

25 October 2005

The Manager  
Companies Announcements Office  
Australian Stock Exchange Ltd  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

**via Electronic Lodgement**

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Western Australia  
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Web: [www.energymetals.net](http://www.energymetals.net)



Dear Sir/Madam,

We confirm the Energy Metals Limited 2005 Annual Report together with Notice of Annual General Meeting and Proxy Form (as attached) has been dispatched to shareholders today.

For further information please contact the Company.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Trish Farr', with a stylized flourish at the end.

TRISH FARR  
**Company Secretary.**



ACN 111 306 533

## ANNUAL REPORT 2005

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## CORPORATE DETAILS

### **Directors**

Donald Ross Kennedy  
(Chairman)

Lindsay George Dudfield  
(Executive Director)

Oscar Aamodt  
(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](mailto:enquiry@energymetals.net)  
Web: [www.energymetals.net](http://www.energymetals.net)

### **Auditor**

Horwath Audit (WA) Pty Ltd  
128 Hay Street  
SUBIACO WA 6008

### **Share Registry**

Advanced Share Registry  
100 Stirling Highway  
NEDLANDS WA 6009  
Telephone: 61 8 9389 8033  
Facsimile: 61 8 9389 7871

### **Bankers**

National Australia Bank Limited  
50 St Georges Terrace  
PERTH WA 6000

### **Stock Exchange Listing**

The Company's shares are listed by the  
Australian Stock Exchange Limited  
- Code EME.  
The home exchange is Perth.

## CHAIRMAN'S REPORT

Dear Fellow Shareholder

Energy Metals listed in spectacular fashion on 9th September 2005 with opening sales at \$1.00 for the 25 cent shares.

Statutory requirements necessitate that an annual report with accompanying financial statements be made available to shareholders even though the listing was just a short time past.

Energy Metals is gearing up for systematic evaluation work at the Bigrlyi Project, NT in the Ngalia Basin, commencing towards the end of October. Providing requisite approvals are received promptly, extension infill and confirmatory drilling will be underway at Anomaly 15 at Bigrlyi towards the end of calendar 2005.

Details of this project and our W.A. projects are available in the Energy Metals prospectus dated 14 July 2005 which can be viewed at the Company's website [www.energymetals.net](http://www.energymetals.net) or is available in hard copy from the company office.

Year 2006 should be one of significant progress and excellent results for Energy Metals.

A handwritten signature in black ink, appearing to read 'D. Ross Kennedy', with a stylized, cursive script.

D. Ross Kennedy  
Chairman  
14 October 2005

## DIRECTORS' REPORT

The Directors present their report of Energy Metals Limited for the period ended 30 June 2005.

### DIRECTORS

The following persons were directors of Energy Metals Limited during the whole of the financial period (or as disclosed) and up to the date of this report:

Lindsay George Dudfield  
Oscar Aamodt (appointed 6 July 2005)  
Donald Ross Kennedy  
Jordan Luckett (resigned 6 July 2005)

### PRINCIPAL ACTIVITIES

The principal activity during the period of Energy Metals Limited was mineral exploration. During the period there was no change in the nature of this activity.

### FINANCIAL RESULTS

The loss of the Company after providing for income tax for the period ended 30 June 2005 was \$51,579.

### 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 Company during the period.

### REVIEW OF OPERATIONS

The details of the Company's exploration activities during the period are included within the Review of Activities section of the Annual Report.

### FINANCIAL POSITION

The net assets of the company were \$316,317 as at 30 June 2005. Subsequent to period end the company raised \$3,000,000 from the public offer of 12,000,000 shares at a price of 25 cents each pursuant to a prospectus dated 14 July 2005.

The Directors believe the company is in a strong financial position to pursue its exploration work.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Company in future financial years other than:

- The Company lodged a prospectus with the Australian Securities & Investments Commission on 14 July 2005, for the offer of 12,000,000 shares at a price of 25 cents each to raise \$3,000,000.
- The Company listed on the Australian Stock Exchange on 9 September 2005 as a dedicated uranium exploration company.

## 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 Company in subsequent financial years not already disclosed in this report.

## INFORMATION ON DIRECTORS

Name	Director's Experience	Special Responsibilities
Mr Donald Ross Kennedy BSc (Hons)	Mr Kennedy is a qualified geologist with 41 years experience in gold and base metals exploration, both in Australia and overseas. As Managing Director, then Exploration Director, of Resolute Limited he was the leader of one of the most successful exploration teams in Australia leading to the development of gold mines at Marymia, Chalice, Higginsville and Challenger in Australia and Nkran and Golden Pride in Africa. Fellow of the AusIMM and member of the AIG, GSA, MICA and AICD.  Other directorships held by Mr Kennedy over the last three years are: Jindalee Resources Limited – current Great Western Exploration Limited – current Lach Drummond Resources Ltd (January 2004 – July 2004) Paladin Resources Ltd (December 2002 – March 2003).	Chairman Non-Executive Director
Mr Lindsay George Dudfield BSc	Mr Dudfield is a qualified geologist with 25 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 directorships held by Mr Dudfield over the last three years are: Jindalee Resources Limited – current Horizon Global Limited (October 1994 – June 2005)	Executive Director

## DIRECTORS' REPORT continued

Name	Director's Experience	Special Responsibilities
Oscar Aamodt FCIS (appointed 6 July 2005)	Mr Aamodt is a member of the Institute of Chartered Secretaries and has more than 20 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 companies and exploration companies as well as having held the position of Chief Financial Officer of a large mining company with operations in Australia and Africa. From February 2002 until June 2004 he was a director and company Secretary of Abelle Limited and most recently company secretary of Bluestone Tin Limited and Metals Exploration Limited.  Other directorships held by Mr Aamodt over the last three years are: Independence Group NL – current Abelle Limited (February 2002 – June 2004)	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	
D R Kennedy	36,000
L G Dudfield	1,380,000
O Aamodt	50,000

### MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the period ended 30 June 2005 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
D R Kennedy	2	2
L G Dudfield	8	8
O Aamodt	0	0
J A Luckett (resigned)	1	1

As at the date of this report, the Company did not have an Audit Committee of the Board of Directors. The Directors have not formed an Audit Committee as they consider one inappropriate for the current size and state of development of the Company.

### 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.

## DIRECTORS AND EXECUTIVES EMOLUMENTS

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company 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.

### Non-Executive Directors of Energy Metals Limited

Name	Salary \$	Consulting Fees \$	Options \$	Total \$
D R Kennedy	-	-	-	-
O Aamodt	-	-	-	-
J Luckett	-	-	-	-

### Executive Directors of Energy Metals Limited

Name	Salary \$	Office Rent & Vehicle Hire \$	Consulting Fees \$	Options \$	Total \$
L G Dudfield	-	-	-	-	-

On 6th July 2005 the Company entered into a consultancy agreement with the Executive Director Mr Dudfield and Jopon 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.

