



ABN 63 111 306 533

QUARTERLY REPORT TO SHAREHOLDERS

for the three months
ended 31st March 2012

ASX Code - EME

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

www.energymetals.net



HIGHLIGHTS

EXPLORATION

- * Significant work to re interpret the geological controls at Bigrlyi have assisted with targeting
- * Metallurgical evaluation of Alkaline leach of Bigrlyi is ongoing
- * Re estimation of the existing Bigrlyi resource estimates expected in the coming months
- * Re evaluation of historical regional prospects ongoing

URANIUM TRADING

- * Agreement reached to purchase 150,000lbs of Uranium Concentrates from an Australian Producer
- * Contract executed for the sale of these Concentrates to CGNPC.

FINANCIAL

- * Energy Metals had approximately \$23.89M in cash and 153.8M shares on issue at 31st March 2012.

Weidong Xiang
Managing Director
30th April 2012

INTRODUCTION

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

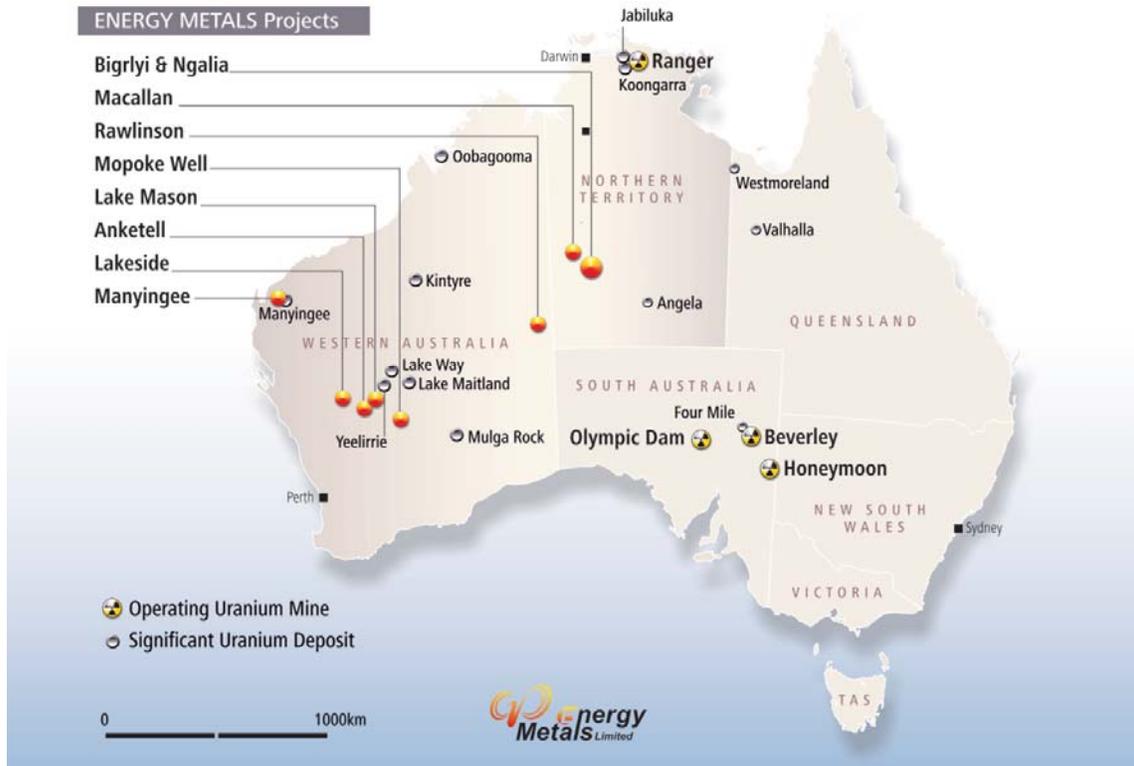


Figure 1 – Location of Energy Metals Projects

Australia has significant uranium endowment with the continent containing approximately 36% of the world's low cost uranium resources. With the changing political and public sentiment to uranium mining in Australia and nuclear power playing an increasing role in reducing global carbon emissions Energy Metals is well placed to take advantage of the favourable outlook for the metal.

