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**EXPLORATION UPDATE
NGALIA, BIGRLYI AND MOPOKE WELL
PROJECTS**

HIGHLIGHTS

Northern Territory

Drilling underway in the Ngalia Project

**Innovative geophysical technique providing
encouragement at the Ngalia and Bigrlyi Projects**

Western Australia

Results from Infill Drilling at Mopoke Well include;

2.64m @ 282ppm eU₃O₈ from 2.90m in MWP0230

3.08m @ 237ppm eU₃O₈ from 2.40m in MWP0229

3.64m @ 197ppm eU₃O₈ from 2.58m in MWP0205

1.86m @ 258ppm eU₃O₈ from 3.24m in MWP0237

2.02m @ 221ppm eU₃O₈ from 0.86m in MWP0172

Energy Metals Limited (ASX: EME) is pleased to announce that exploration drilling within its 100% owned Ngalia (NT) and the Mopoke Well (WA) projects has recommenced. Furthermore the Company advises that trials of an innovative geophysical technique targeting extensions of previously identified mineralisation under thin cover at both the Bigrlyi and Ngalia projects has returned encouraging results.

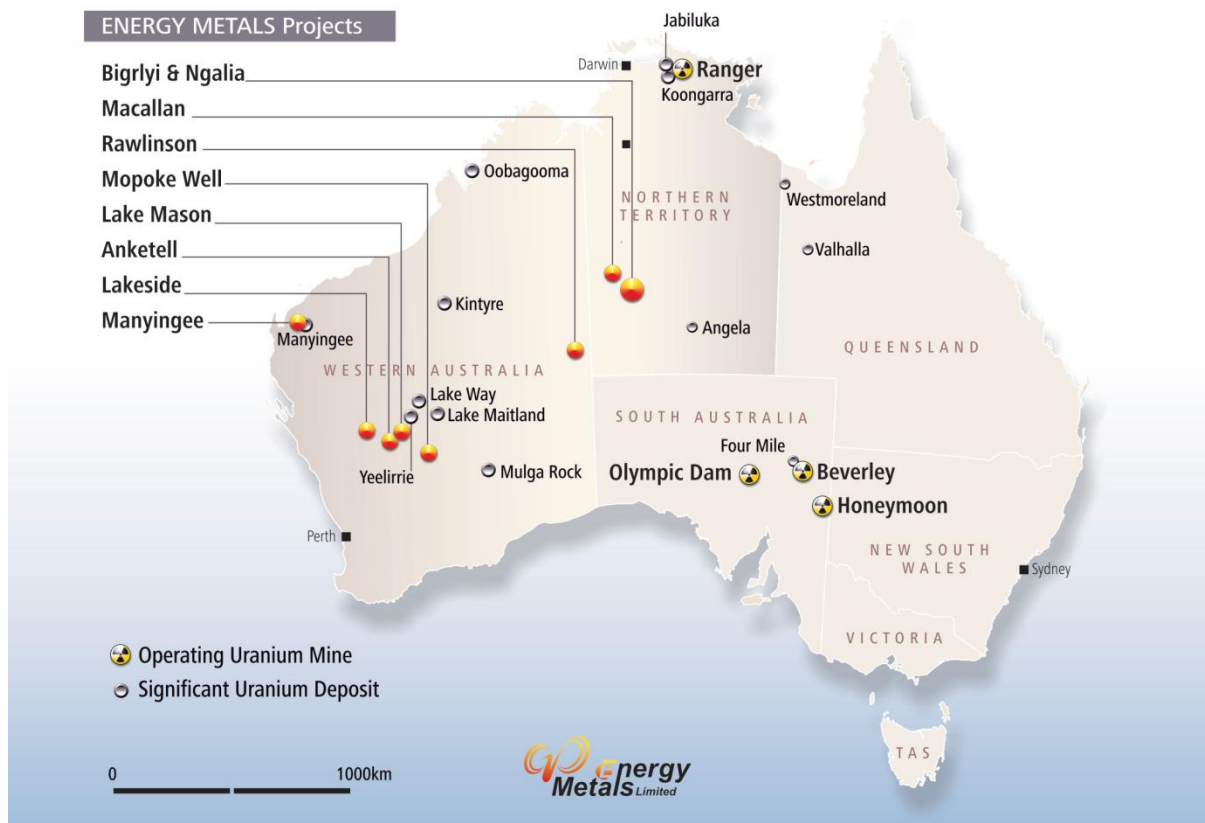


Figure 1 – Location of Energy Metals Projects

NORTHERN TERRITORY

Ngalia Regional (EME 100%)

