Energy Metals Limited
ABN 63 111 306 533
Level 2
18 Kings Park Road
West Perth WA 6005
PO Box 1033
West Perth WA 6872
Western Australia
Telephone: (08) 9322 6904
Facsimile: (08) 9321 7950
Email: enquiry@energymetals.net
Web: www.energymetals.net

21st October 2008

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

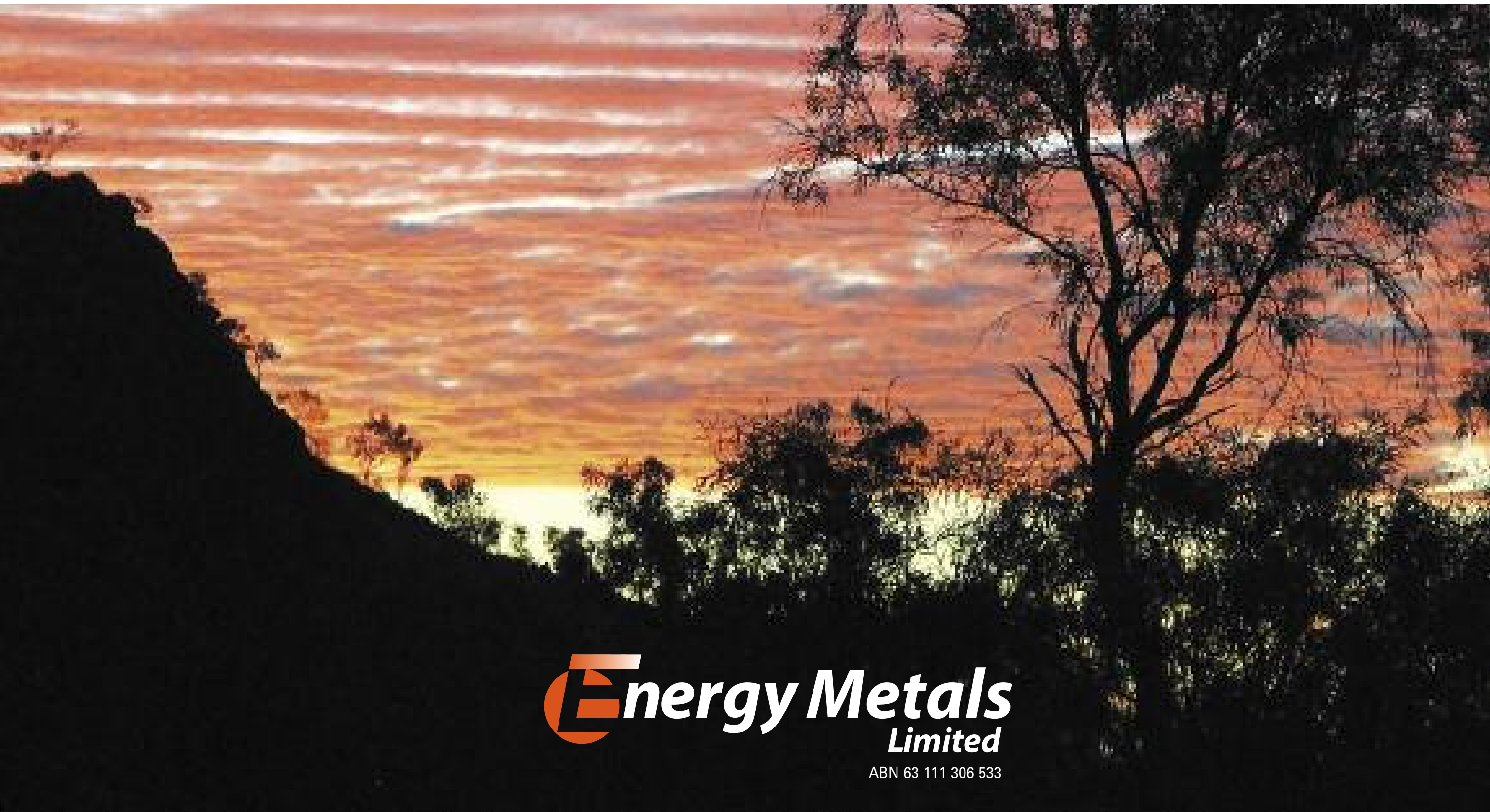
Via electronic lodgement

2008 ANNUAL REPORT

Energy Metals Limited is pleased to provide its 2008 Annual Report as attached.

The Annual Report will be available on the Company's website and will be despatched to shareholders on 23rd October together with the Notice of Annual General Meeting and proxy form.

LINDSAY DUDFIELD
Executive Director.



Energy Metals Limited

ABN 63 111 306 533

ANNUAL REPORT 2008

Directors

Oscar Aamodt (Chairman)

Lindsay George Dudfield (Executive Director)

Geoffrey Michael Jones (Non-Executive Director)

Company Secretary

Patricia Anne Farr

Registered Office

Level 2

18 Kings Park Road

WEST PERTH WA 6005

Telephone: 61 8 9322 6904

Facsimile: 61 8 9321 7950

Email: enquiry@energymetals.net

Web: www.energymetals.net

Auditor

BDO Kendalls Audit & Assurance (WA) Pty Ltd

128 Hay Street

SUBIACO WA 6008

Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway

APPLECROSS WA 6153

Telephone: 61 8 9315 2333

Facsimile: 61 8 9315 2233

Stock Exchange Listing

The Company's shares are listed by the Australian Stock Exchange Limited (“ASX”) ASX Code **EME**. The home exchange is Perth.

Bankers

National Australia Bank Limited

50 St Georges Terrace

PERTH WA 6000

Solicitors

Blakiston & Crabb

1202 Hay Street

WEST PERTH WA 6005

CHAIRMAN'S REPORT

Dear Shareholders

It gives me great pleasure to report to you on the 2007-2008 financial year.

The 2007/2008 Financial Year was an exciting one for the company with a high level of project scoping, exploration and corporate activity.

The Bigrlyi Project was once again the main focus of this activity and an extensive drilling season during the year culminated in the announcement of a significant increase to the resources and the update of the project scoping study.

The current (July 2008) JORC compliant resources at Bigrlyi (EME 53.7% Owner and Manager) are:

Cut-off Grade (ppm U_3O_8)	Mt	U_3O_8 (ppm)	V_2O_5 (ppm)	U_3O_8 (t)	V_2O_5 (t)	U_3O_8 (Mlb)	V_2O_5 (Mlb)
500	**7.56**	**1,396**	**2,616**	**10,555**	**19,780**	**23.4**	**43.7**
1000	4.01	1,993	3,367	7,996	13,510	17.6	29.8

In summary, the Updated Scoping Study has incorporated the new resource model, updated independent metallurgical testwork, a uranium price of US$75 per pound (lb), which was below the current long term price forecast of US$80 per lb, and an A$ exchange rate of US$0.75.

The Updated Scoping Study demonstrated that the Bigrlyi project is economically attractive based on current resources and assumptions and has the potential to produce 16.2Mlbs of uranium and 14.5Mlbs of vanadium over an estimated mine life of 12 years.

The 2008/2009 drilling activity is well underway and up to three drill rigs will be in action on our Northern Territory projects.

Exploration on the remainder of the Energy Metals land base was ongoing but at a limited level of activity. With the recently improved circumstances for uranium explorers in Western Australia this activity will likely increase again in the next 12 months.

In the corporate area the Company's shareholders demonstrated generous support for our projects with a 99.96% uptake for the capital raising undertaken during the year. This capital raising, together with the option conversions during the year, means your Company is well funded ($7.4M in the bank) for the next phase of project enhancement, notwithstanding the recent market turmoil.

The Board also recently announced the appointment of Gresham Advisory Partners to work with us to assess and advise on the most advantageous arrangements for future project development funding requirements for the Bigrlyi project. This work is in progress and as strategies evolve and become more definitive they will be reported on.

The recent retirement of Ross Kennedy, due to ill health was a very sad occasion. Ross was the inaugural Chairman and Director and his input to the Company will be greatly missed. We would like to thank Ross for his dedicated efforts on behalf of the Company and extend our best wishes for a quick return to good health.

We also welcomed Geoff Jones to the Board in August 2008. Geoff has over 24 years experience in the development of resource projects in Australia and Africa, which will be invaluable to the Company as the Bigrlyi project proceeds towards development.

I would like to thank our shareholders for their continuing support and our staff for their hard work in difficult conditions during the past 12 months.

OSCAR AAMODT

Chairman

REVIEW OF ACTIVITIES

WHY URANIUM?

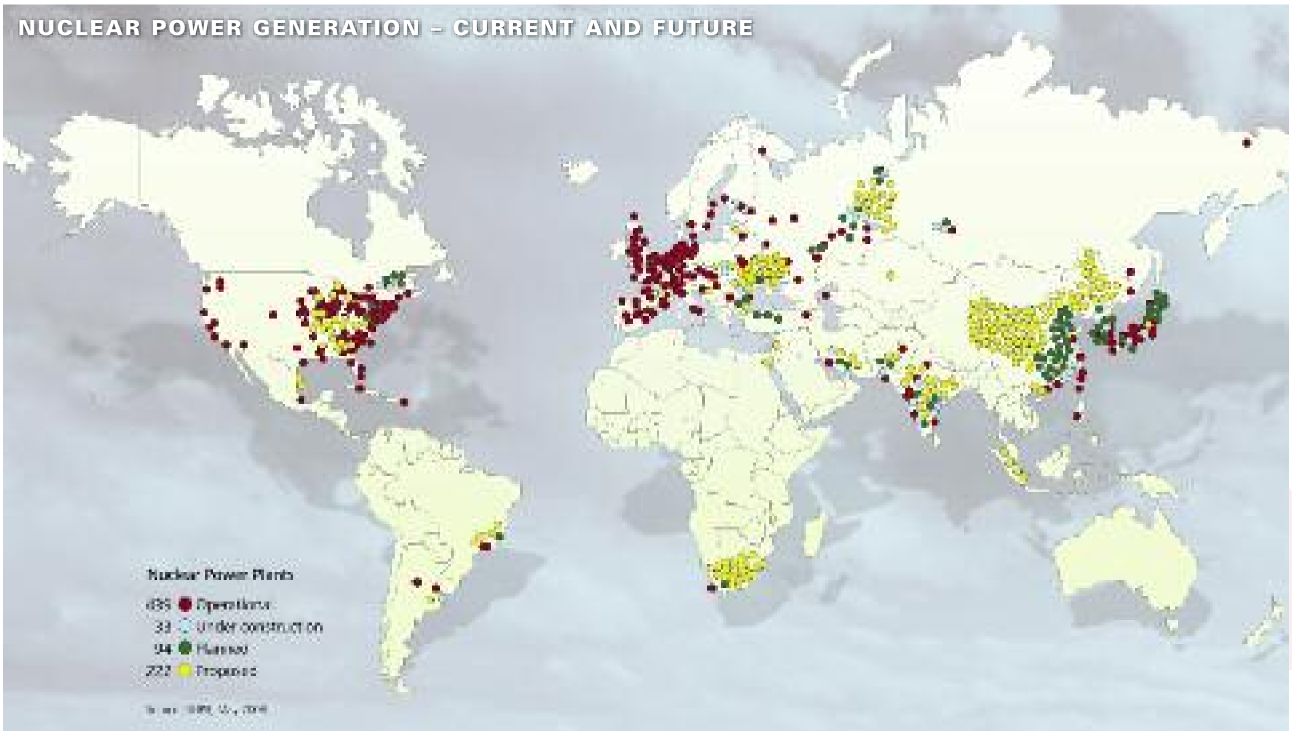
After enduring decades of stagnant demand and low contract prices the world's uranium industry appears to be at the start of a period of sustained growth. Contract prices have risen from less than US$20/lb a few years go to around US$80/lb currently, existing mines are expanding production and exploration expenditure has increased substantially.

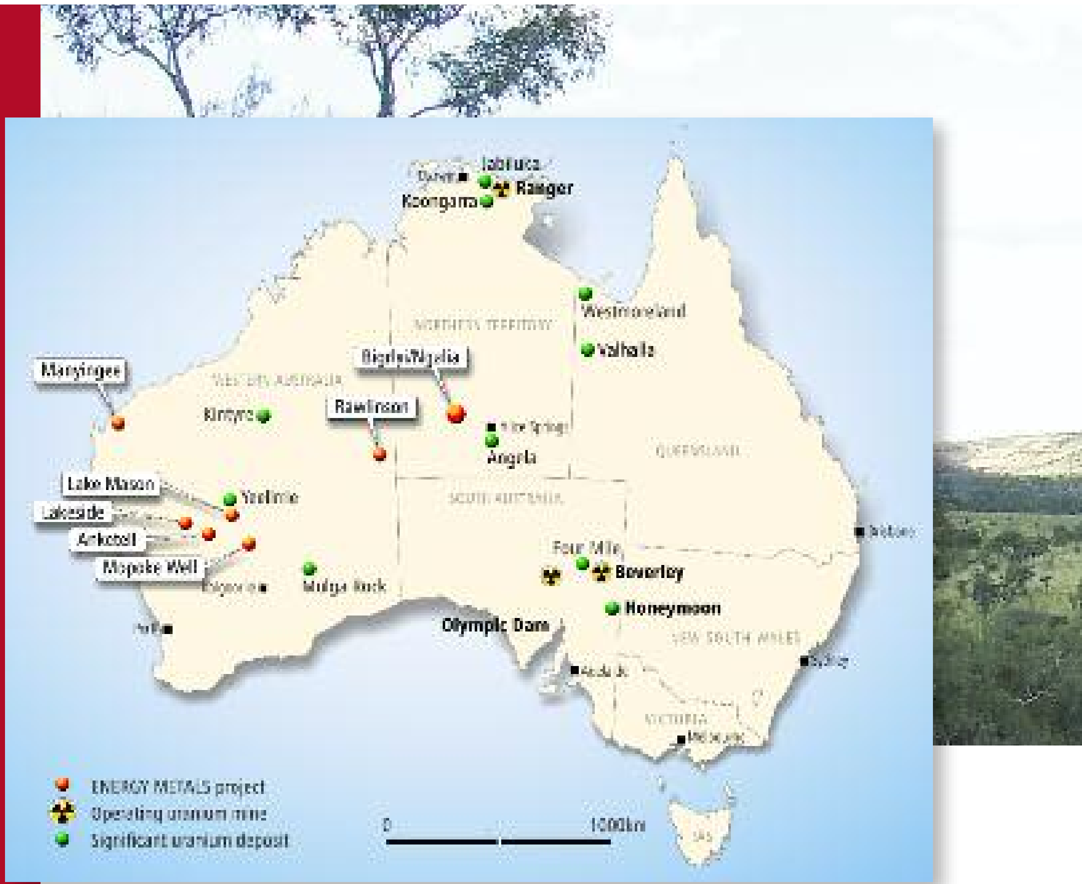
This renaissance of the nuclear energy sector is being driven by two main factors, concerns about energy security and climate change. Projections of global energy demand to 2030 suggest that electricity generation will need to double from current levels. However at the same time developed nations are looking to make substantial reductions to emissions of greenhouse gases. This will involve replacing coal fired power stations, which currently dominate the global electricity sector, with low carbon footprint alternatives.

