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 Xiang, Weidong (Managing Director)
 Lindsay George Dudfield (Non-executive Director)
 Geoffrey Michael Jones (Non-executive Director)
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Stock Exchange Listing

The Company's shares are listed by the Australian Securities Exchange Limited ("ASX") - Code EME.

The home exchange is Perth.

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CHAIRMAN'S STATEMENT

Dear Shareholders

The year 2013 continued to be a difficult year for the uranium industry. Equity markets remained tight and the uranium spot price dropped to an eight-year low. Despite the challenges and the depressed environment, that were beyond Energy Metals' control, management and our dedicated team continued to make excellent progress in developing the Company's existing projects.

The debate over the role of nuclear power has continued since the Fukushima accident. Nevertheless, nuclear power, as one of the cleanest sources of energy in the world, remains under serious consideration by many governments. Air pollution is a major problem in developing countries, such as China, and has engaged the attention of both concerned citizens and governments. The Chinese government has promised to take action to resolve the problem. One of the suggested approaches is to reduce coal consumption in favour of alternative energy, and to this end China has confirmed its intention to continue to build safe nuclear power plants. Besides China, there is a global trend to address the energy crisis and global warming issues. Given this background it will not be surprising to see demand for uranium increasing and the price of uranium rising again. The uranium market has been under pressure over the past years. However, the Board and management remain confident that there is a strong future for the industry and Energy Metals will continue to work on strategies to develop its existing projects.

During 2013, various exploration and development activities were conducted on Energy Metals' projects. Following the drilling programs in the Northern Territory, the Company appointed CSA Global to undertake initial mineral resource estimates at Camel Flat, Anomaly 15 East and Bigwest which outlined a combined uranium mineral resource of 626 tonnes U_3O_8 for these deposits. CSA Global also estimated resources of 1,613 tonnes U_3O_8 at Mopoke Well in Western Australia. Based on research and work performed, the Board believes that there are significant opportunities for the Company to progress its existing projects and to further explore other prospective tenements.

Given current market conditions, Energy Metals will continue to focus on Ngalia tenements to expand its resource base in the Northern Territory while minimising expenditure on the Western Australia tenements. Simultaneously, the Company will advance its uranium trading business, which is expected to provide financial support for exploration activities.

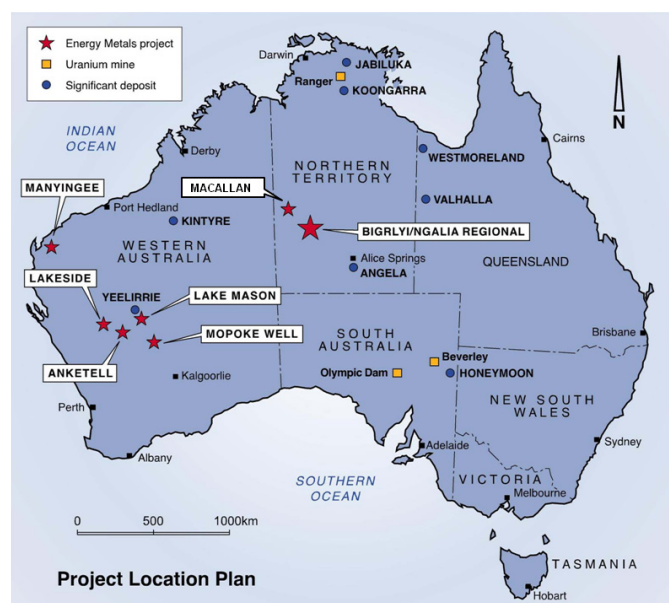
In November 2013, Energy Metals announced a non-renounceable rights issue to its shareholders, with the issue completed in early 2014. It received strong support from the Company's largest shareholder, CGNPC, who agreed to be the underwriter of the offer. Approximately \$9.4 million was raised which combined with pre-existing funds gives the Company a solid base from which to grow over the next few years.

In conclusion, I wish to thank all employee and contractors for their great efforts and hard work during the year. As the Chairman of the Board, I believe that Energy Metals is well positioned to take advantage of opportunities when market conditions improve.

He, Zuyuan
Chairman
30 April 2014

REVIEW OF ACTIVITIES

Energy Metals is a dedicated uranium company 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.



Energy Metals Project Location Map

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

Furthermore Energy Metals' largest shareholder (with 66.45% of issued capital) is China Uranium Development Co., Limited, a wholly owned subsidiary of major Chinese utility China General Nuclear Power Group (CGNPC) (formerly known as China Guangdong Nuclear Power Holding Company). At 31 March 2014, the installed capacity of CGNPC's operating nuclear generating plants was 9,410 MWe from nine nuclear reactors; with fifteen other nuclear generating units with a capacity of 17,720 MW under construction in various locations across China. CGNPC is one of

only two companies authorised by the Chinese Government to import and export uranium. This unique relationship with CGNPC gives Energy Metals direct exposure to the uranium market as well as access to significant capital and places the Company in a very strong position going forward.

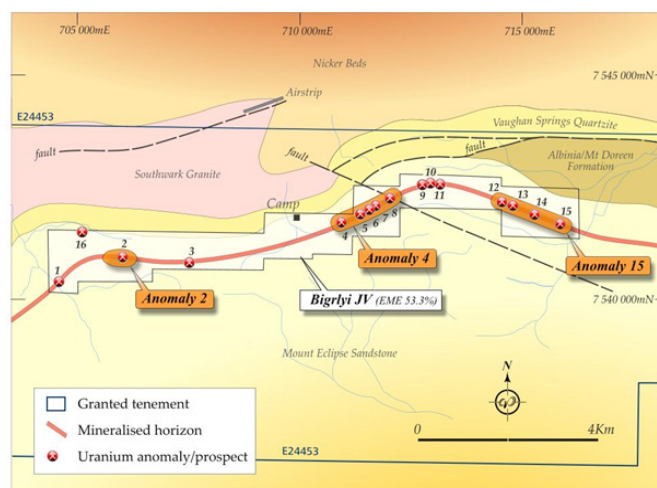
NORTHERN TERRITORY

Bigrlyi Joint Venture (EME 53.3%)

The Bigrlyi deposit is a tabular, sandstone-hosted uranium-vanadium deposit located on the northern margin of the Ngalia Basin, approximately 350 km northwest of Alice Springs. The Bigrlyi project comprises 10 granted exploration licenses in retention (ELRs). The project, which is a joint venture with Valhalla Uranium, a subsidiary of Paladin Energy Ltd (41.7%) and Southern Cross Exploration (5.0%), was subject to significant exploration activity in the period 1974 to 1982, including over 400 drill holes, resource estimations and metallurgical test work programs. The project was put on care and maintenance in 1983.

Work Completed 2005 to 2012

Energy Metals, as manager of the Bigrlyi Joint Venture (BJV), 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.



Plan of the Bigrlyi Joint Venture project area showing the location of Anomaly 2, Anomaly 4 and Anomaly 15

REVIEW OF ACTIVITIES

Several drilling programs, concentrating mostly on the Anomaly 4 and Anomaly 15 deposits, were completed at Bigirlyi in the period from 2005 to 2011 with most holes intersecting significant uranium mineralisation. Uranium and vanadium resource estimates were successively modelled incorporating results from these drilling programs. The latest resource estimate (summarised below) was released in July 2011, with resources estimated by Hellman & Schofield Pty Ltd using the Multiple Indicator Kriging (MIK) method to estimate uranium resources and Ordinary Kriging (OK) to estimate vanadium resources.

Bigirlyi Mineral Resource estimate at a 500ppm U_3O_8 cut-off

Resource Category	Tonnes (millions)	U_3O_8 (ppm)	V_2O_5 (ppm)	U_3O_8 (t)	V_2O_5 (t)	U_3O_8 (Mlb)	V_2O_5 (Mlb)
Indicated	4.7	1,366	1,303	6,400	6,100	14.0	13.4
Inferred	2.8	1,144	1,022	3,200	2,900	7.1	6.3
Total	7.5	1,283	1,197	9,600	8,900	21.1	19.7

Tonnes are metric (2,204.62 pounds); figures may not total due to rounding.

Detailed metallurgical testwork undertaken by the Company confirmed that the major uranium bearing minerals are uraninite and coffinite, and the major vanadium bearing mineral is montroseite. This work has also confirmed the very high acid dissolution characteristics of the Bigirlyi ore with extraction levels of up to 98% uranium and 59% vanadium recorded from the base-case acid leach tests. Physical grinding (comminution) testing and 'front-end' processing testwork has also produced encouraging results.

A Pre-Feasibility Study (PFS) completed mid 2011 confirmed that mining the Anomaly 4, Anomaly 15 and Anomaly 2 deposits using a combination of open pit and underground mining and processing ore through a relatively simple acid leach circuit would produce around 10Mlb U_3O_8 and positive cash flow of around \$120M over a mine life of approximately 8 years. However, one key finding was that a substantial increase in the resource base that underpins the project would have a positive impact on the economics of the project, especially if those resources are amenable to open pit mining. To this end, in 2012 and 2013 Energy Metals exploration activities have focussed on the discovery and definition of additional resources in satellite deposits located on 100% Energy Metals ground in proximity to the main Bigirlyi resource. These programs have been aided by the application of geophysical techniques, in particular gradient-array induced polarisation (IP) surveys, which were successfully trialled in 2012, in order to locate sandstone units favourable for hosting uranium mineralisation under sand cover.

Work Completed in the Twelve Months to 31 December 2013

Due to the depressed uranium market, the Joint Venture limited its activities at Bigirlyi. Activities undertaken during the year included camp and site maintenance, rehabilitation works, ongoing radiation and environmental baseline studies, and bulk density measurements of archived drill core to assist with more accurate resource estimation in the future. During 2013 consultations with the local Aboriginal community and other stakeholders continued, with positive feedback received.

Future Activities

Exploration activities at Bigirlyi during the 2014 field season will depend on approval of exploration or development budgets by the Joint Venture operating committee.

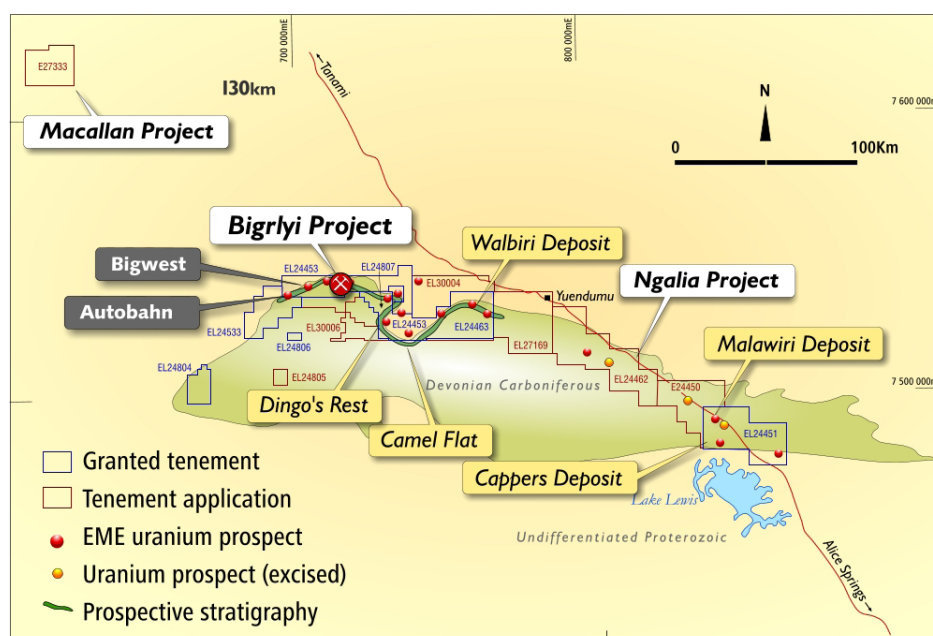
REVIEW OF ACTIVITIES

Ngalia Regional Project (EME 100%)

The Ngalia Regional project comprises fourteen 100% owned exploration licenses (total area 3,435 km²) located in the Ngalia Basin, between 180 and 350 km northwest of Alice Springs in the Northern Territory. Eleven of these tenements are contiguous and enclose the Bigrlyi project as well as containing a number of historic uranium deposits including the Walbiri and Malawiri prospects, located 55km and 150km SE of Bigrlyi respectively. The remaining three tenements are located southwest of the Bigrlyi deposits and cover discrete uranium anomalies, with no evidence of previous exploration.