Importantly Energy Metals is one of only five companies that currently hold all the required permits and authorities to export Uranium Oxide Concentrates (UOC) from Australia. The Company is currently negotiating purchase agreements with Australian uranium producers to enable the export of UOC from Australia for resale, primarily to major Chinese utility China Guangdong Nuclear Power Holding Company (CGNPC), ultimately Energy Metals' largest shareholder.

China Uranium Development Co. Limited, Energy Metals' largest shareholder (with 60.6% of issued capital), is a wholly owned subsidiary of CGNPC. CGNPC currently has six operating nuclear power stations with existing generation capacity of 6,110 MWe and with more than

17,540 MWe of capacity currently under construction in 15 separate power stations across various locations around China. Two of these 15 nuclear power stations are due to be completed and placed into commercial operation in 2012. Additionally CGNPC is one of only two companies authorised by the Chinese government to import and export uranium.

This unique relationship with CGNPC gives Energy Metals direct market exposure as well as access to significant capital and places the Company in a very strong position going forward.

NORTHERN TERRITORY

Bigrlyi (EME 53.3%)

The Bigrlyi Project comprises 10 granted exploration retention licenses and several applications within the Ngalia Basin, located approximately 350 km northwest of Alice Springs. The project, which is a joint venture with Paladin Energy subsidiary Northern Territory Uranium Pty Ltd and Southern Cross Exploration, has been subject to significant exploration activity since discovery in 1973, including over 1040 drillholes, metallurgical testwork and mining studies.