## DIRECTORS AND OFFICERS INSURANCE

Energy Metals Limited has directors and officers insurance current for the period 22/08/2005 to 22/08/2006.

## SHARE OPTIONS

The details of the options on issue by the Company are as follows:

	Number	Exercise Price	Expiry Date
Unquoted (escrowed until 24/06/06)	1,200,000	30 cents	30 June 2008

## ENVIRONMENTAL REGULATION

The Company is subject to significant environmental regulation in respect of its exploration activities. Tenements in 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 conditions or obligations.



## DIRECTORS' REPORT continued

### **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.

### **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 30 of this report.

### **NON-AUDIT SERVICES**

The external auditor performed no non-audit services during the period ended 30 June 2005.

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

28th day of September 2005 at Perth, Western Australia



**L G DUDFIELD**  
Managing Director.

## REMUNERATION REPORT

This report details the nature and amount of remuneration for directors receiving the highest remuneration.

## REMUNERATION POLICY

The remuneration policy of the Company has been designed to align director and specified executive 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 economic entity, 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 and specified executives of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and specified executives, was developed and approved by the board. 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 Company's performance, executives' performance and comparable information from industry sectors and other listed companies in similar industries. There is no Employee Share Option Plan in place at present.

Salaried executive directors and specified executives allocate 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. Fees for non-executive directors are not linked to the performance of the economic entity. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

## REMUNERATION LINK TO COMPANY PERFORMANCE

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of shareholders' value.

The Company was first listed on the Australian Stock Exchange on 9 September 2005.

Consequently, there was no share market price nor market capitalisation of the Company relevant to 30 June 2005.

## Corporate Governance Statement

### FOR THE PERIOD ENDED 30 JUNE 2005

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 corporate governance practices adopted towards the end of the reporting period ended 30 June 2005 are aimed to ensure the implementation of a strategic business plan and an integrated framework of accountability over the Company's resources, functions and assets.

In accordance with the ASX Corporate Governance Council's best practice recommendations, the Corporate Governance Statement contains specific information, and also report on the Company's adoption of the Council's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Company's corporate governance principles and policies are therefore structured with reference the Corporate Governance Council's best practice recommendations, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Encourage enhanced performance
Principle 9	Remunerate fairly and responsibly
Principle 10	Recognise the legitimate interests of stakeholders

The Company's corporate governance practices were adopted towards the end of the period ended 30 June 2005. With the exception of the departures from the Corporate Governance Council recommendations in relation to, the independence of the board, the nomination committee and audit committee as detailed below, the corporate governance practices of the Company were compliant with the council's best practice recommendations.

### THE BOARD

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 has established a framework for the management of the Company including an overall framework of internal control, director nomination, risk management and ethical standards.

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

Name	Age	Position	Special Expertise
Donald Ross Kennedy	66	Non-Executive Chairman	Resource Industry
Oscar Aamodt	59	Non-Executive Director	Company Management
Lindsay George Dudfield	48	Executive Director	Resource Industry

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

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 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.

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

## **INDEPENDENCE**

Corporate Governance Council Recommendation 2.1 requires a majority of the board to be independent directors. In addition, Recommendation 2.2 requires the chairperson of the company to be independent. The Corporate Governance Council defines independence as 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 unfettered and independent judgement.

In accordance with this definition, two of the Directors making up the Board as at period end are not considered to be independent when applying the Council's definition of independence, either by virtue of their substantial shareholdings in the Company or because they are on the Board of a company which is a substantial shareholder of the Company. The Company considers industry experience and specific expertise to be important attributes of its Board members. The Board is conscious of the need for independence and ensures that directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions and asks that those Directors do not discuss those transactions or potential transactions with other Directors.

## **NOMINATION COMMITTEE**

Recommendation 2.4 requires listed entities establish a nomination committee. During the period ended 30 June 2005, 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 of the Company the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

## **AUDIT COMMITTEE**

Recommendation 4.2 requires listed entities establish an audit committee. During the period ended 30 June 2005 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.

## Corporate Governance Statement

### FOR THE PERIOD ENDED 30 JUNE 2005 continued

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

- setting policy and long and short term strategic planning;
- communicating strategy to relevant parties for implementation;
- 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;
- identifying and 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;
- ensuring that the Board remains appropriately skilled to meet Company needs;
- reviewing and approving corporate governance systems; and
- delegating authority to management where appropriate.

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.

#### REMUNERATION

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

#### REVIEW OF BOARD PERFORMANCE

There is currently no formal process for performance evaluation of the Board, individual directors or the Executive Director.

#### CONTINUOUS DISCLOSURE

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and Corporations Law. The Company is required to disclose to 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.

#### IDENTIFICATION AND MANAGEMENT OF SIGNIFICANT BUSINESS RISK

The Board has identified the significant areas of potential business and legal risk to the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Executive Director.

The Board reviews and monitors the parameters under which such risks will be managed.

## ETHICAL STANDARDS

The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Company's officers and employees are members of their appropriate professional bodies and are required to act in accordance with the law and with the highest ethical standards.

Directors and staff of Energy Metals Limited are not permitted to engage in trading of the Company's shares during a period when they are in possession of price sensitive information which is not currently available to the market. This includes the period leading up to the release of periodic reports.

Where a conflict of interest may arise the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration.

## SHAREHOLDER COMMUNICATION

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

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 auditor is invited 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.

## Statement of Financial Performance

### FOR THE PERIOD ENDED 30 JUNE 2005

	Note	Company 2005 \$
Revenue from ordinary activities		-
Depreciation expense		(293)
Administrative expenses from ordinary activities	2	(51,286)
<b>Profit (Loss) from ordinary activities before related income tax expense</b>		<b>(51,579)</b>
Income tax expenses relating to ordinary activities	3	-
<b>Profit (Loss) from ordinary activities after income tax</b>		<b>(51,579)</b>
Total changes in equity other than those resulting from transactions with owners as owners		(51,579)
Basic profit (loss) per share (cents per share)	13	(0.0051)
Diluted profit (loss) per share (cents per share)	13	(0.0051)

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

# Statement of Financial Position

## FOR THE PERIOD ENDED 30 JUNE 2005

	Note	2005 \$
CURRENT ASSETS		
Cash assets	12	3
Total Current Assets		3
NON-CURRENT ASSETS		
Property, plant and equipment	5	2,812
Exploration, evaluation and development expenditure	6	494,952
Total Non-Current Assets		497,764
TOTAL ASSETS		497,767
CURRENT LIABILITIES		
Payables	7	181,450
Total Current Liabilities		181,450
TOTAL LIABILITIES		181,450
NET ASSETS		316,317
EQUITY		
Contributed Equity	8	367,896
Accumulated losses	19	(51,579)
TOTAL EQUITY		316,317

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



## Statement of Cash Flows

### FOR THE PERIOD ENDED 30 JUNE 2005

	Note	2005 \$
		Inflows (Outflows)
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations		-
Cash payments in the course of operations		(51,286)
<b>Net cash provided by / (used in) operating activities</b>	12	(51,286)
<b>Cash flows from investing activities</b>		
Payments for exploration, evaluation and development expenditure		(494,952)
Payments for property, plant and equipment		(3,105)
<b>Net cash provided by / (used in) investing activities</b>		(498,057)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		3
Loan from Jindalee Resources Ltd		549,343
<b>Net cash provided by / (used in) financing activities</b>		549,343
<b>Net increase / (decrease) in cash held</b>		3
<b>Cash at the beginning of the financial period</b>		Nil
<b>Cash at the end of the financial period</b>	12	3

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

# Notes to and Forming Part of the Financial Statements

## FOR THE PERIOD ENDED 30 JUNE 2005

### 1. SUMMARY OF 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) Basis of Accounting.

The financial report is a general purpose financial report prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. 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.