During the past month exploration drilling has recommenced within the Ngalia project. The initial targets include Camel Flat, Anomaly 15 East and several historic regional prospects. Exploration activities during 2012 have focussed on developing and providing sufficient geological background work over several significant historic and recently identified radiometric anomalies in the Ngalia project, mainly within the Mt Eclipse sandstone, the host of the Bigryli Uranium deposits.

Several of these anomalies have had significant evaluation work conducted including prospecting, geological mapping, detailed ground radiometric (spectrometer) surveys and gamma probing of any historic holes within the prospects. This work has resulted in the recommencement of drilling within the Ngalia Basin.

The initial prospects to be tested are the extensions to the Camel Flat mineralisation first drilled in 2010. Drilling at Camel Flat in 2011 was mainly aimed at identifying the strike extensions to the prospective horizon under the thin transported cover. This drilling, whilst successful in intersecting some anomalous uranium mineralisation, failed to identify any marker horizons under the thin transported cover that would allow a more targeted approach to drilling at the prospect.

Earlier in 2012 the extensions to the mineralisation drilled in 2010 were identified as being open along strike (both to the East and West) and both up and down plunge. Initial drilling at Camel Flat during this field season will target these extensions while later drilling is expected to target the interpreted extensions to the prospective horizon.

Infill and extensional drilling has also commenced at Anomaly 15 East, with this drilling designed to test the extensions of the high grade intersection drilled early in 2011 (6m @ 1850ppm eU₃O₈ from 60.5m in B11012).

Initial down hole gamma probe results from these drilling programs are expected to be available within the next two weeks.

Much of the prospective stratigraphy within the Ngalia project is covered by a thin veneer of transported material. In an attempt to map the strike extensions of the prospective units within the Mt Eclipse sandstone Southern Geoscience Consultants, in consultation with Energy Metals' technical team, has been trialling an innovative geophysical technique to map uranium mineralisation (or prospective stratigraphy) under cover. This program commenced several weeks ago and results to date from the initial trial areas of Camel Flat (100% EME) and Anomaly 4 within the Bigryli Joint Venture (53.3% EME) suggest that the technique is robust, predictable and a cost effective tool for tracking the prospective stratigraphy under thin transported cover.

Given the encouraging results to date it is likely that geophysical surveying will be expanded to cover the strike extensions of the Bigryli mineralised horizon and also the extensions to the mineralisation identified at Camel Flat, along with surveys over the other regional prospects.

WESTERN AUSTRALIA

Mopoke Well (EME 100%)

The Mopoke Well Project, located 60km west of Leonora, W.A., contains the historic Peninsula and Stakeyard prospects. The Peninsula Prospect is a calcrete hosted system similar in geological setting to the Yeelirrie, Centipede, Lake Way and Lake Maitland deposits, also located in the region. First-pass drilling at the Peninsula Prospect, completed by Energy Metals in 2008, confirmed the presence of shallow uranium mineralisation. This initial drilling was wide spaced with holes 100m apart on wide spaced traverses. Most traverses returned anomalous intercepts.

One hundred vertical, ten metre deep holes were recently completed and consisted of eleven infill traverses (97 holes) to increase the drill density over the main mineralised zone, and three holes to test for strike extensions to the known mineralisation. Each hole was gamma probed to determine the deconvolved Uranium equivalent grade (eU₃O₈). The gamma probe results from these holes were recently received, some of the more significant intersections include;

2.64m @ 282ppm eU₃O₈ from 2.90m in MWP0230

3.08m @ 237ppm eU₃O₈ from 2.40m in MWP0229

3.64m @ 197ppm eU₃O₈ from 2.58m in MWP0205

1.86m @ 258ppm eU₃O₈ from 3.24m in MWP0237

2.02m @ 221ppm eU₃O₈ from 0.86m in MWP0172

Most of the infill holes returned anomalous uranium values while 52 holes returned intersections greater than 1metre wide above a 100ppm eU₃O₈ cut-off. These are detailed in Table 1 while the collar coordinates for the holes are listed in Table 2. All intersections are down hole widths, however as the mineralisation is flat lying the intercepts are believed to be the true thickness.