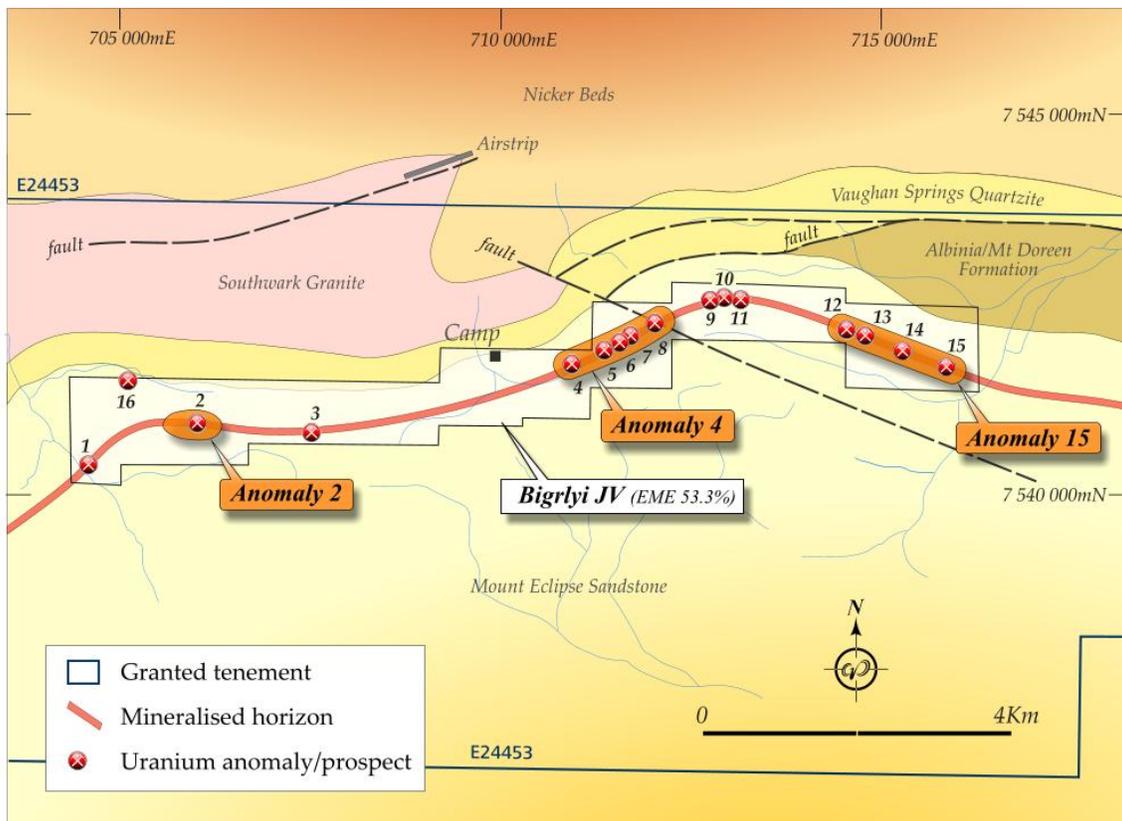


Figure 2 – Bigrlyi Joint Venture Simplified Geology

The Bigrlyi Project is characterised by relatively high uranium grades and excellent metallurgical recoveries. Historical base case acid leach tests recorded extraction rates of 98% uranium.

For further information on metallurgical testwork, resource estimates and economic studies

please refer to ASX announcements or the Company's website www.energymetals.net

Activities (March 2012 Quarter)

During the March quarter the main activities undertaken included;

- Validation of the current geological model,
- Sequence stratigraphic mapping,
- Re-logging diamond and RC holes,
- Re-evaluation of the spectral data obtained from the CSIRO study completed in 2011,
- Geophysical evaluation of several down hole and surface methods,
- Database validation,
- Re - evaluation of the preferred metallurgical leach options.

Validation of the existing drilling database continued during the quarter and it is expected that the validation will be completed early in the June quarter. The database contains all historical data including drill collars, assays, down hole surveys, geological logs and gamma probe traces.

The geological work has assisted in improving the geological understanding on the controls of mineralisation, not only within the Biglryi project but also within the overall Ngalia basin.

This understanding will be vital not only in the re estimation of the resources at Biglryi, which is expected to be completed in the coming months, but also with future drill targeting.

The re-evaluation of the spectral data from the CSIRO study has resulted in a better understanding of the special distribution of various minerals that are expected to be critical in the evaluation of the preferred metallurgical leach process. The Pre-feasibility study (PFS) completed in 2011 used an acid leach, however this decision is being reviewed following multi-element geochemical analysis of the deposits which suggested a more wide spread carbonate content than assumed in the PFS. The evaluation of an alkaline leach is ongoing and will provide a operating and capital cost estimates to compare with the existing PFS costs.

Both the acid and alkaline leach processes have advantages and disadvantages for specific styles of mineralisation. Each leach method will be compared on an economic basis and future metallurgical testwork will depend on results of this comparative study. Material is currently available to continue metallurgical testing once the preferred leach is determined.

The technical team from Paladin Energy has greatly assisted in this work over the last three quarters.

Drilling of the various targets identified through the re interpretation of the deposits is expected to commence early in the September quarter.

Ngalia Regional (EME 100%)

The Ngalia Regional project comprises eleven 100% owned exploration licenses (total area >3,000 km²) located in the Ngalia Basin, between 180km and 350 km northwest of Alice Springs in the Northern Territory. Eight of these tenements are contiguous and enclose the Bigrlyi project as well as containing a number of uranium occurrences including the historic Walbiri and Malawiri deposits and the Cappers deposit (Inferred Mineral Resource of 2,720 tonnes U₃O₈ at a grade of 167ppm at 100ppm cut-off). The remaining 3 tenements are located southwest of the Bigrlyi deposits and cover discrete uranium anomalies with no evidence of previous exploration.