As at 30 June 2005 the Company was an unlisted public company, domiciled in Australia. The Company was incorporated in Australia on 8 October 2004.

As at 30 June 2005 the Company was a wholly owned subsidiary of Jindalee Resources Limited and formed part of the economic entity of Jindalee Resources Limited and controlled entities.

#### (b) Depreciation of Property, Plant and Equipment

Depreciation is calculated on the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all buildings, plant and equipment. The rates used are based on the useful life of the assets and range from 13.5% to 100%.

#### (c) Income Tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit/(loss) before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit/(loss) before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

#### (d) Investments

Shares held as current assets in companies quoted on prescribed stock exchanges have been valued at the lower of cost or market value. The gains or losses, whether realised or unrealised, are included in profit from ordinary activities before income tax.

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

## Notes to and Forming Part of the Financial Statements

**FOR THE PERIOD ENDED 30 JUNE 2005** continued

### (e) Exploration and Development Costs

The Company's policy with respect to exploration and development cost is to use the area of interest method. Under this method exploration and development costs are 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, evaluation and development costs.
- ii) Exploration and development costs related to an area of interest are carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
  - such development 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 development costs accumulated in respect of each particular area of interest include only net direct expenditure.

### (f) Cash

For the purposes of the statement of cash flows, cash includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

### (g) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, the recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the net loss in the reporting period in which the recoverable amount write-down occurs.

### (h) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure, development properties or mine properties based on the stage of development reached at the date of acquisition.

### (i) Comparative Figures

The Company was incorporated on 8 October 2004 and therefore there are no comparatives.

## (j) Employee Entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. 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.

## (k) Earnings Per Share

## (i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating loss 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.

## (l) Revenue

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

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

## (m) Impact of Australian Equivalent to International Financial Reporting Standards

The Company is managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Company's financial statements for the period ending 30 June 2006.

On first time adoption of AIFRS, comparatives for the financial period ended 30 June 2005 are required to be restated with AIFRS transitional adjustments being made retrospectively against accumulated losses at 1 July 2004.

The Directors are of the opinion that there will be no material differences resulting from the conversion of the Company's accounting policies to AIFRS and that the financial effect of any differences will be insignificant. The impact of the alternative treatment and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable. Comments on specific issues are as follows:

- Exploration Evaluation and Development

It is expected that the IFRS equivalent to AASB 1022 Accounting for the Extractive Industries will require that costs associated with exploration and development be expensed in the period in which they are incurred. In terms of current policy, costs are capitalised to the statement of financial position where it is expected that such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale. There is no impact on the opening retained earnings at 1 July 2004 or on the 30 June 2005 numbers disclosed

## Notes to and Forming Part of the Financial Statements

### FOR THE PERIOD ENDED 30 JUNE 2005 *continued*

Directors have tested capitalised exploration expenditure for impairment at 30 June 2005 and the financial impact has been assessed as nil.

- Impairment of Assets

The entity currently determines that recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less cost to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

- Share Based Payments

Under the existing policy, share based payments are not reflected in the profit and loss. AASB 2: Share based Payments requires an entity to reflect in its profit or loss the effects of share-based payment transactions in which share options are issued to employees, with a corresponding increase in equity.

The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

During the period ended 30 June 2005 no share options were issued to directors as compensation for remuneration.

- Non-Current Investments

Under the AASB 139: Financial Instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

- Income Tax

Currently, the entity adopts the liability method of tax-effect accounting whereby the income tax expenses is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under IFRS, AASB 112, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

## 2. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES

2005  
\$

---

Profit (Loss) from ordinary activities before income tax expense has been arrived at after charging / (crediting) the following item:

Expenses:

Depreciation expense	293
----------------------	-----

## 3. INCOME TAX EXPENSE

No income tax has been provided for or charged as an expense in the financial statements as the company has the benefit of carried forward tax losses. The benefit of remaining tax losses will only be obtainable if:

- i) The Company derives future assessable income of a nature and amount sufficient to enable the benefit from the deduction for the losses to be realised.
- ii) The Company continues to comply with the provisions of the income tax legislation relating to the deduction of losses from prior years.
- iii) No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses.

2005  
\$

---

The directors estimate that the potential future income tax benefit at 30 June 2005 in respect of tax losses, not brought to account is:

15,474

## 4. REMUNERATION OF DIRECTORS & EXECUTIVES

The names and positions held of Company directors in office at any time during the financial period and up to the date of this report are:

Mr D R Kennedy – Chairman (Non-Executive)

Mr L Dudfield – Executive Director

Mr O Aamodt – Director (Non-Executive) – appointed 6 July 2005

Mr J Lockett – Director (Non-Executive) – resigned 6 July 2005

### Directors' And Executives Emoluments

Details of the nature and amount of the emoluments of each director of the Company and each of the named officers receiving the highest emoluments are:

2005	Primary Benefit	Post Employment Benefit	Equity	Total
Director	Salaries & Fees	Superannuation	Options	
	\$	\$	\$	\$
Mr D R Kennedy	-	-	-	-
Mr L G Dudfield	-	-	-	-
Mr O Aamodt	-	-	-	-
Mr J Lockett	-	-	-	-
	-	-	-	-

# Notes to and Forming Part of the Financial Statements

## FOR THE PERIOD ENDED 30 JUNE 2005 continued

There are no specified executives of the Company as the directors are accountable and responsible for the strategic direction and operational management of the company.

The aggregate number of shares and options of the Company held directly, indirectly or beneficially by directors of the Company is disclosed in Note 11 to these accounts.

### REMUNERATION PRACTICES

The remuneration policy of the Company has been designed to align director and specified executive 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 economic entity, 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 and specified executives of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and specified executives, was developed and approved by the board. 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 Company's performance, executives' performance and comparable information from industry sectors and other listed companies in similar industries. There is no Employee Share Option Plan in place at present.