Uranium mineralisation has now been identified at the Peninsula Prospect over a strike length of 4km, and a width of approx. 800m. The mineralisation, often reaching thicknesses in excess of 3 metres, is usually within 4 metres of the surface. Samples from anomalous intervals, identified by the down hole gamma probe, are being collected for chemical analysis to confirm the grade of the uranium mineralisation with assay results expected by the end of the current quarter, ahead of a possible maiden resource estimate for the prospect.

Further exploration results will be released as they become available.

For and on behalf of the Board



Weidong Xiang
Managing Director
31st October 2012

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 eU₃O₈ 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 eU₃O₈ using calibration factors obtained from measurements made at the calibration pits. The eU₃O₈ 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 eU₃O₈ 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.

Table 1: Peninsula Prospect - Significant eU3O8 Results*

Hole Number	From (m)	To (m)	Thickness (m)	Grade (ppm eU3O8)
MWP0165	1.54	2.82	1.28	188
MWP0171	1.36	2.56	1.20	151
MWP0172	0.86	2.88	2.02	221
MWP0178	0.86	1.98	1.12	145
MWP0184	1.74	2.94	1.20	133
MWP0185	1.02	2.98	1.96	205
MWP0188	1.08	2.20	1.12	179
MWP0195	2.54	3.96	1.42	191
MWP0196	1.12	4.18	3.06	173
MWP0197	2.72	5.22	2.50	179
MWP0198	1.52	3.26	1.74	159
MWP0199	2.36	4.06	1.70	189
MWP0200	1.08	2.68	1.60	154
MWP0201	1.02	2.36	1.34	213
MWP0204	3.56	4.98	1.42	112
MWP0205	2.58	6.22	3.64	197
MWP0206	2.12	4.92	2.80	222
MWP0207	2.58	4.42	1.84	183
MWP0208	4.40	5.64	1.24	170
MWP0209	4.02	5.46	1.44	239
MWP0211	2.28	3.60	1.32	171
MWP0213	3.70	4.92	1.22	120
MWP0214	2.14	4.40	2.26	216
MWP0215	2.14	4.58	2.44	241
MWP0217	3.82	6.12	2.30	148
MWP0222	2.88	4.06	1.18	214
MWP0223	2.32	5.70	3.38	176
MWP0224	3.66	5.34	1.68	134
MWP0226	2.06	3.30	1.24	137
MWP0227	2.22	5.54	3.32	152
MWP0228	3.40	5.38	1.98	208
MWP0229	2.40	5.48	3.08	237
MWP0230	2.90	5.54	2.64	282

Hole_ID	From (m)	To (m)	Thickness (m)	Grade (ppm eU3O8)
MWP0231	4.96	6.62	1.66	159
MWP0233	4.22	5.44	1.22	159
MWP0234	3.50	4.50	1.00	151
MWP0235	1.72	4.72	3.00	159
MWP0236	4.02	6.48	2.46	141
MWP0237	3.24	5.10	1.86	258
MWP0239	4.34	6.08	1.74	178
MWP0242	2.26	4.94	2.68	157
MWP0243	3.64	4.76	1.12	143
MWP0244	3.56	6.16	2.60	146
MWP0245	2.58	4.10	1.52	157
MWP0246	4.04	5.84	1.80	150
MWP0247	4.36	6.22	1.86	199
MWP0248	4.12	6.88	2.76	138
MWP0252	2.78	4.32	1.54	124
MWP0253	3.66	5.24	1.58	189
MWP0254	2.78	4.32	1.54	159
MWP0259	2.24	3.28	1.04	187
MWP0260	3.56	5.24	1.68	132

*calculated using a 100ppm eU₃O₈ cut-off with a minimum thickness of 1m and a maximum internal dilution of 0.5m

Table 2: Collar coordinates for Aircore holes completed October 2012 at Mopoke Well