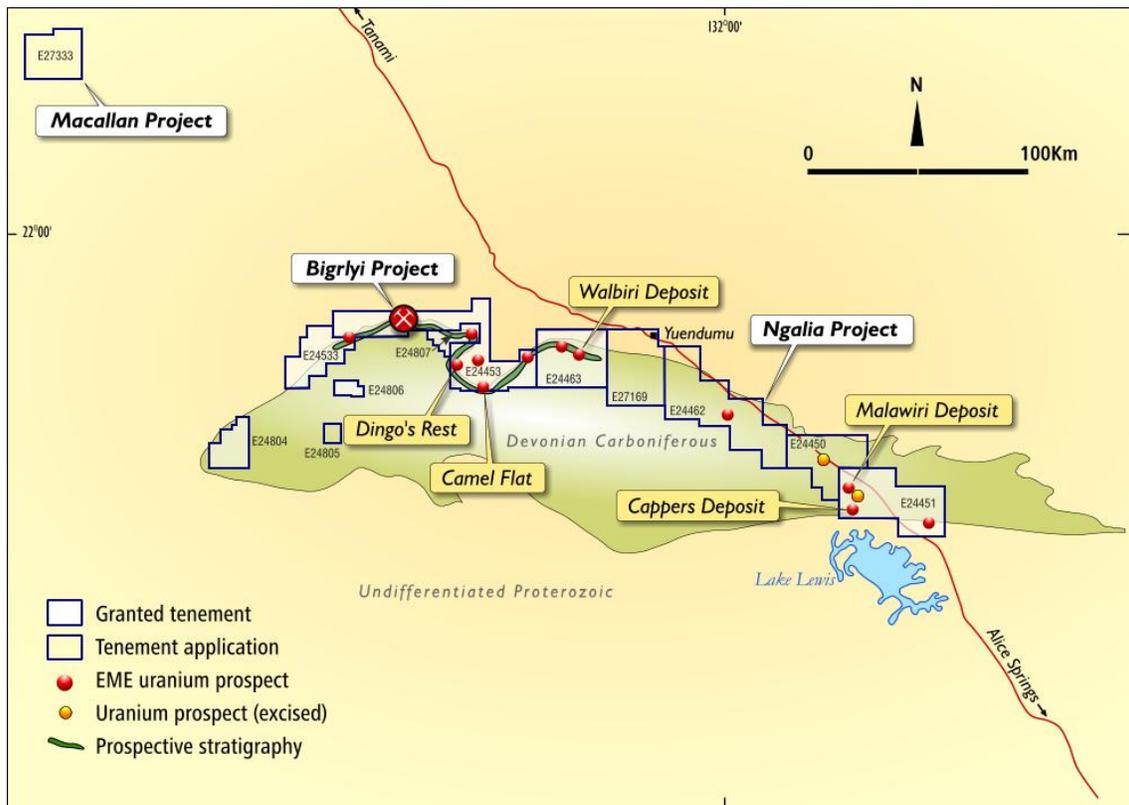


Figure 3 - Ngalia Regional Project showing uranium deposits & occurrences.

Seven of the eleven Ngalia Regional Exploration Licences have been granted. The remaining four applications (EL's 24450, 24462, 24805 and 27169) are located on Aboriginal Freehold land and the consent of the Traditional Owners is required before the tenements can be granted. Energy Metals has been negotiating with the Traditional Owners through the Central Land Council (CLC) and is confident that the Company will eventually gain access to these areas.

Mid July 2010 Energy Metals announced that the first diamond hole (CFD1001) drilled by the Company at the Camel Flat prospect had intersected Bigrlyi style mineralisation masked by shallow sand cover. Initial anomalous downhole probe values from CFD1001 were subsequently confirmed by chemical assay, returning an intercept of 27m @ 2,708ppm U₃O₈ & 755ppm V₂O₅ from 93.0m, including 5.0m @ 13,269ppm (1.33%) U₃O₈ & 2,944ppm V₂O₅.

These intercepts from Camel Flat compare very favourably with early drilling results from Bigrlyi and the potential for finding more uranium along strike from Camel Flat is excellent, especially as historic drilling to test under the widespread sand cover appears to have been ineffective.

Activities (March 2012 Quarter)

Several high priority targets have been identified in the 100% Energy Metals tenements including;

- **Camel Flat** prospect,
- **Anomaly 15 East** the eastern extension to the Bigrlyi mineralised trend and
- The historic **Walbiri** prospect.