Seven of the 14 Ngalia Regional Exploration Licenses have been granted by the Northern Territory Department of Mines and Energy (DME). Three applications (EL's 30002, 30004 & 30006) made during 2013 are progressing to grant. The remaining four applications (EL's 24450, 24462, 24805 & 27169) are located on Aboriginal Freehold land and the consent of the Traditional Owners is required before the tenements can be granted. Energy Metals has been negotiating with the Traditional Owners through the Central Land Council (CLC); currently these tenements are in moratorium, although access may be possible in the future.

During 2013 both geophysical targeting and drilling programs were completed at a number of regional prospects including Anomaly 15 East, Bigwest, Autobahn, Camel Flat, and Dingo's Rest (North). Over 18 km² of gradient-array induced polarisation (IP) surveying was undertaken and over 23,800m of exploration, resource definition, in-fill and extensional RC drilling was completed. In addition, the drilling data, gamma logs, lithological logs and geochemical assay data were integrated into the Company's database and validated. The drilling programs were conducted at sufficient density and quality to enable initial resource estimates to be undertaken for three satellite deposits: Anomaly 15 East, Bigwest and Camel Flat, and at year's end consultants CSA Global had commenced resource estimates for these deposits.

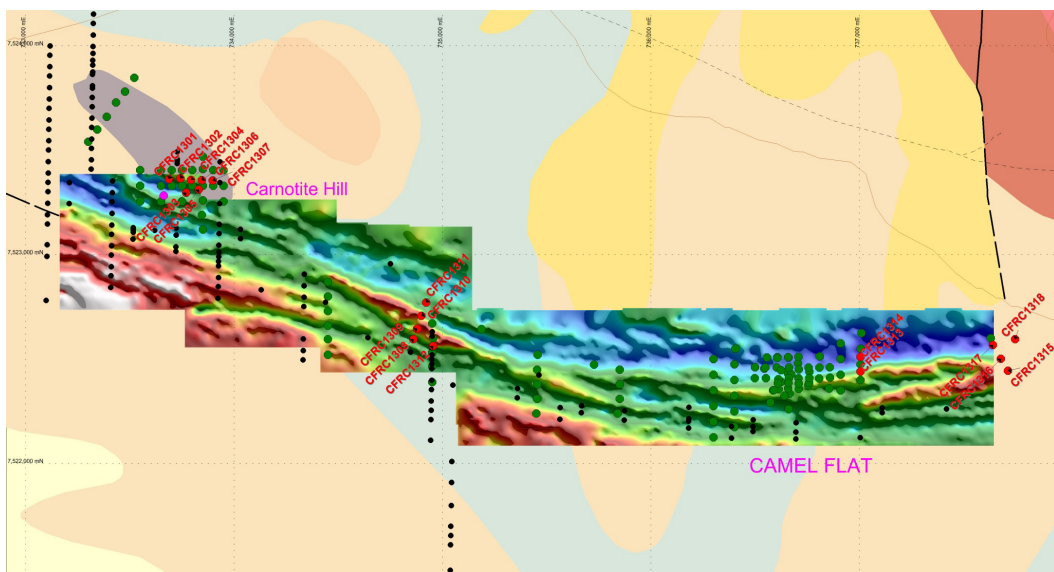


Ngalia Regional Project showing uranium deposits & occurrences. Anomaly 15 East (not shown) is located within the symbol for Bigrlyi Project on EL24453.

REVIEW OF ACTIVITIES

Camel Flat

The Camel Flat prospect is located 33km SE of Bigirlyi on EL24453. Previous drilling programs in 2010-2011 showed that uranium mineralisation is of the Bigirlyi-type but with bedrock geology masked by 2-3m of sand cover. Using the results of a gradient-array IP survey conducted in 2012, several priority target areas were identified for follow-up drill testing in 2013, including the Carnotite Hill prospect located 3km west of the main Camel Flat target. A total of 18 RC holes for 1,992m were drilled, however, results were not considered encouraging enough to warrant further drilling. Nevertheless, by late 2013 Energy Metals compiled a validated database of previous drill results at the main Camel Flat target and this was submitted to consultants CSA Global for resource estimation purposes.



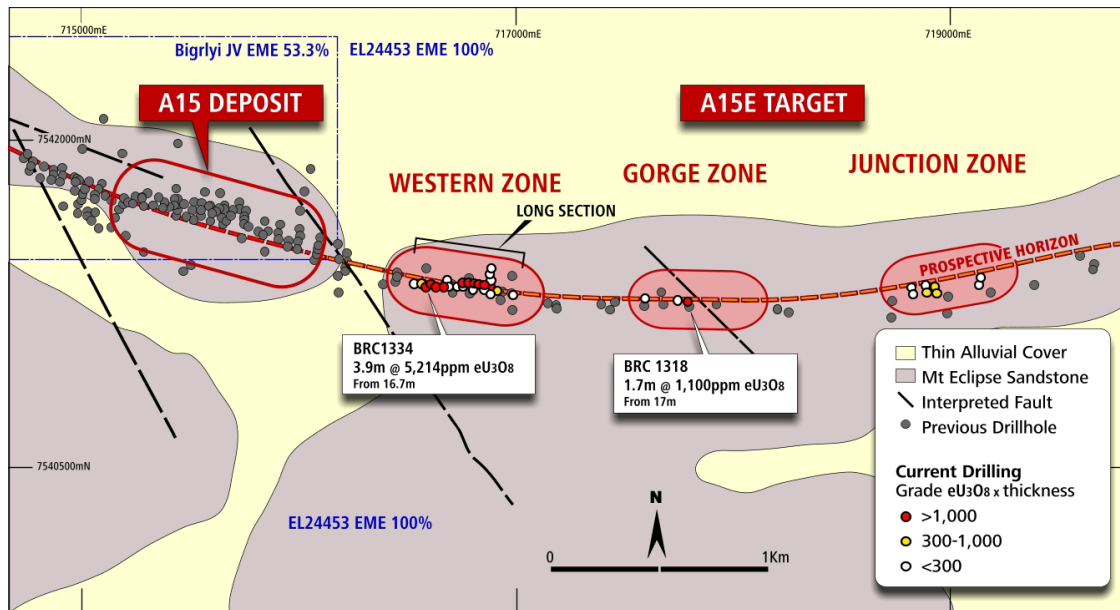
Drilling at Camel Flat over gradient-array IP chargeability imagery. Black dots: historical drill collars; green dots: previous Energy Metals drill collars; red dots: 2013 drill collars.

Anomaly 15 East

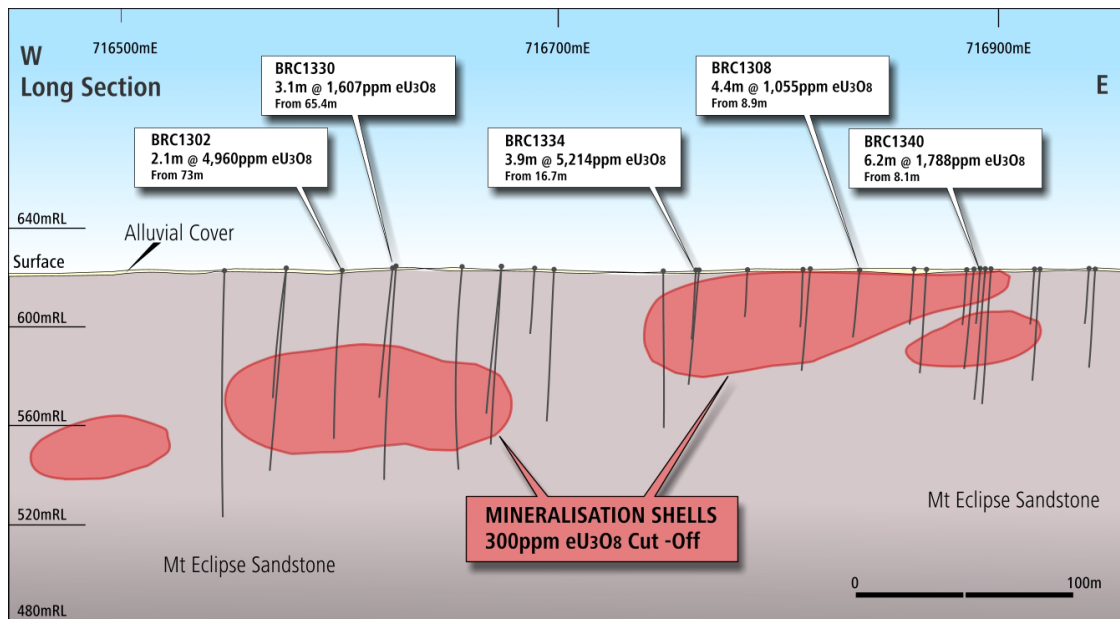
The Bigirlyi mineralised horizon extends to the east of Anomaly 15 on EL24453 but is mostly concealed under thin (2–4m) transported sand cover. The area was not systematically explored until 2011 and the 2013 drilling program, consisting of 70 RC holes for a total of 4,642m, built upon previous drilling campaigns in 2011-12. The best results to date have been returned from the Western Zone of Anomaly 15 East where mineralisation occurs as a series of discrete, shallow, high-grade, sub-parallel lenses ranging in thickness from one to five metres within a narrow reduced sandstone unit. The mineralisation plunges gently towards the west (see Figures below). Drill intercept highlights included:

- 2.1m @ 4,960ppm eU_3O_8 from 73.0m in BRC1302
- 4.4m @ 1,055ppm eU_3O_8 from 8.9m in BRC1308
- 3.3m @ 1,607ppm eU_3O_8 from 65.4m in BRC1330
- 3.9m @ 5,214ppm eU_3O_8 from 16.7m in BRC1334
- 5.7m @ 562ppm eU_3O_8 from 4.1m in BRC1336
- 6.6m @ 507ppm eU_3O_8 from 4.9m in BRC1338
- 6.2m @ 1,788ppm eU_3O_8 from 8.1m in BRC1340

REVIEW OF ACTIVITIES



Simplified plan of the Anomaly 15 East target area showing trace of the prospective horizon and historical drilling, with some significant 2013 Energy Metals intersections highlighted



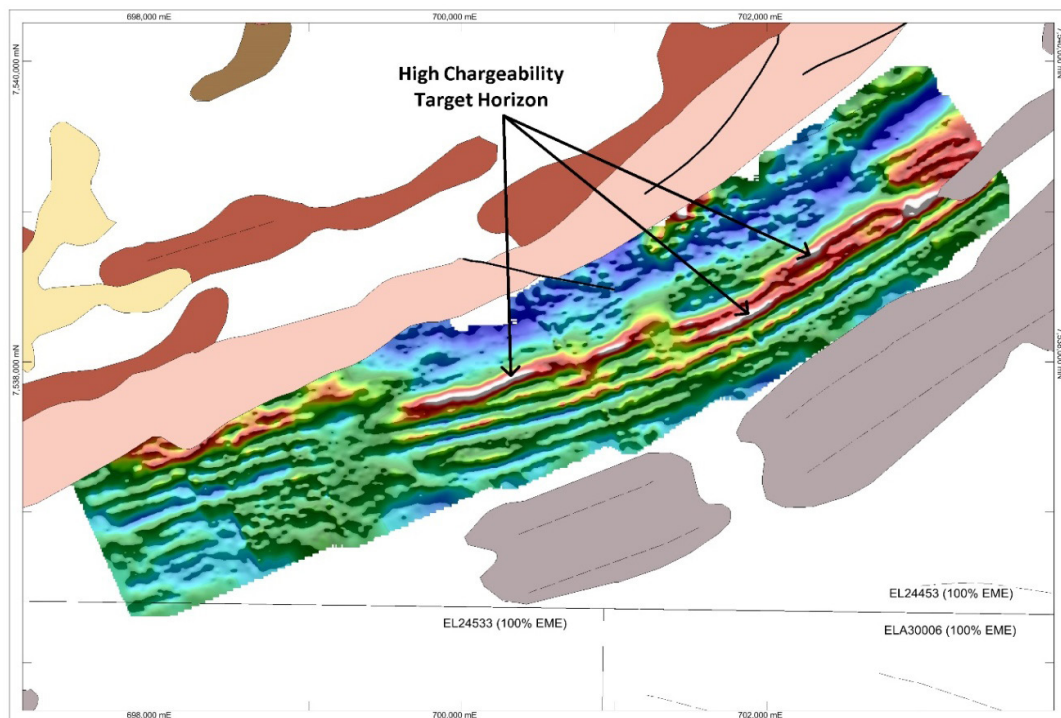
Long Section through Western Zone showing distribution of mineralised pods with depth. Drill traces of 2013 holes and selected significant intercepts are shown.

Drilling data for the Western Zone was submitted for resource estimation purposes to Energy Metals consultants CSA Global Ltd in late 2013.