Nuclear energy is "carbon free" and can provide reliable base load power at a similar cost to current coal generation, and at lower cost if the carbon cost is included. As a result an increasing number of new nuclear generators are being built and planned. There are currently 439 reactors in operation with 33 under construction and a further 316 planned and proposed.

Australia has significant uranium endowment with approximately 36% of the world's known uranium resources and is well placed to capitalise on the increasing demand for uranium for electricity generation. Recent political changes have also been positive for the industry with the Australian Labor Party abandoning its opposition to uranium mining, meaning the development of new uranium mines now has bi-partisan support at the federal level, and the governments of the Northern Territory, South Australia and most recently Western Australia, strongly supporting an expansion of uranium mining.

Energy Metals, as one of the new generation of Australian uranium miners, is well placed to capitalise on the growth of this dynamic sector.





ENERGY METALS IS A DEDICATED URANIUM EXPLORER WITH EIGHT PROJECTS LOCATED IN THE NORTHERN TERRITORY (NT) AND WESTERN AUSTRALIA COVERING OVER 4,000 KM². MOST OF THE PROJECTS CONTAIN URANIUM MINERALISATION DISCOVERED BY MAJOR COMPANIES IN THE 1970'S, INCLUDING THE ADVANCED BIGRLYI PROJECT (NT), WHICH IS CHARACTERISED BY RELATIVELY HIGH URANIUM GRADES (WITH VANADIUM CREDITS) AND EXCELLENT METALLURGICAL RECOVERIES.

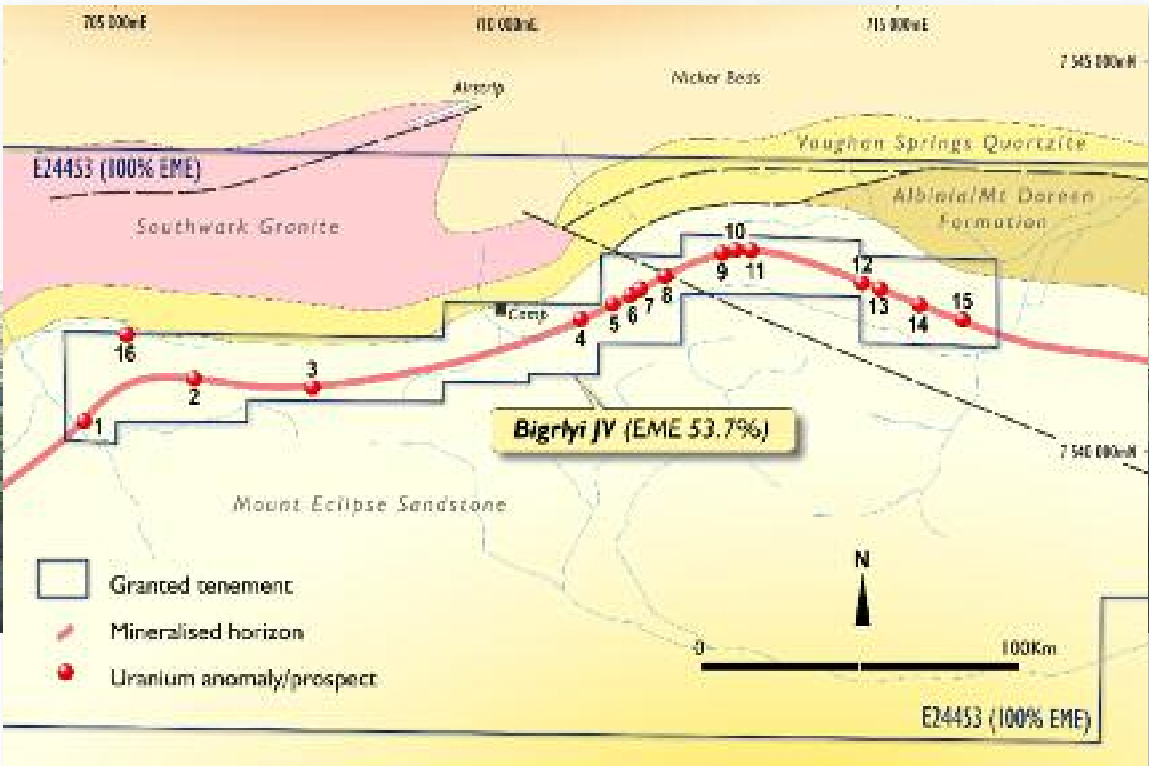
NORTHERN TERRITORY

BIGRLYI (EME 53.74 %)

The Bigrlyi project comprises 10 granted exploration retention licences located approximately 350 km northwest of Alice Springs. The project, which is a joint venture with Paladin Energy subsidiary Valhalla Uranium (42.06%) and Southern Cross Exploration (4.20%), was subject to significant exploration activity in the period 1974 to 1982, including over 400 drill holes, resource calculations and metallurgical testwork. The project was put on care and maintenance in 1983 following the adoption by the Labor government of the "Three Mines" policy that, together with low uranium prices, stifled the development of new uranium projects in Australia.

Work Completed 2005 to 2007

Energy Metals, as manager of the Bigrlyi Joint Venture, recommenced field activities in November 2005 after a 23 year hiatus and following a detailed environmental assessment of the project and installation of appropriate radiation monitoring procedures. Initial work included re-establishment of the exploration camp, validation of historic drilling and assay data and aboriginal heritage surveys over the Bigrlyi tenements.



Several modest drilling programs were completed at Bigrlyi in late 2005 and 2006 with most holes intersecting significant uranium mineralisation. Uranium and vanadium resource models were re-calculated incorporating results from this drilling with an updated resource estimate (summarised below) released in March 2007:

Indicated and Inferred Resources – March 2007

Cut Off (ppm U_3O_8)	Mt	U_3O_8 (ppm)	V_2O_5 (ppm)	U_3O_8 (t)	V_2O_5 (t)	U_3O_8 (Mlb)	V_2O_5 (Mlb)
500	**4.53**	**1,435**	**1,638**	**6,669**	**7,532**	**14.3**	**16.3**
1,000	2.43	2,060	2,035	5,005	4,952	11.2	10.7

Tonnes are metric (2204.62lbs); t may not total due to round-off errors.

The resources were estimated by Hellman & Schofield Pty Ltd using ordinary kriging and are shown at 1,000ppm and 500ppm U_3O_8 cut-off grades.

Work Completed in 2007/08

RESOURCE DRILLING

In April 2007 the Bigrlyi Joint Venture partners approved a substantial drilling program for the 2007 field season, with most of the proposed holes to be drilled outside of current resource envelopes. Drilling commenced in late April 2007 with two rigs (one diamond and one RC) drilling around the clock and by late November 2007 some 274 holes (total 55,021m) had been completed, with anomalous uranium values indicated from approximately 75% of holes drilled.

Highlights from the 2007 extensional drilling program included the discovery of multiple, often shallow, lenses at the A4 deposit and the confirmation of extensions to the west of the A15 deposit.

INITIAL SCOPING STUDY

In November 2007 the results of an Initial Scoping Study based on the March 2007 resource (4.53Mt @ 1,435ppm U_3O_8 & 1,638ppm V_2O_5 at 500ppm U_3O_8 cut off) were announced. This Initial Scoping Study did not include any results from the 2007 extensional drilling program, which were subsequently incorporated into the March 2008 resource.

The study, which was conducted by independent consultants Peter O'Bryan & Associates, demonstrated that the Bigrlyi project has the potential to produce 8.43 million lbs of U_3O_8 and 6.97 million lbs of V_2O_5 from 2.73Mt of Run-of-Mine (ROM) ore over a mine life of 8 years.

Assumptions used for the Initial Scoping Study include a U_3O_8 price of US$100 per lb, a V_20_5 price of US$4 per lb and an Australian dollar rate of US$0.83. Other key assumptions include a treatment rate of 0.5Mt per annum and U_3O_8 and V_2O_5 metallurgical recoveries of 95% and 70% respectively.

The Initial Scoping Study envisaged 76% of ROM ore to be sourced from 7 open pit operations with the balance of the material to be treated coming from 2 underground mines located beneath open pits and accessed via decline, with the ore processed using a conventional treatment plant employing acid leaching, followed by solvent extraction and precipitation of yellow cake (U_3O_8) and vanadium pentoxide (V_2O_5) products.

RESOURCE UPGRADE (MARCH 2008)

In March 2008, following compilation of the results from the 2007 drilling program, the Company announced a dramatic increase in the resources at Bigrlyi. These resources, which build on the previous resource announced in March 2007, were estimated using ordinary kriging by Hellman & Schofield and are shown at 1,000ppm and 500ppm U_3O_8 lower cut-off grades.

Indicated and Inferred Resources – March 2008

Cut Off (ppm U_3O_8)	Mt	U_3O_8 (ppm)	V_2O_5 (ppm)	U_3O_8 (t)	V_2O_5 (t)	U_3O_8 (Mlb)	V_2O_5 (Mlb)
500	**7.56**	**1,396**	**2,616**	**10,555**	**19,780**	**23.4**	**43.7**
1,000	4.01	1,993	3,367	7,996	13,510	17.6	29.8

Tonnes are metric (2204.62lbs); t may not total due to round-off errors.

At a cut-off grade of 500ppm U_3O_8 the Bigrlyi resource now totals 23.4 million lbs of U_3O_8 and 43.7 million lbs of V_2O_5, representing a 64% increase in uranium and a 168% increase in vanadium compared with the previous (March 2007) resource. Importantly the uranium grade is essentially unchanged at 0.14% U_3O_8, the vanadium grade has increased by 60% to 0.26% V_2O_5 and the mineralisation remains open at depth and along strike.

The main increase in the Bigrlyi resources came from the A4 deposit, which doubled in size and now comprises 59% of the resources at Bigrlyi, and the A15 deposit which increased by 45%. These two deposits now comprise 90% of the total Bigrlyi resource base.

METALLURGICAL TESTWORK

A 200kg sample of crushed, mineralised material from the A4 deposit was submitted to the Australian Nuclear Science and Technology Organisation (ANSTO) in early 2008. Mineralogical analysis on this sample confirmed that major uranium bearing minerals are uraninite and coffinite, and the major vanadium bearing mineral is nolanite – chemical formula $(V,Fe,Fe,Ti)_{10}O_{14}\ (OH)_2$.

ANSTO further prepared the sample to obtain 3 size fractions (grind sizes) for leach testing viz. fine (P_{80} -76mm), medium (P_{80} -173mm) and coarse (P_{80} -285mm).

Dilute leach tests on pulverised samples determined the upper limits of extraction under typical plant leaching conditions as 99% for uranium and 78% for vanadium, whilst base case acid leach tests (pH 1.5, 50ºC, 50 wt% slurry, ORP=500mV, fine grind) recorded extraction rates of 98% uranium and 59% vanadium.

A number of tests were conducted using a range of variables (grind size, acid addition, pH, ORP and leach time) to optimise acid leach conditions. Important observations from this work include:

- Uranium extraction was rapid under all conditions tested, with leaching essentially complete within 8 hours;
- The rate of uranium extraction was largely independent of leach acidity over the range of conditions tested, whereas acid consumption decreased markedly at higher pH;
- Leaching at a lower pH increases vanadium extraction;
- Leaching at a lower controlled ORP (low oxidant consumption) did not significantly decrease the extraction of uranium or vanadium;
- A coarser grind decreases acid consumption considerably, without a decrease in uranium extraction. However much of the vanadium is locked in gangue minerals and not accessible without fine grinding.

Based on this analysis optimum leach conditions (pH 1.8, 50ºC, ORP=450 mV, coarse grind size) yielded extraction rates of 94-95% uranium and 45% vanadium.

The viability of alkaline leaching as an alternative process route was also investigated. Akaline leaching (24 hours) on fine grind sizes extracted 93% of the uranium but only 21% of the vanadium. ANSTO notes that the higher cost of alkali versus acid reagents necessitates maximum recovery by recycling, which can result in the build-up of contaminants and issues with water balance. There is also greater potential for vanadium contamination of the uranium product in an alkaline flowsheet.