Exploration activities conducted within the Ngalia Regional project during the quarter included evaluation of recent exploration at Camel Flat and Anomaly 15 East along with a heritage survey over the Walbiri prospect.

Anomaly 15 East

The mineralised unit that hosts most of the mineralisation within the BJV (EME 53.3%) extends into E24453, a 100% owned EME tenement. Until this year this trend has been poorly tested by historical drilling with most of the historical holes targeting anomalies identified from outcrop or in weathered bedrock.

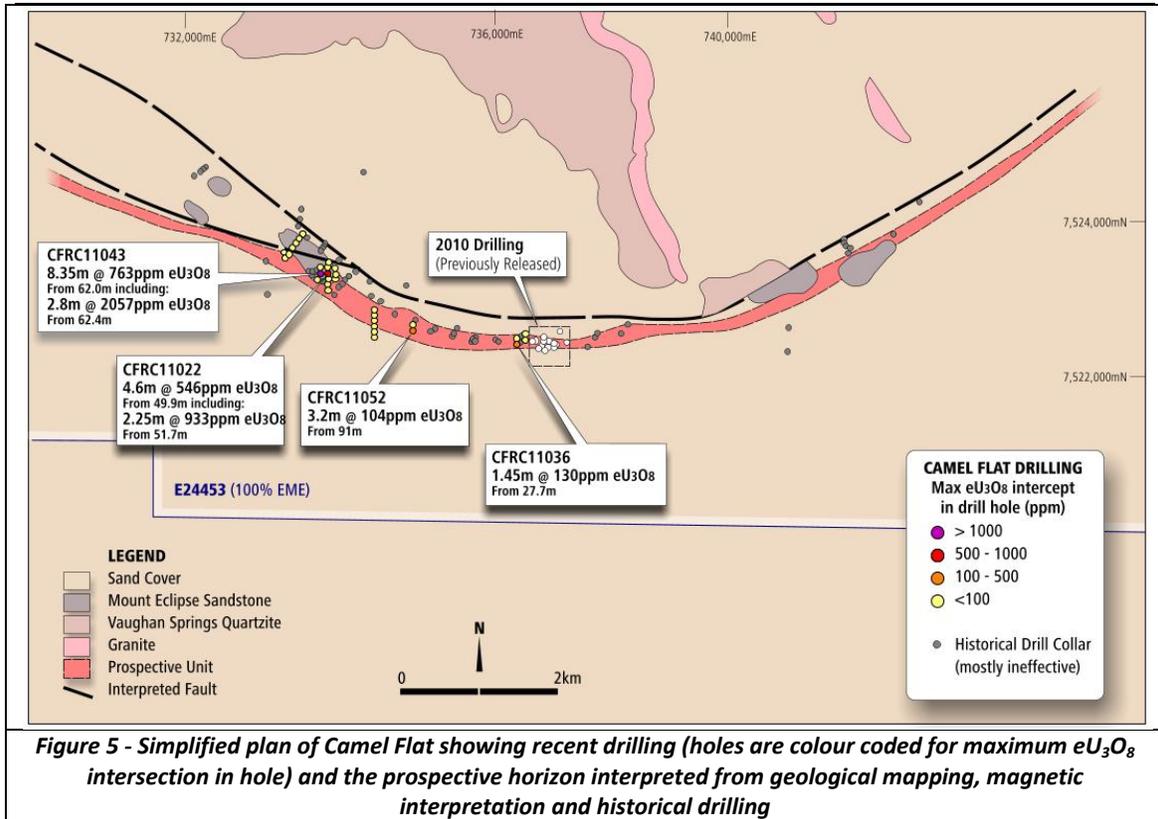
Drilling in 2011 targeted the prospective horizon over a strike length of 4,500m with a series of reconnaissance holes spaced at a nominal 200m interval with holes aimed to test the interpreted position of this horizon in fresh rock. Significant gamma probe intersections have been returned including 6m @ 1,940ppm eU₃O₈ in B11012, 2.95m at 1,089ppm eU₃O₈ from 98.35m in B11039 (including 1.25m at 2,308ppm eU₃O₈ from 99.2m) and 1.45m @ 315ppm eU₃O₈ from 41.15m in B11035.