REVIEW OF ACTIVITIES

Bigwest

The Bigwest exploration target lies approximately 8 km west of the Bigryli deposit along the western extension of the Bigryli mineralisation trend. It covers a strike length similar to main Bigryli deposit, but extensive cover has precluded effective drill testing in the past. In order to better define drill targets a total of 13.5 km² of gradient-array IP surveying was completed at Bigwest covering most of the strike length of prospective Mount Eclipse sandstone. A promising high-chargeability target horizon was identified from the survey (see Figure below) and this was drill tested in the second-half of 2013.



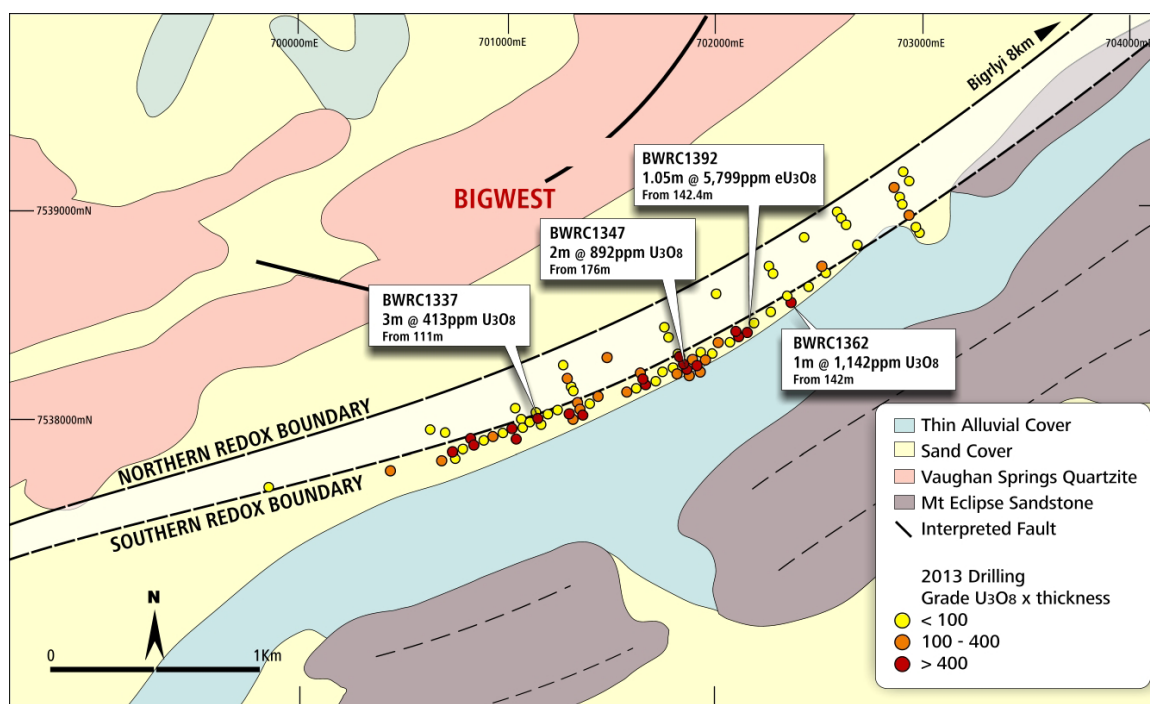
Gradient-array IP chargeability imagery over geology at the Bigwest target area.

The Bigwest drilling program consisted of 91 RC holes for a total of 13,286m and successfully tested the distribution and grade of uranium mineralisation at approximately 50m spacing along 2 km of strike-length. Most of the mineralisation was found to be associated with the 'southern redox boundary', a contact zone between oxidised and reduced sandstone and the equivalent of the Unit B - Unit C contact at Bigryli. The data obtained was considered to be of sufficient density and quality to proceed with estimation of an initial mineral resource, and at year's end consultants CSA Global were appointed to complete this work.

Drilling highlights from Bigwest included:

- 3m @ 413ppm U₃O₈ from 111m in BWRC1337 including 1m @ 518ppm U₃O₈ from 112m
- 2m @ 892ppm U₃O₈ from 176m in BWRC1347 including 1m @ 1,129ppm U₃O₈ from 176m
- 2m @ 627ppm U₃O₈ from 106m in BWRC1367 including 1m @ 1,079ppm U₃O₈ from 106m
- 3m @ 474ppm U₃O₈ from 140m in BWRC1390 including 1m @ 1,221ppm U₃O₈ from 140m
- 1m @ 4,906ppm U₃O₈ from 143m in BWRC1392

REVIEW OF ACTIVITIES



Hole collar locations at the Bigwest target with significantly mineralised holes shown in red (grade multiplied by thickness >400 ppm-m)

Only about 30% of the total strike length of the Bigwest target area has been tested to date and Energy Metals believes considerable potential exists for further discoveries at this prospect.

Other Prospects

Initial drilling programs were completed at the Dingo's Rest (North) and the Autobahn targets but without reporting significant intersections. In addition, gradient-array IP surveys were conducted at other locations along the northern Ngalia Basin margin and a number of chargeability anomalies have been identified and selected for drill testing in 2014.

The occurrence of high grade uranium beneath shallow cover at Camel Flat, Anomaly 15 East and Bigwest reinforces the prospectivity of the Company's Ngalia Regional tenements and the highlights the potential of areas under cover where previous targeting has been difficult. Energy Metals intends to continue exploration within the broader Ngalia Regional project area which has potential for both satellite resources to supplement a mining operation at Biglyi and, if big enough, stand-alone development.

Macallan (EME 100%)

The Macallan project comprises a single exploration licence application (ELA27333), located 460 km NW of Alice Springs and 140 km from Biglyi. The tenement (area 225 km²) was applied for to cover a strong 3km-wide bullseye radiometric anomaly, identified through the interpretation of regional airborne geophysical data. The anomaly, which lies within the Tanami Desert, occurs in an area dominated by extensive sand plain, dune and sheet wash cover. A recent interpretation of palaeovalley systems within central Australia by Geoscience

REVIEW OF ACTIVITIES

Australia indicates that the Macallan anomaly lies within the Wildcat Palaeovalley, an ancient valley system that drains into Lake Mackay to the southwest. Energy Metals considers that the Macallan anomaly most likely represents a surficial accumulation of uranium minerals associated with the Wildcat palaeodrainage system; though other explanations are possible.

ELA27333 lies on land under Aboriginal Freehold title and access is subject to negotiation with the Traditional Owners and the CLC. In September 2013 Energy Metals received a draft exploration access deed from the CLC. The deed is currently under consideration by Energy Metals management and if agreement can be reached, access to evaluate the anomaly may be possible in 2014.

WESTERN AUSTRALIA

Manyingee (EME 100%)

The Manyingee exploration licence (E08/1480) is located 85 km south of the port of Onslow. The tenement (total area 86 km²) surrounds the mining leases containing Paladin Energy's Manyingee resource, a stacked series of paleochannel-hosted roll front uranium deposits of Cretaceous age.

A review of airborne EM data and historical exploration in the area has interpreted a number of paleochannels extending into E08/1480 from Paladin's Manyingee deposit and these were tested in 2012. The tenement wide EM data has also indicated several other anomalies suggestive of possible channels within the southern part of the tenement and these were the subject of a small aircore drilling program (6 holes for a total of 179m) in late 2013. This program followed an earlier Aboriginal heritage clearance survey.

No significant uranium mineralisation was encountered in the aircore program and the prospective Cretaceous Muderong shale and Birdrong sandstone, which host the most significant mineralisation at the Manyingee deposit, were found to be missing in the stratigraphy (see Figure below). It was concluded that the southern part of E08/1480 hosts underdeveloped and oxidised palaeochannels that are largely filled with younger Tertiary gravels and sand, and are therefore not prospective for Manyingee-style mineralisation.



Drill chip samples from Manyingee aircore hole MAC006 showing orange Quaternary clayey sand and gravels to 12m; oxidised glauconitic sandy claystone (Tertiary) at 12-37m; Yarraloola conglomerate at 37-47m; weathered granitic basement 47-51m. The prospective Birdrong sandstone is absent.

REVIEW OF ACTIVITIES

Anketell (EME 100%)

The Anketell project comprises two granted exploration licences (E58/289 & E58/292) with a total area of 165km². The tenements contain shallow calcrete hosted mineralisation discovered by Western Mining (WMC) in 1972. The mineralisation is similar in style to the Yeelirrie deposit, also discovered by WMC in the same year and located 150km to the northeast.

Aircore drilling completed by Energy Metals between 2007 and 2009 confirmed the presence of uranium mineralisation in calcrete, opalised calcrete and calcareous clays with most traverses recording anomalous intercepts at shallow depths (typically within 10m of surface). In 2009 the Company announced an initial JORC (2004) Inferred Mineral Resource* of 2,720 tonnes (6Mlb) U₃O₈ at a grade of 167ppm (100ppm cut-off) at Anketell (refer to the ASX Announcement of 21 July 2009 for further details).

A program of bulk sample metallurgical and mineralogical testing was initiated in the June quarter of 2013 to determine if a low cost beneficiation technique could be used to upgrade the mineralisation within the resource. The results of the initial work program had not been received by the end of 2013.

During 2013, Energy Metals applied to convert the Anketell exploration licences to a retention licence to allow the Company to maintain tenure over the project area with minimal expenditure until such time as the economic viability of the project improves.

Lake Mason (EME 100%)

This project comprises one granted exploration licence (E57/590) with an area of 64km² centred 25km NNE of Sandstone and 80km SW of the Yeelirrie deposit. Previous exploration by BP Minerals in the 1970's discovered shallow carnotite mineralisation in valley calcretes associated with the Lake Mason drainage system.

In 2010 the Company announced a JORC (2004) resource* at Lake Mason of 9.1Mt @ 185ppm U₃O₈ (at 100ppm cut-off) for 1,689 tonnes (3.7Mlb) of uranium, with 62% of the resource reporting to the Indicated Category (refer to the ASX announcement of 17 December 2010 for further details).

A bulk sampling and test-work program similar to that at Anketell was initiated in 2013. Bulk samples have been submitted for both metallurgical and mineralogical analysis and tests to determine if the mineralised material can be beneficiated, therefore improving the viability of the project. The results of the initial work program were pending by year's end.

During 2013, Energy Metals applied to convert the Lake Mason exploration licence to a retention licence to allow the Company to maintain tenure over the project area with minimal expenditure until such time as the economic viability of the project improves.

Lakeside (EME 100%)

The Lakeside project is located in the Murchison district 20 km west of Cue and comprises exploration licence E21/120 (area 75km²). This project was acquired to follow up previously discovered carnotite mineralisation hosted by valley calcretes associated with major saline drainages. Drilling campaigns by Energy Metals were undertaken in 2007, 2008, 2010 and 2012.

During 2013 data compilation and a review of the project were undertaken to determine if sufficient continuity of mineralisation can be demonstrated for an updated resource estimate.

Mopoke Well (EME 100%)

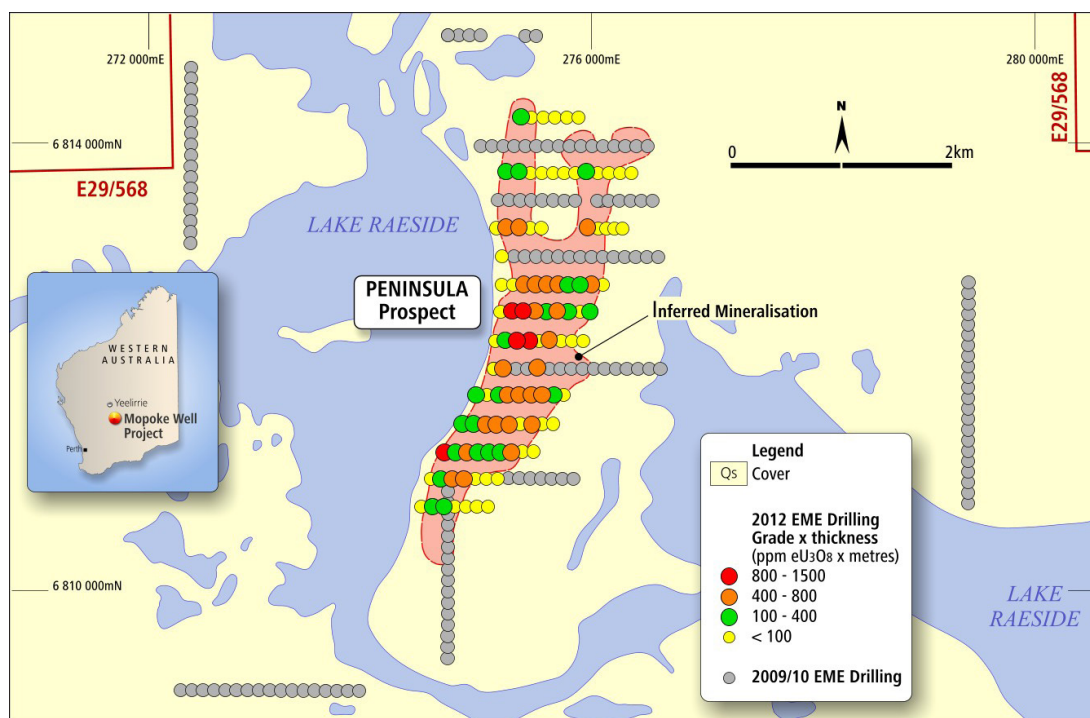
The Mopoke Well project comprises one exploration licence (E29/568) located 55km west of Leonora. The tenement contains two historic uranium prospects (Peninsula and Stakeyard Well), in which uranium is hosted by calcretised sediments associated with the Lake Raeside drainage system (see Figure below).

