



 **Energy**
Metals Limited

2014 ANNUAL REPORT

A.B.N. 63 111 306 533

CORPORATE DETAILS

Directors

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)
 Xing, Jianhua (Non-executive Director)
 Zhang, Zimin (Non-executive Director)

Company Secretary

Li, Xuekun

Registered Office

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Auditor

Deloitte Touche Tohmatsu
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 Level 14 Woodside Plaza
 Perth WA 6000

Share Registry

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 770 Canning Highway
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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.

Bankers

National Australia Bank Limited
 100 St Georges Terrace
 PERTH WA 6000

Solicitors

Minter Ellison
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 PERTH WA 6000

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C H A I R M A N ' S S T A T E M E N T

Dear Shareholders

The Year 2014 was not a happy year for the exploration and mining industry, including the uranium sector. Low uranium prices prevailed most of the year and the spot price even tracked below US\$30/lb for several months. The subdued uranium price and the depressed economic environment brought significant pressure to all uranium producers and explorers. Projects were postponed, jobs were slashed and companies struggled for capital. There was not much good news in 2014.

Despite the difficulties, the Company completed its non-renounceable rights issue in January 2014 and successfully raised \$9.4 million before costs. This meaningful fundraising reflected our shareholders' steady faith in the uranium story, as well as their confidence in the outlook for clean energy. As a result of this capital raising the Company has a strong balance sheet and is well positioned to take advantage of opportunities which present in a depressed market.

In regards to the exploration business, there were also remarkable achievements. Apart from the newly granted tenements in Ngalia regional, the Company announced positive resource updates for the 100% owned tenements in the Northern Territory and Western Australia. Encouraging results were also received from the drilling programs at the Manyingee East prospect.

In the short-term, the stockpiles and oversupply in the world uranium market might continue to subdue the uranium price; however positive signs of turnaround still exist. New nuclear power stations continue to be built or are under construction around the world, particularly in China, where there is a strong resolve to address pollution. During the past two decades, China has relied on coal to generate most of its power, which is believed to have been one of the major contributors to air pollution. After the Chinese Chairman Xi Jinping's pledge to preserve "Apec Blue" (a term coined to describe the blue sky in Beijing during the APEC meeting in November 2014), the desire to increase the use of clean energy has never been stronger. Among all clean energies, nuclear power is considered the most practical alternative to coal. It is important to note that the Chinese government has indicated a strong desire to raise the percentage of its electricity produced by nuclear power from 2% currently to 4-5% by 2020. This will result in a significant increase in demand for uranium.

Given the current market conditions the Company's focus remains protecting and maintaining its assets. Under this strategy, only minimum required expenditure will be spent on our projects in the Northern Territory and Western Australia, and our cost reduction programs will continue.

Finally, I wish to thank the management and all employees for their hard work over the past year. More challenges may be ahead; nevertheless, as the Chairman of the Board, I believe that with the support of our shareholders and our committed staff the Company will stay in good standing and will be ready to rapidly capitalise when the upturn in the market occurs.

Zuyuan He

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 29% 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 (CGN) (formerly known as China Guangdong Nuclear Power Holding Company). At 31 December 2014, the installed capacity of CGN's operating nuclear generating plants was 11,620 MWe from eleven nuclear reactors; with thirteen other nuclear generating units 15,500 MWe under construction in various locations across China. CGN is one of only two companies authorised by the Chinese Government to import and export uranium. This unique relationship with CGN 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.

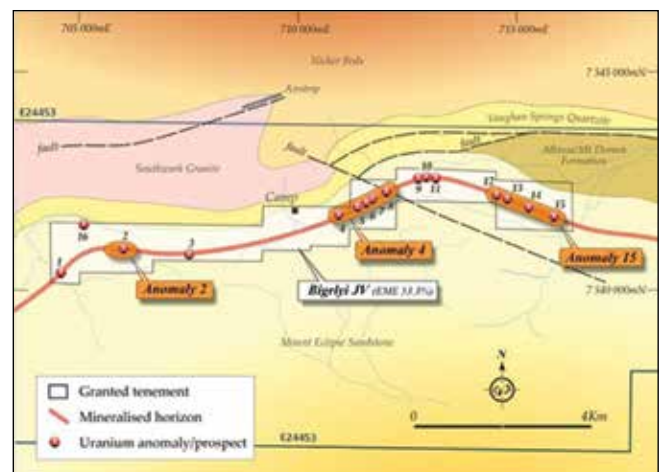
NORTHERN TERRITORY

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 licences in retention (ELRs), two granted exploration licences (ELs) and two applications. 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

Several drilling programs, concentrating mostly on the Anomaly 4 and Anomaly 15 deposits, were completed at Bigrlyi in the period from 2005 to 2011 with most holes intersecting significant uranium mineralisation. Uranium and vanadium resource estimates were

REVIEW OF ACTIVITIES

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 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 (see below). These programs have been aided by the application of geophysical techniques, in particular gradient-array induced polarisation (IP) surveys in order to locate sandstone units favourable for hosting uranium mineralisation under sand cover.

Work Completed in the Twelve Months to 31 December 2014

Due to the depressed uranium market, the Joint Venture limited its activities at Bigirlyi. Activities undertaken during the year included camp and site maintenance, a site rehabilitation inspection, rehabilitation works planning, and ongoing radiation and environmental baseline studies.

Future Activities

Exploration activities at Bigirlyi during the 2015 field season will depend on approval of exploration or development budgets by the Joint Venture operating committee. Some rehabilitation works to remediate erosion associated with old drill pads and access tracks are planned for 2015.

REVIEW OF ACTIVITIES

Walbiri Joint Venture (EME 41.9%)

During the year ELR45, covering part of the historical Walbiri Deposit, was granted. The project is a joint venture with Paladin Energy Ltd (58.1%) with Energy Metals the operator. In addition to a heritage survey, a small program of core re-logging and historical data compilation and verification was undertaken during the year in conjunction with regional Ngalia Basin studies to better understand this deposit (see below). This work will be on-going in 2015 subject to joint venture funding.

Malawiri Joint Venture (EME 52.1%)

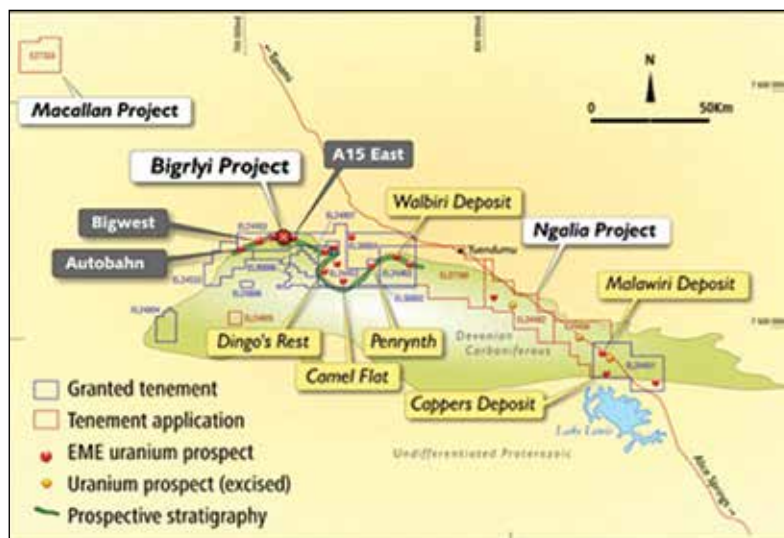
During the year ELR41, covering the historical Malawiri Deposit to the west of Paladin's Minerva Deposit, was granted. The project is a joint venture with Paladin Energy Ltd (47.9%) with Energy Metals the operator. In addition to a heritage survey, a small program of core re-logging and historical data compilation and verification was undertaken during the year in conjunction with regional Ngalia Basin studies to better understand this deposit (see below). This work will be on-going in 2015 subject to joint venture funding.

Ngalia Regional Project (EME 100%)

The Ngalia Regional project comprises fourteen 100% owned exploration licences (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.