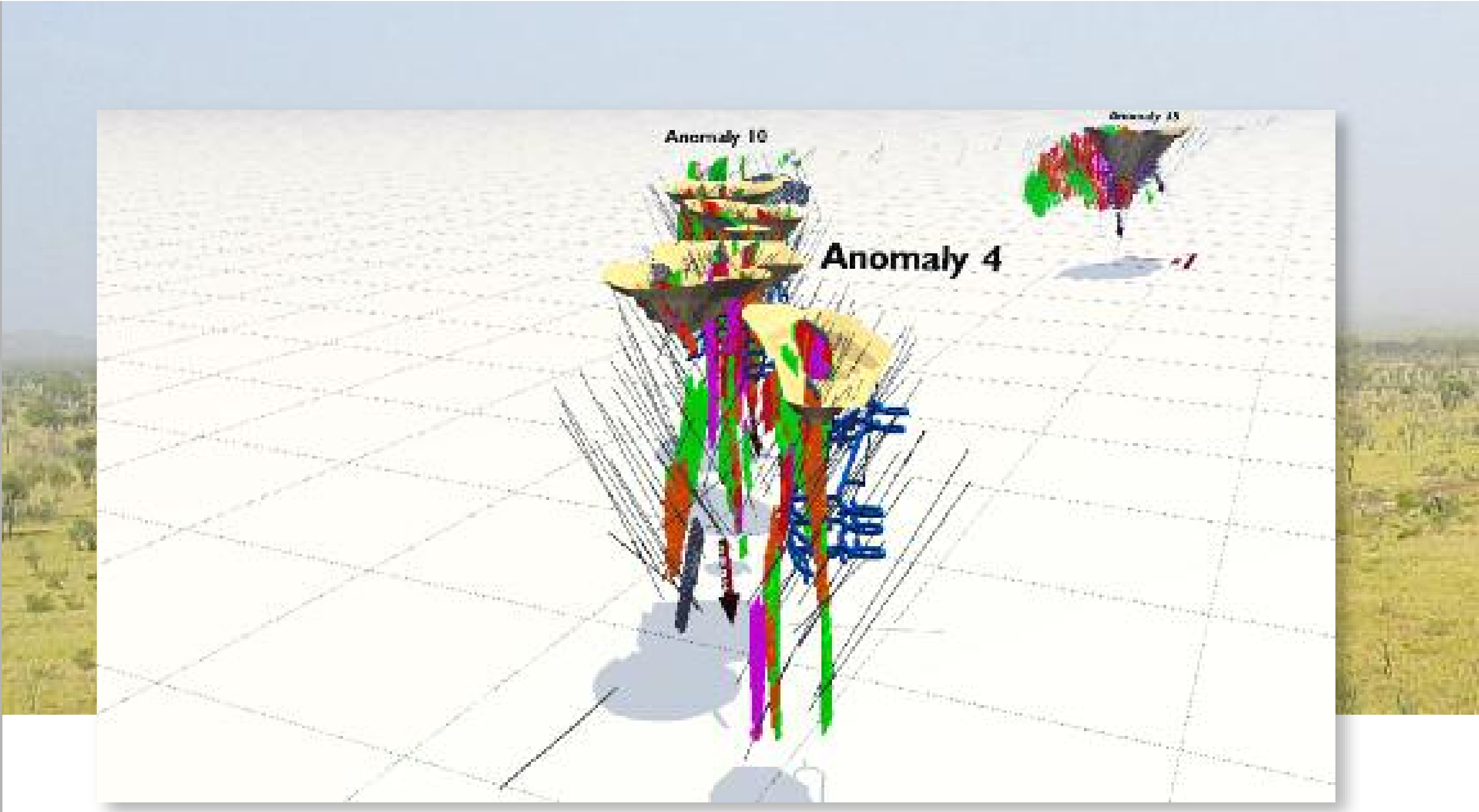
The testwork has confirmed conventional acid leaching as the favoured process route at Bigrlyi. The ability to reduce acid consumption to levels 40% lower than levels of acid consumption assumed for the Bigrlyi Initial Scoping Study (November 2007), without reducing uranium extraction rates is highly significant, as acid costs in the Initial Scoping Study were approximately 70% of the total cost of consumables. Relative to this advantage, the reduction in vanadium recovery rates is considered immaterial to project economics.

UPDATED SCOPING STUDY

In July 2008 the results of the Updated Scoping Study were released. The study was conducted by Bigrlyi Joint Venture partners Paladin Energy Limited and was based on the enlarged March 2008 resource (7.56Mt @ 1,396ppm U_30_8 & 2,616ppm V_2O_5) and the latest metallurgical testwork results.

Assumptions used in the study include a uranium (U_30_8) price of US$75 per lb (below the current long term price of US$80 per lb), a vanadium ($V_2O_5$) price of US$4 per lb (also below current spot prices of around US$15 per lb) and an Australian dollar rate of US$0.75. Other key assumptions include a treatment rate of 0.5Mt per annum, U_30_8 and V_2O_5 metallurgical recoveries of 90% and 50% respectively and a 5% gross royalty.

For the purposes of the study, a mine plan involving six open pits at three deposits (A2/3, A4 and A15) was chosen. These pits ranged in size from 0.8Mt to 74.7Mt. The open pits included in the scoping study delivered a total of 4.93Mt to the ROM stockpiles at an average grade of 1,537ppm U_30_8 and 2,529ppm V_2O_5, recovering 15.0M lbs U_30_8 and 13.7M lbs V_2O_5 over 10 years.



Looking east over the A4 deposit to the A15 deposit. Note the multiple lenses at A4, adjacent to conceptual open pit development. Also note the limited drilling between A10 and A15.

Scheduled ROM tonnages were estimated assuming dilution and recovery of 5% and 95% respectively. The open pit operations are quite robust to changes in most costs, although the narrow nature of the resource lenses will require mining selectivity.

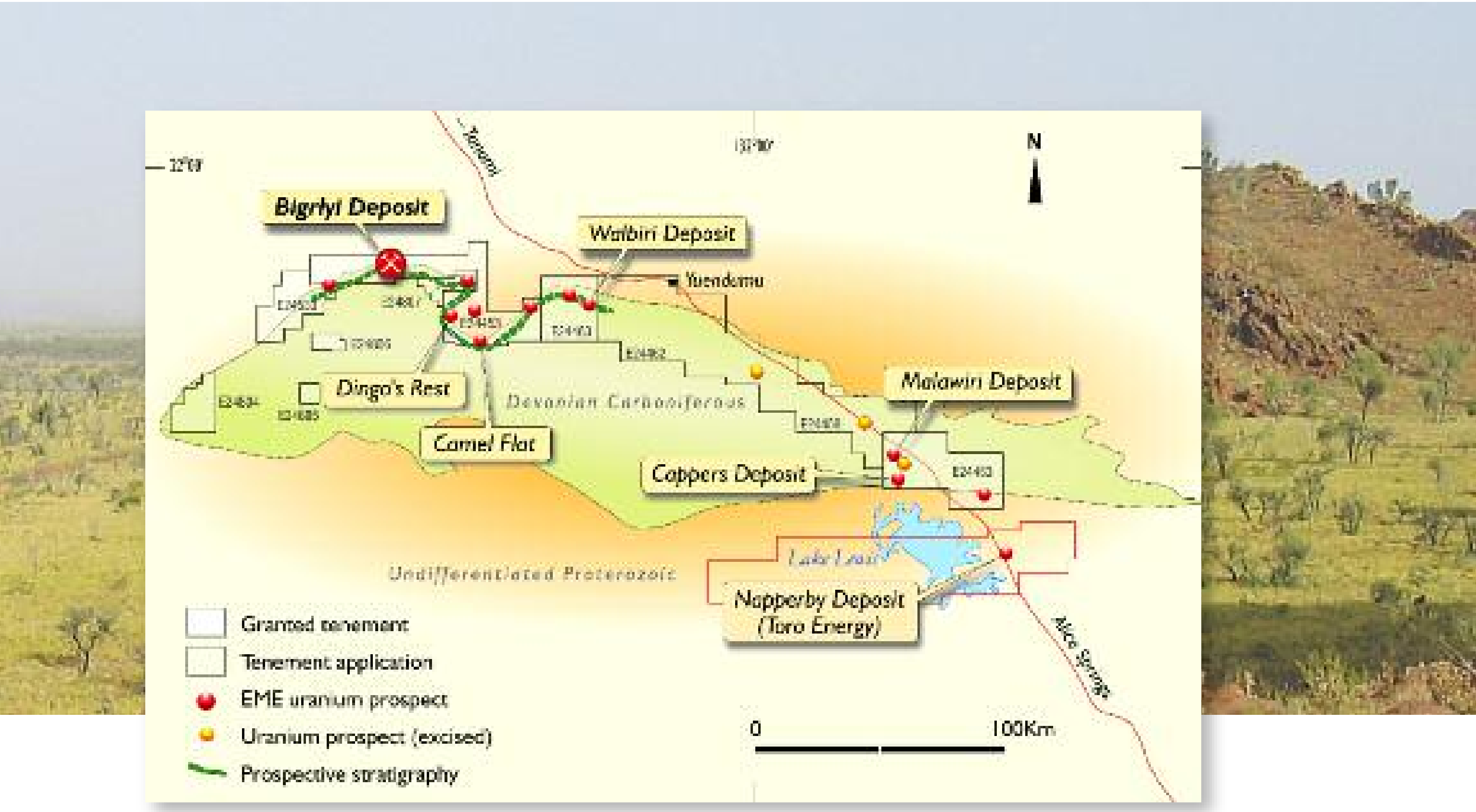
The study also assessed underground resource exploitation below conceptual pit designs using conventional decline access and stoping methodologies (principally Bench and Uphole Retreat stoping) with a minimum mining width of 4 metres. Utilising these parameters one underground mine was designed at A15, producing 0.48Mt ROM at 1,214 ppm U_3O_8 and 1,496 ppm V_2O_5 to recover an additional 1.2Mlbs U_3O_8 and 0.8Mlbs V_2O_5 over 2 years.

The Updated Scoping Study demonstrates that the Bigrlyi Project is economically attractive and based on current resources and assumptions has the potential to produce 16.2M lbs of U_3O_8 and 14.5M lbs V_2O_5 over a mine life of 12 years. The identification and inclusion of additional resources since the Initial Scoping Study has significantly improved projected returns. The mineralisation remains open adjacent to open pit and underground mining positions evaluated by the study and there remains excellent scope to delineate additional resources, which would further enhance the project's economics.

FUTURE ACTIVITIES

Drilling designed to extend current resource positions commenced at Bigrlyi in September 2008 and is expected to continue until the end of the field season. Ongoing metallurgical and engineering studies are also expected to identify opportunities to extend mine life and further improve project economics. Environmental baseline studies are underway and consultations with the local aboriginal community and other stakeholders have commenced and have been very positive to date.

Energy Metals expects that pre-feasibility studies will commence at Bigrlyi early 2009.



NGALIA REGIONAL (EME 100%)

The Ngalia Regional project comprises ten 100% owned exploration licences (total area 2,840 km²) located in the Ngalia Basin, between 180 and 350km NW of Alice Springs in the Northern Territory. Seven of these tenements are contiguous and enclose the Bigrlyi project as well as containing a number of uranium occurrences including the Walbiri and Malawiri prospects, located 55km and 150km SE of Bigrlyi respectively. The remaining 3 tenements cover discrete uranium anomalies, with no evidence of previous exploration, located southwest of the Bigrlyi deposits.

Seven of the 10 Ngalia Regional Exploration Licences have been granted by the Northern Territory Department of Primary Industry, Fisheries and Mines (DPIFM). The remaining 3 applications (EL's 24450, 24462 and 24805) are located on Aboriginal Freehold land and the consent of the Traditional Owners is required before the tenements can be granted. Energy Metals has been negotiating with the Traditional Owners through the Central Land Council (CLC) and is confident that the Company will eventually gain access to these areas.

A review of exploration undertaken in the 1970's highlighted several areas warranting further work. These include shallow downhole gamma probe intercepts from the Camel Flat prospect (33km SE of Bigrlyi) including 2.8m @ 2,841ppm eU_3O_8 from hole 55P and 0.8m @ 1,186ppm eU_30_8 from hole 58P; and the updip extensions to the Dingo's Rest prospect, located 23km SE of Bigrlyi, where broad spaced drilling intersected anomalous uranium and vanadium values in reduced sediments, including 1.2m @ 1,125ppm U_30_8 & 797ppm V_2O_5 in hole DIN-14, and 0.3m @ 1,933ppm U_30_8 and 1,290ppm V_2O_5 in hole DIN-17.

Interpretation of data from a detailed airborne geophysical survey flown by Energy Metals in late 2007 has also identified a strong uranium channel anomaly named Cappers prospect. This anomaly appears to be associated with calcareous alluvium similar to the Napperby deposit located 20 kms to the SE and currently being explored by Toro Energy.

Heritage clearances and DPIFM approvals have been received and clearing for drill rig access is underway, with drill testing of these and other targets on Energy Metals' 100% owned ground to commence late September 2008.

WESTERN AUSTRALIA

Until recently the policy of the Labor state government prevented uranium mining in Western Australia (WA). However in September 2008, following state elections, a Liberal-National Party coalition government was formed with the new government confirming support for uranium mining in the state. In light of this encouraging development Energy Metals expects to accelerate exploration of its WA projects in the coming period.