Salaried executive directors and specified executives allocate 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. Fees for non-executive directors are not linked to the performance of the economic entity. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

### 5. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2005 \$
Plant and equipment - at cost	3,105
Less: accumulated depreciation	(293)
	2,812
Reconciliation of the carrying amount of property, plant and equipment:	
Carrying amount at 1 July 2004	-
Additions	3,105
Less depreciation expense for the period	(293)
	2,812
Carrying amount at 30 June 2005	2,812

**6. NON-CURRENT ASSETS – EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE**

	2005 \$
Balance at beginning of the period – at cost	-
Exploration expenditure incurred	494,952
Exploration expenditure written off	-
	494,952

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

**7. CURRENT LIABILITIES – PAYABLES**

	2005 \$
Payables – Jindalee Resources Limited	181,450

**8. CONTRIBUTED EQUITY****Share capital**

10,000,000 ordinary shares, fully paid (2004: Nil)	367,896
(a) Movements in ordinary share capital	
Balance at the beginning of the period	-
100 Shares issued on incorporation 08/10/04	3
9,999,900 Shares issued to Jindalee Resources Ltd on 24/06/05 for conversion of debt into equity	367,893
Balance at the end of period	367,896

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.



# Notes to and Forming Part of the Financial Statements

## FOR THE PERIOD ENDED 30 JUNE 2005 continued

### 9. TOTAL EQUITY

	2005 \$
Total equity at the beginning of the financial period	-
Operating profit (loss) after income tax attributable to the members of the company	(51,579)
Increase in share capital	367,896
Total equity at the end of the financial period	316,317

### 10. 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 \$65,000.

### 11. RELATED PARTY DISCLOSURES

The names of persons who were Directors of the Company at any time during the financial period and up to the date of this report are as follows:

Donald Ross KENNEDY  
Lindsay George DUDFIELD  
Oscar AAMODT (appointed 6 July 2005)  
Jordan LUCKET (resigned 6 July 2005)

#### Remuneration & Employment Agreements

Information on remuneration of Directors is disclosed in note 4.

#### Transactions with Directors and Director-Related Entities

##### Loan from Parent Entity

As at 30 June 2005, an amount of \$181,450 was payable to Jindalee Resources. The terms of the loan are that it is interest free and unsecured.

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:

	2005
Mr D R Kennedy	
Ordinary fully paid shares	36,000
Options	Nil
Mr L G Dudfield	
Ordinary fully paid shares	1,380,000
Options	Nil
Mr O Aamodt	
Ordinary fully paid shares	50,000
Options	Nil
Mr J Luckett	
Ordinary fully paid shares	133,000
Options	Nil

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

	2005 \$
Profit (Loss) from ordinary activities after income tax	(51,579)
Depreciation	293
Net cash (used in) operating activities	(51,286)
Reconciliation of cash balance comprises:	
Cash at bank	3

**13. EARNINGS PER SHARE**

	2005 \$
Earnings used in calculation of basic and diluted earnings per share	(51,579)
Basic earnings (loss) per share (cents per share)	(0.0051)
Diluted earnings (loss) per share (cents per share)	(0.0051)
Weighted average number of ordinary shares used in calculation of basic earnings per share.	10,000,000
Diluted weighted average number of ordinary shares used in calculation of basic earnings per share	10,000,000

# Notes to and Forming Part of the Financial Statements

## FOR THE PERIOD ENDED 30 JUNE 2005 continued

### 14. 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.

### 15. COMMITMENTS FOR EXPENDITURE

	2005 \$
<b>A. Exploration Tenement Leases</b>	
In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals and to meet the minimum expenditure requirements of the Northern Territory Department of Primary Industry, Fisheries & Mines and the Western Australian Department of Industry and Resources. These obligations are subject to renegotiation upon expiry of the exploration licences or when application for a mining lease is made, and assume that all pending applications are granted, no properties are farmed out, and no expenditure exemptions are granted. These obligations are not provided for in the financial statements and are payable:	
Not later than 1 year	62,644
Later than 1 year but not later than 2 year	62,644
Later than 2 years but not later than 5 years	187,932
	313,220

#### B. Capital Expenditure Commitments

There are no capital expenditure commitments for the Company.

### 16. REMUNERATION OF AUDITORS

	2005 \$
Amounts received or due and receivable at 30 June 2005 by the auditors for:	
Auditing the financial statements	5,000
Other services	-
	5,000

## 17. FINANCIAL INSTRUMENTS

### (a) Credit Risk Exposure

The credit risk on financial assets of the Company which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

### (b) Interest Rate Risk Exposure

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out below.

Exposures rise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold the fixed rate assets and liabilities to maturity.

2005		Floating interest rate	Fixed Interest Maturing in: 1 yr or less	over 1 to 5 yrs	more than 5 Years	Non- interest bearing	Total
	Note	\$	\$	\$	\$	\$	\$
Financial assets							
Cash	12	3	-	-	-	-	3
Receivables		-	-	-	-	-	-
Other financial assets		-	-	-	-	-	-
		3	-	-	-	-	3
Weighted average interest rate		4%					
Financial liabilities							
Payables	7	-	-	-	-	181,450	181,450
		-	-	-	-	181,450	181,450
Net financial assets (liabilities)		3	-	-	-	181,450	(181,477)

### Reconciliation of Net Financial Assets to Net Assets

	Notes	Company 2005 \$
Net financial assets as above		(181,447)
Non-financial assets and liabilities		
Property, plant and equipment	5	2,812
Exploration, evaluation and development	6	494,952
Net assets as per statement of financial position		316,317

# Notes to and Forming Part of the Financial Statements

FOR THE PERIOD ENDED 30 JUNE 2005 *continued*

## 17. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	Company 2005	
	\$ Carrying amount	\$ Net fair value
Financial assets		
Cash	3	3
	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>
Financial liabilities		
Payables	181,450	181,450
	<hr/>	<hr/>
	181,450	181,450
	<hr/>	<hr/>

## 18. SEGMENT INFORMATION

### Industry Segment

During the financial period the Company operated in one industry, the mining exploration and prospecting industry.

### Geographical Segments

During the financial period the Company operated within Australia only.

## 19. ACCUMULATED LOSSES

	2005 \$
Accumulated losses at the beginning of the financial period	-
Net profit (loss) attributable to members of the Company	(51,579)
	<hr/>
Accumulated profits (losses) at the end of the financial period	(51,579)
	<hr/>

## 20. EVENT OCCURRING AFTER BALANCE DATE

There are no events subsequent to the end of the financial period that would have a material effect on these financial statements, other than (a) the Company issuing 12 million shares at \$0.25 each to raise \$3 million (before expenses) pursuant to a prospectus dated 14 July 2005, and (b) the Company listing on the Australian Stock Exchange Ltd on 9 September 2005 as a dedicated uranium exploration company.