Ten of the 14 Ngalia Regional exploration licences have been granted by the Northern Territory Department of Mines and Energy (DME). The three latest tenements (EL's 30002, 30004 & 30006) were granted in April 2014. 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.

The Ngalia Regional uranium prospects are of a similar style to the Bigrlyi deposit and are hosted in the Carboniferous age Mt Eclipse sandstone. In early 2014 initial resource estimates were undertaken by consultants CSA Global for three satellite deposits located in proximity to the Bigrlyi deposit: Anomaly 15 East, Bigwest and Camel Flat.



Ngalia Regional Project showing tenements, uranium deposits & occurrences

REVIEW OF ACTIVITIES

Camel Flat, Anomaly 15 East & Bigwest Deposits

In February 2014 uranium resource estimates were announced for the Camel Flat, Anomaly 15 East (Western Zone) and Bigwest deposits located on tenement EL24453 within proximity to Biglryi (see figure above). Further details are provided in the ASX Announcement of 13 February 2014.

The Total Mineral Resources for each deposit are summarised below:

Mineral Resource Estimates for the Camel Flat, Anomaly 15 East and Bigwest Deposits*

Deposit	Cut-off U_3O_8 (ppm)	Resource Category	Tonnes Kt	U_3O_8 ppm	U_3O_8 (tonnes)
Camel Flat	100	Inferred	211.3	1,384	292

Deposit	Cut-off eU_3O_8 (ppm)	Resource Category	Tonnes Kt	U_3O_8 ppm	U_3O_8 (tonnes)
Anomaly 15 East	100	Inferred	142.0	1,320	187
Bigwest	100	Inferred	407.3	362	147

* The Mineral Resources have been classified and reported in accordance with JORC (2012) requirements. The resource classification is based on the assessed level of confidence in sample methods used, geological interpretation, drill spacing and geostatistical measures.

Energy Metals believes these resources will make a valuable contribution to the overall uranium resources at the Biglryi project as a whole, as well as enhance the economics of a potential mining development.

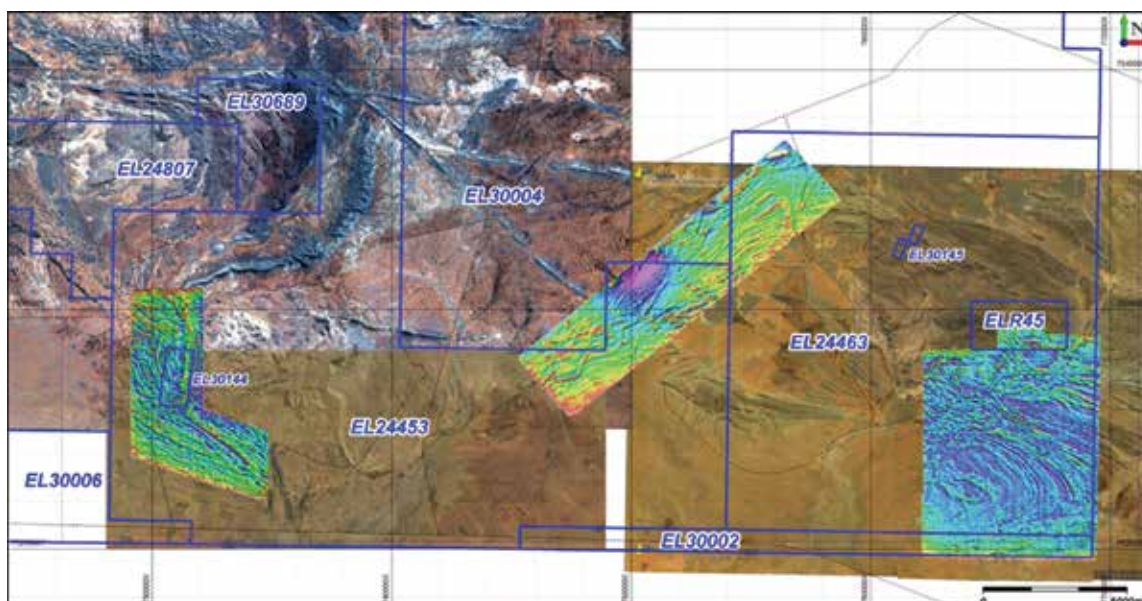
Geophysical Survey

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 highlights the potential of areas under cover where previous targeting has been difficult. To this end, in late 2014 Energy Metals commissioned a high-resolution (50m-line-spaced), helicopter-borne magnetic and radiometric survey over four key target areas of the Ngalia Basin (Dingos Rest, Coonega, Walbiri South and Malawiri).

The previous 2007 survey was not undertaken at sufficient resolution to identify all on-ground radiometric anomalies that could be associated with potentially significant deposits. In addition, buried Mt Eclipse sandstone stratigraphy and structure is revealed by subtle differences in magnetic response which can be traced along strike and under cover. Such data are valuable in areas of the Ngalia Basin where intense folding of Mt Eclipse Sandstone beds may have resulted in structural repetition of mineralisation and are cost-effective when combined with IP survey data in tracing prospective reduced sandstone units.

An example of the magnetic imagery obtained is shown in the following figure; the survey data are currently being interpreted by Energy Metals' geological team.

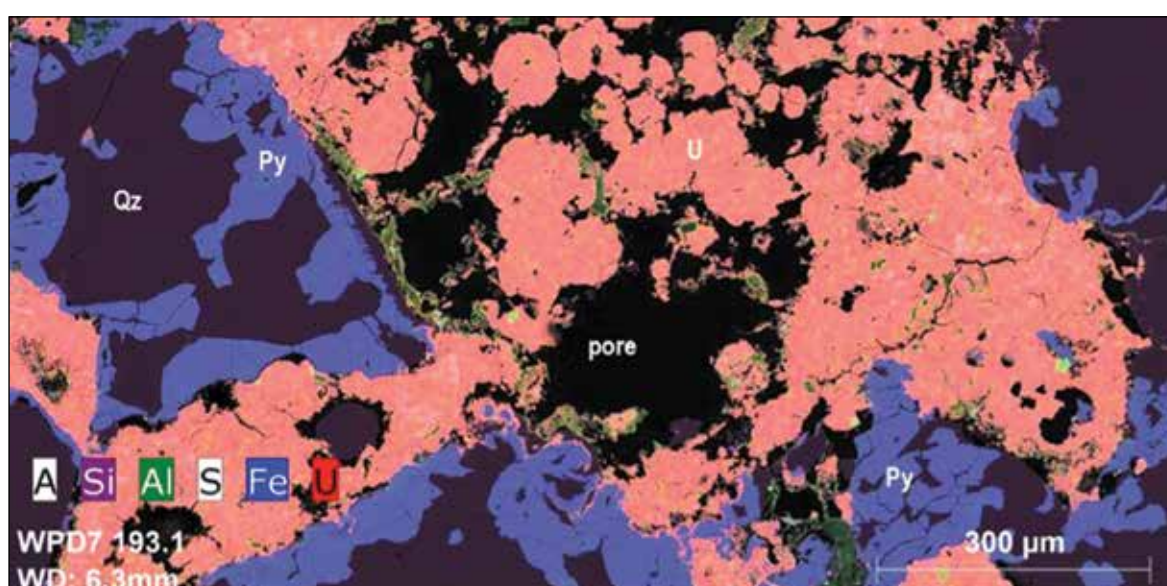
REVIEW OF ACTIVITIES



Ngalia Regional Project – helicopter magnetic survey imagery over (from left to right) the Dingos Rest, Coonega and Walbiri South prospects.

Regional Geological Correlation Study

In order to gain a greater understanding of the style of mineralisation in Energy Metals' various Ngalia Basin prospects, a program of re-logging of drill core from historical prospects held by the Company was undertaken. The core logging was undertaken in conjunction with Dr S. Schmid (CSIRO) and focussed on the different sedimentary cycles and facies that control mineralisation. A selection of samples from mineralised holes was taken for thin section analysis to observe ore textures, controls, mineral associations and the distribution of uranium-bearing minerals. An example of ore textures observed at the Walbiri deposit is shown below.