During 2013 a maiden JORC (2004) resource estimate was undertaken for Peninsula using the results from drilling undertaken by Energy Metals. The inferred JORC resource* estimate totalled 9.75Mt at 165ppm eU₃O₈ for 1,613 tonnes or 3.56Mlb U₃O₈ at a cut-off grade of 100ppm U₃O₈ (refer to the ASX announcement of 12 March 2013 for further details).

REVIEW OF ACTIVITIES

In late 2013, a small aircore drilling program (51 holes of 10m depth) was undertaken at Peninsula in order to define the extent of mineralisation in the southern portion of the deposit which was not well constrained by previous drilling. Results are expected to be received in the first quarter of 2014.

During 2013, Energy Metals applied to convert the Mopoke Well exploration licences to a retention licence to allow the Company to maintain tenure over the project area with minimal expenditure until such time as the economic viability of the project improves.



Mopoke Well drill collar plan collar locations categorised according to 2012 drilling intersections.

Rawlinson (EME 100% & option to acquire 100%)

After six years of negotiation with the Traditional Owners of the land, Energy Metals was unable to secure a satisfactory access agreement and the Rawlinson Project was relinquished and returned to the option holders.

REVIEW OF ACTIVITIES

URANIUM TRADING

China represents a significant potential market for Australia's uranium. China currently has 18 nuclear reactors in operation and, in order to satisfy rapidly growing demand for electricity and reduce reliance on fossil fuels, China plans to increase this capacity dramatically over the coming decades and has 30 reactors currently under construction and more about to start construction.

The unique relationship between Energy Metals and CGNPC, ultimately Energy Metals' largest shareholder, presents a significant opportunity for Australia to capitalise on this rapidly growing and increasingly important market.

In April 2013, Energy Metals was advised that the Australian Safeguards and Non-Proliferation Office had approved an extension of the Company's Permit to Possess Nuclear Material to 31 March 2018.

In October 2013, the Company received a waiver from the ASX from Listing Rule 10.1, which was subject to certain conditions and to the extent necessary to permit wholly owned subsidiary NT Energy Pty Ltd, to enter into agreements with CGNPC-Uranium Resources Co., Ltd ("URC"), to sell up to 2,500,000 pounds of uranium concentrates per year ("Waiver").

CORPORATE

On 19 November 2013, the Company announced an offer of a non-renounceable entitlement rights issue to raise approximately \$9.4 million (the "Entitlement Offer"). The shares under the Entitlement Offer were issued at a price of \$0.168 per share with the Entitlement Offer fully underwritten by the Company's largest shareholder, China Uranium Development Company Limited.

The Entitlement Offer was completed on 22 January 2014. The Company allotted 55,915,550 fully paid ordinary shares and raised \$9,393,812.



Structural measurements, Djagamara Formation, Ngalia Regional project.

About CGNPC

Established in September 1994, China General Nuclear Power Group (CGNPC) (formerly known as China Guangdong Nuclear Power Holding Co., Ltd) is a large clean energy corporation with current total assets of approximately RMB303.7 billion and net assets of RMB84.5 billion. At the end of March 2014, CGNPC had 9 operating nuclear power stations with existing generation capacity of 9,410 MWe. Further nuclear projects currently under construction will add in excess of 17,720 MWe of capacity across various locations around China. CGNPC is one of only two Chinese companies that has been granted the right to import and export uranium.

CGNPC has also invested in a portfolio of wind, solar energy and hydro power units with total current generating capacity of approximately 6,987 MWe with further clean energy generating capacity under construction. CGNPC aims to become the world's leading clean energy producer.

REVIEW OF ACTIVITIES

Note:

The information in this report relating to mineral resource estimates at Bigrlyi and Anketell 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)". Mr van der Heyden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates mineral resource estimation for Lake Mason is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott 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'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates mineral resource estimation for Peninsula Deposit, Mopoke Well is based on work completed by Mr Dmitry Pertel who is a full time employee of CSA Global Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Pertel 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'. Mr Pertel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report relating to exploration results, data and cut-off grades is based on information compiled by Dr Wayne Taylor, MAIG. Dr Taylor is a full time employee of Energy Metals. Dr Taylor has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 (2012)". Dr Taylor consents to the inclusion of the information in the report in the form and context in which it appears.

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

*The Mineral Resource estimates were originally compiled and announced utilising parameters from the 2004 JORC Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Uranium mineralisation grades throughout this report may be annotated with a sub-prefix 'e' because they have been reported as uranium equivalent grades derived from down-hole gamma ray logging results and should be regarded as approximations only. Gamma logging or "total count gamma logging" (the method used by Energy Metals) is a common method used to estimate uranium grade where the radiation contribution from thorium and potassium is very small. Sandstone and calcrete hosted deposits are usually of this type. Gamma logging does not account for the signal derived from thorium and potassium (as does spectral gamma logging) and thus the result is expressed as an equivalent value or eU_3O_8 .

Energy Metals uses gamma probes which were initially calibrated at the PIRSA (Primary Industry & Resources South Australia) test pits and then subjected to annual recalibration to ensure the integrity of the probe instrument.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Energy Metals Limited and the entity it controlled at the end or during the year ended 31 December 2013.

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:

He, Zuyuan (Non-executive Chairman)
 Xiang, Weidong (Managing Director)
 Lindsay George Dudfield (Non-executive Director)
 Geoffrey Michael Jones (Non-executive Director)
 Zhong, Yu (Non-executive Director)
 Jin, Yunfei (Non-executive Director)
 Cui, Zhenshu (Non-executive Director, appointed 24 April 2013)
 Peng, Xinjian (Non-executive Director, resigned 24 April 2013)

PRINCIPAL ACTIVITIES

During the year the principal continuing activity of the Group was uranium exploration.

DIVIDENDS

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

REVIEW OF OPERATIONS

Exploration

Various exploration and development activities continued on the Projects in the Northern Territory and tenements in Western Australia.

Northern Territory

Geophysical surveys at the Ngalia Project in early 2013 successfully mapped the prospective horizon. Two phases of infill and extension drilling were completed at Bigwest and Anomaly-15 East during the year. Following these drilling programs, the Company appointed CSA Global to undertake mineral resource estimates, with maiden resource estimates for the Bigwest, Anomaly-15 East and Camel Flat prospects announced to ASX on 13 February 2014.

Western Australia

In March 2013 a resource estimate of 9.75Mt at 165 ppm eU₃O₈ for 1,613 tonnes or 3.56Mlb U₃O₈ (at 100ppm cut-off) was announced for the Company's Mopoke Well Project. The Company also advised that assay results had confirmed gamma logging intersections for its Lakeside Project.

DIRECTORS' REPORT

Uranium Trading

In April 2013, the Company was advised that the Australian Safeguards and Non-Proliferation Office had approved an extension of the Company's Permit to Possess Nuclear Material to 31 March 2018.

In October 2013, the Company received a waiver from the ASX from Listing Rule 10.1, which was subject to certain conditions and to the extent necessary to permit NT Energy Pty Ltd, its wholly-owned subsidiary, to enter into agreements with CGNPC-Uranium Resources Co., Ltd, its Parent Company, to sell up to 2,500,000 pounds of uranium concentrates per year.

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

OPERATING RESULTS FOR THE YEAR

The consolidated profit of the Group for the year ended 31 December 2013 was \$43,259 (31 December 2012: \$57,562).

REVIEW OF FINANCIAL CONDITIONS

The net assets of the Group were \$ 46,779,667 at 31 December 2013 (2012: \$46,736,408).

On 19 November 2013, the Company announced an offer of a non-renounceable entitlement rights issue to raise approximately \$9.4 million (the "Entitlement Offer"). The shares under the Entitlement Offer were issued at a price of \$0.168 per share. The Entitlement Offer was fully underwritten by the Company's largest shareholder, China Uranium Development Company Limited.

Use of cash and assets by the Company for the year ended 31 December 2013 is consistent with the Company's business objectives since listing on the Australian Securities Exchange on 9 September 2005.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Entitlement Offer was completed on 22 January 2014. The Company allotted 55,915,550 fully paid ordinary shares and raised \$9,393,812 capital.

Other than the Entitlement Offer, there has been no matter or circumstance which has arisen since 31 December 2013 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs 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.

DIRECTORS' REPORT

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 mechanized 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.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement year 1 January 2013 to 31 December 2013 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

INFORMATION ON DIRECTORS

Name	Director's Experience	Special Responsibilities
Mr He, Zuyuan	<p>Mr He holds a Bachelor degree in Geology and an MBA from Tsinghua University in China and has over 24 years' experience in uranium exploration and financial management. Mr He was previously the Chief Financial Officer and Vice President of Nanjing Zhong Da Group for a period of 3 years.</p> <p>He is currently a director of the following affiliate Companies: Beijing Sino-Kaz Uranium Investment Company Limited; Semizbay-U LLP; and China Uranium Development Company Limited. Mr He was an Executive Director of Extract Resources Pty Ltd (formerly known as Extract Resources Limited) from March 2012 to January 2013.</p>	Non-Executive Chairman
Dr Xiang, Weidong	<p>Dr Xiang is a qualified geologist and has over 18 years' experience in geology and uranium exploration. Dr Xiang holds a Doctor degree of Exploration and Prospecting for Mineral Resources. He worked for CNNC Beijing Research Institution of Uranium Exploration for approximately twelve years before he joined CGNPC-Uranium Resources Co. Ltd, a subsidiary of China General Nuclear Power Corporation (formerly known as China Guangdong Nuclear Power Holding Co. Ltd.), as a senior executive. Dr Xiang is a member of Nuclear Geology and Mineral Committee, China Mining Association. Dr Xiang is a member of AusIMM. Dr Xiang does not currently hold directorships of other Australian public companies.</p>	Managing Director

DIRECTORS' REPORT

Name	Director's Experience	Special Responsibilities
Mr Lindsay Dudfield BSc	<p>Mr Dudfield is a qualified geologist with over 30 years' experience exploring for gold and base metals in Australia and overseas, including close involvement with a number of greenfields discoveries. Member of the AusIMM, SEG, AIG and GSA. He is currently the Managing Director of Jindalee Resources Ltd.</p> <p>Other public company directorships held by Mr Dudfield over the last three years are: Jindalee Resources Limited – current; Alchemy Resources Limited, from November 2011 to current, Extract Resources Ltd (currently known as Extract Resources Pty Ltd), from March 2012 to June 2012.</p>	Non-executive Director
Mr Geoff Jones BEng FIEAust CPEng	<p>Mr Jones is a Fellow of the Institution of Engineers, Australia, with a Bachelor of Engineering (Civil) degree. He has over 25 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.</p> <p>Mr Jones has operated 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.</p> <p>Mr Jones is currently the Managing Director of GR Engineering Services Limited. Other public company directorships held by Mr Jones over the last three years are: GR Engineering Services Limited - (June 2013 – current); Brumby Resources Ltd – (February 2006 – current); Azumah Resources Limited – (October 2009 – current); and Matrix Metals Ltd – (October 2006 – January 2011).</p>	Non-executive Director
Mr Zhong, Yu	Mr Zhong has over 30 years' experience in engineering and specialises in research and development of new engineering technology. Mr Zhong has a Master degree of Management and does not currently hold directorships of other public Australian companies.	Non-executive Director
Ms Jin, Yunfei	Ms Jin is a qualified accountant with over 20 years' experience in finance and corporate governance. Ms Jin has a Master degree of Accounting. Ms Jin was a senior officer in State-owned Assets Supervision and Administration Commission of the State Council. Ms Jin has been appointed the Chief Finance Officer of CGNPC-URC since she joined the company in October 2011. Ms Jin does not hold directorships of other Australian public companies.	Non-executive Director
Ms Cui, Zhenshu (appointed 24 April 2013)	Ms Cui has nearly 20 years' experience in nuclear power business, especially in the field of developing overseas markets. She holds a Bachelor degree from Beijing Foreign Studies University and has worked as a senior manager for China General Nuclear Power Corporation since 2006. She is currently the Chief Officer of Resource Development Department of CGNPC-Uranium Resources Corporation. Ms Cui does not hold directorships of other Australian public companies.	Non-executive Director

DIRECTORS' REPORT

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	Options
He, Zuyuan	-	-
Xiang, Weidong	-	-
Lindsay G Dudfield	3,255,165	-
Geoff M Jones	-	-
Zhong, Yu*	26,553,722	-
Jin, Yunfei	-	-
Cui, Zhenshu	-	-

*: shares indirectly held through KangDe Investment Group. Mr Zhong controls KangDe Investment Group by holding more than 50% holding.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2013 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
He, Zuyuan	5	3
Xiang Weidong	5	5
Lindsay G Dudfield	5	5
Geoff M Jones	5	3
Zhong, Yu	5	2
Jin, Yunfei	5	2
Cui, Zhenshu	5	5
Peng, Xinjian	-	-

As at the date of this report, the Group did not have an Audit Committee of the Board of Directors. The Board considers that due to the Group'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 Group's mechanisms designed to ensure independent judgement in decision making.