## Directors' Declaration

The Directors' of Energy Metals Limited declare that:

- (a) in the directors' opinion, the financial statements and notes for the financial period ended 30 June 2005 are in accordance with the Corporations Act 2001, including:
  - (i) section 296 (compliance with accounting standards); and
  - (ii) section 297 (true and fair view); and
- (b) 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; and
- (c) the directors have been given the declarations by the chief executive officer and chief financial officer 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

Dated the 28th day of September 2005 at Perth, Western Australia



## **Independent audit report to members of Energy Metals Limited**

### **Scope**

#### *The financial report and directors' responsibility*

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, and accompanying notes to the financial statements for Energy Metals Limited, and the directors' declaration for the period ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

### **Horwath Audit (WA) Pty Ltd**

ABN 79 112 284 787

Chartered Accountants

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Facsimile (08) 9380 8499



### Independence

We are independent of the company and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

### Audit opinion

In our opinion, the financial report of Energy Metals Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the period ended on that date; and
- (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia; and

Dated at Perth on the ~~28~~<sup>th</sup> day of September 2005.

**HORWATH**

Audit (WA) Pty Ltd

HORWATH

GLYN O'BRIEN

**GLYN O'BRIEN**

Director





**Horwath Audit (WA) Pty Ltd**

ABN 79 112 284 787

Chartered Accountants

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27 September 2005

The Board of Directors  
Energy Metals Limited  
Level 2  
Kings Park Road  
WEST PERTH WA 6005

**AUDITOR'S INDEPENDENCE DECLARATION**

This declaration is made in connection with our audit of the financial report of Energy Metals Limited for the period ended 30 June 2005 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this audit.

Yours faithfully

**HORWATH**  
Audit (WA) Pty Ltd

HORWATH

**GLYN O'BRIEN**  
Director

## Additional Information

Interests in tenements (as at 14/10/2005)

### WESTERN AUSTRALIA

ELA08/1480	Bennett Well	Application
ELA21/120	Lakeside	Application
ELA29/568	Mopoke Well	Application
E57/590	Lake Mason	Granted
E58/289	Anketell	Granted
ELA58/292	Anketell	Application

### NORTHERN TERRITORY

ERL46 <sup>1</sup>	Bigirlyi Project	Granted	MCSA273 <sup>1</sup>	Ngalia Regional	Application
ERL47 <sup>1</sup>	Bigirlyi Project	Granted	MCSA274 <sup>1</sup>	Ngalia Regional	Application
ERL48 <sup>1</sup>	Bigirlyi Project	Granted	MCSA275 <sup>1</sup>	Ngalia Regional	Application
ERL49 <sup>1</sup>	Bigirlyi Project	Granted	MCSA276 <sup>1</sup>	Ngalia Regional	Application
ERL50 <sup>1</sup>	Bigirlyi Project	Granted	MCSA277 <sup>1</sup>	Ngalia Regional	Application
ERL51 <sup>1</sup>	Bigirlyi Project	Granted	MCSA278 <sup>1</sup>	Ngalia Regional	Application
ERL52 <sup>1</sup>	Bigirlyi Project	Granted	MCSA318 <sup>1</sup>	Ngalia Regional	Application
ERL53 <sup>1</sup>	Bigirlyi Project	Granted	MCSA319 <sup>1</sup>	Ngalia Regional	Application
ERL54 <sup>1</sup>	Bigirlyi Project	Granted	MCSA320 <sup>1</sup>	Ngalia Regional	Application
ERL55 <sup>1</sup>	Bigirlyi Project	Granted	MCSA321 <sup>1</sup>	Ngalia Regional	Application
EL24450	Ngalia Regional	Application	MCSA322 <sup>1</sup>	Ngalia Regional	Application
EL24451	Ngalia Regional	Application	MCSA323 <sup>1</sup>	Ngalia Regional	Application
EL24453	Ngalia Regional	Application	MCSA324 <sup>1</sup>	Ngalia Regional	Application
EL24462	Ngalia Regional	Application	MCSA325 <sup>1</sup>	Ngalia Regional	Application
EL24463	Ngalia Regional	Application	MCSA326 <sup>1</sup>	Ngalia Regional	Application
EL24533	Ngalia Regional	Application	MCSA327 <sup>1</sup>	Ngalia Regional	Application
ERLA41 <sup>2</sup>	Ngalia Regional	Application	MCSA328 <sup>1</sup>	Ngalia Regional	Application
ERLA45 <sup>3</sup>	Ngalia Regional	Application	MCSA329 <sup>1</sup>	Ngalia Regional	Application
MCSA270 <sup>1</sup>	Ngalia Regional	Application	MCSA330 <sup>1</sup>	Ngalia Regional	Application
MCSA271 <sup>1</sup>	Ngalia Regional	Application	MLNA1952 <sup>1</sup>	Ngalia Regional	Application
MCSA272 <sup>1</sup>	Ngalia Regional	Application	MLNA1953 <sup>1</sup>	Ngalia Regional	Application

All of the above tenements are beneficially owned by Energy Metals and percentage interest is 100% unless otherwise stated.

### ABBREVIATIONS

*1 = 53.3% interest	E or EL	=	Exploration Licence (WA)
*2 = 52.1% interest	EL	=	Exploration Licence (NT)
*3 = 41.9% interest	ERL	=	Exploration Retention Licence (NT)
	MCS	=	Mineral Claim (Southern) Application (NT)
	MLN	=	Mineral Lease (Northern) Application (NT)

(The suffix A indicates the tenement has not been granted)

## Shareholder Information

DISTRIBUTION OF EQUITY SECURITIES (as at 14/10/2005)

### Analysis of numbers of shareholders by size of holding

Number held 22,000,000

Spread of Holdings	No. of holders	No. of units	% of total issued capital
1 - 1,000	56	44,501	0.202%
1,001 - 5,000	162	555,608	2.525%
5,001 - 10,000	243	2,014,569	9.157%
10,001 - 100,000	147	4,018,657	18.267%
100,001 - 10,000,000	16	15,366,665	69.848%
<b>TOTAL</b>	<b>624</b>	<b>22,000,000</b>	<b>100%</b>

### SUBSTANTIAL SHAREHOLDERS

An extract of the Company's Register of Substantial Shareholders is set out below:

Name	% of Issued Securities	Number of Ordinary Shares
Jindalee Resources Limited	45.45	10,000,000
Mr Lindsay George Dudfield	6.23	1,372,000

### 20 LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are listed below:

Name	% of Issued Securities	Number of Ordinary Shares
1. Jindalee Resources Limited	45.45	10,000,000
2. Lindsay Dudfield	6.23	1,372,000
3. Teck Cominco Australia Pty Ltd	4.54	1,000,000
4. Granda Pty Ltd	4.54	1,000,000
5. Jopan Management Pty Ltd	2.28	502,000
6. Perth Select Seafoods Pty Ltd	2.27	500,000
7. Kale Capital Corporation Ltd	1.78	393,665
8. Yandal Investments Pty Ltd	1.64	361,000
9. Ross Asset Management Pty Ltd	1.04	230,000
10. Fleuxbaix Pty Ltd	0.77	170,000
11. Pillage Investments Pty Ltd	0.63	140,000
12. Mr Jordan Lockett	0.60	133,000
13. Mr Robin Scrimgeour	0.50	110,000
14. Mr Hendricus Indrisie & Mr Tristan Indrisie	0.45	100,000
15. Acumen Engineering Pty Ltd	0.41	92,000
16. Mrs Patricia Margaret Smith	0.36	81,000
17. Patcoia Nominees Pty Ltd	0.36	80,000
18. Mr Peter Trevor Chappell	0.32	72,000
19. Lake Argyle Holdings Pty Ltd	0.32	72,000
20. Pensaw Pty Ltd	0.31	70,000