Scanning electron microscope element map from Walbiri ore sample showing pyrite (Py, blue) replacing quartz grains (dark purple). Uranium minerals (pink) replace framboidal pyrite. Sample WPD7 193.1.

REVIEW OF ACTIVITIES

Macallan (EME 100%)

The Macallan project comprises a single exploration licence application (ELA27333), located 460 km NW of Alice Springs and 140 km from Biglryi. 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 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.

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.

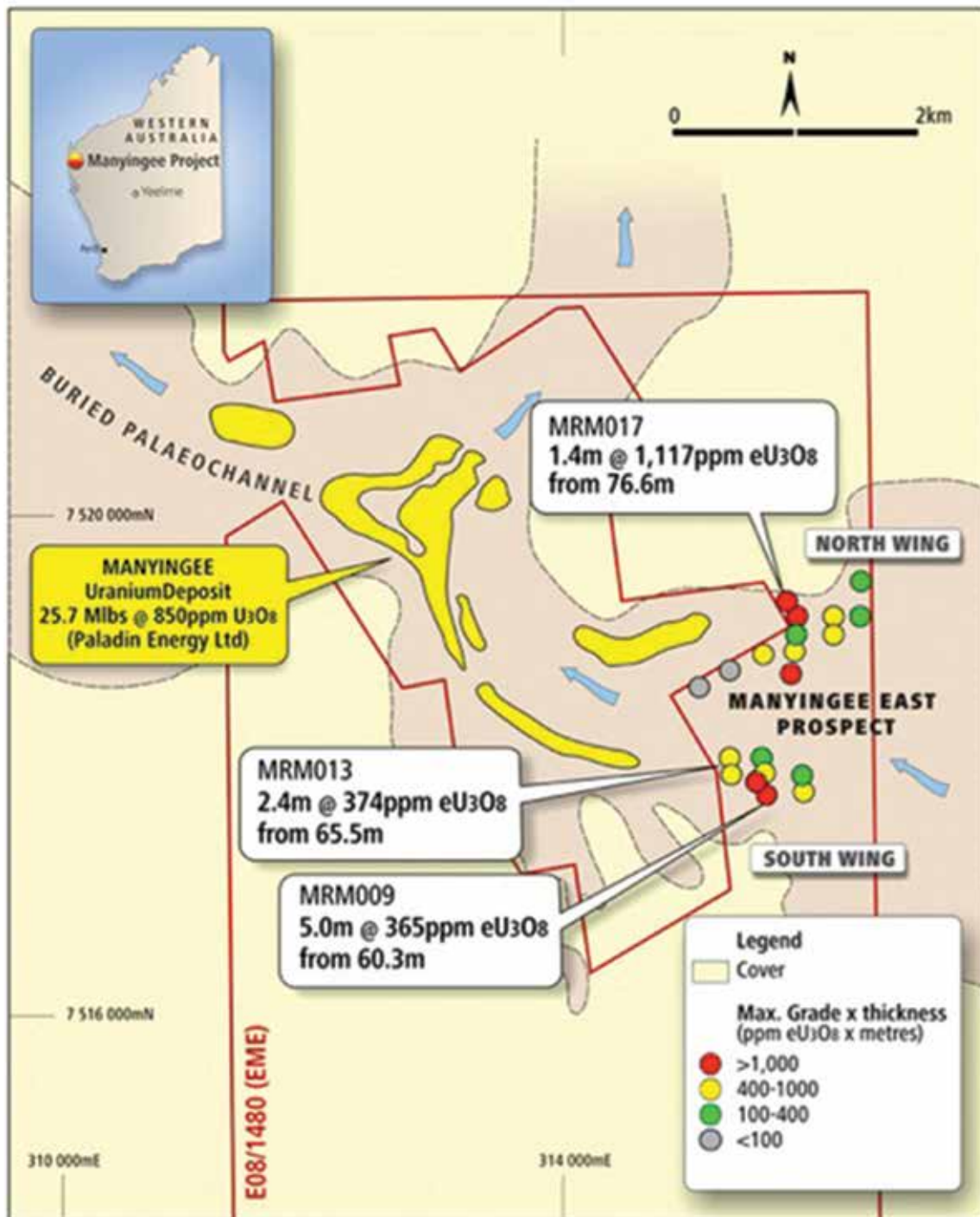
In September 2014 a small drilling program (18 Rotary Mud holes for 1,790m) was completed to test roll-front style mineralisation within Energy Metals' Manyingee East prospect (see ASX announcement of 27 October 2014). The prospect lies immediately up-channel of Paladin Energy's Manyingee deposit.

Fifteen of the holes returned significantly mineralised intercepts, ranging from 0.2m – 5m thick with an average grade of approximately 330ppm eU₃O₈. The mineralisation, which is entirely redox-controlled and may be continuous with Paladin's Manyingee deposit to the west (see figure below), shows good continuity and has been delineated across two zones (the south and north wings) with dimensions of each zone at least 300m wide (north-south) by 650m long (east-west). High grade mineralised zones (i.e. those with grade x thickness values >1000), are presently open and untested to both the north and south.

The highest grade intercept of 1.4m @ 1,117ppm eU₃O₈ from Hole MRM017 is associated with organic matter and pyrite close to the northern edge of the palaeochannel. Mineralisation was intercepted over several zones with the northern holes intersecting mineralisation at a depth of approximately 73-76m, mainly within the Yarraloola Conglomerate or lowermost Birdrong Sandstone; and the southern holes intersecting mineralisation within the upper to middle Birdrong Sandstone at depths of approximately 55-67m.

Energy Metals believes there is considerable scope for further discoveries and expansion of known mineralisation in this part of the Manyingee palaeochannel.

REVIEW OF ACTIVITIES



Drill holes categorised by interval of maximum grade x thickness in relation to Paladin's Manyingee Deposit (outline in yellow). The inferred extent of the buried Manyingee palaeochannel is shown together with palaeo-flow directions (blue arrows).

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 scoping level metallurgical testwork program, to determine whether a low cost beneficiation technique could be used to upgrade the mineralisation within the Anketell resource, was completed during the year. However, results of initial attrition scrubbing testwork on a representative ore sample did not yield a size fraction where uranium was upgraded significantly.

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. The retention licence application progressed during 2014.

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 scoping level metallurgical testwork program, to determine whether a low cost beneficiation technique could be used to upgrade the mineralisation within the resource, was completed during the year. However, results of initial wet screening testwork on a representative Lake Mason ore sample did not yield a size fraction where uranium was upgraded significantly.

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. The retention licence application progressed during 2014.

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 shallow-level carnotite mineralisation mainly hosted at depths of 1-5 metres within a carbonate-rich, palaeo-drainage system. Drilling campaigns by Energy Metals were undertaken in 2007, 2008, 2010 and 2012.

During 2013 a data compilation and project review determined that sufficient continuity of mineralisation could be demonstrated for an updated resource estimate to be undertaken.

REVIEW OF ACTIVITIES

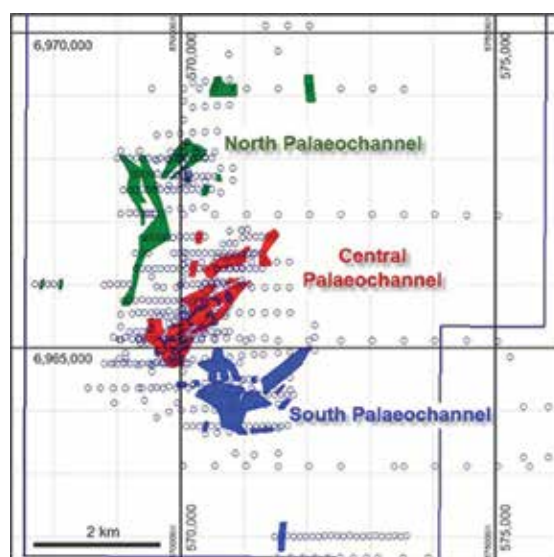
The Mineral Resource Estimate, completed by consultants CSA Global, has been classified as Inferred and comprises 960 tonnes U_3O_8 at a 200ppm cut-off or 1,289 tonnes U_3O_8 at a 100ppm cut-off. The new Mineral Resource represents an increase of 256% over previous estimates. In addition, an Exploration Target representing unclassified resources of 310,000 tonnes at an average grade of 450 ppm U_3O_8 at a 200ppm cut-off (140 tonnes of U_3O_8) has been outlined. Further details are provided in the ASX Announcement of 3 June 2014.