The significance of these intersections is being determined and a follow-up work program is currently being designed. It is expected that the work program will not commence until early in the September quarter.

Camel Flat

Drilling at the Camel Flat prospect (also located within E24453) during 2010 intersected significant high grade mineralisation within a specific stratigraphic horizon concealed beneath 3 – 5m of transported sand. Further work in 2011 intersected sporadic mineralisation along a significant strike length

The significance of Camel Flat is currently being evaluated with further drilling around the mineralisation intersected in 2010 and 2011 planned for the 2012 field season.



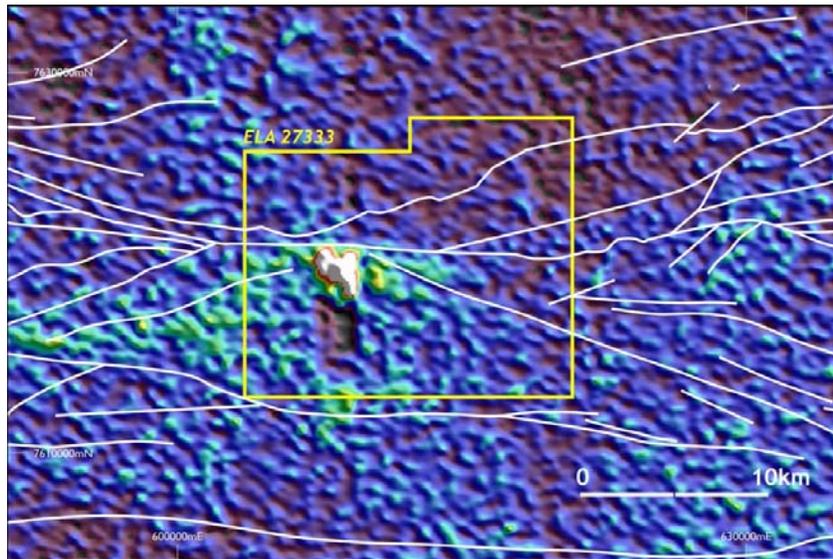
Regional Targets

A series of high priority regional targets have been identified with access to these areas progressed during the quarter. One of these areas is the Walbiri prospect (Figure 3) which hosts a pre JORC resource. This prospect has the potential to impact positively on the economics of the Bigrlyi project; however significant exploration is required prior to determining the full potential of the Walbiri prospect. Access to this prospect is dependent on the results of negotiations with the traditional owners (TO's), the central land council (CLC) and Energy Metals. A heritage survey was completed in late March 2012. The initial indication from the CLC is that several sites of significance were identified in the target area. The extent that these sites will impact on exploration is unknown at this stage.

Numerous other historic prospects occur within the Ngalia project. Many of these prospects have had no exploration since the early 1980's. The historical information from these prospects is currently being evaluated with the intent to commence exploration at the highest priority prospects in the September quarter.

Macallan (EME 100%)

The **Macallan** project (ELA27333) is located 460km northwest of Alice Springs and 140km from Bigrlyi. Newmont Australia's Callie Gold Mine is located a further 140km to the north. The tenement covers a strong 3km long bullseye radiometric anomaly which may indicate the presence of shallow structurally controlled uranium mineralisation.



Macallan Project radiometric image showing interpreted regional faults (white lines).

The application is progressing through the provisions of the Aboriginal Land Rights Act. A meeting with the traditional owners occurred in November 2011 and the Company is currently waiting to hear from the Central Land Council regarding the outcome of the meeting, ahead of a second meeting with the traditional owners scheduled for early in 2012. Once the tenement is granted there will be an initial field visit to review the potential of the discrete radiometric anomaly. No work was conducted during the March quarter.