Retirement, election and continuation in office of directors

Ms Cui, Zhenshu was appointed a Non-executive Director on 24 April 2013.

Dr Peng, Xinjian resigned from a Non-executive Director on 24 April 2013.

DIRECTORS' REPORT

Mr He, Zuyuan and Mr Lindsay Dudfield are the directors retiring by rotation who, being eligible, may offer themselves for re-election at Annual General Meeting.

COMPANY SECRETARY INFORMATION

Ms Li, Xuekun, ACCA, ACIS, was appointed Company Secretary on 15 June 2010. Ms Li has completed a Bachelor of Management. She has over 10 years' experience in finance and corporate governance.

REMUNERATION REPORT (AUDITED)

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 Group has been designed to align directors' objectives with shareholders 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 Group, 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 may be 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 executive's performance and comparable information from industry sectors and other listed companies in similar industries. An Employee Share Option Plan was adopted by the Group following approval by shareholders at the Group'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's 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 \$200,000 per annum. Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

DIRECTORS' REPORT

Group 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 Group'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 Group. This policy may change once the exploration phase is complete. At present the existing remuneration policy is not impacted by the Group'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 each period in the past four financial years. No dividends have been paid during the year.

	At 30 June 2010	At 31 December 2010	At 31 December 2011	At 31 December 2012	At 31 December 2013
Share Price	\$0.46	\$0.79	\$0.31	\$0.245	\$0.24
Market Capitalisation	\$61.8M	\$121.5M	\$46.7M	\$37.7M	\$36.9M
Dividend	-	-	-	-	-

Directors and Executives (Key Management Personnel) Emoluments

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

DIRECTORS' REPORT

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	Share-based payment	Total	% remuneration consisting of options %
		Directors Fees \$	Cash Salary, Consulting Fees \$	Super-annuation \$	Options \$		
Non-Executive Directors							
H. Zuyuan	2013	6,250	-	-	-	6,250	-
	2012	25,000	-	-	-	25,000	-
L. Dudfield	2013	-	32,125	-	-	32,125	-
	2012	-	24,000	-	-	24,000	-
G. Jones	2013	22,910	-	2,090	-	25,000	-
	2012	22,936	-	2,064	-	25,000	-
Zh. Yu	2013	25,000	-	-	-	25,000	-
	2012	25,000	-	-	-	25,000	-
Jin. Yunfei	2013	6,250	-	-	-	6,250	-
	2012	11,459	-	-	-	11,459	-
Cui. Zhenshu	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
Peng. Xinjian	2013	-	-	-	-	-	-
	2012	11,459	-	-	-	11,459	-
Executive Directors							
Xiang. Weidong	2013	200,000	-	-	-	200,000	-
	2012	200,000	-	-	-	200,000	-
Key Management							
Song. Xiaohua	2013	79,288	-	-	-	79,288	-
	2012	-	-	-	-	-	-
Cui. Bin	2013	81,284	-	-	-	81,284	-
	2012	168,942	-	-	-	168,942	-
Li. Xuekun	2013	-	74,918	-	-	74,918	-
	2012	-	53,043	-	-	53,043	-
Total	2013	420,982	107,043	2,090	-	530,115	-
	2012	464,796	77,043	2,064	-	543,903	-

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 summarises 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.

He, Zuyuan

On 23 December 2009 the Company entered into an agreement (via a letter of appointment), appointing Mr He, Zuyuan as a Non-Executive Chairman. Mr He is entitled to director's fees of \$25,000 (2012: \$25,000) per annum. According to a consent letter dated on 22 November 2013, Mr He, Zuyuan agreed to forgive his remuneration from 1 April 2013 to 31 December 2014 as his service as a director had been considered and compensated by other related corporate bodies.

DIRECTORS' REPORT

Xiang Weidong

Dr Xiang was appointed a director on 8 December 2010 pursuant to the terms and conditions of his employment contract with the Company. Dr Xiang has been the Managing Director since 1 January 2011. His salary is \$200,000 per annum (2012: \$200,000 per annum). The agreement may be terminated by either party on 1 month's written notice.

Lindsay Dudfield

Mr Dudfield resigned as Managing Director on 1 January 2011 and he is currently a Non-executive Director. He is contracted via a Consultancy Agreement between the Company and Jopan Management Pty Ltd trading as Western Geological Services. The Company pays Western Geological Services at a rate of \$750/day (2012: \$750/day) in return for Mr Dudfield's services. The agreement may be terminated by either party on 1 month's written notice.

Zhong, Yu

On 8 December 2010, the Company entered into an agreement (via a letter of appointment), appointing Mr Zhong, Yu as a Non-Executive Director. Mr Zhong is entitled to director's fees of \$25,000 (2012: \$25,000) per annum.

Jin, Yunfei

On 16 July 2012 the Company entered into an agreement (via a letter of appointment), appointing Ms Jin, Yunfei as a Non-Executive Director. Ms Jin is entitled to director's fees of \$25,000 (2012: nil) per annum. According to a consent letter dated on 22 November 2013, Ms Jin, Yunfei agreed to forgive her remuneration from 1 April 2013 to 31 December 2014 as her service as a director had been considered and compensated by other related corporate bodies.

Cui, Zhenshu

On 24 April 2013 the Company entered into an agreement (via a letter of appointment), appointing Ms Cui, Zhenshu as a Non-Executive Director. Ms Cui is entitled to director's fees of \$25,000 (2012: nil) per annum. According to a consent letter dated on 22 November 2013, Ms Cui, Zhenshu agreed to forgive her remuneration from the date of appointment to 31 December 2014 as her service as a director had been considered and compensated by other related corporate bodies.

Song, Xiaohua

Mr Song has been appointed the Chief Finance officer of the Company since 20 June 2013. Pursuant to the terms and conditions of his employment contract Mr Song's salary is \$155,000. The agreement may be terminated by either party on 1 month's written notice.

Li, Xuekun

Ms Li is the Company Secretary of Energy Metals Limited and is employed as a consultant. On 1 March 2012, the Company entered into a Professional Service Agreement with Ms. Li and pays a rate of \$105/hour in return for her professional services. The agreement may be terminated by either party on 30 days notice or earlier in the event of a default.

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, are 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 and are not linked to Company financial performance.

DIRECTORS' REPORT

Share-based compensation

No options over ordinary shares in the Company were provided as remuneration to directors of Energy Metals Limited and senior managers of the Company during the year (2012: Nil). No options were vested during the year (2012: Nil).

Securities Policy

The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors, senior management and employees of the Company act ethically and do not use confidential inside information for personal gain. The policy states acceptable and unacceptable times for trading in Company securities and outlines the responsibility of directors, senior management and employees to ensure that trading complies with the Corporations Act 2001, the Australian Securities Exchange (ASX) Listing Rules and Company Policy.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

Shares provided on exercise of options

No ordinary shares in the Company were provided as a result of the exercise of remuneration options to directors of Energy Metals Limited and senior managers of the Company during the year (2012: Nil).

End of Remuneration Report (Audited).

SHARES UNDER OPTION

There were no options granted during the year ended 31 December 2013.

SHARES ISSUED ON EXERCISE OPTIONS

There were no shares issued on exercise of options during the financial year and up to the date of this report. No amounts are unpaid on any of the shares.

DIRECTORS AND OFFICERS INSURANCE

The Company has paid a premium to insure the directors and officers of the Company for the period 30/10/2013 to 30/10/2014 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.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is included on page 52 of this report.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 24 to the financial statements.

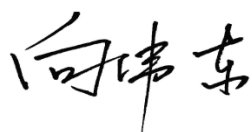
The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence, based on advice received from the Board of Directors, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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

31st day of March 2014, at Perth, Western Australia



XIANG, WEIDONG

Managing Director

CORPORATE GOVERNANCE STATEMENT

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 summarises the Company's main corporate governance policies and practices in place throughout the financial year ended 31 December 2013. 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.

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

PRINCIPAL 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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, capital expenditure, financial reports and the adherence to Company policies.

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

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 summarises 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 Executives are formalised in service agreements or employment agreements.

Skills and experience of each director are disclosed in the Directors' Report. The Directors of the Company in office at the date of this statement are:

Name	Age	Position and Period of Office Held	Special Expertise
He, Zuyuan	48	Non-executive Director and Chair for 4 years	Company Management
Xiang, Weidong	44	Managing Director for 3 years	Resource Industry
Lindsay Dudfield	57	Non-executive Director for 3 years; Managing Director for 6 years	Resource Industry
Geoffrey Jones	52	Non-executive Director for 5 years	Engineering & Project Management
Zhong, Yu	64	Non-executive Director for 3 years	Corporate Management
Jin, Yunfei	47	Non-executive Director for 2 years	Financial Management
Cui, Zhenshu	44	Non-executive Director for 1 year	Corporate Management

The Board comprises of a non-executive Chairman, five non-executive directors 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 organisation and conduct.

CORPORATE GOVERNANCE STATEMENT

The only publicly available copy of matters reserved for the Board is the Corporate Governance Statement in the annual report.

The other senior executives of the Company are the, Chief Finance Officer, and the Company Secretary. The Chief Finance Officer's responsibilities include financial management, budget preparation and cost control, and reporting to the Board on various financial matters. The Company Secretary's responsibilities include ensuring that the Company complies with its statutory obligations under relevant laws and regulations, ensuring completion and lodgment of statutory forms/returns and reporting under the listing rules and other relevant legislation or regulation, arranging board meetings and assistance with other corporate administration matters.

The Executive Director or the Board reviews the performance of senior executives whose performance is assessed against their performance in their respective roles and responsibilities. The reviews are done at least annually and more often when deemed necessary. The senior executives were reviewed during the 2013 financial period in accordance with this procedure.

The only publicly available copy of matters reserved for senior executives is the Corporate Governance Statement in the annual report.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The ASX Corporate Governance Council's Principles and Recommendations (ASX Corporate Governance) recommends that a majority of the Board should be independent directors. The Board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the Board should consider whether the director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- is or has been employed in an executive capacity by the company or any other Group member within three years before commencing to serve on the board;
- within the last three years has been a principal of a material professional adviser or a material consultant to the company or any other Group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the company or a controlled entity other than as a director of the Group;
- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgments.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual expenditure of the Company is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

Mr Geoffrey Michael Jones is considered to be an independent director as he complies with this definition.

Due to the nature of its business structure, the Company has not complied with the ASX Corporate Governance Recommendation 2.1 and 2.2 that the majority of directors and the Chair be independent. However, all directors bring their independent judgment to make board decisions and act as the best interests of shareholders. The Company is to maintain a mix of directors on the board from different genders, age Groups, ethnicity and cultural and professional backgrounds who have complementary skills and experience.

The Board seeks to ensure that at any point in time, its membership represents an appropriate balance between directors with experience and knowledge and directors with an external or fresh perspective, and the size of the board is conducive to effective discussion and

CORPORATE GOVERNANCE STATEMENT

efficient decision making.

The ASX Corporate Governance Recommendation 2.4 suggest listed entities establish a nomination committee. During the period ended 31 December 2013, 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 and the Company's current stage of development, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee. When a new director appointment is to be made the remaining board members seek a candidate that has relevant industry experience, is willing to serve on the Board and following appointment that director stands for confirmation by shareholders at the next annual general meeting. The only publicly available policy for the nomination and appointment for directors is the corporate governance statement in the annual report.

