
	391,500	-	-	391,500
At 31 December 2009	17,729,055	(5,397,207)	2,419,100	14,750,948

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

ENERGY METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS For the half-year ended 31 December 2009

	Consolidated Half-year	
	31/12/2009	31/12/2008
	\$	\$
Cash flows from operating activities		
Joint Venture fees received	455,515	590,014
Joint Venture costs	(123,459)	(195,268)
Interest received	89,897	208,771
Diesel fuel rebate received	13,194	13,656
Expenses related payments to suppliers and employees	(1,199,344)	(455,243)
	(764,198)	161,930
Cash flows from investing activities		
Payments for property, plant & equipment	(78,114)	(25,357)
Cash calls for Joint Venture	(1,505,310)	(2,082,587)
	(1,583,424)	(2,107,944)
Cash flows from financing activities		
Proceeds from issue of shares	-	2,311,533
Proceeds from options exercised	391,500	-
	391,500	2,311,533
Net increase/ (decrease) in cash and cash equivalents	(1,956,122)	365,519
Cash and cash equivalents at the beginning of the half year	5,060,371	5,329,275
Cash and cash equivalents at the end of the half year	3,104,249	5,694,794

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

ENERGY METALS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2009

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 “Interim Financial Reporting” and the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2009 and any public announcements made by Energy Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as follows:

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker (“CODM”), which has been identified by the Company as the Financial Director and other members of the Board of Directors.

NOTE 2: SEGMENT INFORMATION

Management has determined that the company has one reportable segment, being uranium exploration in Western Australia and the Northern Territory. As the company is focused on uranium exploration, the Board periodically monitors the Company based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration programmes and activities, while also taking into consideration the results of exploration work that has been performed to date.

	2009	2008
Revenue from external sources	-	-
Reportable segment profit / (loss)	(120,783)	(32,990)
Reportable segment assets	12,872,584	10,721,642
Reconciliation of reportable segment profit or loss		
Reportable segment profit / (loss)	(120,783)	(32,990)
Other profit / (loss)	89,897	208,771
Unallocated:		
- Corporate expenses	(665,654)	(106,492)
- Consultancy fee – Auchin	(1,437,052)	-
Profit before tax	(2,133,592)	69,289

ENERGY METALS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2009

NOTE 3: EQUITY SECURITIES ISSUED

	Half Year		Half Year	
	2009 Shares	2008 Shares	2009 \$	2008 \$
Issues of ordinary shares during the period:				
Fully paid ordinary shares @ 98.78 cents each on the exercise of options.	-	540,000	-	533,413
Fully paid ordinary shares @ \$0.1044 cents each on the exercise of options.	3,750,000	-	391,500	-
Less: transaction costs		-		-
	3,750,000	540,000	391,500	533,413

NOTE 4: TRADE AND OTHER PAYABLES

Trade and other payables include an accrual for a consultancy fee payable of \$1,437,052 pursuant to an agreement dated 24 June 2009. The consultancy fee relates to a success fee for the introduction of China Guangdong Nuclear Power Co Ltd (CGNPC) to Energy Metals Ltd based on the successful completion of the takeover by CGNPC.

NOTE 5: DIVIDENDS

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

NOTE 6: CONTINGENCIES

a) Contingent liabilities.

There has been no change in contingent liabilities since the last annual report.

NOTE 7: INTEREST IN JOINT VENTURE OPERATIONS

The Company has the following interest in unincorporated joint ventures:

Joint Venture	Principal Activity	% Interest	
		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 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 in a prior period as a result of dilution by Southern Cross Exploration NL. Southern Cross have disputed the dilution and

ENERGY METALS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2009

the parties are currently contemplating a settlement agreement. Pursuant to the joint venture agreement the parties operate under, if the matter is not resolved, a process of arbitration will be undertaken and should the dilution be found to be invalid, the total result would be to remove the dilution affect and revert back to the original percentages.

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.

a) Commitments

There are no capital expenditure commitments for the Joint Venture other than those disclosed at 30 June 2009.

b) Contingent liabilities

Claims of Native Title

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

NOTE 8: EVENTS OCCURING AFTER BALANCE DATE

The company plans a capital raising of approximately \$12 million via a fully underwritten Entitlement Issue of fully paid ordinary shares in the capital of the Company, which was announced to the Australian Securities Exchange on 5 February 2010.

The Company intends to offer existing shareholders the opportunity to subscribe for additional Shares at \$0.90 per share pursuant to a pro-rata non-renounceable Entitlement Issue, on the basis of 1 new Share for every 9 Shares held. The Entitlement Issue is fully underwritten by China Uranium Development Company Limited (**CUD**).

As was announced to ASX on 8 September 2009, the Company entered into an implementation deed with CGNPC Uranium Resources Co Ltd (**URC**) under which CUD would offer to acquire up to 70% of the Shares in the Company by means of a proportional takeover bid (**Implementation Deed**). It was further agreed at that time (as announced on 8 September 2009 and as part of the Implementation Deed), that CUD would underwrite an entitlement issue. The terms of the Entitlement Issue were specifically agreed in the Implementation Deed, including the issue price of \$0.90. The terms of the Underwriting were also agreed at that time. CUD and the Company have subsequently entered into an underwriting agreement to fully document the terms of the underwriting of the Entitlement Issue.

Further information pertaining to the Entitlement Issue can be sourced from the Australian Securities Exchange website www.asx.com.au and the Company's website www.energymetals.net

There are no other events subsequent to the end of the financial period that would have a material effect on these financial statements.

ENERGY METALS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2009

NOTE 9: COMPARATIVES

In accordance with AASB 131 Joint Venture Accounting, at 31 December 2009 the consolidated entity has only disclosed management fee income and joint venture costs in the income statement to the extent of the interest of the other joint venturers in the Bigrlyi Joint Venture.

The comparatives at the 31 December 2008 have been adjusted accordingly. There is no impact on the profit of the consolidated entity.

12 March 2010

Energy Metals Limited
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 half-year ended 31 December 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 review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

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



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

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

Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Energy Metals Limited for the period ended 31 December 2009 included on Energy Metals Limited's web site. The disclosing entity's directors are responsible for the integrity of Energy Metals Limited's web site. We have not been engaged to report on the integrity of Energy Metals Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Energy Metals Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Energy Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Energy Metals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Signed in Perth, Western Australia
Dated this 12th day of March 2010.