*Lakeside Inferred Resource Estimate at 200ppm & 100ppm U_3O_8 cut-off grades**

Tonnes (Million)	Cut-off Grade U_3O_8 (ppm)	Average Grade U_3O_8 (ppm)	Contained U_3O_8 (tonnes)	Contained U_3O_8 (Mlb)
2.74	200	350	960	2.12
5.02	100	257	1,289	2.84

* The Mineral Resources have been classified & reported in accordance with JORC (2012) requirements. The resource classification is based on the assessed level of confidence in sample methods used, geological interpretation, drill spacing & geostatistical measures.

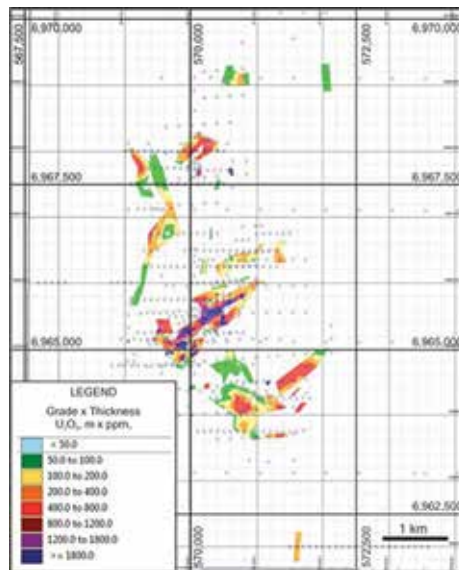
Mineralisation is distributed in three different domains which are interpreted as separate palaeochannels as shown below:



Plan of the Lakeside deposit showing the historical and EME drill hole collar distribution (circles) and the mineralised palaeochannel domains.

The uranium distribution is concentrated within the central palaeochannel which holds 75% of the resource at 200ppm U_3O_8 cut-off as shown in the figure below contoured for grade x thickness of the orebody.

REVIEW OF ACTIVITIES



Distribution of Grade (ppm U_3O_8) x Thickness (metres) for the Lakeside deposit.

The updated Lakeside resource estimate takes Energy Metals' total uranium inventory in the central Yilgarn area to 7,300 tonnes or 16.1Mlbs U_3O_8 at a cut-off grade of 100ppm U_3O_8 . The Company will continue to look at opportunities to expand and upgrade resources in the area and evaluate possible development options. In order to maintain the Company's interest in the project until uranium market conditions improve, Energy Metals has applied for a retention licence to cover the resource area.

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), with the uranium hosted by calcretised sediments associated with the Lake Raeside drainage system.

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 eU_3O_8 for 1,613 tonnes or 3.56Mlb U_3O_8 at a cut-off grade of 100ppm U_3O_8 (refer to the ASX announcement of 12 March 2013 for further details).

A small aircore drilling program (51 holes of 10m depth) was undertaken at Peninsula in late 2013 in order to define the extent of mineralisation in the southern portion of the deposit; however, no significant intercepts were encountered.

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. The retention licence application progressed during 2014.

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.

REVIEW OF ACTIVITIES

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

About CGN

Established in September 1994, China General Nuclear Power Group (CGN) (formerly known as China Guangdong Nuclear Power Holding Co., Ltd) is a large clean energy corporation with current total assets of approximately RMB390 billion and net assets of RMB 120 billion. At the end of 2014 CGN had 11 operating nuclear power stations with existing generation capacity of 11,620 MWe, and a further 13 nuclear projects currently under construction across various locations around China will add approximately 15,500 MWe of capacity. CGN is one of only two Chinese companies that has been granted the right to import and export uranium.

CGN has also invested in a portfolio of wind, solar energy and hydro power units with total current generating capacity of approximately 9,000 MWe with further clean energy generating capacity under construction. CGN aims to become the world's leading clean energy producer.

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 and the Lakeside Deposit 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.

R E V I E W O F A C T I V I T I E S

The Mineral Resource estimates for Anketell, Lake Mason and Peninsula 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 PIRSA (now DEWNR), 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 2014.

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)
 Xing, Jianhua (Non-executive Director, appointed 30 June 2014)
 Zhang, Zimin (Non-executive Director, appointed 30 June 2014)
 Jin, Yunfei (Non-executive Director, resigned 30 June 2014)
 Cui, Zhenshu (Non-executive Director, resigned 30 June 2014)

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 Company's tenements in the Northern Territory and in Western Australia.

Northern Territory

During the year, the Company continued to focus on Ngalia tenements to expand its resource base in the Northern Territory while minimising expenditure on the Biglryi Joint Venture.

After various exploration and development activities, updated resource estimates for the Company's 100% owned Bigwest, Anomaly-15 East and Camel Flat prospects were completed early 2014 and the results announced to the ASX on 13 February 2014.

Western Australia

Various drilling activities were performed on tenements within Western Australia. The resource estimate for the Lakeside deposit was updated to 960 tonnes U_3O_8 (at 200ppm cut-off grade), an increase of 256% over the previous estimate. Drilling at the Manyingee East prospect targeting roll-front mineralisation upstream of Paladin Limited's Manyingee deposit returned encouraging intercepts.

Uranium Trading

During the year, the Company did not conduct any uranium trading activities.

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

DIRECTORS' REPORT

OPERATING RESULTS FOR THE YEAR

The consolidated loss of the Group for the year ended 31 December 2014 was \$552,074 (31 December 2013: profit of \$43,259).

REVIEW OF FINANCIAL CONDITIONS

The net assets of the Group were \$55,601,405 at 31 December 2014 (2013: \$46,779,667).

The Entitlement Offer, which was announced on 19 November 2013, was completed in January 2014. The Company allotted 55,915,550 fully paid ordinary shares and raised capital of \$9,393,812.

Use of cash and assets by the Company for the year ended 31 December 2014 is consistent with the Company's business objectives since listing on the Australian Securities Exchange on 9 September 2005.

CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has been no matter or circumstance which has arisen since 31 December 2014 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

While the Company minimised spending on the BJV project and some tenements, exploration activities continued to be carried out in the Ngalia regional project and on tenements in Western Australia. The Company will increase its exploration expenditure on the tenements as considered appropriate in the future.

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.

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 2014 to 31 December 2014 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

<i>Name</i>	<i>Director's Experience</i>	<i>Special Resibilities</i>
Mr He, Zuyuan	<p>Mr He holds a Bachelor degree in Geology and an MBA from Tsinghua University in China and has over 25 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 Ltd (currently known as Extract Resources Pty Limited) from March 2012 to January 2013.</p>	Non-Executive Chairman
Dr Xiang, Weidong	<p>Dr Xiang is a qualified geologist and has nearly 20 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 Geology 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 the AusIMM. Dr Xiang does not currently hold directorships of other Australian public companies.</p>	Managing Director
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

DIRECTORS' REPORT

<i>Name</i>	<i>Director's Experience</i>	<i>Special Resibilities</i>
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. Mr Jones is currently the Managing Director of GR Engineering Services Limited.</p> <p>Other public company directorships held by Mr Jones over the last three years are: GR Engineering Services Limited - (June 2013 to current); Brumby Resources Ltd – (February 2006 to current); and Azumah Resources Limited – (October 2009 to current).</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
Mr Xing, Jianhua (appointed 30 June 2014)	Mr Xing is a qualified accountant with nearly 20 years' experience in accounting and finance, especially in the industry of exploration and mining. He holds a Master degree from Wuhan University of Technology and has worked as a senior manager for China General Nuclear Power Group since 2006. He is currently the Chief Accountant of CGNPC-Uranium Resources Co. Ltd.	Non-executive Director
Mr Zhang, Zimin (appointed 30 June 2014)	Mr Zhang is a senior engineer with 25 years' experience in the uranium industry. He holds a Master degree from Beijing Research Institute of Uranium Geology and has worked as a senior manager for China General Nuclear Power Group since 2008. He is currently the Chief Engineer of the Department of Overseas Business Development of CGNPC-Uranium Resources Co. Ltd.	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	-
Xing, Jianhua	-	-
Zhang, Zimin	-	-

*: 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 2014 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
He, Zuyuan	2	2
Xiang, Weidong	2	2
Lindsay G Dudfield	2	2
Geoff M Jones	2	1
Zhong, Yu	2	1
Xing, Jianhua	1	1
Zhang, Zimi	1	1
Jin, Yunfei	1	-
Cui, Zhenshu	1	1

As at the date of this report, the Group did not have an Audit Committee. 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.