Due to the nature of the Company's activities and small size of the Company, the Company has not complied with the ASX Corporate Governance Recommendation 2.5 that the process for evaluating the performance of the board, its committees and individual directors is developed and disclosed. However, shareholders are able to assess the performance of the Board by the way they manage the Company and vote for or against their re-appointment at the annual general meeting.

The skills, experience and expertise relevant to the position held by each director is disclosed in the Directors' Report which forms part of this report. 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 (except the Managing Director) must retire and sit for re-election.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

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 a Trading Policy which outlines the restrictions, closed periods and processes required when directors and employee trade company securities. The Code and the Company's trading policy are discussed with each new employee. Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

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.

The directors are satisfied that the Company has complied with its policies on ethical standards.

CORPORATE GOVERNANCE STATEMENT

The Company is committed to maintaining the highest standards of integrity and seeks to ensure that all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and market integrity.

A copy of the Company's Code of Conduct, Environmental and Share Trading policy is available on the Company's website.

Due to its small size and small number of employees the Company has not complied with Recommendation 3.2 to develop a diversity policy. However, the Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. The Board has determined that the composition of the current Board represents the satisfactory mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues.

The proportion of women within the whole organization, in senior executive positions and women on the Board as at the date of this report are:

	Number	Percentage
Number of women employees in the whole organization	4	20%
Number of women in senior executive positions	-	-
Number of women on the Board	2	29%

The Company has not complied with the ASX Corporate Governance Recommendation 3.2 and 3.3 that measurable objectives for achieving gender diversity should be developed and disclosed. Due to the size of the company, the Board does not consider it practical to formally establish specific targets for gender diversity at the moment. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The ASX Corporate Governance Guidance recommend listed entities establish an audit committee. The Company has not complied with the ASX Corporate Governance Recommendation 4.1, 4.2 4.3 and 4.4. During the period ended 31 December 2013 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 judgment in decision making. The Board as a whole meets with the Company auditor prior to the final sign-off of the half yearly and final annual financial accounts.

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;

CORPORATE GOVERNANCE STATEMENT

- 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 Managing 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 Managing Director and the Chief Finance Officer are required to periodically 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.

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.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the company's securities. A summary of these policies and procedures is available on the Company's website. To ensure it meets its continuous disclosure obligations, the Board has nominated the Managing Director and the Company Secretary as responsible for all disclosure matters. Their role is to collate and, where appropriate, disclose share price sensitive information.

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

Presentations that are made to analysts or investors are posted on the Company's website. If the presentations contain information that has not previously been announced to ASX that could have a material effect on the share price, the presentation is released to the ASX before the presentation is made.

A copy of the Company's continuous disclosure policy is available on the Company's website.

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PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Board of Energy Metals Limited endeavors to ensure that shareholders are informed of all the activities affecting the Company. The Company has published a communications policy for promoting effective communication with shareholders on the Company's website. 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. 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.

A copy of the policy is available from the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Taking and managing risk are central to business and building shareholder value. 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 Board has established a Risk Management Team ("RMT") which comprises the Managing Director and Company Secretary and any other senior executives when necessary. The RMT consider appropriate to oversee the daily management of risk and make recommendations to the Board on risk management matters. The RMT is not a committee of the Board and the Board acknowledges that it is ultimately responsible for the implementation of any policies, actions or decisions made by the RMT.

The Managing Director and Company Secretary are required to periodically 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.

The Board also receives a declaration pursuant to s295A of the Corporations Act from the Chief Executive Officer (Managing Director) and the Chief Finance Officer prior to the approval of financial statements.

A copy of the policy is available from the Company's website.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Company has established a separate Remuneration Committee. The Remuneration Committee is chaired by Mr Geoff Jones, the sole independent director of the Company. Mr He, Zuyuan and Mr Zhong, Yu are the members of the Remuneration Committee. Both Mr He and Mr Zhong are the Non-executive Directors of the Company. The Company has not complied with Recommendation 8.2 as the Remuneration Committee consists of only one independent director. The Remuneration Committee's responsibilities include a review and recommendation to the Board on the Company's remuneration policy, senior executives' remuneration and incentives, and the remuneration framework for directors. However, ultimate responsibility for the Company's remuneration policy rests with the full Board.

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. 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 to subscribe for shares, subject to approval by Shareholders. The Company has not complied with the ASX Corporate Governance Recommendations in this regard but considers the nature and quantum of remuneration of its non-executive directors to be appropriate and reasonable for a Company of its size and the granting of options is a useful tool for attracting and retaining quality directors without diminishing the Company's cash resources.

All executives receive either consulting fees or a salary, part of which may be 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. There are no schemes for retirement benefits for non-executive directors.

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.

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These financial statements cover the consolidated financial statements for the controlled entity consisting of Energy Metals Limited and its subsidiary and its joint venture. The financial statements are presented in the Australian currency.

Energy Metals Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Energy Metals Limited
Level 2, 8 Colin Street
West Perth WA 6005

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 14 to 24 are not part of these financial statements.

The financial statements were authorised for issue by the directors on 31 March 2014. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investor Information on our website: www.energymetals.net

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Consolidated	
		31 December 2013	31 December 2012
	Note	\$	\$
Revenue from continuing operations		-	7,973,505
Other Revenue	3a	1,947,207	1,494,784
Cost of Sales		-	(7,531,035)
Depreciation expenses	3b	(120,809)	(105,954)
Exploration expenditure written off		(387,785)	-
Employee benefits expenses	3c	(747,373)	(795,116)
Corporate and regulatory expenses		(45,463)	(38,258)
Office rental		(226,094)	(239,537)
Legal Advisory		(144,788)	(93,134)
Other administrative expenses	3b	(231,636)	(607,693)
Profit before income tax		43,259	57,562
Income tax expense	4	-	-
Profit for the year		43,259	57,562
Total comprehensive income for the year		43,259	57,562
Income attributable to owners of Energy Metals Limited		43,259	57,562
Total comprehensive income for the year attributable to owners of Energy Metals Limited		43,259	57,562
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share)	6	0.03	0.04
Diluted earnings per share (cents per share)	6	NA	NA

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Consolidated	
		31 December 2013	31 December 2012
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	13,968,911	11,153,132
Term deposit	8	11,649,126	10,134,685
Trade and other receivables	9	301,944	1,840,851
Total Current Assets		25,919,981	23,128,668
NON-CURRENT ASSETS			
Receivables	9	185,733	82,554
Property, plant and equipment	10	473,167	564,654
Exploration and evaluation expenditure	11	30,103,590	25,025,482
Total Non-Current Assets		30,762,490	25,672,690
TOTAL ASSETS		56,682,471	48,801,358
CURRENT LIABILITIES			
Trade and other payables	12	9,821,217	1,963,952
Provisions	13	81,587	100,998
Total Current Liabilities		9,902,804	2,064,950
TOTAL LIABILITIES		9,902,804	2,064,950
NET ASSETS		46,779,667	46,736,408
EQUITY			
Contributed equity	14	49,677,832	49,677,832
Accumulated losses		(2,898,165)	(2,941,424)
Capital and reserves attributable to owners of Energy Metals Limited		46,779,667	46,736,408
TOTAL EQUITY		46,779,667	46,736,408

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to owners of Energy Metals Limited			
	Contributed equity	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 January 2012	49,677,832	-	(2,998,986)	46,678,846
Total comprehensive income for the year	-	-	57,562	57,562
Balance at 31 December 2012	49,677,832	-	(2,941,424)	46,736,408
Total comprehensive income for the year	-	-	43,259	43,259
Balance at 31 December 2013	49,677,832	-	(2,898,165)	46,779,667

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	31 December 2013 \$	31 December 2012 \$
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Income received from customers		1,488,721	7,695,987
Payments to suppliers and employees		(2,970,209)	(9,250,429)
Placement of term deposits as a security		-	(410,000)
Income received from Joint Venture		1,058,849	197,149
Interest received		835,607	1,479,542
Grant and rebate received		56,676	49,752
Net cash inflow/(outflow) from operating activities	5	469,644	(237,999)
Cash flows from investing activities			
Payments for exploration, evaluation and development expenditure		(5,465,893)	(2,653,831)
Payments for property, plant and equipment		(29,322)	(119,367)
Changes of term deposits at bank		(1,571,359)	9,585,893
Net cash inflow/(outflow) from investing activities		(7,066,574)	6,812,695
Cash flows from financing activity			
Prepaid funds from shareholders for capital raising		9,412,709	-
Net cash inflows from financing activity		9,412,709	
Net increase in cash and cash equivalents		2,815,779	6,574,696
Cash and cash equivalents at the beginning of the financial year		11,153,132	4,578,436
Cash and cash equivalents at the end of the financial year	5	13,968,911	11,153,132

The above Consolidated Statement of Cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the Energy Metals Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 17.

Removal of Parent

Separate financial statements for Energy Metals Limited, as an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. Financial information for Energy Metals Limited as an individual entity is included in note 26.

(b) Principles of Consolidation

(i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Energy Metals Limited ("Company" or "parent entity") as at 31 December 2013 and the result of the subsidiary for the year then ended. Energy Metals Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of Consolidation (continued)

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(iii) Joint Operation

The proportionate interests in the assets, liabilities and expenses of a joint operation activity have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 25.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The Board is responsible for allocating resources and assessing performance of the operating segments.

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue is recognised for the major business activities as follows:

(i) Management Fee

Management fee 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.

(ii) Interest Income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiary operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels of which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, and deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Collectability of 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 impairment of receivables) 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 reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the 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 recognised in the statement of comprehensive income within other expenses. When a receivable for which an impairment allowance had been recognised 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 profit or loss.

(j) Investments and Other Financial Assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9) and in the consolidated statement of financial position.

(ii) *Held-to maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(k) *Plant and Equipment*

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(l) 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.

(m) Interest in a Joint Operation

The Company has an interest in a joint arrangement that is a jointly controlled operation. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Company recognises its interest in the joint 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 joint operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Employee Benefits

(i) Short-term Obligations

Liabilities for wages and salaries, superannuation, including non-monetary benefits, annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other Long-term Employee Benefit Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based Payments

Share-based compensation benefits are provided to employees via the Energy Metals Limited Employee Option Plan.

The fair value of options granted under the Energy Metals Limited Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings Per Share

(i) *Basic Earnings Per Share*

Basic earnings per share is determined by dividing :

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year (note 6).

(ii) *Diluted Earnings Per Share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) New Accounting Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) New Accounting Standards and Interpretations (continued)

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'

AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

Impact of the application of AASB 10

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the Group.

Impact of the application of AASB 11

AASB 11 replaces AASB 131 'Interests in Joint Ventures' and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) New Accounting Standards and Interpretations (continued)

operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 'Interests in Joint Ventures' contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Impact of the application of AASB 12

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

Impact of the application of AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Impact of the application of AASB 119

In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time.

None of the above accounting standards had a material impact on the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SEGMENT INFORMATION

Management has determined that the Group has three reportable segments, being uranium exploration, corporate and uranium trading. As the Group is focused on uranium exploration, the Board periodically monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is most relevant to assist the Board with making decisions regarding the Group and its ongoing operation activities.

The segment information provided to the Board for the reportable segments for the financial year ended 31 December 2013 and 31 December 2012 are as follows:

	Uranium Exploration \$	Corporate \$	Uranium Trading \$	Total \$
31 December 2013:				
Total segment revenue	65,872	795,258	1,086,077	1,947,207
Segment result	(604,960)	637,372	10,847	43,259
Depreciation	106,622	14,187	-	120,809
Total segment assets	30,561,426	24,994,846	1,126,199	56,682,471
Total assets includes:				
Additions to non-current assets (other than financial assets)	5,495,215	-	-	5,495,215
Total segment liabilities	(464,646)	(9,426,158)	(12,000)	(9,902,804)
31 December 2012:				
Total segment revenue	213,200	1,281,583	7,973,506	9,468,289
Segment result	137,313	(119,419)	39,668	57,562
Depreciation	85,123	20,831	-	105,954
Total segment assets	26,405,644	13,538,922	8,856,792	48,801,358
Total assets includes:				
Additions to non-current assets (other than financial assets)	4,164,225	-	-	4,164,225
Total segment liabilities	(1,250,519)	(264,375)	(550,056)	(2,064,950)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. REVENUES AND EXPENSES

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
(a) Other Revenue includes the following revenue items:		
Interest income	797,365	1,281,584
Administration fee from Joint Arrangement	9,196	197,149
Fuel rebate	56,676	16,051
Revenue from providing service	1,083,970	-
	1,947,207	1,494,784
(b) Profit includes the following specific expenses:		
Depreciation	120,809	105,954
(c) Employee benefit expenses:		
Wages & superannuation	556,263	488,063
Directors fees	60,410	109,394
Consulting fee	130,700	110,068
Others	-	87,591
	747,373	795,116

4. TAXATION

The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

Income /(Loss) before income tax	43,259	57,562
Income tax expense (benefit) @ 30%		
Tax effect of amounts which are not deductible in calculating taxable income:	12,978	17,269
Non-deductible expenses	7,237	3,213
Timing differences not recognised	(1,399,719)	(1,178,385)
Deferred tax assets relating to tax losses not recognised	1,379,504	1,157,903
Income tax expenses/benefit reported in the income statement	-	-

The franking account balance at period end was \$nil (2010: \$nil).