LAKE MASON (EME 100%)

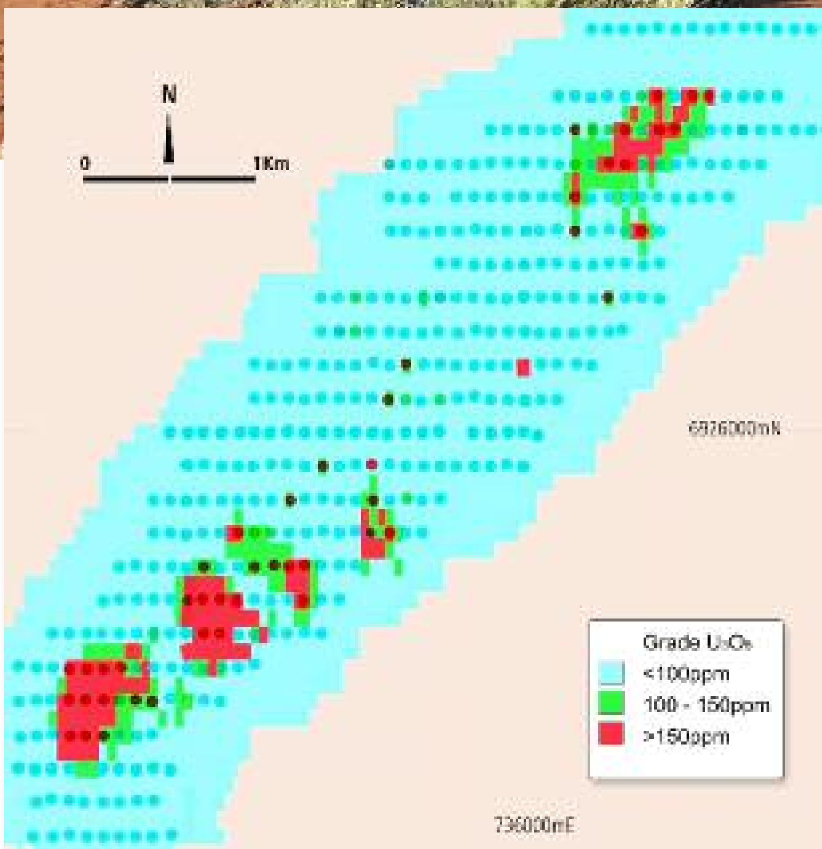
This project comprises one granted exploration licence (E 57/590) with an area of 64 km² centred 25 km NNE of Sandstone and 80 km SW of the Yeelirrie deposit. Previous exploration by BP Minerals in the 1970's discovered shallow carnotite mineralisation in valley calcretes associated with the Lake Mason drainage system.

During the period consultants Hellman & Schofield estimated an Inferred Mineral Resource at Lake Mason of 7.9 million tonnes averaging 170ppm U_3O_8 for a contained U_3O_8 content of 1,343 tonnes (3.0 million lbs) at a cut-off grade of 100ppm U_3O_8.

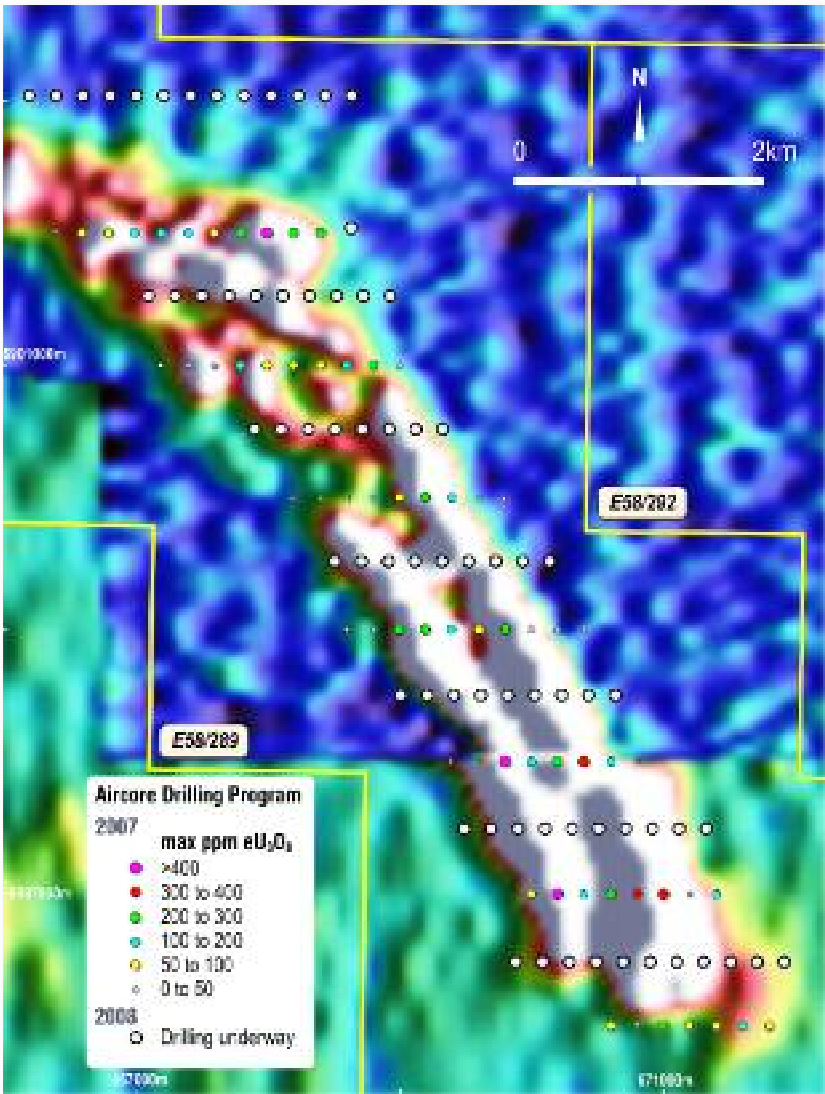
The resource estimate is based on data from 397 vertical aircore holes drilled by Energy Metals between September 2006 and December 2007. The holes were drilled 100m apart on east-west traverses spaced 200m apart, with chemical assays used almost exclusively for the estimation. All mineralisation is hosted in shallow calcrete layers at depths less than 5 metres below surface.

Analysis of data by Hellman & Schofield indicates that the mineralisation, whilst well constrained within 5m of the surface, is erratic at the current scale of drilling. The resource models were built using the Ordinary Kriging technique with estimation conducted in panels of 100m x 50m x 1m. A bulk density of 1.9t/m^3 was assumed for the resource estimate.

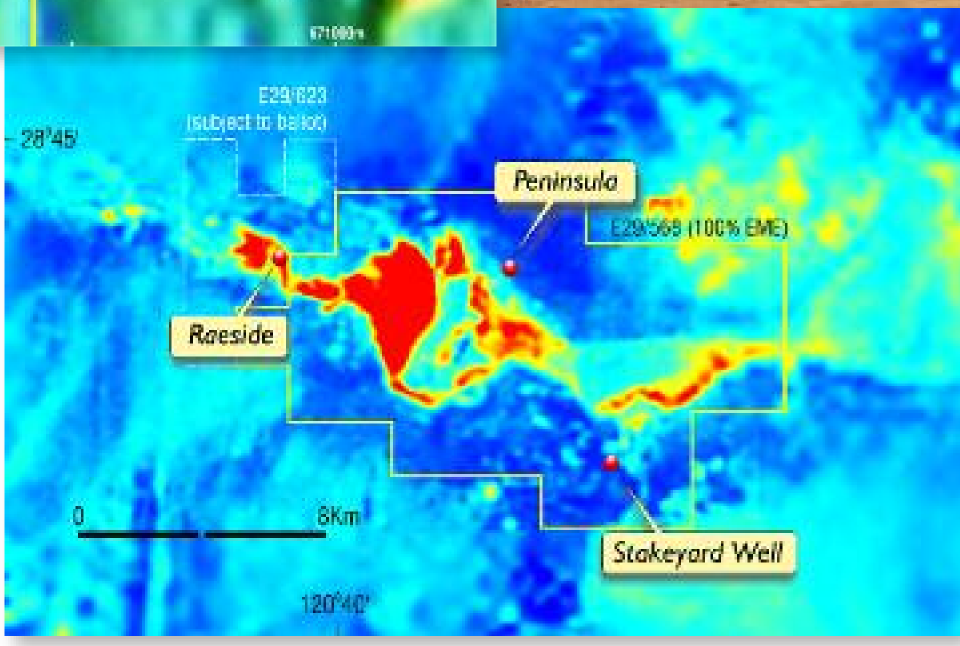
The definition of a resource reportable under JORC at Lake Mason represents a substantial milestone for Energy Metals, adding to the company's uranium inventory and providing attractive optionality for future growth.



Lake Mason – Plan showing resource grade blocks for the Inferred Resource (481m AHD)



Anketell Project
Drilling over Radiometrics



Mopoke Well Project
over Radiometrics

ANKETELL (EME 100%)

The Anketell project is located 100 km E of Mt Magnet and comprises two granted exploration licences (E's 58/289 & 58/292) with a total area of 165 km². The tenements contain shallow calcrete hosted carnotite mineralisation discovered by Western Mining (WMC) in 1972. The mineralisation is similar in style to the Yeelirrie deposit, also discovered by WMC in the same year and located 150 km to the NE.

Sixty three vertical aircore holes (total 945m) were drilled at Anketell during the previous period. The holes were collared 200m apart on 1km spaced traverses. The drilling confirmed the presence of uranium mineralisation in calcrete and calcareous clays with most traverses recording anomalous intercepts.

Work completed in 2007/08 included aboriginal heritage surveys and clearing for rig access, with infill aircore drilling scheduled for the December 2008 quarter, prior to calculation of an initial JORC compliant resource for Anketell early 2009.

MOPOKE WELL (EME 100%)

The Mopoke Well project comprises two exploration licences (E 29/568 & ELA 29/623) located 55 km West of Leonora and covers an area of 160km². Exploration Licence 29/568 was granted early January 2006 and contains two historic uranium deposits (Peninsula and Stakeyard Well), with a third deposit (Raeside) located on the western edge of the tenement.

All 3 deposits are hosted by valley calcretes associated with the Lake Raeside drainage system. ELA 29/623, which abuts E29/568 to the west, ranks behind competing applications as a result of a ballot to determine priority held in August 2007.

Earlier in the year the Company commenced negotiations with the relevant authorities to reduce the size of a broad buffer zone surrounding a heritage area so follow up drilling could be undertaken.

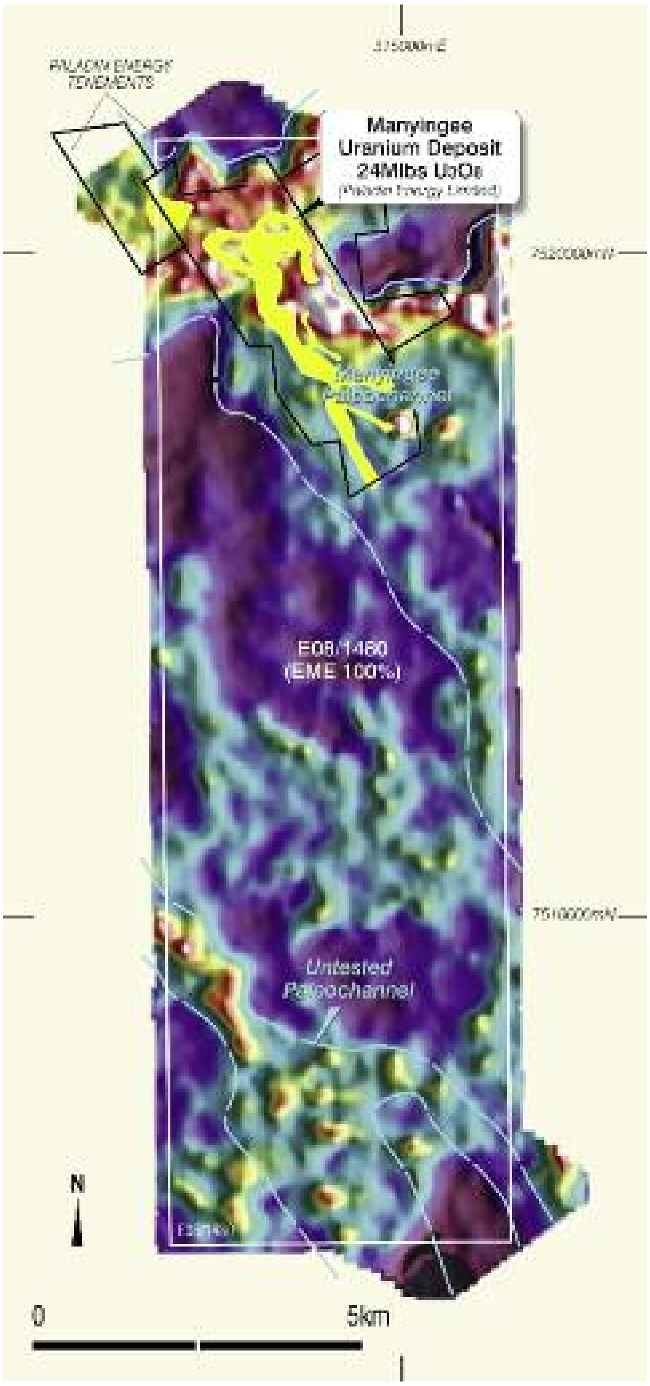
As a result of these negotiations detailed ethnographic and archaeological surveys were undertaken with the aboriginal participants clearing the area of the proposed drill program. The Department of Industry and Resources is now in a position to approve ground disturbing activities at Mopoke Well, with first pass drilling scheduled to commence in the December 2008 quarter.

LAKESIDE (EME 100%)

The Lakeside project is located in the Murchison district 20 km W of Cue and comprises granted exploration licence E 21/120 (area 75 km²). This project was acquired to follow up previously discovered carnotite mineralisation hosted by valley calcretes associated with major saline drainages.

Ninety seven vertical aircore holes (total 970m) were drilled at Lakeside during the previous period. The holes, which were designed to infill known mineralisation and to seek extensions buried beneath transported cover, confirmed the presence of uranium mineralisation in calcrete and calcareous clays with most traverses recording anomalous intercepts.

Work completed in 2007/08 included aboriginal heritage surveys and clearing for rig access, with infill aircore drilling scheduled for the December 2008 quarter, prior to calculation of an initial JORC compliant resource for Anketell in early 2009.



Manyingee Project over HEM data

MANYINGEE (EME 100%)

The Manyingee exploration licence (E08/1480) is located 85 km S of the port of Onslow. The tenement (total area 86 km²) was granted early February 2006 and surrounds the mining leases containing Paladin Energy's Manyingee deposit, a stacked series of paleochannel hosted roll front uranium lenses, with a total resource (indicated and inferred) of 24Mlbs U_3O_8. Paladin Energy reports that the Manyingee deposit is amenable to in-situ recovery (ISR), a low cost and low impact method of extracting uranium.