WESTERN AUSTRALIA

Lake Mason (EME 100%)

This project comprises one granted exploration licence (E 57/590) with an area of 64km² centred 25km NNE of Sandstone and 80km SW of the Yeelirrie deposit. Previous exploration by BP Minerals in the 1970's discovered shallow carnotite mineralisation in valley calcretes associated with the Lake Mason drainage system. In June 2008 Energy Metals announced an initial Inferred Mineral Resource at Lake Mason of 1,343 tonnes (3Mlb) U₃O₈ at a grade of 170ppm (100ppm cut-off).

An infill aircore drill program to increase the level of confidence of this resource was completed in the March 2010 quarter, with 180 vertical holes (1,800m) drilled in higher grade zones. Downhole gamma logging of these holes returned anomalous uranium values from most holes with geochemical assaying confirming these anomalous intercepts.

Mid December 2010 the Company announced that the resource at Lake Mason had been increased to 9.1Mt @ 185ppm U₃O₈ (at 100ppm cut-off) for 1,689 tonnes (3.7Mlb) of uranium, with 62% of the resource now reporting to the Indicated Category. Please refer to the ASX announcement made 17 December 2010 for further details.

There has been no exploration activity undertaken during the quarter. Further exploration work is planned for the June quarter.

Anketell (EME 100%)

The Anketell project comprises two granted exploration licences (E's 58/289 & 58/292) with a total area of 165km². The tenements contain shallow calcrete hosted mineralisation discovered by Western Mining (WMC) in 1972. The mineralisation is similar in style to the Yeelirrie deposit, also discovered by WMC in the same year and located 150km to the northeast.

Aircore drilling completed by Energy Metals between 2007 and 2009 confirmed the presence of uranium mineralisation in calcrete and calcareous clays with most traverses recording anomalous intercepts at shallow depths (typically within 10m of surface), and in July 2009 Energy Metals announced an Inferred Mineral Resource of 2,720 tonnes (6Mlb) U₃O₈ at a grade of 167ppm (100ppm cut-off) at Anketell.

Anketell is located close to infrastructure, being approximately 90km east by sealed road from the mining town of Mount Magnet and 35km from the gas pipeline at Windimurra. The project is also located approximately 45km to the SW of Energy Metals' Lake Mason project (3.7Mlb resource – see above) and takes Energy Metals' total resources in the area (reportable under JORC) to 9.7Mlb U₃O₈.

No field work was undertaken during the period; however exploration is planned for the June quarter.

Rawlinson (EME 100%)

The Rawlinson Project comprises four exploration licences (total area of 1,450km²) located in the Gibson Desert, approximately 950km northeast of Kalgoorlie and 60km west of the NT border. The tenements in this project were granted on 16 November 2009.

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

Preliminary consultations with the Ngaanyatjarra Land Council covering the two main tenements have been positive. Energy Metals was expecting access agreement for the tenements to be finalised in 2011; however this will be delayed at the request of the Land Council until after a second meeting on the ground early in 2012 to ensure all the tenements are included in the agreement. Once an agreement is executed it should allow access during the 2012 field season for initial geochemical exploration programs.

No exploration activity occurred during the quarter.

Manyingee (EME 100%)

The Manyingee exploration licence (E 08/1480) is located 85 km south of the port of Onslow. The tenement (total area 86 km²) surrounds the mining leases containing Paladin Energy's Manyingee resource, a stacked series of paleochannel hosted roll front uranium deposits.

A review of airborne EM data and historical exploration in the area has interpreted a number of paleochannels extending into E 08/1480 from the Paladin Manyingee deposit.

An initial heritage survey was undertaken by the Thalanji people following the signing of an access agreement in 2009. This survey covered a proposed aircore drill program (approximately 3,000m) designed to test for extensions to the paleochannel uranium mineralization.

Programme approvals to drill test the targets are being prepared. No exploration activity occurred during the quarter.

URANIUM EXPORT

On 28 December 2011, Energy Metals announced that NT Energy Pty Ltd, its fully owned subsidiary, had entered into an agreement to purchase 150,000 pounds of Natural Uranium Concentrates from a leading Australian uranium producer. The Concentrates were scheduled to be shipped from the Port of Adelaide to the Port of Shanghai, China no later than 30 April 2012.