DIRECTORS' SHAREHOLDING

	Fully Paid Ordinary Shares	Options
He, Zuyuan	-	-
Xiang, Weidong	-	-
Lindsay G Dudfield*	3,255,165	-
Geoff M Jones	-	-
Zhong, Yu**	26,553,722	-
Xing, Jianhua	-	-
Zhang, Zimin	-	-

*: Including shares held by the director and his affiliates.

** : Shares indirectly held through KangDe Investment Group.

DIRECTORS' REPORT

Retirement, election and continuation in office of directors

Mr Xing, Jianhua and Mr Zhang, Zimin were appointed Non-executive Directors on 30 June 2014. Ms Jin, Yunfei and Ms Cui, Zhenshu resigned as Non-executive Directors on 30 June 2014.

Mr Geoff Jones and Mr Zhong, Yu are the directors retiring by rotation who, being eligible, may offer themselves for reelection 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 15 years' experience in finance and corporate governance.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Company's key management personnel for the financial year ended 31 December 2014. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of key management personnel
- key terms of service agreements.
-

Key Management Personnel ("KMP")

H. Zuyuan	Non-Executive Chairman
L. Dudfield	Non-Executive Director
G. Jones	Non-Executive Director
Z. Yu	Non-Executive Director
X. Jianhua	Non-Executive Director (appointed 30 June 2014)
Z. Zimin	Non-Executive Director (appointed 30 June 2014)
J. Yunfei	Non-Executive Director (resigned 30 June 2014)
C. Zhenshu	Non-Executive Director (resigned 30 June 2014)
X. Weidong	Managing Director
S. Xiaohua	CFO
L. Xuekun	Company Secretary

DIRECTORS' REPORT

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.

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.

	<i>At 31 December 2010</i>	<i>At 31 December 2011</i>	<i>At 31 December 2012</i>	<i>At 31 December 2013</i>	<i>At 31 December 2014</i>
Share Price	\$0.79	\$0.31	\$0.25	\$0.24	\$0.13
Market Capitalisation	\$121.5M	\$46.7M	\$37.7M	\$36.9M	\$27.3M
Dividend	-	-	-	-	-

DIRECTORS' REPORT

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.

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.

		<i>Short-term benefits</i>		<i>Post-employment</i>	<i>Share-based payment</i>	<i>Total</i>	<i>% remuneration consisting of options</i>
		<i>Directors Fees</i> \$	<i>Cash Salary, Consulting Fees</i> \$	<i>Superannuation</i> \$	<i>Options</i> \$	\$	%
Non-Executive Directors							
H. Zuyuan	2014	-	-	-	-	-	-
	2013	6,250	-	-	-	6,250	-
L. Dudfield	2014	-	26,450	-	-	26,450	-
	2013	-	32,215	-	-	32,215	-
G. Jones	2014	22,857	-	2,143	-	25,000	-
	2013	22,910	-	2,090	-	25,000	-
Zh. Yu	2014	25,000	-	-	-	25,000	-
	2013	25,000	-	-	-	25,000	-
Xing. Jianhua	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
Zhang. Zimin	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
Jin. Yunfei	2014	-	-	-	-	-	-
	2013	6,250	-	-	-	6,250	-
Cui. Zhenshu	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
Executive Directors							
Xiang. Weidong	2014	200,000	-	-	-	200,000	-
	2013	200,000	-	-	-	200,000	-
Key Management							
Song. Xiaohua	2014	155,000	-	-	-	155,000	-
	2013	79,288	-	-	-	79,288	-
Li. Xuekun	2014	-	34,676	-	-	34,676	-
	2013	-	74,918	-	-	74,918	-
Total	2014	402,857	61,126	2,143	-	466,126	-
	2013	420,982	107,043	2,090	-	530,115	-

DIRECTORS' REPORT

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 management 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 a director's fees of \$25,000 (2013: \$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.

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 (2013: \$200,000 per annum). The agreement may be terminated by either party on 1 month's written notice.

Lindsay Dudfield

Mr Dudfield, as a Non-executive Director, 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 (2013: \$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 a director's fee of \$25,000 (2013: \$25,000) per annum.

Geoff Jones

On 29 August 2008, the Company entered into an agreement (via a letter of appointment), appointing Mr Geoff Jones as a Non-executive Director. Mr Jones is entitled to a director's fee of \$25,000 (2013: \$25,000) per annum.

Xing, Jianhua

Mr Xing was appointed a Non-Executive director on 30 June 2014. According to a letter of appointment, Mr Xing, Jianhua is entitled to a director's fee of \$25,000 per annum. Mr Xing consented to forgive his remuneration from 1 July 2014 to 31 December 2014 as his service had been considered and compensated by other related corporate bodies.

Zhang, Zimin

Mr Zhang was appointed a Non-Executive director on 30 June 2014. According to a letter of appointment, Mr Zhang, Zimin is entitled to a director's fee of \$25,000 per annum. Mr Zhang consented to forgive his remuneration from 1 July 2014 to 31 December 2014 as his service had been considered and compensated by other related corporate bodies.

Song, Xiaohua

Mr Song has been 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.

DIRECTORS' REPORT

Li, Xuekun

Ms Li is the Company Secretary of Energy Metals Limited and provides her service via L.X.K. Consulting. 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 a party if the other party commits a breach of the agreement and the breach is not corrected within 30 days. Ms Li is paid on a basis of job completion.

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. There were no options issued during the year to any of the KMP.

Share-based compensation

No shares in the Company were provided as remuneration to directors of Energy Metals Limited and senior managers of the Company during the year (2013: Nil). No options were vested during the year (2013: 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 (2013: Nil).

End of Remuneration Report (Audited).**SHARES UNDER OPTION**

At 31 December 2014, there were no shares under options.

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.

DIRECTORS AND OFFICERS INSURANCE

The Company has paid a premium to insure the directors and officers of the Company for the period 30/06/2014 to 30/06/2015 against

DIRECTORS' REPORT

those liabilities for which insurance is permitted under section 199B of the Corporations Act 2001. Details of the nature of the liabilities insured for and the amount of the premium are subject to a confidentiality clause under the contract of insurance.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

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 61 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 23 to the financial statements.

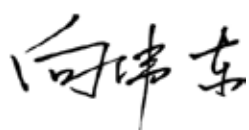
The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 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.

12 March 2015, 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 2014. 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:

<i>Name</i>	<i>Age</i>	<i>Position and Period of Office Held</i>	<i>Special Expertise</i>
He, Zuyuan	49	Non-executive Director and Chair for 5 years	Company Management
Xiang, Weidong	45	Managing Director for 4 years	Resource Industry
Lindsay Dudfield	58	Non-executive Director for 4 years; Managing Director for 6 years	Resource Industry
Geoffrey Jones	53	Non-executive Director for 6 years	Engineering & Project Management
Zhong, Yu	65	Non-executive Director for 4 years	Corporate Management
Xing, Jianhua	44	Non-executive Director for 1 year	Financial Management
Zhang, Zimin	51	Non-executive Director for 1 year	Engineering & Uranium research

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.

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

CORPORATE GOVERNANCE STATEMENT

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 2014 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 efficient decision making.

CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Recommendation 2.4 suggest listed entities establish a nomination committee. During the period ended 31 December 2014, 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 reappointment 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-inconfidence 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:

	<i>Number</i>	<i>Percentage</i>
Number of women employees in the whole organization	3	18%
Number of women in senior executive positions	-	-
Number of women on the Board	-	-

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 recommends 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 2014 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.

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.

CORPORATE GOVERNANCE STATEMENT

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.

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

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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 nonexecutive 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 3 to 12 are not part of these financial statements.

The financial statements were authorised for issue by the directors on 12 March 2015. 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 YEAR ENDED 31 DECEMBER 2014

		<i>Consolidated</i>	
	<i>Note</i>	<i>2014</i>	<i>2013</i>
		<i>\$</i>	<i>\$</i>
Revenue from continuing operations			
Other Revenue	3a	929,844	1,947,207
Depreciation expenses	3b	(108,054)	(120,809)
Exploration expenditure written off		-	(387,785)
Receivable written off		(43,625)	-
Employee benefits expenses	3c	(590,265)	(747,373)
Corporate and regulatory expenses		(39,052)	(45,463)
Office rental		(207,201)	(226,094)
Legal Advisory		(14,973)	(144,788)
Other administrative expenses		(478,748)	(231,636)
(Loss)/Profit before income tax		(552,074)	
Income tax expense	4	-	
(Loss)/Profit for the year		(552,074)	
Total comprehensive (expense)/ income for the year		(552,074)	
Loss/Income attributable to owners of Energy Metals Limited		(552,074)	
Total comprehensive (expense)/income for the year attributable to owners of Energy Metals Limited		(552,074)	
Loss/Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic (loss)/earnings per share (cents per share)	6	(0.27)	0.03
Diluted (loss)/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 AS AT 31 DECEMBER 2014

		<i>Consolidated</i>	
	<i>Note</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
		\$	\$
CURRENT ASSETS			
Cash and cash equivalent	8	11,609,364	13,968,911
Term deposit	8	11,307,540	11,649,126
Trade and other receivables	9	232,579	301,944
Total Current Assets		23,149,483	25,919,981
NON-CURRENT ASSETS			
Receivables	9	143,910	185,733
Plant and equipment	10	405,783	473,167
Exploration and evaluation expenditure	11	32,127,774	30,103,590
Total Non-Current Assets		32,677,467	30,762,490
TOTAL ASSETS		55,826,950	56,682,471
CURRENT LIABILITIES			
Trade and other payables	12	132,234	9,821,217
Provisions	13	93,311	81,587
Total Current Liabilities		225,545	9,902,804
TOTAL LIABILITIES		225,545	9,902,804
NET ASSETS		55,601,405	46,779,667
EQUITY			
Contributed equity	14	59,051,644	49,677,832
Accumulated losses		(3,450,239)	(2,898,165)
Capital and reserves attributable to owners of Energy Metals Limited		55,601,405	46,779,667
TOTAL EQUITY		55,601,405	46,779,667

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>Attributable to owners of Energy Metals Limited</i>			
	<i>Contributed equity</i>	<i>Reserves</i>	<i>Accumulated losses</i>	<i>Total</i>
	\$	\$	\$	\$
Balance at 1 January 2013	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
Total comprehensive expense for the year	-	-	(552,074)	(552,074)
Issue of capital	9,373,812	-	-	9,373,812
Balance at 31 December 2014	59,051,644	-	(3,450,239)	55,601,405

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

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>Note</i>	31 December 2014 \$ <i>Inflows</i> <i>(Outflows)</i>	31 December 2013 \$ <i>Inflows</i> <i>(Outflows)</i>
Cash flows from operating activities			
Income received from customers		-	1,488,721
Payments to suppliers and employees		(1,209,807)	(2,970,209)
Income received from Joint Venture		17,128	1,058,849
Interest received		831,637	835,607
Grant and rebate received		30,029	56,676
Net cash (outflow)/inflow from operating activities	5	(331,013)	469,644
Cash flows from investing activities			
Payments for exploration, evaluation and development expenditure		(2,347,262)	(5,465,893)
Payments for property, plant and equipment		(40,670)	(29,322)
Acquisition of term deposits		(14,828,162)	(16,729,432)
Withdrawal of term deposits		15,169,748	15,158,073
Receipt of environmental guarantee bond		41,823	-
Net cash outflow from investing activities		2,004,523	(7,066,574)
Cash flows from financing activity			
Prepaid funds from shareholders for capital raising		-	9,412,709
Return of share application fund		(24,011)	-
Net cash (outflow)/inflow from financing activity		(24,011)	9,412,709
Net (decrease)/increase in cash and cash equivalents		(2,359,547)	2,815,779
Cash and cash equivalents at the beginning of the financial year		13,968,911	11,153,132
Cash and cash equivalents at the end of the financial year	5	11,609,364	13,968,911

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 1(t).

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 25.

(b) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voteholders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of Consolidation (continued)

(i) *Subsidiaries (continued)*

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

(ii) *Joint Operation*

The proportionate interests in the assets, liabilities and expenses of a joint operation have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 24.

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income Tax (continued)

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 18). 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Trade and Other Receivables (continued)

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 YEAR ENDED 31 DECEMBER 2014

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) Capitalised exploration expenditure

The application of the Group's policy in regards to the recognition and measurement of capitalised exploration and evaluation expenditure requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available.

The Group reviews the carrying value of exploration and evaluation expenditure at each reporting date. This requires judgement as to the status of the individual projects and their future economic value. The factors impacting on economic value include the size of the total available resource, the grade of the resource, expected costs of developing the project, technical feasibility of the project, expected costs of mining production and future commodity prices.

If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or successful development and exploitation of the area, then the relevant capitalised amount will be written off through the Statement of Profit or Loss and Other Comprehensive Income.

(t) 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. These new and revised Standards, amendments thereof and Interpretations did not have any material impact on the financial report for the year ended 31 December 2014:

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) New Accounting Standards and Interpretations (continued)

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures.' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

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

The Group has applied the amendments to AASB 7 'Disclosures –Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.

AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'(Part A Conceptual Framework)'

This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included notfor- profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the consolidated financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

AASB 9 "Financial Instruments" and the relevant amending standards, effective for annual reporting periods beginning on or after 1 January 2018;

AASB 15 "Revenue from Contracts with Customers" and the relevant amending standards, effective for annual reporting periods beginning on or after 1 January 2017;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) New Accounting Standards and Interpretations (continued)

INT 21 "Levies," effective for annual reporting periods beginning on or after 1 January 2014;

AASB 2014-3 "Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operation," effective for annual reporting periods beginning on or after 1 January 2016;

AASB 2014-4 "Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation," effective for annual reporting periods beginning on or after 1 January 2016;

AASB 2014-10 "Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture," effective for annual reporting periods beginning on or after 1 January 2016;

AASB 2015-1 "Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle," effective for annual reporting periods beginning on or after 1 January 2016;

(u) 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 has capitalised significant exploration and evaluation expenditure on the basis either that it is expected to be recouped through future successful development or alternatively sale of the Areas of Interest. If ultimately the area of interest is abandoned or is not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would be written down to its recoverable amount.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, cost of drilling and production, production rates and changes to commodity prices. As at 31 December 2014 the carrying value of capitalised exploration and evaluation expenditure is \$32,127,774 (2013: \$30,103,590).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2. SEGMENT INFORMATION

(1) DESCRIPTION OF SEGMENTS

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on three reportable segments of its business, being exploration, trading and corporate segments.