A helicopter borne electromagnetic (HEM) survey was completed during the December 2007 quarter and confirmed that the paleochannel hosting the Manyingee deposits extends onto E08/1480. First pass drill testing of this paleochannel, and other potential paleochannels identified from initial interpretation of the HEM data, will commence once heritage surveys have been conducted

RAWLINSON (EME OPTION TO ACQUIRE 100%)

The Rawlinson Project comprises 4 exploration licence applications (total area of 1,450 km²) located in the Gibson Desert, approximately 950 km NE of Kalgoorlie and 60 km W of the NT border.

The tenements cover strong uranium channel anomalies revealed by a government airborne geophysical survey undertaken in 1998. The Company can acquire a 100% interest in ELA's 69/2281 to 69/2283 (inclusive) by reimbursing the vendor for initial costs and issuing Energy Metals shares and options within 3 years of grant and approval of access for exploration. In addition the Company has made application for a further exploration licence (ELA 69/2303) adjacent to the 3 existing licence applications.

The area is part of the Central Australia Aboriginal Reserve and due to the remote location and restricted access the geology of the area is poorly understood. However it appears that the main uranium anomalies are associated with mid Proterozoic age metasediments unconformably overlain by younger sedimentary rocks. Potential exists for unconformity and roll front style uranium deposits, as well as surficial uranium mineralisation. There is no evidence of previous uranium exploration in the area.

The Rawlinson project provides the Company with a low cost option to control untested outcropping uranium anomalies with the potential to represent a completely new uranium province. Negotiations with the Ngaanyatjarra Land Council, the body representing the traditional owners, continued through the period and Energy Metals is confident that access for exploration will be granted to the Company.

CORPORATE

CHANGES IN CAPITAL STRUCTURE

A 1 for 20 non-renounceable rights issue was completed in December 2007 and resulted in the issue of 1,482,287 new shares, raising $5.19M before costs. Shareholders subscribed for approximately 96% of the issue. In addition 99.96% of "loyalty" options issued to shareholders in November 2005 were exercised prior to expiry at 30 June 2008 which, together with the exercise of unlisted options, resulted in the issue of a further 25,922,551 new shares during fiscal year 2008.

Late February 2008 shareholders approved a 3 for 1 share split. Energy Metals now has 117.1 million shares on issue (121.3 million fully diluted).

PERSONNEL CHANGES

In July 2008 the Company announced the appointment of Nick Burn as Exploration Manager. Nick is a geologist with 22 years experience in exploration and development of gold, uranium, base-metals and mineral sands resources across Australia. Nick completed his Honours thesis on paleochannel hosted uranium mineralisation and holds an MBA in strategic management. He also has extensive experience with native title negotiation and land access in northern Australia and is a valuable addition to the Energy Metals team.

In September 2008 Mr Ross Kennedy stepped down from his position of Director and Chairman of Energy Metals due to ill health. Non-executive director Mr Oscar Aamodt was appointed to replace Ross as Chairman of the Board.

In August 2008 Mr Geoff Jones was appointed to the Board as an independent non-executive director. Geoff has over 24 years experience in the development, design, construction and commissioning of resource projects in Australia and Africa. He holds a Bachelor of Engineering and is a Fellow of the Institution of Engineers, Australia.

OTHER

In June 2008 Energy Metals announced that Gresham Advisory Partners had been engaged to undertake a strategic review of the Company's funding and development options, in order to ensure that shareholder value is maximised through the transition to producer status. While the review is ongoing, results to date give Energy Metals confidence in its ability to successfully complete this transition, notwithstanding the uncertain short-term economic environment.

Note:

The information in this report relating to mineral resource estimates at Bigrlyi is based on information compiled by Arnold van der Heyden BSc, who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr van der Heyden has more than five years relevant experience in estimation of mineral resources and the mineral commodity uranium. Mr van der Heyden is a full time employee of Helman & Schofield and takes responsibility for the resource estimation. Mr van der Heyden has sufficient experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2004)".

The information in this report relating to mineral resource estimates at Lake Mason is based on information compiled by Mr Simon Gatehouse, MAIG. Mr Gatehouse is a full time employee of Helman & Schofield and has more than five years relevant experience in estimation of mineral resources and the mineral commodity uranium and is a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2004)".

The information in this report that relates to metallurgical testwork is based on information compiled by Mr Peter Banovich, MAusIMM. Peter Banovich is a full-time employee of Metallurgical Project Consultants Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report relating to mining studies is based on information compiled by Andrew Hutson BE (Mining), MAusIMM. Mr Hutson is a full time employee of Paladin Energy Limited and has sufficient experience relevant to the assessment of this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code".

Each of the above named consents to the inclusion of the information in the report in the form and context in which it appears.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Company) of Energy Metals Limited for the year ended 30 June 2008.

DIRECTORS

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

Oscar Aamodt

Lindsay George Dudfield

Geoffrey Michael Jones (appointed 29/08/2008)

Donald Ross Kennedy (resigned 01/09/2008)

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2008 was $272,216 (2007: loss $1,827,825).

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Group during the year.

REVIEW OF OPERATIONS

Following the successful listing on the ASX, the Company has conducted uranium exploration activities on its various projects with the major focus being on the Bigrlyi Project in the Northern Territory.

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

FINANCIAL POSITION

The net assets of the Group were $15,876,401 at 30 June 2008 (2007: $7,883,902).

Cash and assets utilised by the Company for the period ended 30 June 2008 is consistent with the Company's business objectives since listing on the Australian Stock Exchange on 9 September 2005.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There has not arisen in the interval between the end of the financial year 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years that are not already disclosed in this report.

INFORMATION ON DIRECTORS

Name	Director's Experience	Special Responsibilities
Mr Oscar Aamodt FCIS	Mr Aamodt is a member of the Institute of Chartered Secretaries and Administrators and has more than 23 years experience in the administration and management of mining and exploration listed companies in Australia and overseas. He has held a number of directorships in Australian mining and exploration companies and was previously employed as Chief Financial Officer of a large mining company with operations in Australia and Africa. 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 public company directorships held by Mr Aamodt over the last three years are: • Independence Group NL – current • Brumby Resources Limited – (February 2006 – October 2006)	Non-Executive Chairman
Mr Lindsay Dudfield BSc	Mr Dudfield is a qualified geologist with 28 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 was a founding Director of Energy Metals Limited. Other public company directorships held by Mr Dudfield over the last three years are: • Jindalee Resources Limited – current	Executive Director
Mr Geoff Jones BEng FIEAust CPEng (appointed 29/08/2008)	Mr Jones is a Fellow of the Institution of Engineers, Australia, with a Bachelor of Engineering (Civil) degree. He has over 24 years experience covering the areas of construction, engineering, mineral processing and project development. Mr Jones has been responsible for the preparation of feasibility studies for gold and base metals projects and has completed numerous project evaluations and due diligence reviews and has managed the successful development of projects both domestically and overseas. Mr Jones also operates his own project management and engineering consultancy, JMG Projects Pty Ltd, servicing the mining industry. In this capacity Mr Jones has completed works on gold and base metal projects for Australian and overseas based mining groups. Other public company directorships held by Mr Jones over the last three years are: • Brumby Resources Ltd – (February 2006 - current) • Matrix Metals Ltd – (October 2006 - current) • Adamus Resources Limited – (March 2006 - April 2008)	Non-Executive Director

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

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The particulars of Directors' interest in shares and options are as at the date of this report.

	Ordinary Shares	Unlisted 10c Options Expiring 30/06/2010
D R Kennedy	137,400	1,500,000
L G Dudfield	6,575,400	1,500,000
O Aamodt	236,250	750,000
G M Jones	-	-

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2008 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
D R Kennedy	10	10
L G Dudfield	10	10
O Aamodt	10	10

As at the date of this report, the Company did not have an Audit Committee of the Board of Directors. The Board considers that due to the Company's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Company's mechanisms designed to ensure independent judgement in decision making.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

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

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

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

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

COMPANY SECRETARY INFORMATION

Ms Patricia Farr was appointed company secretary on 9 May 2005. She is an experienced company administrator, having previously worked for Resolute Mining Ltd, and is currently employed by Jindalee Resources Limited.

REMUNERATION REPORT

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

REMUNERATION POLICY

The remuneration policy of the Company has been designed to align directors objectives with shareholder and business objectives. The board of Energy Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

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

All executives receive either consulting fees or a salary, part of which maybe taken as superannuation, and from time to time, options. Options issued to directors are subject to approval by Shareholders. The board reviews executive packages annually by reference to the executives performance and comparable information from industry sectors and other listed companies in similar industries. An Employee Share Option Plan was adopted by the Company following approval by shareholders at the Company's Annual General Meeting held on 24th November 2006.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

All remuneration paid to directors and specified executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at $100,000 per annum. Fees for non-executive directors are not linked to the performance of the Company. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS AND KEY EXECUTIVE REMUNERATION

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

The following table shows the share price and the market capitalisation of the Company at the end of the financial year. No dividends have been paid during the period.

	At 30 June 2006	At 30 June 2007	At 30 June 2008
Share Price	$1.81	$6.64	$1.49*
Market Capitalisation	$45M	$178M	$174.5M
Dividend	-	-	-

(Note that the company was first listed on the Australian Stock Exchange on 9 September 2005 and consequently there was no share market capitalisation of the company prior to 30 June 2006). ** The share capital of the Company was reorganized effective 29 February 2008. The reorganization was by way of a share split whereby each share in the Company was split into 3 shares.*

DIRECTORS AND EXECUTIVES (KEY MANAGEMENT PERSONNEL) EMOLUMENTS

The Company's policy for determining the nature and amount of emoluments of key management personnel is that Directors are to be paid consulting fees at commercial rates for professional services performed.

Details of the nature and amount of each element of the emoluments of each director of Energy Metals Limited are set out in the following tables.

		Short-term benefits		Post employment	Sharebased payment		% remuneration consisting of options
		Directors Fees $	Cash Salary, Consulting Fees $	Superannuation $	Options $	Total $	%
Non-Executive Directors							
D R Kennedy	2008	10,000	33,550	3,919	-	47,469	-
	2007	10,000	35,723	-	-	45,723	-
O Aamodt	2008	25,000	-	-	-	25,000	-
	2007	25,000	-	-	-	25,000	-
Executive Directors							
L G Dudfield	2008	-	126,918	-	-	126,918	-
	2007	-	114,708	-	-	114,708	-
Senior Managers							
P A Farr #^	2008	-	-	-	-	-	-
	2007	-	-	-	252,270	252,270	100%
D L Hughes #	2008	-	122,214	10,999	-	133,213	-
	2007		140,000	12,600	866,280	1,018,880	85%
T Saul #	2008	-	56,539	5,089	-	61,628	-
	2007	-	-	-	504,540	504,540	100%

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

SERVICE AGREEMENTS

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

D R Kennedy

On 1st July 2005 the Company entered into an agreement (via a letter of appointment), appointing Mr Kennedy as a Non-Executive Director. Pursuant to the terms of the letter of appointment, during the year the Company paid Mr Donald Ross Kennedy, $10,000 being Directors Fees and $37,469 (including superannuation) for the provision of technical and management services provided by Mr Kennedy.

O Aamodt

On 8th July 2005 the Company entered into an agreement (via a letter of appointment), appointing Mr Aamodt as a Non-Executive Director.

L G Dudfield

On 15th February 2008 the Company extended for a further 2 years the Consultancy Agreement entered into with the Executive Director Mr Dudfield and Jopan Management Pty Ltd trading as Western Geological Services whereby Western Geological Services has agreed to provide Mr Dudfield's services for not less than 50 hours per month. In consideration for providing Mr Dudfield's services the company will pay Western Geological Services a retainer of $4,000 per month. Unless extended for a further period the current agreement will expire on 6 July 2009. The agreement may be terminated by either party on 90 days notice or earlier in the event of a default not remedied within 14 days.

P A Farr^

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

D L Hughes

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

T Saul

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

OPTIONS GRANTED AS PART OF REMUNERATION

Options over shares in Energy Metals Limited are granted under the Energy Metals Employee Share Option Plan. Participation in the plan and any vesting criteria, is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any options issued to directors of the Company are subject to shareholder approval.

SHARE-BASED COMPENSATION

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

	Number of options granted during the year		Number of options vested during the year	
Name	**2008**	**2007**	**2008**	**2007**
Directors				
D R Kennedy	-	-	-	-
O Aamodt	-	-	-	-
L G Dudfield	-	-	-	-
Senior Managers				
P Farr	-	100,000*	-	100,000
D L Hughes	-	400,000*	-	400,000
T Saul	-	200,000*	-	200,000

** The share capital of the Company was reorganized effective 29 February 2008. The organization was by way of a share split whereby each unlisted option in the Company was split into 3 unlisted options with expiry dates remaining unchanged and the relevant exercise price reduced to one third in accordance with the Listing Rules of the Australian Securities Exchange. The options detailed in the above table represent pre-split totals.*

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes option valuation methodology. The life of the options and early exercise option are built into the option model.

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

SHARES PROVIDED ON EXERCISE OF OPTIONS

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

	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year 2008	2007	Amount paid per share issued 2008	2007
Directors					
D R Kennedy	-	-	-	-	-
O Aamodt	-	-	-	-	-
L G Dudfield	-	-	-	-	-
Senior Managers					
P Farr	-	-	-	-	-
D L Hughes	07/02/2007	35,000	-	$1.00	-
	13/11/2007	165,000	-	$1.00	-
T Saul	23/07/2008	20,000	-	$3.00	-

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

SHARES UNDER OPTION

There were no options granted during the year ended 30 June 2008.

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

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

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

SHARES ISSUED ON EXERCISE OF OPTIONS

There were 26,924,350 shares issued on exercise of options during the year and up to the date of this report. No amounts are unpaid on any of the shares.