Early in the quarter Energy Metals announced that NT Energy had entered into a binding Sales Agreement with CGNPC-Nuclear Fuel Co., Ltd (formerly CGNPC-Uranium Resources Co., Ltd) (CGNPC), ultimately Energy Metals' largest shareholder.

Under the Sales Agreement, NT Energy will re-sell the Concentrates to CGNPC once the Concentrates arrive at the Port of Shanghai. The Sales Agreement has been struck with normal commercial terms and it is believed that the transaction will be cash flow positive and generate a profit.

On 30 April 2012 Energy Metals announced that due to administrative delays, the shipment of the initial uranium trading will not occur as scheduled. In light of this delay, NT Energy has commenced negotiations with the producer and CGNPC.

Information in this report relating to exploration results, data and cut off grades is based on information compiled by Mr Paul Dunbar and Mr Lindsay Dudfield. Both Mr Dunbar and Mr Dudfield are members of the AusIMM and the AIG. Mr Dunbar is a full time employee of Energy Metals and Mr Dudfield is a consultant to Energy Metals. They both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2004)". Mr Dunbar and Mr Dudfield both consent to the inclusion of the information in the report in the form and context in which it appears.

Information in this report relating to the determination of the gamma probe results and geophysical work is based on information compiled by Mr David Wilson. Mr Wilson is a member of the AusIMM and the AIG. Mr Wilson is a consultant to Energy Metals. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2004)". Mr Wilson consents to the inclusion of the information in the report in the form and context in which it appears.

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

Gamma logging or "total count gamma logging" (the method used by Energy Metals) is a common method used to estimate uranium grade where the radiation contribution from thorium and potassium is very small. Sandstone and calcrete hosted deposits are usually of this type.

Total count gamma logging includes the generally small number of gamma rays emitted by background levels of thorium and potassium. These background gamma rays add the equivalent of a few parts per million to the equivalent uranium values and are relatively constant in each geological unit.

Downhole gamma logging of drill holes provides a powerful tool for uranium companies to explore for and evaluate uranium deposits. Such a method measures the natural gamma rays emitted from material surrounding a drill hole. Gamma radiation is measured from a volume surrounding the drill hole that has a radius of approximately 35cm. The gamma probe is therefore capable of sampling a much larger volume than the geological samples recovered from any normal drill hole.

Gamma ray measurements are used to estimate uranium concentrations with the commonly accepted initial assumption being that the uranium is in (secular) equilibrium with its daughter products (or radio- nuclides) which are the principal gamma ray emitters. If uranium is not in equilibrium (viz. in disequilibrium), as a result of the redistribution (depletion or enhancement) of uranium and/or its daughter products, then the true uranium concentration in the holes logged using the gamma probe will be higher or lower than those reported in the announcement.

Energy Metals is undertaking measurements to determine if disequilibrium is present and its distribution via undertaking chemical analysis of all eU_3O_8 intersections. Previous chemical assays from Bigrlyi and surrounds have confirmed the gamma intersections and as such Energy Metals believes that the Uranium in the system is in equilibrium with its daughter products.

The logging programme was undertaken by Energy Metals utilising an Auslog Logging System. The gamma tools were calibrated in Adelaide at the Department of Water in calibration pits constructed under the supervision of CSIRO. Energy Metals carries out annual recalibration checks to validate the accuracy of gamma probe data. Furthermore, Energy Metals runs regular checks to validate the accuracy of probe data using calibrated test holes located on site.

The gamma ray data was converted from counts per second to eU_3O_8 using calibration factors obtained from measurements made at the calibration pits. The eU_3O_8 data was also adjusted by an attenuation factor, determined onsite, due to drill rods. These factors also take into account differences in drill hole size and water content. The eU_3O_8 data has been filtered (deconvolved) to more closely reproduce the true grades and thicknesses where thin narrow zones are encountered.

The various calibration factors and deconvolution parameters were calculated by David Wilson BSc MSc MAusIMM from 3D Exploration Ltd based in Perth, Western Australia.