(2) SEGMENT REVENUE AND RESULTS

	<i>Consolidated</i>			
	<i>SEGMENT REVENUE</i>		<i>SEGMENT RESULT</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
<i>CONTINUING OPERATIONS</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Uranium exploration	46,855	65,872	(51,030)	(604,960)
Uranium trading	-	1,086,077	(43,625)	10,847
Corporate	882,989	795,258	(457,419)	637,372
	929,844	1,947,207	(552,074)	43,259

Segment revenue of uranium exploration represents revenue generated from service provided to Bigrlyi Joint Operation while segment revenue of uranium trading generated from services provided to China Uranium Development Company Limited. There were no inter-segment sales in the current year (2013: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment result represents the profit/(loss) before tax earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(3) SEGMENT ASSETS AND LIABILITIES

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	<i>\$</i>	<i>\$</i>
<i>SEGMENT ASSETS</i>		
Uranium exploration	32,704,338	30,561,426
Uranium trading	366	1,126,199
Corporate	23,122,246	24,994,846
TOTAL ASSETS	55,826,950	56,682,471
TOTAL ASSETS INCLUDES ADDITIONS TO NON-CURRENT ASSETS	2,064,853	5,495,215
Uranium exploration	(31,078)	(464,646)
Uranium trading	(12,000)	(12,000)
Corporate	(182,467)	(9,426,158)
TOTAL LIABILITIES	(225,545)	(9,902,804)

(4) INFORMATION ABOUT MAJOR CUSTOMERS

The Group does not have any external revenue at this stage. The Group is not reliant on any of its major customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3. REVENUES AND EXPENSES

	<i>Consolidated</i>	
	2014	2013
	\$	\$
(a) Other Revenue includes the following revenue items:		
Interest income	882,988	797,365
Administration fee from Joint Operation	16,827	9,196
Fuel rebate	30,029	56,676
Revenue from providing service	-	1,083,970
	929,844	1,947,207
(b) Profit or loss includes the following specific expenses:		
Depreciation	108,054	120,809
(c) Employee benefit expenses:		
Wages & superannuation	47,857	60,410
Directors fees	-	130,700
Consulting fee	28,520	-
Others	590,265	747,373

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:

	<i>Consolidated</i>	
	2014	2013
	\$	\$
Income /(Loss) before income tax	(552,074)	43,259
Income tax expense (benefit) @ 30%	(165,622)	12,978
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	1,394	7,237
Timing differences not recognised	(604,787)	(1,399,719)
Deferred tax assets relating to tax losses not recognised	966,191	1,379,504
Prior year true up	(197,179)	-
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	10,321,040	10,179,100
Non-refundable R&D tax offsets	1,248,545	424,291
Other temporary differences	27,993	25,986
Deferred tax liabilities		
Exploration assets	(9,638,332)	(9,031,538)
Other temporary differences	(52,715)	(52,715)
Net deferred tax assets not recognised	1,906,531	1,545,124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 (LOSS)/PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<i>Consolidated</i>	
	2014	2013
	\$	\$
(Loss)/profit after income tax	(552,074)	43,259
Depreciation	108,054	120,809
Receivable written off	43,625	-
Annual leave provision	11,724	(19,411)
Change in operating assets and liabilities during the financial period:		
Increase in trade and other receivables	25,740	1,495,894
	31,918	(1,170,907)
Net cash (outflow)/ inflow from operating activities	(331,013)	469,644
Reconciliation of cash balance comprises:		
Cash and cash equivalents*	11,609,364	13,968,911

*: Cash at bank earns interest at 3.50% (2013: 3.65 %). Cash on term deposit are denominated in A\$ with an average maturity of 80 days (2013: 80 days) and effective interest rates between 3.45% and 3.60%.

There were no significant non-cash transactions during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

6. LOSS PER SHARE

The loss or earnings and weighted average number of ordinary shares used in the calculation of basic (loss)/earnings per share are as follows.

Reconciliation of (loss)/profit used in calculation (loss)/profit per share		
Loss attributable to owners of the Company	(552,074)	43,259
	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	206,313,060	153,767,762

7. DIVIDENDS

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

8. CASH AND CASH EQUIVALENTS

	<i>Consolidated</i>	
	31 December 2014	31 December 2013
	\$	\$
Cash and cash equivalents	11,559,174	13,928,125
Share of Joint Operation cash	50,190	40,786
	11,609,364	13,968,911
Term deposits classified separate to cash on face of statement of Financial Position	11,307,540	11,649,126

As at 31 December 2014, the Company had approximately total \$11.3 million term deposits (2013: \$11.6 million) with maturities from 4 months to 5 months in various financial situations earning interest income at an average rate of 3.50% (2013: 3.76%).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

9. TRADE AND OTHER RECEIVABLES

	<i>Consolidated</i>	
	31 December 2014	31 December 2013
	\$	\$
CURRENT		
GST receivable	54,394	177,445
Trade receivables	-	46,873
Other receivables	178,185	77,626
	232,579	301,944
NON- CURRENT		
Other receivables	143,910	185,733

Trade receivables are denominated in Australian dollars and are interest free. The settlement terms varies depending on business transactions. Other receivables are mainly interest receivables. Due to the short-term nature of receivables their carrying value is assumed to be their fair value. Non-current receivables mainly included environment security bond of \$143,910. No trade and other receivables, including current and non-current, are impaired.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is moderate due to the fact that the trading transactions are limited and the balance of the trade receivable is mainly due from China Guangdong Nuclear Power Company. Of the trade receivables balance at the end of the year, there is one (1) customer who represents more than 5% of the total balance of trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

10. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	<i>\$</i>	<i>\$</i>
Plant and equipment - at cost	891,655	850,985
Less accumulated depreciation	(568,538)	(484,187)
	323,117	366,798
Motor vehicle – at cost	200,806	200,806
Less accumulated depreciation	(118,140)	(94,437)
	82,666	106,369
	405,783	473,167

	<i>Plant & equipment</i>	<i>Motor vehicle</i>	<i>Total</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Reconciliation of the carrying amount of plant and equipment:			
Carrying amount at 1 January 2014	366,798	106,369	473,167
Additions	40,670	-	40,670
Depreciation expenses	(84,351)	(23,703)	(108,054)
Carrying amount at 31 December 2014	323,117	82,666	405,783
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	366,798	106,369	473,167

11. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	<i>\$</i>	<i>\$</i>
Balance at beginning of the year	30,103,590	25,025,482
Exploration expenditure incurred	2,024,184	5,465,893
Exploration expenditure written off	-	(387,785)
Balance at the end of the year	32,127,774	30,103,590

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 YEAR ENDED 31 DECEMBER 2014

	<i>Consolidated</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	\$	\$
Employee benefits expense capitalised during the year were:		
Wages and superannuation	865,033	1,367,655

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	<i>Consolidated</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	\$	\$
Trade payables	117,348	375,952
Other payables	14,886	32,556
Prepaid fund from shareholders for capital raising	-	9,412,709
	132,234	9,821,217

Trade payables are unsecured and are usually paid within 30 – 60 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

13. PROVISIONS

	<i>Consolidated</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	\$	\$
Employee benefits	93,311	81,587

The provision relates to the Group's liability for employee's annual leave entitlements. Based on past experience, the Group expects all employees to take the full amount of accrued leave or require payment within the next 12 months. The carrying amounts of provisions are assumed to be the same as their fair values.

14. CONTRIBUTED EQUITY

	<i>Consolidated</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	\$	\$
Share capital		
209,683,312 ordinary shares, fully paid at 31 December		
2014 (31 December 2013: 153,767,762):	59,051,644	49,677,832

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>Consolidated</i>	
	<i>Number of shares</i>	<i>\$</i>
Fully paid ordinary shares		
Balance at 1 January 2013 and 31 December 2013	153,767,762	49,677,832
Issue of shares	55,915,550	9,373,812
Balance at 31 December 2014	209,683,312	59,051,644

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 YEAR ENDED 31 DECEMBER 2014

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 (2013: 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.

No options were granted or exercised during the year ended 31 December 2014. (2013: nil)

There are no options on issue as at 31 December 2014 under the Employee Share Option Plan.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

16. FINANCIAL RISK MANAGEMENT (CONT'D)

The Group holds the following financial instruments:

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	<i>\$</i>	<i>\$</i>
Financial Assets - Current		
Cash and cash equivalents	11,609,364	13,968,911
Term deposit	11,307,540	11,649,126
Trade and other receivables	232,579	301,944
	23,149,483	25,919,981
Financial Liabilities - Current		
Trade and other payables	143,910	9,902,804

(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 in the stage of a junior explorer and the price of commodity does not constitute a significant risk to the business. The Group may adjust its strategy on the progress of its projects to adapt to the change of the market environment.