Grant Date	Date vested & exercisable	Expiry Date	Issue price of shares	Value per option at grant date	Number of shares issued
Listed Options *(ASX Code: EMEO)*					
25/11/2005	N/A	30/06/2008	$0.30		2,609,771
25/11/2005	N/A	30/06/2008	$0.10		23,009,579
Unlisted Options					
24/06/2005	N/A	30/06/2008	$0.10		120,000
22/12/2006	22/12/2006	30/06/2010	$1.00	$2.989	165,000
05/01/2007	05/01/2007	30/06/2011	$3.00	$2.522	20,000
05/01/2007	05/01/2007	30/06/2011	$0.98	$0.840	540,000
					26,924,350

Unlisted Options cancelled

Date options granted	Date options cancelled	Exercise price of options	Number of options cancelled
22/12/2006	25/03/2008	$0.65	600,000

DIRECTORS AND OFFICERS INSURANCE

The Company has paid a premium to insure the directors and officers of the Company for the period 22/08/2007 to 30/10/2008 against those liabilities for which insurance is permitted under section 199B of the Corporations Act 2001. Details of the nature of the liabilities insured for and the amount of the premium are subject to a confidentiality clause under the contract of insurance.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

ENVIRONMENTAL REGULATION

The Company is subject to significant environmental regulation in respect of its exploration activities. Tenements in the Northern Territory and Western Australia are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies and with rehabilitation required on completion of exploration activities.

Energy Metals Limited conducts its exploration activities in an environmentally sensitive manner and the Company is not aware of any breach of statutory environmental conditions or obligations.

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 41 of this report.

NON-AUDIT SERVICES

The external auditor did not perform any non-audit services during the year ended 30 June 2008.

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

5th day of September 2008, at Perth, Western Australia

L G DUDFIELD
Executive Director.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

It is the responsibility of the Board of Directors of Energy Metals Limited to monitor the business affairs of the Company and to protect the rights and interests of the shareholders. The Board believes that high standards of corporate governance are an essential prerequisite for creating sustainable value for shareholders. This statement summaries the Company's main corporate governance policies and practices in place throughout the reporting period ended 30 June 2008. The policies and practices have aimed to ensure the implementation of a strategic business plan and an integrated framework of accountability over the Company's resources, functions and assets.

With the exception of the departures from the ASX Corporate Governance Council's Principles and Recommendations (the "ASX Guidelines") in relation to the nomination committee and audit committee as detailed below, the corporate governance practices of the Company were compliant with the ASX Guidelines best practice recommendations.

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

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

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

Name	Age	Position	Special Expertise
Oscar Aamodt	62	Non-Executive Director	Company Management
Lindsay George Dudfield	51	Executive Director	Resource Industry
Geoffrey Michael Jones	46	Non-Executive Director	Engineering & Project Management

The Board comprises a non-executive Chairman, one other non-executive director and one executive director. The Board believes this structure is effective for the current range of duties of the Board to be properly discharged.

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

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

The 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.

DIRECTOR INDEPENDENCE

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 at year end were 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.

The Company has recently undergone changes to the composition of the board and with the appointment of Mr Geoff Jones as director on 29/08/2008, the Board now meets the recommendation of the ASX Guidelines that a majority of the Board are independent directors and that the chair should be an independent director.

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

NOMINATION COMMITTEE

The ASX Guidelines recommends listed entities establish a nomination committee. During the year ended 30 June 2008, 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

The ASX Guidelines recommends listed entities establish an audit committee. During the year ended 30 June 2008 Energy Metals Limited did not have a separately established audit committee. The Board considers that due to the Company's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Company's mechanisms designed to ensure independent judgement in decision making.

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

- monitoring the Company's performance against strategy;
- approving and monitoring all significant or major business transactions;
- designing and implementing an appropriate organisational structure;
- appointing and monitoring the conduct and performance of management and personnel, and overseeing all remuneration, development and succession;
- approving and monitoring financial reporting and compliance;
- monitoring the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and reviewed;
- overseeing control and accountability systems; and
- reviewing and approving corporate governance systems.

The Executive Director is accountable to the Board for management of the Company within authority levels approved by the Board and is subject to the supervision of the Board. The Executive Director and Company Secretary are required to state in writing to the Board that the Company's financial report presents a true and fair view of the Company's financial condition and that results are reported in accordance with relevant accounting standards.

REMUNERATION

The Company does not have a formal remuneration policy and has not established a separate remuneration committee. Remuneration is currently in accordance with the general principles recommended by the ASX, that is, non-executive directors receive a fixed fee for their services and do not receive performance based remuneration.

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

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

REVIEW OF BOARD PERFORMANCE

Due to the small size of the company there is currently no formal process for performance evaluation of the Board, individual directors or key executives.

CONTINUOUS DISCLOSURE

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and Corporations Act 2001. The Company is required to disclose to the ASX any information which a reasonable person would expect to have a material effect on the price or value of the Company's securities unless certain exemptions from the requirements apply. To ensure it meets its continuous disclosure obligations, the Board has nominated the Executive Director and Company Secretary as responsible for all disclosure matters. Their role is to collate and, where appropriate, disclose share price sensitive information.

The Company has policy on continuous disclosure implemented by the board on 6 July 2007.

RISK MANAGEMENT

The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

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

The Board meets on a regular basis and reviews and monitors the parameters under which such risks will be managed. The Company does not follow the ASX best practice recommendation that the Company should have an internal control function. The Board considers that the Company is not of a size or operation complexity to warrant the implementation of a separate internal control function.

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

CODE OF CONDUCT

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

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

A copy of the Company's Code of Conduct and Environmental Policy implemented by the board on 6 July 2007 is available on the Company's website.

CONFLICTS OF INTEREST

The Board has implemented a code of conduct and share trading policy designed to ensure that all directors and employees of the Company act ethically and do not use confidential information for personal gain. A copy of this policy adopted by the board on 9 July 2007 is available on the Company's website.

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 Board of Energy Metals Limited adopted a policy to promote effective communication with shareholders on 6 July 2007 a copy of which is available from the Company's website.

EXTERNAL AUDITOR

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. It is the auditor's policy to rotate engagement partners on listed companies at least every five years.

The auditor is required to attend the Annual General Meeting of Shareholders. The Chairman will permit shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report, in accordance with section 250T of the Corporations Act 2001.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Revenue from continuing operations	4a	1,002,687	710,485	1,002,687	710,485
Depreciation expenses	4b	(65,274)	(37,546)	(65,274)	(37,546)
Exploration expenditure written off	4b	-	(45,055)	-	(45,055)
Employee benefits expenses	4c	(373,517)	(1,990,105)	(373,517)	(1,990,105)
Corporate and regulatory expenses		(245,813)	(82,246)	(245,813)	(82,246)
Other administrative expenses		(590,299)	(383,358)	(590,022)	(382,701)
(Loss) before income tax		(272,216)	(1,827,825)	(271,939)	(1,827,168)
Income tax expense	5	-	-	-	-
(Loss) after income tax		(272,216)	(1,827,825)	(271,939)	(1,827,168)
(Loss) attributable to members of Energy Metals Limited		(272,216)	(1,827,825)	(271,939)	(1,827,168)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the company:					
Basic (loss) per share (cents per share)	7	(0.0030)	(0.0698)	(0.0030)	(0.0698)

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

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
CURRENT ASSETS					
Cash and cash equivalents	9	5,329,275	2,314,678	5,329,275	2,314,578
Trade and other receivables	10	2,125,602	1,482,265	2,126,536	1,483,022
Total Current Assets		7,454,877	3,796,943	7,455,811	3,797,600
NON-CURRENT ASSETS					
Property, plant and equipment	11	406,173	238,682	406,173	238,682
Exploration and evaluation expenditure	12	8,096,943	4,123,721	8,096,943	4,123,721
Total Non-Current Assets		8,503,116	4,362,403	8,503,116	4,362,403
TOTAL ASSETS		15,957,993	8,159,346	15,958,927	8,160,003
CURRENT LIABILITIES					
Trade and other payables	13	81,592	275,444	81,592	275,444
Total Current Liabilities		81,592	275,444	81,592	275,444
TOTAL LIABILITIES		81,592	275,444	81,592	275,444
NET ASSETS		15,876,401	7,883,902	15,877,335	7,884,559
EQUITY					
Contributed equity	14	16,804,142	8,539,427	16,804,142	8,539,427
Reserves	15, 16	2,419,100	2,419,100	2,419,100	2,419,100
Accumulated losses	17	(3,346,841)	(3,074,625)	(3,345,907)	(3,073,968)
TOTAL EQUITY		15,876,401	7,883,902	15,877,335	7,884,559

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $ Inflows (Outflows)	Consolidated 2007 $ Inflows (Outflows)	Company 2008 $ Inflows (Outflows)	Company 2007 $ Inflows (Outflows)
Cash flows from operating activities					
Payments to suppliers and consultants		(1,724,788)	(1,933,291)	(1,724,687)	(1,933,391)
Joint Venture fees received		1,040,570	628,427	1,040,570	628,427
Joint Venture costs		(390,155)	(285,281)	(390,155)	(285,281)
Interest received		267,366	367,339	267,366	367,339
Net cash outflow from operating activities	6	(807,007)	(1,222,806)	(806,906)	(1,222,906)
Cash flows from investing activities					
Payments for exploration, evaluation and development expenditure		(3,973,222)	(3,164,854)	(3,973,222)	(3,164,854)
Payments for property, plant and equipment		(232,765)	(148,905)	(232,765)	(148,905)
Net cash outflow from investing activities		(4,205,987)	(3,313,759)	(4,205,987)	(3,313,759)
Cash flows from financing activities					
Proceeds from issue of shares and options		8,264,715	532,031	8,264,715	532,031
Net cash inflow from financing activities		8,264,715	532,031	8,264,715	532,031
Net increase / (decrease) in cash and cash equivalents		3,251,721	(4,004,534)	3,251,822	(4,004,634)
Cash and cash equivalents at the beginning of the financial year		2,077,554	6,082,087	2,077,453	6,082,087
Cash and cash equivalents at the end of the financial year	6	5,329,275	2,077,553	5,329,275	2,077,453

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated		Company	
		2008	2007	2008	2007
		$	$	$	$
Total equity at the beginning of the year		7,883,902	7,430,470	7,884,559	7,430,470
(Loss) for the year		(272,216)	(1,827,825)	(271,939)	(1,827,168)
Total recognised income and expense for the year		(272,216)	(1,827,825)	(271,939)	(1,827,168)
Transactions with equity holders					
in their capacity as equity holders					
Contributions of equity net of transaction costs	(Note 9)	8,264,715	532,032	8,264,715	532,032
Share options expense	(Note 22)	-	1,749,225	-	1,749,225
		8,264,715	2,281,257	8,264,715	2,281,257
Total equity at the end of the year		15,876,401	7,883,902	15,877,335	7,884,559
Total recognised income and expense					
for the year is attributable to:					
Members of Energy Metals Limited		(272,216)	(1,827,825)	(271,939)	(1,827,168)

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. CORPORATE INFORMATION

The financial report of Energy Metals Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of directors on 5th September 2008.

The financial report covers the Group of Energy Metals Ltd and controlled entities, and Energy Metals Ltd as an individual parent entity. Energy Metals Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in Note 3.

Unless otherwise stated, policies adopted in the preparation of the financial report are consistent with those of the previous year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

(a) STATEMENT OF COMPLIANCE

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

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

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

The financial report is presented in the Australian currency.

(b) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(c) BASIS OF PREPARATION/ACCOUNTING.

The Financial Report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

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

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

The significant accounting policies set out below have been applied in the preparation and presentation of the financial report for the year ended 30 June 2008 and the comparative information.

(d) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Energy Metals Limited and all of it's controlled entities. A controlled entity exists where Energy Metals Ltd has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Energy Metals Ltd to achieve the objectives of Energy Metals Ltd. A list of controlled entities is contained in Note 23 to the financial statements.

All inter-company balances and transactions between entities in the group, including any unrealised profits of losses, have been eliminated on consolidation.

Where controlled entities have entered or left the group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(e) CASH AND CASH EQUIVALENTS

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

(f) TRADE AND OTHER RECEIVABLES

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

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

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

(g) REVENUE

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

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

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

(h) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all property, plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

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

(i) IMPAIRMENT OF ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds it's recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) EXPLORATION AND EVALUATION EXPENDITURE

The Company's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

(i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.

(ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:

- such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(k) INTEREST IN A JOINTLY CONTROLLED OPERATION

The Company has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint controlled operation involves the use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(l) TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(m) EMPLOYEE ENTITLEMENTS

The Company's liability for employee entitlements arising from services rendered by employees to balance date are recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

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

(n) SHARE BASED PAYMENT TRANSACTIONS

Share based payments

Under AASB 2 Share Based Payments, the Company must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity.

The Company provides benefits to employees (including directors) of the company in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using a black-scholes model.

(o) EARNINGS PER SHARE

(i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Company after income tax by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the period.

(p) CONTRIBUTED EQUITY

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(r) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Accounting for capitalised exploration and evaluation expenditure

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

Financial Instruments

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

The Company has no monetary foreign currency assets or liabilities.

(s) PROVISIONS

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

(t) COMPARATIVES

Comparatives have been adjusted where necessary to ensure comparability with the 2008 accounts.

3. SEGMENT INFORMATION

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

Business Segment

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

Geographical Segments

During the financial year the Company operated within Australia only, specifically the Northern Territory and Western Australia.