### OPTION HOLDERS\*

There are currently 1,200,000 unlisted vendor options on issue. Details are listed below:

Name	% of Issued Securities	Number of Options
1. Yuendumu Mining Company NL	66.67	800,000
2. Central Pacific Minerals NL	33.33	400,000

\* Unlisted vendor options (exercisable at 30c, expiry 30/06/2008)





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ASX Code: EME

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of shareholders of Energy Metals Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday 28<sup>th</sup> November 2005 4.00pm Western Standard Time, for the purpose of transacting the following business:

### **BUSINESS**

#### **Annual Accounts**

To receive and consider the Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2005.

#### **Resolution 1 - Re-election of Mr Lindsay George Dudfield as a Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, Mr Lindsay George Dudfield, being a Director of the Company who retires in accordance with clause 13.2 of the Company's Constitution, be re-elected."*

#### **Resolution 2 – To confirm appointment of Mr Oscar Aamodt as a Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purpose of section 201H(3) of the Corporations Act and all other purposes, the Company approve and confirm the appointment of Mr Oscar Aamodt as a Director of the Company on 6 July 2005."*

#### **Resolution 3 – To adopt the Remuneration Report**

To adopt the Remuneration Report for the year ended 30 June 2005.

*"That, pursuant to and in accordance with section 250R (2) of the Corporations Act, the Directors' Remuneration Report as contained within the Directors' Report be adopted."*

#### **Resolution 4 – Issue of Options to Director – Mr Donald Ross Kennedy (ordinary resolution)**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and all other purposes, the Company approve and authorise the grant and issue of up to 500,000 options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting to Mr Donald Ross Kennedy."*

The Company will disregard any votes cast on this Resolution 4 by Mr Kennedy or any associate of Mr Kennedy. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 5 – Issue of Options to Director – Mr Lindsay George Dudfield (ordinary resolution)**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and all other purposes, the Company approve and authorise the grant and issue of up to 500,000 options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting to Mr Lindsay George Dudfield."*

The Company will disregard any votes cast on this Resolution 5 by Mr Dudfield or any associate of Mr Dudfield. However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 6 – Issue of Options to Director – Mr Oscar Aamodt (ordinary resolution)**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and all other purposes, the Company approve and authorise the grant and issue of up to 250,000 options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting to Mr Oscar Aamodt."*

The Company will disregard any votes cast on this Resolution 6 by Mr Aamodt or any associate of Mr Aamodt. However, the Company need not disregard a vote if:

- (e) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (f) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Resolution 7 – Appointment of Auditor (ordinary resolution)**

To consider and, if thought fit, to pass the following resolutions as an ordinary resolution:

*“That, Horwath Audit (WA) Pty Ltd, having been nominated by a member of the Company and consented in writing to act, be appointed as auditors of the company.”*

### **Other Business**

To transact any other business which may be properly brought before the meeting in accordance with the Company's Constitution and the Corporations Act.

Please note defined terms used in this Notice have the meanings set out in the glossary of the Explanatory Statement.

By Order of the Board



**PATRICIA FARR**  
**Company Secretary**  
**14 October 2005**



## **PROXIES**

- Votes at the general meeting may be given personally or by proxy, attorney or representative.
- A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.
- A proxy may but need not be a shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders a Proxy Form is enclosed.

## **ENTITLEMENT TO VOTE**

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Directors' have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 5.00 p.m. (WST) on Saturday, 26 November 2005.

**ENERGY METALS LIMITED**  
**ACN 111 306 533**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of the Company.

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting:

**Resolution 1 - Re-election of Mr Lindsay George Dudfield as a Director**

Mr Dudfield is required to retire pursuant to the rotation of directors rule in the Company's Constitution. Mr Dudfield, being eligible, has offered himself for re-election as a Director of the Company.

**Resolution 2 – To confirm the appointment of Mr Oscar Aamodt as a Director**

Pursuant to section 201H(3) of the Corporations Act, if a person is appointed by the other Directors as a director of a public company, the Company must confirm the appointment by resolution at the company's next Annual General Meeting. If the appointment is not confirmed, the person ceases to be a director of the company at the end of the Annual General Meeting.

On 6<sup>th</sup> July 2005, the Directors appointed Mr Aamodt as a Non-Executive Director of the Company. Section 201H(3) of the Corporations Act requires the appointment of Mr Aamodt as a Director to be confirmed by ordinary resolution. If such resolution is not obtained, Mr Aamodt's appointment will cease at the end of the Annual General Meeting.

**Resolution 3 – Remuneration Report**

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration report prepared in accordance with section 300A of the Corporations Act.

The remuneration report of the company for the financial year ended 30 June 2005 is set out in the Director's Report in the 2005 Annual Report to Shareholders ("Remuneration Report") and also on page 8 of the Full Year Accounts lodged with the ASIC and the ASX on 28 September 2005.

The Remuneration Report sets out the Company's remuneration arrangements for the Executive and Non-Executive Directors. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. In addition, the Corporations Act requires that to adopt the Remuneration Report, Resolution 3 be put to the vote. However, the vote on this resolution is only advisory and does not bind the Company or its directors.

The Board unanimously recommends that shareholders vote in favour of adopting the Directors' Remuneration Report.

**Resolutions 4 to 6 – Issue of Options to Directors**

***Introduction***

As foreshadowed in Section 10 of the Company's Prospectus dated 14<sup>th</sup> July 2005 and lodged with ASIC on that date, the Company proposes to issue a total of 1,250,000 options to Messrs Ross Kennedy, Lindsay Dudfield and Oscar Aamodt, each option having an exercise price of 35 cents and an expiry date of 30 June 2010.

The grant of options is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

Under the Company's current circumstances, the Directors consider that the incentives to the Directors noted above, represented by the issue of these options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation to Directors. Messrs Ross Kennedy and Oscar Aamodt are Non-Executive Directors of the Company. The Company acknowledges the issue of options to Non-Executive Directors is contrary to recommendation 9.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. However the Directors are of the view that at this stage of the Company's development it is far better for Directors of the Company to be compensated by way of securities in the Company, rather than by way of cash.