(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 3.5% at 31 December 2014 (31 December 2013: 3.76%). All other financial assets and liabilities are non interest bearing.

Group Sensitivity

At 31 December 2014, 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 \$160,000 higher/\$229,000 lower (31 December 2013 –: \$175,000 higher/\$250,000 lower), mainly as a result of higher/lower interest income from cash and time deposits.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(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 \$22.9 million (2013: \$25.6 million) with maturities from 1 month to 5 months that are expected to readily generate cash inflows for managing liquidity risk and also fulfill the commitments disclosed in Note 18.

(d) Fair Value Measurements

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

17. 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.

18. COMMITMENTS

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	<i>\$</i>	<i>\$</i>
Tenement Expenditure Commitments:		
The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2014. 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 2015.	1,879,357	2,318,325
Capital Commitments		
There are no capital expenditure commitments for the Group as at 31 December 2014.		
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	121,180
Later than one year but not later than five years	35,345	156,525
	156,525	277,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

19. 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 Mines and Petroleum. These consist of unconditional performance bonds, securities or Form 32 security documents with a total potential liability of \$30,000.

20. KEY MANAGEMENT PERSONNEL

Key Management Personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company. The aggregate compensation made to directors of the Company and the Group is set out below:

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	\$	\$
Short-term benefits	463,983	528,025
Post-employment benefits	2,143	2,090
	466,126	530,115

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 16.

21. CONTROLLED ENTITIES

	<i>% held</i>		<i>Class</i>	<i>State of Incorporation</i>	<i>Date of Incorporation</i>	<i>Investment at Cost</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>				<i>31 December 2014</i>	<i>31 December 2013</i>
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.

22. 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 Corporation (formerly known as China Guangdong Nuclear Power Holding Co. Ltd.) (incorporated in the P.R. China) ("CGN") which at 31 December 2014 owned 66.45% (31 December 2013: 60.56%) of the issued ordinary shares of Energy Metals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 21.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(d) Transactions with related parties

The Company earned \$16,827 (2013: \$9,196) in management and facility administration fees from the Bigrlyi Joint Operation during the year.

(e) Written-off receivable

At 31 December 2013, the Company had \$43,625 receivable due from CGNPC-Uranium Resources Co. Ltd ("CGNPC URC"). The receivable arose from the sale of uranium to CGNPC URC in 2012. The disputed amount was fully written off during the year.

(f) Loans to/from related parties

At 31 December 2014, the Company had another receivable of \$69,183 (2013: \$1,144,453) from NT Energy Pty 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.

23. REMUNERATION OF AUDITORS

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	\$	\$
Audit and review of the financial reports	65,000	65,000
Other services	-	15,368
	65,000	80,368

24. INTEREST IN JOINT OPERATIONS

The Company has the following interest in unincorporated joint operations:

		<i>% Interest</i>	
		<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Joint Operation</i>	<i>Principal Activity</i>	\$	\$
Bigrlyi 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 Operation 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 Bigrlyi Joint Operation 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 Bigrlyi Joint Operation 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	50,190	40,786
TOTAL CURRENT ASSETS	50,190	40,786
NON CURRENT ASSETS		
Receivable	88,566	86,163
Exploration and evaluation expenditure	13,984,598	13,924,901
TOTAL NON CURRENT ASSETS	14,073,164	14,011,064
TOTAL ASSETS	14,123,354	14,051,850

a) Commitments

There are no capital expenditure commitments for the Joint Operation as at 31 December 2014.

The Group's share of estimated Year 2015 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 licence holdings.

25. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Energy Metals Limited, at 31 December 2014. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	<i>Consolidated</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	\$	\$
Current Assets	23,010,371	25,938,235
Non-current Assets	32,901,044	30,762,590
Total Assets	55,911,415	56,700,825
Current Liabilities	207,334	9,890,806
Total Liabilities	207,334	9,890,806
Contributed equity	59,051,644	49,677,832
Accumulated Losses	(3,347,563)	(2,867,813)
Total Equity	55,704,081	46,810,019
Income for the year	927,430	32,217
Total Comprehensive (expense)/income for the year	(500,667)	32,217

26. EVENTS OCCURRING AFTER REPORTING DATE

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.

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 2014 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

12 March 2015



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

12 March 2015

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 2014, 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



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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 2014, 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 20 to 44.

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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited



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

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 2014 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 7 to 11 of the directors' report for the year ended 31 December 2014. 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 2014, complies with Section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
 Partner
 Chartered Accountants
 Perth, 12 March 2015

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 2 April 2015.

SUBSTANTIAL SHAREHOLDERS

There were three substantial shareholders as at 2 April 2015:

- 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

<i>Quoted Securities</i>			
<i>ASX Code</i>	<i>Number of Holders</i>	<i>Security Description</i>	<i>Total Securities</i>
EME	704	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

<i>Spread of Holdings</i>	<i>Ordinary Shares (EME)</i>	<i>units</i>	<i>%</i>
1 - 1,000	156	74,217	0.04
1,001 - 5,000	227	617,481	0.29
5,001 - 10,000	106	832,374	0.40
10,001 - 100,000	187	5,424,668	2.59
100,001 - and over	28	202,734,572	96.68
TOTAL HOLDERS	704	209,683,312	100%

UNMARKETABLE PARCELS

As at 2 April 2015 there were 355 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:

<i>Name</i>	<i>% of Issued Securities</i>	<i>Number of Ordinary Shares</i>
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	3.48	7,306,084
5. Kale Capital Corporation Ltd	2.79	5,851,745
6. Lindsay George Dudfield	1.22	2,556,540
7. Central Pacific Minerals NL	0.57	1,200,000
8. Pershing Australia Nominees Pty Ltd	0.48	1,015,000
9. JP Morgan nominated Australia Ltd	0.36	753,594
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. M & K Korkidas Pty Ltd	0.10	219,710
17. Mr Dezong Yuan	0.10	200,657
18. Canie Pty Ltd	0.10	200,000
19. Mr. Desmond Chung Seng Chiong	0.07	150,000
20. Mr. Ian Michael Paterson	0.07	144,239

ADDITIONAL INFORMATION

INTERESTS IN MINING TENEMENTS AS AT 2 APRIL 2015.

Western Australia

E08/1480	Manyingee	Granted	R21/1	Lakeside	Application
E21/120	Lakeside	Granted	R29/1	Mopoke Well	Application
E29/568	Mopoke Well	Granted	R57/2	Lake Mason	Application
E57/590	Lake Mason	Granted	R58/2	Anketell	Application
E58/289	Anketell	Granted			
E58/292	Anketell	Granted			

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
ELA30689*1	Bigirlyi Project	Application	MCSA328*1	Ngalia Regional	Application
EL24451	Ngalia Regional	Granted	MLNA1952*1	Ngalia Regional	Application
EL24453	Ngalia Regional	Granted			
EL24463	Ngalia Regional	Granted			
EL24533	Ngalia Regional	Granted			
ELR41*2	Ngalia Regional	Granted			
ELR45*3	Ngalia Regional	Granted			
EL24804	Ngalia Regional	Granted			
EL30002	Ngalia Regional	Granted			
EL30004	Ngalia Regional	Granted			
EL30006	Ngalia Regional	Granted			
EL30144*1	Ngalia Regional	Granted			
EL30145*1	Ngalia Regional	Granted			
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	R	=	Retention Licence (WA)
*3	=	41.9% interest	EL	=	Exploration Licence (NT)
			ELA	=	Exploration Licence Application (NT)
			ELR	=	Exploration Licence in Retention (NT)
			ELRA	=	Exploration Licence in Retention Application(NT)
			MCSA	=	Mineral Claim (Southern) Application (NT)
			MLNA	=	Mineral Lease (Northern) Application (NT)

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 **Energy**
Metals Limited

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