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $

4. REVENUES AND EXPENSES

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
(a) Revenue from continuing operations includes the following revenue items:				
Insurance recovery	1,745	-	1,745	-
Interest received from other parties	267,366	367,339	267,366	367,339
Joint Venture administration fees	650,415	343,146	650,415	343,146
Fuel rebate	83,161	-	83,161	-
	1,002,687	710,485	1,002,687	710,485
(b) Profit (Loss) includes the following specific expenses:				
Depreciation	65,274	37,546	65,274	37,546
Exploration expenditure written off	-	45,055	-	45,055
	65,274	82,601	65,274	82,601
(c) Employee benefit expenses:				
Share based payment expense				
- Employees	-	1,749,225	-	1,749,225
Wages & superannuation	295,284	135,402	295,284	135,402
Directors fees	35,000	35,000	35,000	35,000
Consultants	43,233	70,478	43,233	70,478
	373,517	1,990,105	373,517	1,990,105

5. TAXATION

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:				
Profit/(Loss) before income tax	(272,216)	(1,827,825)	(271,939)	(1,827,168)
Income tax expense (benefit) @ 30%	(81,665)	(548,347)	(81,582)	(548,150)
Tax effect of amounts which are not deductible in calculating taxable income:				
Share based payments	-	524,767	-	524,767
Other costs not deductible	191	2,078	191	2078
Deferred tax assets relating to tax losses not recognised	81,474	(21,502)	81,391	(21,305)
Total income tax expense	-	-	-	-
The franking account balance at year end was $nil (2007: $nil).				
Deferred tax assets and liabilities not recognised relate to the following:				
Deferred tax assets				
Tax losses	277,538	193,630	277,261	193,433
Other temporary differences	399	2,836	399	2,836
Deferred tax liabilities				
Other temporary differences	-	-	-	-
Net deferred tax assets	277,937	196,466	277,660	196,269

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $

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

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Profit (Loss) after income tax	(272,216)	(1,827,825)	(271,939)	(1,827,168)
Exploration expenditure written off	-	45,055	-	45,055
Depreciation	65,274	37,546	65,274	37,546
Share based payment expense	-	1,749,225	-	1,749,225
Change in operating assets and liabilities during the financial year:				
(Increase) decrease in trade and other receivables	(643,337)	(1,249,259)	(643,514)	(1,250,016)
Increase (decrease) in trade and other payables	43,273	22,452	43,273	22,452
Net cash (outflow) from operating activities	(807,006)	(1,222,806)	(806,906)	(1,222,906)
Reconciliation of cash balance comprises:				
Cash and cash equivalents*	5,329,275	2,314,678	5,329,275	2,314,578
Bank overdraft (unpresented cheques)	-	(237,124)	-	(237,124)
	5,329,275	2,077,554	5,329,275	2,077,454

*Cash at bank earns interest at 7.67% (2007: 4%). Cash on term deposit are denominated in A$ with an average maturity of 60 days (2007: 30 days) and effective interest rate of 7.21% to 8.08%.

7. EARNINGS PER SHARE

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Earnings used in calculation of basic and diluted earnings per share	(272,216)	(1,827,825)	(271,939)	(1,827,168)
Basic earnings (loss) per share (cents per share)	(0.0030)	(0.0698)	(0.0030)	(0.0698)

	2008 Number	2007 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	89,069,423	26,173,108

8. DIVIDENDS

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

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $

9. CASH AND CASH EQUIVALENTS

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Term deposits	3,056,619	1,999,341	3,056,619	1,999,241
Cash at bank	1,850,424	-	1,850,424	-
Share of Joint Venture cash	422,232	315,337	422,232	315,337
	5,329,275	2,314,678	5,329,275	2,314,578

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

10. TRADE AND OTHER RECEIVABLES

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Trade receivables	277,902	1,447,008	277,902	1,447,008
Other receivables*	1,847,700	-	1,848,634	757
Share of Joint Venture receivables	-	35,257	-	35,257
	2,125,602	1,482,265	2,126,536	1,483,022

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

Trade and other receivables are denominated in Australian dollars are interest free with settlement terms of between 7 and 30 days. As at 30 June 2008 there were current trade receivables totalling $277,902 which do not contain impaired assets and are not past due. It is expected that these amounts will be received in total when due.

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

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

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Plant and equipment - at cost	466,027	236,973	466,027	236,973
Less accumulated depreciation	(95,549)	(42,074)	(95,549)	(42,074)
	370,478	194,899	370,478	194,899
Motor vehicles – at cost	50,727	50,727	50,727	50,727
Less accumulated depreciation	(15,032)	(6,944)	(15,032)	(6,944)
	35,695	43,783	35,695	43,783
	406,173	238,682	406,173	238,682

	Plant & equipment $	Motor vehicle $	Total $
Reconciliation of the carrying amount of property, plant and equipment			
Carrying amount at 1 July 2007	194,899	43,783	238,682
Additions	232,765	-	232,765
Depreciation expense	(57,186)	(8,088)	(65,274)
Carrying amount at 30 June 2008	370,478	35,695	406,173
Carrying amount at 1 July 2006			
Additions	106,420	20,903	127,323
Depreciation expense	119,542	29,363	148,905
	(31,063)	(6,483)	(37,546)
Carrying amount at 30 June 2007	194,899	43,783	238,682

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $

12. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	2008 $	2007 $	2008 $	2007 $
Balance at beginning of the year	4,123,721	1,003,922	4,123,721	1,003,922
Exploration expenditure incurred	3,973,222	3,164,854	3,973,222	3,164,854
Exploration expenditure written off	-	(45,055)	-	(45,055)
Balance at the end of the year	8,096,943	4,123,721	8,096,943	4,123,721

The balance carried forward represents projects in the exploration and evaluation phase.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas

13. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2008 $	2007 $	2008 $	2007 $
Other payables*	81,592	38,320	81,592	38,320
Bank overdraft (unpresented cheques)	-	237,124	-	237,124
	81,592	275,444	81,592	275,444

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

14. CONTRIBUTED EQUITY

Share capital

	2008 $	2007 $	2008 $	2007 $
116,575,490 ordinary shares, fully paid (2007: 26,871,579)	16,804,142	8,539,427	16,804,142	8,539,427
Balance at the beginning of the year	8,539,427	8,007,395	8,539,427	8,007,395
Movements:				
1,656,777 fully paid ordinary shares @ 30 cents each on the exercise of options on various dates	-	497,032	-	497,032
35,000 fully paid ordinary shares @ $1 each on the exercise of options on 07/02/2007	-	35,000	-	35,000
20,000 fully paid ordinary shares @ $3 each on the exercise of unlisted options on 23/07/07	60,000	-	60,000	-
165,000 fully paid ordinary shares @ $1.00 each on the exercise of unlisted options on 13/11/2007	165,000	-	165,000	-
2,609,771 fully paid ordinary shares @ $0.30 each on various dates	782,880	-	782,880	-
1,482,287 fully paid ordinary shares @ $3.50 each (rights issue) on 21/12/2007	5,188,004	-	5,188,004	-
Less: transaction costs	(244,127)	-	(244,127)	-
1,200,000 fully paid ordinary shares @ $0.10 each on exercise of unlisted vendor options	120,000	-	120,000	-
21,929,579 fully paid ordinary shares @ $0.10 each on exercise of options on various dates	2,192,958	-	2,192,958	-
Balance at the end of year	16,804,142	8,539,427	16,804,142	8,539,427

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

Ordinary shares participate in dividends. On winding up of the company any proceeds would be distributed in proportion to the number of the shares held. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholders has one vote on a show of hands.

15. SHARE BASED PAYMENT TRANSACTIONS

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions. The expense in the year was $Nil (2007: $1,749,225).

Employee Option Plan

The establishment of the Energy Metals Employee Share Option Plan was approved by shareholders at the 2006 annual general meeting. The Employee Share Option Plan is designed to provide eligible employees, executive officers and directors of the Company an opportunity, in the form of Options to subscribe for Shares in the Company. An "eligible employee" is a person who is at the time of an offer under the plan, a full or part time employee or director of the Company or an associated body corporate of the Company. Any offer of options to Directors will be subject to shareholder approval.

Under the plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms set out in the rules of the plan. Options granted under the plan will be offered to participants in the plan on the basis of the Board's view of the contribution of the eligible person to the Company. When exercisable, each option is convertible into one ordinary share. Options granted under the plan carry no dividend or voting rights.

Set out below are summaries of options previously granted under the plan:

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity - 2007								
22/12/2006	30/06/2011	$1.00	-	200,000	35,000	-	165,000	-
22/12/2006	30/06/2011	$2.00	-	200,000	-	-	200,000	-
05/01/2007	30/06/2011	$3.00	-	350,000	20,000	-	330,000	-
Weighted average exercise price			-	$2.20	$1.73	-	$2.23	-
Consolidated and parent entity - 2008								
22/12/2006	30/06/2011	$1.00	165,000	-	165,000	-	-	-
22/12/2006	30/06/2011	$2.00	200,000	-	-	600,000*	-	-
05/01/2007	30/06/2011	$0.98	330,000	-	20,000	-	990,000*	990,000*
Weighted average exercise price			-	-	-	-	-	-

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

15. SHARE BASED PAYMENT TRANSACTIONS Continued

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes option valuation methodology. The life of the options and early exercise option are built into the option model.

The assumptions used for the options valuation are as follows:

Exercise Price	$1.00	$2.00	$3.00
Expected Life	4.49 years	4.49 years	4.49 years
Share Price at time of issue	$3.60	$3.60	$3.95
Expected volatility	70%	70%	68%
Dividend yield	0%	0%	0%
Risk free interest rate	5.75%	5.75%	6.27%
Option value	$2.989	$2.592	$2.5227

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
16. RESERVES				
Share-based option reserve				
Balance at the beginning of the year	2,419,100	669,875	2,419,100	669,875
Options expense (Note 15 & 4c)	-	1,749,225	-	1,749,225
Balance at the end of the year	2,419,100	2,419,100	2,419,100	2,419,100

Nature and purpose of the reserve:

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

17. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(3,074,625)	(1,246,800)	(3,073,968)	(1,246,800)
Net profit (loss) attributable to members of the Company	(272,216)	(1,827,825)	(271,939)	(1,827,168)
Accumulated (losses) at the end of the financial year	(3,346,841)	(3,074,625)	(3,345,907)	(3,073,968)

18. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) CAPITAL RISK MANAGEMENT

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

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

(b) SIGNIFICANT ACCOUNTING POLICIES

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

(c) CATEGORIES OF FINANCIAL INSTRUMENTS

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Financial Assets				
Current				
Cash and cash equivalents	5,329,275	2,314,678	5,329,275	2,314,578
Trade and other receivables	2,125,602	1,482,265	2,126,536	1,483,022
	7,454,877	3,796,943	7,455,811	3,797,600
Financial Liabilities				
Current				
Trade and other payables	81,592	275,444	81,592	275,444
Total Current Liabilities	81,592	275,444	81,592	275,444

(d) CREDIT RISK EXPOSURE

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

The Company holds cash deposits with Australian banking financial institutions, namely Bankwest and Adelaide Bank Ltd. Bankwest has an A1+ rating with Standard & Poors and Adelaide Bank has an A2- rating. The Company has been advised that neither institution has any exposure to the US sub-prime market.

(e) INTEREST RATE RISK EXPOSURE

The Company's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings was 7% at 30 June 2008. All other financial assets and liabilities are non interest bearing. The net fair value of the Company's financial assets and liabilities approximates their carrying value.

The Company holds cash deposits with Australian banking financial institutions, namely Bankwest and Adelaide Bank Ltd. Bankwest has an A1+ rating with Standard & Poors and Adelaide Bank has an A2- rating. The Company has been advised that neither institution has any exposure to the US sub-prime market.

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

(f) LIQUIDITY RISK

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

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

There are no unused borrowing facilities from any financial institution.

18. FINANCIAL AND CAPITAL RISK MANAGEMENT Continued

(g) FAIR VALUES

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

Consolidated	Carrying Amount 2008 $	Carrying Amount 2007 $	Fair Value 2008 $	Fair Value 2007 $
Financial Assets				
Current				
Cash and cash equivalents	5,329,275	2,314,678	5,329,275	2,314,578
Trade and other receivables	2,125,602	1,482,265	2,126,536	1,483,022
	7,454,877	3,796,943	7,455,811	3,797,600
Financial Liabilities				
Current				
Trade and other payables	81,592	275,444	81,592	275,444
Total Current Liabilities	81,592	275,444	81,592	275,444

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

Cash

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

Receivables/payables

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

(h) CAPITAL

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

It is the Company's policy to maintain its gearing ratio within the range of 40-50% (2007: 47%). The Group's gearing ratio at the balance sheet date is shown below:

	2008 $	2007 $
Financial Assets - Current	7,454,877	3,796,943
Financial Liabilities - Current	(81,592)	(275,444)
Net financial assets	7,373,285	3,521,499
Contributed equity	16,804,142	8,539,427
Reserves	2,419,100	2,419,100
Accumulated losses	(3,345,907)	(3,074,625)
Total Capital	15,877,335	7,883,902
Gearing ratio	46%	47%

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

19. CONTINGENCIES

Contingent Liabilities

Claims of Native Title

To date the Company has been notified by the Native Title Tribunal of native title claims which cover some of the Company's licence holdings. Until further information arises in relation to the claims and its likelihood of success, the Company is unable to assess the likely effect, if any, of the claims.

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$

20. COMMITMENTS

Tenement Expenditure Commitments: The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2008/2009. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations. Estimated expenditure on mining, exploration and prospecting leases for 2008/2009.	176,000	499,500	176,000	499,500

Capital Commitments

There are no capital expenditure commitments for the Company as at 30 June 2008.

21. PERFORMANCE BONDS AND SECURITY DOCUMENTS

In support of titles granted to or operated by the Company, various securities have been submitted to the Department of Industry and Resources. These consist of unconditional performance bonds, securities or Form 32 security documents with a total potential liability of $30,000.

22. KEY MANAGEMENT PERSONNEL

(a) DETAILS OF DIRECTORS (KEY MANAGEMENT PERSONNEL)

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

Mr D R Kennedy - Chairman

Mr L Dudfield - Executive Director

Mr O Aamodt - Non-Executive Director

Key Management Personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company. Aside from the directors, there were no other key management personnel during the year ended 30 June 2008.