The number of options to be issued to each of the Directors has been determined based on a number of factors including:

- (a) length of service. Each of the Directors have been with the Company since its admission to the ASX. These Directors, have overseen the development of the Company's exploration strategy. Mr Dudfield is the executive director who is directly responsible for the implementation of the strategy;
- (b) the role of each Director and whether they hold an executive or non-executive position;
- (c) continuity of senior management. The Directors have each acquired substantial and extensive knowledge regarding the development of the Company's projects. The retention of the current Board with the knowledge possessed by each of them will be critical to the successful development of the Company's projects; and
- (d) alignment of interests. The Directors consider that it is in the interests of shareholders to align the interests of Directors and shareholders by encouraging Directors, subject to appropriate milestones, to have an equity holding in the Company. However, the Directors consider that similarly to other shareholders, this interest should arise through direct investment by the Directors in the Company. In this regard, where the Options are exercised the Directors will be investing \$437,500 into the Company.

### ***Related Party Transactions***

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

The exceptions to the provision include where:

- (c) the financial benefit is given on terms that would be reasonable in the circumstances if the public company and the related party were dealing at arm's length or are less favourable than those terms; or
- (d) the financial benefit is remuneration to a related party as a director of the public company and to give the remuneration would be reasonable given the circumstances of each of the public company and the related party.

For the purposes of Chapter 2E, each of the Directors are related parties of the Company.

Resolutions 4 to 6 provide for the grant of options to Directors of the Company which is a financial benefit for the purposes of Chapter 2E of the Corporations Act.

In accordance with section 208 and sections 217 to 227 of the Corporations Act, the following information is provided to shareholders:

- (a) Subject to shareholder approval, the following options will be granted to the following Directors or their nominees:

<b>Name of Director</b>	<b>Number of Options</b>
Ross Kennedy	500,000
Lindsay Dudfield	500,000
Oscar Aamodt	250,000

Each option has an exercise price of 35 cents and an expiry date of 30 June 2010.

- (b) The nature of the financial benefit proposed to be given is the grant of options for no consideration in the Company on the terms and conditions set out in Annexure A to this Explanatory Memorandum. The purpose of the issue is to give each of the Directors an incentive to provide dedicated and ongoing commitment to the Company.
- (c) Each of Messrs Aamodt, Kennedy and Dudfield (who were all available to consider the resolutions) decline to make a recommendation to shareholders in respect of Resolutions 4 to 6 as each has a material personal interest in the outcome of the particular resolution that relates to the proposed issue of options to them individually and consider it inappropriate to make a recommendation in relation to the other resolutions in the circumstances.

- (d) The proposed ordinary resolutions would have the effect of giving power to the Directors to grant up to 1,250,000 options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 22,000,000 shares (10,000,000 unlisted) and 1,200,000 unlisted vendor options exercisable at \$0.35 by 30 June 2008. On 3 October 2005 the Company lodged a prospectus for a non-renounceable issue of options to all shareholders on the register at 13 October 2005. If fully subscribed this will result in the issue of up to 11,000,000 options exercisable at \$0.30 by 30 June 2008.

Details of Directors' remuneration for the year ended 30 June 2005 and current shareholdings in the Company are outlined below:

Director	Consulting Fees \$	Shares
Ross Kennedy	-	36,000
Lindsay Dudfield	-	1,372,000
Oscar Aamodt	-	50,000

If all of the options granted to Directors as proposed are exercised, the effect would be to dilute the shareholding of existing shareholders by approximately 5.38% based on the number of shares on issue as at the date of the notice, assuming no other existing options are exercised. The market price of the Company's shares during the period of the options will normally determine whether or not option holders exercise the options. At the time any options are exercised and shares are issued pursuant to the exercise of the options, the Company's ordinary shares may be trading on ASX at a price which is higher than the exercise price of the options.

At the date of this Explanatory Memorandum, the price of the shares in the Company trading on the ASX was \$1.055. Since the Company listed on the ASX on 9 September 2005, the highest price of the shares in the Company trading on the ASX was \$1.62 which occurred on 20 September 2005 and the lowest price of the shares in the Company trading on ASX was \$0.755 which occurred 13 September 2005.

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the options.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

- (e) The Company's Constitution provides the non-executive Directors may collectively be paid remuneration for their services as a fixed sum not exceeding the maximum from time to time determined by the Company in general meeting. The Directors' fees payable in aggregate to the non executive Directors of the Company is currently set at \$100,000 per annum. Mr Kennedy will receive Directors fees of \$10,000 per annum (exclusive of GST) and Mr Aamodt will receive Director's fees of \$25,000 per annum (exclusive of GST). The Company has entered into a consultancy agreement with Mr Dudfield and a company associated with Mr Dudfield, whereby a retainer fee of \$4,000 per month is paid for services provided by Mr Dudfield for not less than 50 hours per month. Any services provided by Mr Dudfield in excess of 50 hours per month will require additional payment at agreed normal commercial rates.

Details pertaining to the remuneration of Directors is set out in the Prospectus issued by Energy Metals Limited and dated 14 July 2005 and lodged with ASIC on that date ("Prospectus"). A copy of the prospectus is available from the ASX website at [www.asx.com.au](http://www.asx.com.au) and is also available free of charge from the Company office.

- (f) A prospectus dated 3 October 2005 was lodged with the ASIC on that date, for a non renounceable rights issue of one (1) option for every 2 Shares held by Shareholders at an issue price of one (1) cent per option ("Option Prospectus"). A copy of this prospectus is available from the ASX website at [www.asx.com.au](http://www.asx.com.au) and will be despatched to eligible Shareholders on 19 October 2005. The Directors as shareholders of the Company will be entitled to participate in the option issue and the maximum number of options they can apply for as shareholders of the company are as follows:

Director	Fully paid ordinary shares held	Maximum option entitlement
Ross Kennedy	36,000	18,000
Lindsay Dudfield	1,372,000	686,000
Oscar Aamodt	50,000	25,000

### ***Details concerning value of options***

The options are not to be quoted on ASX and as such have no actual market value. At the date of this Explanatory Memorandum, the latest ASX price of the Shares to which the options may be converted was \$1.07. The options are capable of being converted to Shares by payment of \$0.35 and accordingly have a value at the date of grant. The options may acquire future value dependent upon the extent, if any, by which the Shares exceed \$0.35 during the term of the options.

The options have been valued using the Black-Scholes pricing model and based on the following assumptions:

- (a) the options expire on 30 June 2010;
- (b) An average weighted price per share of \$1.12;
- (c) A weighted average volatility of 115.92%;
- (d) an interest rate (Govt bond rate at date of expiry of options 5.25%);
- (e) the valuations ascribed to the various options may not necessarily represent the market price of the options at the date of valuation; and
- (f) the valuation date for the options is 07/10/05 (being the date of the Notice).

Based on the above the options have been valued at \$0.82 each.

Accordingly, the total value of options to be issue to each director is as follows:

Director	Value
Ross Kennedy	\$410,000
Lindsay Dudfield	\$410,000
Oscar Aamodt	\$205,000

### ***Section 195 of the Corporations Act***

Section 195 of the Corporations Act provides, in essence, that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

As all 3 Directors of the Company are considered to hold a material personal interest in the consideration of the matters referred to in Resolutions 4 to 6, the Directors have exercised their right under section 195(4) of the Corporations Act and resolved to place before the shareholders Resolutions 4 to 6.