Deferred tax assets and liabilities not recognised relate to the following:

Deferred tax assets

Tax losses	10,179,100	8,799,513
Non-refundable R&D tax offsets	424,291	-
Other temporary differences	25,986	58,709

Deferred tax liabilities

Other temporary differences	(9,084,253)	(7,563,004)
Net deferred tax assets not recognised	1,545,124	1,295,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. TAXATION (CONTINUED)

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.

The use of losses is dependent on the Company satisfying the required criteria within the Income Tax Assessment Act 1936 & 1997 at the time the losses are incurred and used. The provisions of the Acts may change or the business may alter (past the change of ownership) and as a result the Company's losses may be lost in the future.

Tax Consolidation

Energy Metals Limited and its 100% owned Australian resident subsidiary, NT Energy Pty Ltd have implemented the tax consolidation legislation.

5. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
Profit after income tax	43,259	57,562
Depreciation	120,809	105,954
Annual leave provision	(19,411)	43,711
Change in operating assets and liabilities during the financial period:		
Decrease/(increase) in trade and other receivables	1,495,894	(455,596)
(Decrease)/increase in trade and other payables	(1,170,907)	10,370
Net cash inflow from operating activities	469,644	(237,999)
Reconciliation of cash balance comprises:		
Cash and cash equivalents*	13,968,911	11,153,132

*: Cash at bank earns interest at 3.65% (2012: 4.52 %). Cash on term deposit are denominated in A\$ with an average maturity of 80 days (2012: 135 days) and effective interest rate of between 3.50% to 3.85%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

6. EARNINGS PER SHARE

Profit used in calculation of basic and diluted earnings per share	43,259	57,562
Basic earnings per share (cents per share)	0.03	0.04
Diluted earnings per share (cents per share)	0.03	0.04
	2013	2012
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	153,767,762	153,767,762

7. DIVIDENDS

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

8. CASH AND CASH EQUIVALENTS

	Consolidated 31 December 2013 \$	31 December 2012 \$
Cash and cash equivalents	13,928,125	10,687,157
Share of Joint Operation cash	40,786	465,975
	13,968,911	11,153,132
Term deposits classified separate to cash on face of statement of Financial Position	11,649,126	10,134,685

As at 31 December 2013, the Company had approximately total \$11.6 million term deposits with maturities from 4 months to 5 months in various financial situations earning interest income at an average rate of 3.76%.

The Company's exposure to interest rate risk is disclosed in Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
CURRENT		
GST receivable	177,445	187,851
Trade receivables	46,873	976,592
Bank deposit as a security	-	410,000
Other receivables	77,626	266,408
	301,944	1,840,851
NON- CURRENT		
Other receivables	185,733	82,554

Trade receivables are denominated in Australian dollars and are interest free with settlement terms of between 7 and 30 days. Other receivables are mainly interest receivables. All these amounts were received in total subsequent to the period-end.

Due to the short-term nature of receivables their carrying value is assumed to be their fair value. Please refer to Note 17 for information on credit risk.

As at 31 December 2013 there were non-current receivables totalling \$185,733 which mainly included environment security bond of \$139,472. No non-current receivables are impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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

	Consolidated		
	31 December 2013 \$	31 December 2012 \$	
Plant and equipment - at cost	850,985	821,663	
Less accumulated depreciation	(484,187)	(394,088)	
	<u>366,798</u>	<u>427,575</u>	
 Motor vehicle – at cost	 200,806	 200,807	
Less accumulated depreciation	(94,437)	(63,728)	
	<u>106,369</u>	<u>137,079</u>	
 Total	 <u>473,167</u>	 <u>564,654</u>	
 Reconciliation of the carrying amount of property, plant and equipment:	 Plant & equipment \$	 Motor vehicle \$	 Total \$
Carrying amount at 1 January 2013	427,575	137,079	564,654
Additions	29,322	-	29,322
Depreciation expenses	(90,099)	(30,710)	(120,809)
Carrying amount at 31 December 2013	<u>366,798</u>	<u>106,369</u>	<u>473,167</u>
Carrying amount at 1 January 2012	431,566	119,675	551,241
Additions	79,236	40,131	119,367
Disposal	-	-	-
Depreciation expenses	(83,227)	(22,727)	(105,954)
Carrying amount at 31 December 2012	<u>427,575</u>	<u>137,079</u>	<u>564,654</u>

11. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
Balance at beginning of the year	25,025,482	20,980,625
Exploration expenditure incurred	5,465,893	4,044,857
Exploration expenditure written off	(387,785)	-
Balance at the end of the year	<u>30,103,590</u>	<u>25,025,482</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

Employee benefits expense capitalised during the year were:

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Wages and superannuation	1,367,655	1,259,749

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Trade payables	375,952	1,763,415
Other payables	32,556	200,537
Prepaid fund from shareholders for capital raising	9,412,709	-
	9,821,217	1,963,952

Trade and other payables are non-interest bearing and are normally settled in 30 to 60 days terms.

Prepaid fund from shareholders for capital raising relates to the non-renounceable entitlement issue of 4 shares for every 11 shares at an issue price of \$0.168 per share ("Rights Issue"). This Rights Issue is fully underwritten by China Uranium Development Company Limited. Refer to Note 27 of the Financial Statements.

13. PROVISIONS

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Employee benefits	81,587	100,998
Carrying amount at start of year	100,998	57,287
Addition for the year	-	18,610
Utilised provisions recognised	(19,411)	25,101
Carrying amount at end of year	81,587	100,998

The current provision for employee benefits represents accrued annual leave. The provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. \$50,000 leave balance is not expected to be taken or paid within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

14. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
Share capital		
153,767,762 ordinary shares, fully paid at 31 December 2013 (31 December 2012: 153,767,762):	49,677,832	49,677,832

There were no movements in contributed equity during the year. Refer to Note 27 to the Financial Statements for events occurring after the reporting date.

Ordinary Shares

Ordinary shares entitled the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Options

Information relating to the Energy Metals Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 15.

Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to achieve this objective, the Group 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 Group 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 Group considers not only its short-term position but also its long-term operational and strategic objectives.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

15. SHARE BASED PAYMENT TRANSACTIONS

Share based payments transactions are recognised at fair value in accordance with AASB 2. The expense in the year was nil (2012: Nil).

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.

Under the plan, all options granted were expired before 1 January 2012. No options were granted or exercised during the the year ended 31 December 2013.

Fair Value of options granted

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. All the options granted as share-based payments have now been fully expensed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

16. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use any derivative financial instruments to hedge risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and aging analysis for credit risk.

Risk management is carried out by the Board as a whole.

The Group holds the following financial instruments:

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
Financial Assets - Current		
Cash and cash equivalents	13,968,911	11,153,132
Term deposit	11,649,126	10,134,685
Trade and other receivables	301,944	1,840,851
	25,919,981	23,128,668
Financial Liabilities - Current		
Trade and other payables	9,902,804	2,064,950

(a) Market Risk

(i) Foreign Exchange Risk

The Group does not have foreign currency holding, however, the Group has entered into a Contract Administration Agreement which was valued in US dollars. No financial instruments have been entered into to manage this risk.

(ii) Price Risk

The Group is not exposed to any material commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings and term deposits was 3.76% at 31 December 2013 (31 December 2012: 4.87%). All other financial assets and liabilities are non interest bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (Continued)

Group Sensitivity

At 31 December 2013, if interest rates had increased by 70 or decreased by 100 basis points from the period end rates with all other variables held constant, post-tax profit for the period would have been \$175,000 higher/\$250,000 lower (31 December 2012 –: \$152,000 higher/\$217,000 lower), mainly as a result of higher/lower interest income from cash and time deposits. Other components of equity would have been \$175,000 higher/\$250,000 lower (31 December 2012: \$152,000 higher/\$217,000 lower).

(b) Credit Risk

Credit risk arises from cash and deposits with banks and financial institutions, as well as outstanding receivables. The Group invests its surplus funds mainly with Australian banking financial institutions, namely National Australia Bank, Westpac Banking Corporation and Bank of China Limited Australia. All these banks have an A rating or above with Standard & Poors. The maximum credit risk of the Company was the exposure of its term deposits and trade and other receivables.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through the equity market to meet obligations when due. At the end of the reporting period the Group held deposits of \$25.6 millions (2012: \$21.6 millions) with maturities from 1 month to 5 months that are expected to readily generate cash inflows for managing liquidity risk.

(d) Fair Value Measurements

The net fair value of the Group's financial assets and liabilities approximates their carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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 entity 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 note 1. There is some subjectivity involved in the carrying forward as capitalised or writing off to the Statement of Comprehensive Income 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 Group has exposure to interest rate risk which is the risk that the Group'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.

18. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

19. COMMITMENTS

	Consolidated 31 December 2013 \$	31 December 2012 \$
Tenement Expenditure Commitments:		
The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2012/2013. 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 2012/2013.	2,318,325	2,501,610
Capital Commitments		
There are no capital expenditure commitments for the Group as at 31 December 2013.		
Lease Commitments: Group as lessee		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	121,180	11,638
Later than one year but not later than five years	156,525	-
	277,705	11,638

20. PERFORMANCE BONDS AND SECURITY DOCUMENTS

In support of titles granted to or operated by the Group, 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 \$45,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

21. KEY MANAGEMENT PERSONNEL

(a) Details of Directors (Key Management Personnel)

The following persons were Key Management Personnel of Energy Metals Limited during the financial year:

Mr He, Zuyuan	Non-Executive Chairman
Dr Xiang Weidong	Managing Director
Mr Lindsay Dudfield	Non-Executive Director
Mr Geoff Jones	Non-Executive Director
Mr Zhong, Yu	Non-Executive Director
Ms Jin, Yunfei	Non-Executive Director
Ms Cui, Zhenshu	Non-Executive Director (appointed 24/04/2013)
Mr Cui, Bin	Chief Financial Officer (resigned 15/06/2013)
Mr Song, Xiaohua	Chief Financial Officer (appointed 19/06/2013)
Ms Li, Xuekun	Company Secretary
Dr Peng, Xinjian	Non-Executive Director (resigned 24/04/2013)

Key Management Personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company.

(b) Key Management Personnel Compensation

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
Short-term employee benefits	528,025	541,839
Post-employment benefits	2,090	2,064
	530,115	543,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

21. 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

No options were provided as remuneration and shares issued on any exercise of such options during the year.

(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 OF KEY MANAGEMENT PERSONNEL

Aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by key management personnel of the Company at the date of this report:

31 December 2013	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Name				
<u>Mr He, Zuyuan</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-
<u>Mr Xiang, Weidong</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-
<u>Mr Lindsay Dudfield</u>				
Ordinary fully paid shares	3,255,165	-	-	3,255,165
<u>Mr Geoff Jones</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-
<u>Mr Zhong, Yu</u>				
Ordinary fully paid shares**	19,472,773	-	-	19,472,773
Unlisted Options	-	-	-	-
<u>Ms Cui, Zhenshu</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-
<u>Ms Jin, Yunfei</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-
<u>Mr Peng, Xinjian</u>				
Ordinary fully paid shares*	-	-	-	-
Unlisted Options	-	-	-	-

*: Balance on the date of resignation.