Hole Number	Easting	Northing	RL	Depth	Azimuth	Dip
MWP0165	275,361.00	6,814,244.64	372.01	10	360	-90
MWP0166	275,465.22	6,814,245.04	372.79	10	360	-90
MWP0167	275,568.42	6,814,246.91	372.21	10	360	-90
MWP0168	275,664.91	6,814,245.36	371.31	10	360	-90
MWP0169	275,763.11	6,814,246.84	370.96	10	360	-90
MWP0170	275,868.10	6,814,248.55	371.06	10	360	-90
MWP0171	275,248.56	6,813,745.76	370.45	10	360	-90
MWP0172	275,349.28	6,813,751.26	371.08	10	360	-90
MWP0173	275,450.86	6,813,748.58	371.37	10	360	-90
MWP0174	275,549.02	6,813,747.48	370.69	10	360	-90
MWP0175	275,647.44	6,813,753.59	370.68	10	360	-90
MWP0176	275,745.55	6,813,748.03	370.86	10	360	-90

Hole Number	Easting	Northing	RL	Depth	Azimuth	Dip
MWP0177	275,851.45	6,813,745.35	370.82	10	360	-90
MWP0178	275,948.08	6,813,752.38	370.88	10	360	-90
MWP0179	276,048.34	6,813,747.14	370.36	10	360	-90
MWP0180	276,149.16	6,813,749.80	370.08	10	360	-90
MWP0181	276,249.88	6,813,747.11	370.24	10	360	-90
MWP0182	276,350.80	6,813,748.33	371.28	10	360	-90
MWP0183	275,143.31	6,813,255.12	372.80	10	360	-90
MWP0184	275,243.54	6,813,256.57	370.52	10	360	-90
MWP0185	275,344.03	6,813,252.61	370.56	10	360	-90
MWP0186	275,445.05	6,813,244.91	371.49	10	360	-90
MWP0187	275,544.50	6,813,253.05	371.51	10	360	-90
MWP0188	275,967.80	6,813,251.55	370.68	10	360	-90
MWP0189	276,069.09	6,813,251.08	370.38	10	360	-90
MWP0190	276,172.58	6,813,243.95	370.60	10	360	-90
MWP0191	276,268.29	6,813,252.04	370.32	10	360	-90
MWP0192	275,197.24	6,812,994.58	370.21	10	360	-90
MWP0193	275,197.53	6,812,750.54	371.15	10	360	-90
MWP0194	275,300.77	6,812,747.98	371.21	10	360	-90
MWP0195	275,406.24	6,812,748.46	371.10	10	360	-90
MWP0196	275,502.60	6,812,745.80	371.43	10	360	-90
MWP0197	275,599.06	6,812,748.08	373.14	10	360	-90
MWP0198	275,699.35	6,812,749.52	373.23	10	360	-90
MWP0199	275,801.27	6,812,748.83	372.24	10	360	-90
MWP0200	275,900.54	6,812,752.17	371.54	10	360	-90
MWP0201	275,997.69	6,812,748.82	371.17	10	360	-90
MWP0202	276,099.98	6,812,752.13	371.09	10	360	-90
MWP0203	275,188.55	6,812,501.98	370.47	10	360	-90
MWP0204	275,289.06	6,812,504.20	370.39	10	360	-90
MWP0205	275,384.33	6,812,497.28	371.55	10	360	-90
MWP0206	275,487.56	6,812,497.37	372.23	10	360	-90
MWP0207	275,592.75	6,812,499.13	372.85	10	360	-90
MWP0208	275,688.54	6,812,498.22	373.86	10	360	-90
MWP0209	275,786.29	6,812,496.47	373.18	10	360	-90
MWP0210	275,887.72	6,812,497.22	373.01	10	360	-90
MWP0211	275,985.38	6,812,500.87	372.41	10	360	-90
MWP0212	275,123.95	6,812,248.31	371.10	10	360	-90
MWP0213	275,221.64	6,812,252.26	370.11	10	360	-90
MWP0214	275,323.63	6,812,248.63	370.79	10	360	-90
MWP0215	275,428.23	6,812,253.20	371.56	10	360	-90
MWP0216	275,526.51	6,812,247.80	372.53	10	360	-90