### ***Listing Rule 10.11***

Listing Rule 10.11 requires shareholders to approve the issue of securities (including options) to a related party of the Company. As the Directors are each a related party of the Company, shareholder approval under this Listing Rule is required.

Separate approval pursuant to ASX Listing Rule 7.1 is not required to approve the proposed issue of options to Directors as approval is being obtained under Listing Rule 10.11. Shareholders should note that the issue of options to Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

### ***Resolutions 7 – Appointment of Auditor***

Resolution 7 seeks shareholders approval to the appointment of Horwath Audit (WA) Pty Ltd of 128 Hay Street Subiaco, Western Australia to the office of auditors of the Company.

Resolution 7 is proposed for the purpose of appointing Horwath Audit (WA) Pty Ltd as auditor of the Company.

Pursuant to section 327 of the Corporations Act, the Company seeks approval of shareholders by ordinary resolution to appoint Horwath Audit (WA) Pty Ltd to be appointed as auditor with effect from the end of this Annual General Meeting and a copy of this nomination is contained in Annexure B to this Explanatory Memorandum. Horwath Audit (WA) Pty Ltd has consented in writing to this appointment.

### ***Additional Information***

For the purposes of Listing Rule 10.13, the following information is provided to shareholders:

- (a) the maximum number of options to be issued is 1,250,000;
- (b) the options will be granted no later than one month after the date of this General Meeting;
- (c) the options will be granted for no consideration;
- (d) no funds will be raised by the grant of options;
- (e) the allottees will be the Directors or their respective nominees; and
- (f) the terms and conditions of the options are set out in Annexure A to this Explanatory Memorandum.

### **GLOSSARY**

The following terms have the following meanings in this Explanatory Memorandum:

“**ASIC**” means the Australian Securities and Investments Commission;

“**ASX**” means the Australian Stock Exchange Limited;

“**Company**” or “**Energy Metals**” means Energy Metals Limited ACN 111 306 533;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Listing Rules**” means the Listing Rules of the ASX; and

“**Notice**” means the notice of meeting accompanying this Explanatory Memorandum.

“**Option Prospectus**” means the Prospectus lodged by the Company with ASIC and dated 3 October 2005 for the non renounceable rights issue of up to 11,000,000 options at an issue price of 1 cent per Option to raise up to \$110,000.

“**Prospectus**” means the Prospectus lodged by the Company with ASIC and dated 14 July 2005 for the offer of 12,000,000 shares at 25 cents each to raise \$3,000,000.

## ANNEXURE A

### TERMS AND CONDITIONS OF OPTIONS TO BE GRANTED TO DIRECTORS

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1. No monies will be payable for the issue of the Options.
2. A certificate will be issued for the Options.
3. The Options will expire on 30 June 2010 ("**Expiry Date**") and may be exercised at any time prior to the Expiry Date.
4. Subject to conditions 13 and 14 the Option is a right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("**Share**").
5. Shares allotted to option holders on exercise of the Options will be issued at a price of 35 cents each ("**Exercise Price**").
6. The Exercise Price of Shares the subject of the Options will be payable in full on exercise of the Options.
7. Options will be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to:
  - (a) exercise all or a specified number of Options; and
  - (b) pay the subscription monies in full for the exercise of each Option.

The notice must be accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by him.
8. The Company will allot the resultant Shares and deliver the share certificate or holding statement within five business days of the exercise of the Option.
9. Options will not be listed for official quotation on the Australian Stock Exchange Limited ("**ASX**").
10. The Options will not be transferable.
11. There will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to shareholders during the currency of the Options. Prior to any new pro rata issue of securities to shareholders, holders of Options will be notified by the Company in accordance with the requirements of the Listing Rules of the Australian Stock Exchange.
12. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
13. In the event of a bonus issue the number of Shares over which the Options are exercisable may be increased by the number of Shares which the option holders would have received if the Options had been exercised before the record date for the bonus issue.
14. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the expiry date, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules.
15. Shares allotted pursuant to an exercise of Options will rank, from the date of allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
16. The Company will in accordance with the Listing Rules make application to have Shares allotted pursuant to an exercise of Options listed for official quotation.
17. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

**ANNEXURE B**

**NOMINATION OF AUDITOR**

To: Company Secretary  
Energy Metals Ltd  
Level 2  
18 King's Park Road  
WEST PERTH WA 6000

Dear Madam

**NOMINATION OF AUDITOR**

For the purpose of Section 328B(1) of the Corporations Act, I, Donald Ross Kennedy being a member of Energy Metals Ltd hereby nominate Horwath Audit (WA) Pty Ltd of 128 Hay Street, Subiaco, Western Australia for appointment as Auditor of the Company at the Annual General Meeting of the Company convened for 4.00 pm (WST) on 28 November 2005 (or any adjournment thereof).

Signed:



Dated: 5 Oct 2005





**PROXY FORM**

The Company Secretary  
Energy Metals Limited

Registered Office Address: Level 2, 18 Kings  
Park Road, West  
Perth, WA 6005  
Postal Address: PO Box 1033,  
West Perth,  
Western Australia  
6872

Telephone: (08) 9322 6904  
Facsimile: (08) 9321 7950  
Email: enquiry@energymetals.net

I/We (name of shareholder) .....  
of (address) .....

being a member/members of Energy Metals Limited ("Company")  
holding ..... shares in the Company

**HEREBY APPOINT**

(proxy's name) .....  
of (proxy's address) .....  
and/or failing him (name) .....  
of (address) .....

or failing that person then the Chairman of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 48 Ord Street, West Perth, Western Australia on 28<sup>th</sup> November 2005 at 4.00pm WST and at any adjournment of the meeting.

*Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:*

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Re-election of Mr Lindsay George Dudfield as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – To confirm the appointment of Mr Oscar Aamodt as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options to Director – Mr Donald Ross Kennedy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Options to Director – Mr Lindsay George Dudfield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Options to Director – Mr Oscar Aamodt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you do not wish to direct your proxy how to vote, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote in favour of the resolution.

☐

*This Proxy is appointed to represent \_\_\_\_\_% of my voting right, or if 2 proxies are appointed Proxy 1 represents \_\_\_\_\_% and Proxy 2 represents \_\_\_\_\_% of my total votes. My total voting right is \_\_\_\_\_ shares*

If the Shareholder is an individual

If the Shareholder is a company:

Name: \_\_\_\_\_

Affix common seal (if required by articles)

Dated: 2005.

\_\_\_\_\_  
Director/Sole Director and Secretary

\_\_\_\_\_  
Director/Secretary

## INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his or her attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting, **that is by 4.00 p.m. (WST) on 26 November 2005** by post, facsimile or email to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is the Chairman, the proxy must vote on a poll and must vote that way, and
  - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.