(b) KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Short-term employee benefits - directors	199,387	185,431	199,387	185,431
Post-employment benefits	-	-	-	-
Share-based payments – directors	-	-	-	-
	199,387	185,431	199,387	185,431

22. KEY MANAGEMENT PERSONNEL Continued

(c) EQUITY INSTRUMENT DISCLOSURES RELATING TO DIRECTORS AND EMPLOYEES

(i) Options provided as remuneration and shares issued on any exercise of such options

Details of options provided as remuneration and shares issued on any exercise of such options to Directors and Key Management Personnel, together with terms and conditions can be found within the Directors' Report in the Remuneration Report.

(ii) Share and option holdings

The number of shares and options over ordinary shares in the Company held during the financial year by each Director of Energy Metals Limited, including their personally related parties, are set out below:

SHAREHOLDINGS

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:

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

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

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
2007				
Mr D R Kennedy				
Ordinary fully paid shares	36,000	-	-	36,000
Listed Options (ASX Code EMEO)	18,000	-	(10,000)	8,000
Unlisted Options (ASX Code EMEAM)	500,000	-	-	500,000
Mr L G Dudfield				
Ordinary fully paid shares	1,372,000	-	-	1,372,000
Listed Options (ASX Code EMEO)	686,000	-	-	686,000
Unlisted Options (ASX Code EMEAM)	500,000	-	-	500,000
Mr O Aamodt				
Ordinary fully paid shares	50,000	-	25,000	75,000
Listed Options (ASX Code EMEO)	25,000	(25,000)	-	-
Unlisted Options (ASX Code EMEAM)	250,000	-	-	250,000

(d) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

(i) Pursuant to a Consulting Agreement dated 6 July 2005 and extended on 15th February 2008, between the Company and Jopan Management Pty Ltd ("Jopan"), the Company paid a total of $126,918 during the year to Western Geological Services (a division of Jopan). The fees were for the provision of technical and management services provided to the Company by Mr Lindsay Dudfield. Mr Dudfield's spouse is the major shareholder of, and sole director and company secretary of Jopan.

(ii) During the year the Company paid Mr Donald Ross Kennedy, $10,000 being Directors Fees and $37,469 for the provision of technical and management services (including superannuation) provided by Mr Kennedy.

(iii) During the year the Company paid a total of $160,000 to Jindalee Resources Limited for provision of registered and serviced offices and the provision of staff (employed by Jindalee) to provide administrative, secretarial, Company Secretarial and reception services. During the year the Company reimbursed Jindalee Resources a total of $24,988 being reimbursement for goods purchased by Jindalee on behalf of Energy Metals. Jindalee Resources is a substantial shareholder in Energy Metals holding 46,794,273 fully paid ordinary shares in Energy Metals representing 40% issued capital. Lindsay George Dudfield and Donald Ross Kennedy were directors of Jindalee Resources Limited during the year ended 30 June 2008.

23. CONTROLLED ENTITIES

	% held					Investment at Cost	
	2008	2007	Class	State of Incorporation	Date of Incorporation	2008 $	2007 $
Parent Entity							
Energy Metals Limited			Ord	WA	08/10/2004	-	-
Controlled Entities							
NT Energy Pty Ltd	100%	100%	Ord	VIC	15/11/2006	100	100
						100	100

The date of acquisition of the controlled entities was on the date of incorporation. The fair value of net assets acquired at the date of acquisition was nil.

24. RELATED PARTY TRANSACTIONS

(a) PARENT ENTITIES.

The parent entity within the Group is Energy Metals Limited.

(b) SUBSIDIARIES

Interests in subsidiaries are set out in Note 23.

(c) KEY MANAGEMENT PERSONNEL

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

(d) ADMINISTRATIVE SERVICES AGREEMENT

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

25. REMUNERATION OF AUDITORS

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Amounts received or due and receivable at 30 June 2008 by the auditors for:				
Audit and review of the financial reports	38,231	20,582	38,231	20,582
Non audit work	-	-	-	-
	38,231	20,582	38,231	20,582

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

26. INTEREST IN JOINT VENTURE OPERATIONS

The Company has the following interest in unincorporated joint ventures:

Joint Venture	Principal Activity	% Interest 2008	% Interest 2007
Bigrlyi Joint Venture	Uranium Exploration	53.74*	53.29

The joint venture is a contractual arrangement between participants for the sharing of costs and outputs and does not generate revenue and profit. The joint venture does not hold any assets and the Company's share of exploration and evaluation expenditure is accounted for in accordance with the policy set out in Note 2.

The Company is a participant in the Bigrlyi Joint Venture with a 53.74% interest (2007: 53.29%). The Company's interest in the Joint Venture increased during the period as a result of dilution by Southern Cross Exploration NL. Southern Cross have disputed the dilution and pursuant to the joint venture agreement the parties operate under, the matter will be resolved via a process of arbitration. The other participants in the joint venture are Valhalla Uranium Limited (42.06%) and Southern Cross Exploration NL (4.20%).

The Company has brought to account its percentage interest of the operating costs of the joint venture in the Income Statement, and its percentage interest of the assets in the Balance Sheet.

The Company's share of assets employed in the joint venture is:

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
CURRENT ASSETS				
Cash and cash equivalents	422,232	315,337	422,232	315,337
Trade and other receivables	-	35,257	-	35,257
TOTAL CURRENT ASSETS	422,232	350,594	422,232	350,594
NON CURRENT ASSETS				
Exploration and evaluation expenditure	5,403,491	2,282,250	5,403,491	2,282,250
TOTAL NON CURRENT ASSETS	5,403,491	2,282,250	5,403,491	2,282,250
TOTAL ASSETS	5,825,723	2,632,844	5,825,723	2,632,844

a) COMMITMENTS

There are no capital expenditure commitments for the Joint Venture as at 30 June 2008.

Estimated 2008/2009 minimum expenditure commitments for the Joint Venture tenements is $103,907.

b) CONTINGENT LIABILITIES

Claims of Native Title

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

27. NEW ACCOUNTING STANDARDS

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the reporting period ended 30 June 2008. These Standards and interpretations give rise to additional disclosures without material effect on the financial statements of the Company.

28. EVENTS OCCURRING AFTER BALANCE SHEET DATE

There are no events subsequent to the end of the financial year that would have a material effect on the financial report.

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. the financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes are in accordance with the *Corporations Act 2001*, including:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in pages 6 to 9 of the directors' report (as part of the audited remuneration report), for the year ended 30 June 2008, comply with section 300A of the *Corporations Act 2001*.
4. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

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

L G DUDFIELD
Executive Director

Perth, Western Australia
5th September 2008.

AUDITOR'S INDEPENDENCE DECLARATION

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
SUBIACO WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

5 September 2008

The Board of Directors
Energy Metals Limited
Level 2, 18 Kings Park Road
WEST PERTH WA 6005

Dear Sirs

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

As lead auditor of Energy Metals Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

Yours faithfully

BDO Kendalls

C Burton

CHRIS BURTON
Director

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

AUDITOR'S REPORT

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGY METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Energy Metals Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Energy Metals Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Energy Metals Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 5th day of September 2008

ADDITIONAL INFORMATION

The following additional information not shown elsewhere in this report is required by the Australian Securities Exchange in respect of listed public companies only. This information is current as at 26 September 2008.

SUBSTANTIAL SHAREHOLDERS

The Company has received a notice of substantial holding from the following:

Jindalee Resources Limited in relation to 46,794,273 ordinary shares (39.96%)

Mark Scott Family Pension Fund in relation to 14,982,320 ordinary shares (12.79%)

Denison Mines Inc. in relation to 9,450,000 ordinary shares (8.07%)

Mr Lindsay Dudfield in relation to 6,575,400 ordinary shares (5.61%)

ISSUED SECURITIES

QUOTED SECURITIES

ASX Code	Number of Holders	Security Description	Total Securities
EME	1,061	Ordinary Fully Paid	117,115,490

UNQUOTED SECURITIES

ASX Code	Number of Holders	Security Description	Total Securities
EMEAM*	3	Options expiring 30/06/10 exercisable at $0.10	3,750,000
EMEAS*	2	Options expiring 30/06/11 exercisable at $0.98	450,000

VOTING RIGHTS

The voting rights of each class of share are as follows:

Ordinary Fully Paid Shares – one vote per share held.

*Options – no voting rights are attached to unexercised options.

DISTRIBUTION SCHEDULE

Spread of Holdings	Ordinary Shares (EME)	units	%
1 - 1,000	112	64,101	0.05
1,001 - 5,000	301	862,587	0.74
5,001 - 10,000	174	1,321,787	1.13
10,001 - 100,000	417	12,819,271	10.95
100,001 -	57	102,047,744	87.13
TOTAL HOLDERS	1,061	117,115,490	100%

UNMARKETABLE PARCELS

As at 26 September 2008 there were 64 shareholders holding less than a marketable parcel of shares.

20 LARGEST SHAREHOLDERS

The names of the twenty largest shareholders (ASX Code: EME) are listed below:

Name	% of Issued Securities	Number of Ordinary Shares
1. Jindalee Resources Limited	39.96	46,794,273
2. Mark Scott Family Pension Fund	12.79	14,982,320
3. Denison Mines Inc.	8.07	9,450,000
4. Lindsay George Dudfield	5.61	6,575,400
5. Kale Capital Limited	3.67	4,298,712
6. Jopan Management Pty Ltd	2.18	2,553,870
7. Yandal Investments Pty Ltd	1.46	1,705,725
8. Perth Select Seafoods Pty Ltd	1.45	1,700,000
9. Ross Asset Management Limited	1.31	1,537,275
10. Teck Cominco Australia Pty Ltd	1.28	1,500,000
11. Central Pacific Minerals	1.02	1,200,000
12. Fleubaix Pty Ltd	0.51	600,000
13. JHC Investments Pty Ltd	0.43	500,000
14. Nefco Nominees Pty Ltd	0.40	467,871
15. Andrew Daniel Gabor Scott	0.38	445,350
16. UBS Wealth Management	0.36	416,924
17. United Asset Management Ltd	0.34	403,400
18. Asten Nominees Pty Ltd	0.33	389,301
19. Peter Trevor Chappell	0.33	383,241
20. Lake Argyle Holdings Pty Ltd	0.29	340,200

INTERESTS IN MINING TENEMENTS

AS AT 26/09/2008

WESTERN AUSTRALIA

E08/1480	Manyingee	Granted	E58/289	Anketell	Granted
E21/120	Lakeside	Granted	E58/292	Anketell	Granted
E29/568	Mopoke Well	Granted	E69/2303	Rawlinson	Application
ELA29/623	Mopoke Well	Application	E69/2281*4	Rawlinson	Application
E57/590	Lake Mason	Granted	E69/2282*4	Rawlinson	Application
			E69/2283*4	Rawlinson	Application

NORTHERN TERRITORY

ERL46*0	Bigrlyi Project	Granted	MCSA273*1	Ngalia Regional	Application
ERL47*0	Bigrlyi Project	Granted	MCSA274*1	Ngalia Regional	Application
ERL48*0	Bigrlyi Project	Granted	MCSA275*1	Ngalia Regional	Application
ERL49*0	Bigrlyi Project	Granted	MCSA276*1	Ngalia Regional	Application
ERL50*0	Bigrlyi Project	Granted	MCSA277*1	Ngalia Regional	Application
ERL51*0	Bigrlyi Project	Granted	MCSA278*1	Ngalia Regional	Application
ERL52*0	Bigrlyi Project	Granted	MCSA318*1	Ngalia Regional	Application
ERL53*0	Bigrlyi Project	Granted	MCSA319*1	Ngalia Regional	Application
ERL54*0	Bigrlyi Project	Granted	MCSA320*1	Ngalia Regional	Application
ERL55*0	Bigrlyi Project	Granted	MCSA321*1	Ngalia Regional	Application
ELA24450	Ngalia Regional	Application	MCSA322*1	Ngalia Regional	Application
EL24451	Ngalia Regional	Granted	MCSA323*1	Ngalia Regional	Application
EL24453	Ngalia Regional	Granted	MCSA324*1	Ngalia Regional	Application
ELA24462	Ngalia Regional	Application	MCSA325*1	Ngalia Regional	Application
EL24463	Ngalia Regional	Granted	MCSA326*1	Ngalia Regional	Application
EL24533	Ngalia Regional	Granted	MCSA327*1	Ngalia Regional	Application
ERLA41*2	Ngalia Regional	Application	MCSA328*1	Ngalia Regional	Application
ERLA45*3	Ngalia Regional	Application	MCSA329*1	Ngalia Regional	Application
MCSA270*1	Ngalia Regional	Application	MCSA330*1	Ngalia Regional	Application
MCSA271*1	Ngalia Regional	Application	MLNA1952*1	Ngalia Regional	Application
MCSA272*1	Ngalia Regional	Application	MLNA1953*1	Ngalia Regional	Application
EL24804	Ngalia Regional	Granted			
EL24805	Ngalia Regional	Application			
EL24806	Ngalia Regional	Granted			
EL24807	Ngalia Regional	Granted			

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

ABBREVIATIONS

*0 = 53.7% interest
*1 = 53.3% interest
*2 = 52.1% interest
*3 = 41.9% interest
*4 = option to acquire 100% interest

E = Exploration Licence (WA)
ELA = Exploration Licence Application (WA)
EL = Exploration Licence (NT)
ELA = Exploration Licence Application (NT)
ERL = Exploration Retention Licence (NT)
ERLA = Exploration Retention Licence Application(NT)
MCSA = Mineral Claim (Southern) Application (NT)
MLNA = Mineral Lease (Northern) Application (NT)

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Level 2, 18 Kings Park Road West Perth WA 6005

Telephone: 61 8 9322 6904 Facsimile: 61 8 9321 7950

Email: enquiry@energymetals.net Web: www.energymetals.net