Hole Number	Easting	Northing	RL	Depth	Azimuth	Dip
MWP0217	275,622.57	6,812,248.59	373.11	10	360	-90
MWP0218	275,726.52	6,812,249.53	374.73	10	360	-90
MWP0219	275,823.03	6,812,248.53	373.48	10	360	-90
MWP0220	275,920.91	6,812,249.69	373.32	10	360	-90
MWP0221	275,101.75	6,812,002.37	370.32	10	360	-90
MWP0222	275,198.84	6,812,002.52	371.39	10	360	-90
MWP0223	275,502.82	6,812,001.04	372.78	10	360	-90
MWP0224	274,960.45	6,811,747.55	370.80	10	360	-90
MWP0225	275,060.39	6,811,751.77	370.40	10	360	-90
MWP0226	275,157.40	6,811,751.14	370.95	10	360	-90
MWP0227	275,258.38	6,811,750.89	372.28	10	360	-90
MWP0228	275,359.97	6,811,751.35	373.10	10	360	-90
MWP0229	275,460.39	6,811,751.10	372.72	10	360	-90
MWP0230	275,557.72	6,811,750.60	373.62	10	360	-90
MWP0231	275,659.37	6,811,749.85	375.29	10	360	-90
MWP0232	275,759.80	6,811,749.34	375.07	10	360	-90
MWP0233	274,852.16	6,811,498.20	370.99	10	360	-90
MWP0234	274,943.68	6,811,502.47	370.74	10	360	-90
MWP0235	275,044.68	6,811,506.44	370.75	10	360	-90
MWP0236	275,145.82	6,811,504.94	372.56	10	360	-90
MWP0237	275,245.84	6,811,501.47	372.37	10	360	-90
MWP0238	275,347.63	6,811,501.79	373.00	10	360	-90
MWP0239	275,446.33	6,811,503.58	373.92	10	360	-90
MWP0240	275,544.04	6,811,499.88	375.32	10	360	-90
MWP0241	275,653.60	6,811,503.25	376.14	10	360	-90
MWP0242	274,689.87	6,811,251.58	369.27	10	360	-90
MWP0243	274,787.83	6,811,254.86	370.53	10	360	-90
MWP0244	274,886.36	6,811,253.92	372.07	10	360	-90
MWP0245	274,990.08	6,811,249.98	372.00	10	360	-90
MWP0246	275,090.57	6,811,252.35	373.06	10	360	-90
MWP0247	275,190.01	6,811,247.28	373.68	10	360	-90
MWP0248	275,287.80	6,811,251.89	374.01	10	360	-90
MWP0249	275,386.18	6,811,250.99	374.45	10	360	-90
MWP0250	275,487.70	6,811,248.78	374.96	10	360	-90
MWP0251	274,542.37	6,810,997.38	369.09	10	360	-90
MWP0252	274,643.48	6,810,996.39	370.19	10	360	-90
MWP0253	274,751.48	6,810,998.66	372.71	10	360	-90
MWP0254	274,838.81	6,811,001.63	372.38	10	360	-90
MWP0255	274,942.29	6,810,995.44	373.24	10	360	-90
MWP0256	275,043.88	6,811,003.18	374.84	10	360	-90

Hole Number	Easting	Northing	RL	Depth	Azimuth	Dip
MWP0257	275,143.60	6,810,999.80	373.57	10	360	-90
MWP0258	274,462.64	6,810,753.16	369.11	10	360	-90
MWP0259	274,564.03	6,810,752.25	370.31	10	360	-90
MWP0260	274,666.55	6,810,747.89	373.11	10	360	-90
MWP0261	274,765.18	6,810,752.91	373.42	10	360	-90
MWP0262	274,859.45	6,810,753.43	374.38	10	360	-90
MWP0263	274,962.75	6,810,753.48	372.18	10	360	-90
MWP0264	275,065.57	6,810,747.24	370.95	10	360	-90

Note: All Collar coordinates are GDA 94 MGA (zone 50) and are collected with a Differential GPS with an accuracy of ± 1 cm. The collars have been surveyed by Borehole Geophysical Services