** : Shares held at the appointment date and indirectly held through KangDe Investment Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

21. KEY MANAGEMENT PERSONNEL (CONTINUED)

31 December 2012	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Name				
<u>Mr He, Zuyuan</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-
<u>Dr Xiang, Weidong</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-
<u>Mr Lindsay Dudfield</u>				
Ordinary fully paid shares	2,422,620	-	832,545	3,255,165
Unlisted Options	-	-	-	-
<u>Mr Geoff Jones</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-
<u>Mr Zhong Yu</u>				
Ordinary fully paid shares	19,472,773	-	-	19,472,773
Unlisted Options	-	-	-	-
<u>Ms Zheng, Xiaowei</u>				
Ordinary fully paid shares	-	-	-	-
Unlisted Options	-	-	-	-

(d) Other Transactions with Key Management Personnel

- i) During the year the Company paid \$6,250 to Mr He, Zuyuan and Ms Jin, Yunfei as director's fees. The Company has no obligation to pay or accrue any remuneration for their director's service for the period from 1 April 2013 to 31 December 2014 since their service as Non-executive Directors is considered and compensated in the remuneration paid by other related bodies corporate.
- ii) During the year the Company paid salaries \$200,000 to Dr Xiang, Weidong.
- iii) During the year the Company reversed \$34,956 and \$11,458 Ms Zheng, Xiaowei and Dr. Peng, Xinjian respectively which accrued in prior years as director's fees since both of them forgave any remuneration for their service. Their service as Non-executive Directors is considered and compensated in the remuneration paid by other related bodies corporate.
- (iv) Pursuant to a Consulting Agreement between the Company and Jopan Management Pty Ltd ("Jopan"), the Company paid a total of \$32,125 (2012: \$24,000) 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.
- v) During the year the Company paid Mr Geoffrey Jones \$22,910 in director's fees and \$2,090 in superannuation.
- vi) During the year the Company paid Mr Zhong Yu \$25,000 in director's fees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

22. CONTROLLED ENTITIES

	% held		Class	State of Incorporation	Date of Incorporation	Investment at Cost	
	31 December 2013	31 December 2012				31 December 2013	31 December 2012
Controlled Entities							
NT Energy Pty Ltd	100%	100%	Ord	VIC	15/11/2006	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.

23. RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity within the Group is Energy Metals Limited. The ultimate parent entity is China General Nuclear Power Company (incorporated in the P.R. China) ("CGNPC") which at 31 December 2013 owned 60.56% (31 December 2012: 60.56%) of the issued ordinary shares of Energy Metals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 22.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 21.

(d) Transactions with related parties

The Company earned \$9,196 (2012:\$197,149) in management and facility administration fees from the Bigryli Joint Venture during the year.

The Company, through its wholly owned subsidiary, NT Energy Pty Ltd, provided contract administration services to China Uranium Development Company Limited at an amount of \$1,083,970 (2012: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

23. RELATED PARTY TRANSACTIONS (CONTINUED)

Outstanding balance arising from sales/purchases of goods and services

At 31 December 2013, the Company had \$43,625 (2012: \$398,675) receivable due from CGNPC URC which was unsecured and interest free. The receivable was under commercial terms.

(f) Loans to/from related parties

At 31 December 2013, the Company had an other receivable of \$1,144,453 from NT Energy Limited. The other receivable was unsecured, interest free and repayable on demand. The receivable is eliminated in the consolidated financial statements.

(g) Guarantees

There were no guarantees provided to the related parties during the year.

24. REMUNERATION OF AUDITORS

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
Audit and review of the financial reports		
- Previous auditor (BDO)	-	71,952
- Current auditor (Deloitte Touche Tohmatsu)	65,000	-
Other assurance service	-	-
Other services		
- Previous auditor (BDO)	-	-
- Current auditor (Deloitte Touche Tohmatsu)	15,368	-
	80,368	71,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

25. INTEREST IN JOINT ENTITY OPERATIONS

The Company has the following interest in unincorporated joint operations:

Joint Venture	Principal Activity	% Interest	
		31 December 2013	31 December 2012
Bigirlyi Joint Operations	Uranium Exploration	53.29	53.29

The joint operation is a contractual arrangement between participants for the sharing of costs and outputs and did not generate revenue and profit. The joint venture does not hold any assets and the Group's share of exploration and evaluation expenditure is accounted for in accordance with the policy set out in Note 1.

Southern Cross Exploration NL ("SXX"), one of the Bigirlyi Joint Arrangement partners, has not advanced its full share of two cash calls within the required time frame for 2011. These two default amounts have been paid by the Company and Valhalla Uranium Ltd ("Valhalla Uranium") proportionally on behalf of SXX. SXX has failed to remedy its default payments and its 5% interest in the Bigirlyi Joint Venture is subject to be diluted pursuant to the Four Party Discovery Operating Agreement.

The Group's share of assets employed in the joint operation is:

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
CURRENT ASSETS		
Cash and cash equivalents	40,786	465,975
TOTAL CURRENT ASSETS	40,786	465,975
NON CURRENT ASSETS		
Receivable	86,163	82,554
Exploration and evaluation expenditure	13,924,901	13,842,727
TOTAL NON CURRENT ASSETS	14,011,064	13,925,281
TOTAL ASSETS	14,051,850	14,391,256

a) Commitments

There are no capital expenditure commitments for the Joint Operation as at 31 December 2013.

Share of estimated 2013/2014 minimum expenditure commitments for the Joint Operation tenements is Nil.

b) Contingent liabilities

Claims of Native Title

There are no claims of Native Title that affect the Joint Operation license holdings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

26. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Energy Metals Limited, at 31 December 2013. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	31 December 2013 \$	31 December 2012 \$
Current Assets	25,938,235	22,781,148
Non-current Assets	30,762,590	25,672,790
Total Assets	56,700,825	48,453,938
Current Liabilities	9,890,805	1,676,136
Total Liabilities	9,890,805	1,676,136
Contributed equity	49,677,832	49,677,832
Accumulated Losses	(2,867,813)	(2,900,030)
Total Equity	46,810,019	46,777,802
Income for the year	32,217	18,156
Total Comprehensive income for the year	32,217	18,156

27. EVENTS OCCURRING AFTER REPORTING DATE

As at 31 December 2013, the Company was making a non-renounceable pro rata offer of New Shares at an issue price of \$0.168 each on the basis of four (4) New Shares for every eleven (11) Shares held on the Record Date (Offer). The Company raised approximately AUD 9.4 million from the rights issue when it closed at 5pm WST on 20 January 2014. Pursuant to an underwriting agreement, China Uranium Development Company Limited ("CUDC") purchased the remaining shortfall shares. The Share Capital increased to approximately AUD 59 million after the rights issue was completed on 22 January 2014.

Except the above matter, 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.

DIRECTORS' DECLARATION

ENERGY METALS LIMITED AND ITS CONTROLLED ENTITIES
ACN 111 306 533

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash flows, Consolidated Statement of Changes in Equity and accompanying notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the financial position as at 31 December 2013 and of the performance for the year ended on that date of 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 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*.
4. The consolidated entity has included in the notes to the financial statements an unreserved and explicit statement of compliance with International Financial Reporting Standards.

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:



WEIDONG XIANG
 Managing Director

Perth, Western Australia
 31 March 2014



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Energy Metals Limited
Level 2, 8 Colin Street
West Perth
WA 6005

31 March 2014

Dear Board Members

Energy Metals Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Energy Metals Limited.

As lead audit partner for the audit of the financial statements of Energy Metals Limited for the year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited



Deloitte Touche Tohmatsu
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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 consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year end or from time to time during the financial year as set out on pages 33 to 68.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply 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. Those 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 of the financial report that gives a true and fair view, 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 opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited



Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Energy Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 23 of the directors' report for the year ended 31 December 2013. 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.

Opinion

In our opinion the Remuneration Report of Energy Metals Limited for the year ended 31 December 2013, complies with Section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
 Partner
 Chartered Accountants
 Perth 31 March 2014

ADDITIONAL INFORMATION

The following additional information not shown elsewhere in this report is required by the Australian Stock Exchange Ltd in respect of listed public companies only. This information is current as at 8 April 2014.

SUBSTANTIAL SHAREHOLDERS

There were three substantial shareholders as at 8 April 2014:

- I China Uranium Development Company Ltd holds 139,339,978 ordinary shares, or 66.45% of the voting rights in the Company;
- II KangDe Investment Group holds 26,553,722 ordinary shares, or 12.66% of the voting rights in the Company;
- III Jindalee Resources Limited holds 14,038,282 ordinary shares, or 6.69% of the voting rights in the Company.

ISSUED SECURITIES

Quoted Securities

ASX Code	Number of Holders	Security Description	Total Securities
EME	748	Ordinary Fully Paid	209,683,312

VOTING RIGHTS

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

Ordinary Fully Paid Shares – one vote per share held.

DISTRIBUTION SCHEDULE

Spread of Holdings			Ordinary Shares (EME)	units	%
1	-	1,000	162	80,044	0.04
1,001	-	5,000	241	645,697	0.31
5,001	-	10,000	120	947,743	0.45
10,001	-	100,000	198	5,756,234	2.75
100,001	-	and over	27	202,253,594	96.45
TOTAL HOLDERS			748	209,683,312	100%

UNMARKETABLE PARCELS

As at 8 April 2014 there were 335 shareholders holding less than a marketable parcel of shares.

BUY-BACK

There is no current on-market buy-back.

ADDITIONAL INFORMATION

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. China Uranium Development Company Ltd	66.45	139,339,978
2. KangDe Investment Group	12.66	26,553,722
3. Jindalee Resources Limited	6.69	14,038,282
4. Mr. Cui Bin	3.43	7,198,894
5. Kale Capital Corporation Ltd	2.79	5,848,437
6. Lindsay George Dudfield	1.16	2,422,620
7. Central Pacific Minerals NL	0.57	1,200,000
8. Pershing Australia Nominees Pty Ltd	0.42	872,726
9. JP Morgan nominated Australia Ltd	0.38	798,304
10. Lindsay George Dudfield and Yvonne Sheila Doling	0.33	698,625
11. Yandal Investments Pty Ltd	0.24	511,718
12. Redross Consultants Pty Ltd	0.22	468,900
13. Teck Australia Pty Ltd	0.21	438,141
14. Mr. Philip William Saunders	0.14	300,000
15. Mr. Zhongqing Zhang	0.13	267,255
16. Mr Dezong Yuan	0.10	200,657
17. Canie Pty Ltd	0.10	200,000
18. Mr Desmond Chung Seng Chiong	0.07	150,000
19. Citicorp Nominees Pty Ltd	0.07	142,320
20. Mr Ian Michael Paterson	0.07	136,364

ADDITIONAL INFORMATION

INTERESTS IN MINING TENEMENTS as at 8 April 2014.

Western Australia

E08/1480	Manyingee	Granted	E58/289	Anketell	Granted
E21/120	Lakeside	Granted	E58/292	Anketell	Granted
E29/568	Mopoke Well	Granted	RL29/1	Mopoke Well	Application
E29/623	Mopoke Well	Granted	RL57/2	Lake Mason	Application
E57/590	Lake Mason	Granted	RL58/2	Anketell	Application

Northern Territory

ELR46*1	Bigirlyi Project	Granted	MCSA318*1	Ngalia Regional	Application
ELR47*1	Bigirlyi Project	Granted	MCSA319*1	Ngalia Regional	Application
ELR48*1	Bigirlyi Project	Granted	MCSA320*1	Ngalia Regional	Application
ELR49*1	Bigirlyi Project	Granted	MCSA321*1	Ngalia Regional	Application
ELR50*1	Bigirlyi Project	Granted	MCSA322*1	Ngalia Regional	Application
ELR51*1	Bigirlyi Project	Granted	MCSA323*1	Ngalia Regional	Application
ELR52*1	Bigirlyi Project	Granted	MCSA324*1	Ngalia Regional	Application
ELR53*1	Bigirlyi Project	Granted	MCSA325*1	Ngalia Regional	Application
ELR54*1	Bigirlyi Project	Granted	MCSA326*1	Ngalia Regional	Application
ELR55*1	Bigirlyi Project	Granted	MCSA327*1	Ngalia Regional	Application
EL24451	Ngalia Regional	Granted	MCSA328*1	Ngalia Regional	Application
EL24533	Ngalia Regional	Granted	MLNA1952*1	Ngalia Regional	Application
ELRA41*2	Ngalia Regional	Application	MLNA1953*1	Ngalia Regional	Application
ELRA45*3	Ngalia Regional	Application			
EL24804	Ngalia Regional	Granted			
ELA30002	Ngalia Regional	Application			
ELA30004	Ngalia Regional	Application			
ELA30006	Ngalia Regional	Application			
ELA30144*1	Ngalia Regional	Application			
ELA30145*1	Ngalia Regional	Application			
ELA24462	Ngalia Regional	Application			
ELA24450	Ngalia Regional	Application			
ELA24805	Ngalia Regional	Application			
EL24806	Ngalia Regional	Granted			
EL24807	Ngalia Regional	Granted			
ELA27169	Ngalia Regional	Application			
ELA27333	Macallan	Application			

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

ADDITIONAL INFORMATION

ABBREVIATIONS

*1	=	53.3% interest	E	=	Exploration Licence (WA)
*2	=	52.1% interest	RL	=	Retention License (WA)
*3	=	41.9% interest	EL	=	Exploration Licence (NT)
			ELA	=	Exploration Licence Application (NT)
			ELR	=	Exploration Licence in Retention (NT)
			ELRA	=	Exploration License in Retention Application(NT)
			MCSA	=	Mineral Claim (Southern) Application (NT)
			MLNA	=	Mineral Lease (Northern) Application (NT)

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