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SIGNIFICANT URANIUM INTERSECTIONS, MALAWIRI PROJECT, NT

HIGHLIGHTS

- **Initial drilling program completed at Malawiri**.
- **Four zones of significant uranium mineralisation encountered in hole MARD004, including a new high-grade discovery zone.**
- **Significant mineralisation from MARD001 in an area where no previous uranium known.**
- **Area prospective for Malawiri-style mineralisation greatly expanded**.

Significant intercepts in MARD004:

6.0m at 395 ppm eU_3O_8 from 173.1m
2.4m at 378 ppm eU_3O_8 from 214.6m
8.1m at 1,789 ppm eU_3O_8 from 222.0m
(incl. 2.0m at 0.62% eU_3O_8 from 225.5m)

Significant intercepts in MARD001:

3.3m at 198 ppm eU_3O_8 from 136.7m

Energy Metals Limited (ASX: EME) is pleased to advise that a small drilling program of four rotary mud/diamond core holes for a total of 840m has been completed at EME's Malawiri project area 200km northwest of Alice Springs in the eastern Ngalia Basin (Figure 1). The project is located on EL24451, a 100% EME tenement, and ELR41, a joint venture between EME (52.1%) and Paladin Energy Ltd (47.9%).

Uranium was discovered in the project area by AGIP in 1978 at the Minerva prospect. Central Pacific Minerals later explored the adjacent Malawiri prospect; however, no drilling has been undertaken since 1982. In the current program three of the four holes attracted collaborative funding under the NT Government's CORE Geophysics and Drilling initiative.

The aim of the collaborative program was to better understand the undercover geology of the poorly explored eastern Ngalia Basin on EL24451, and to assist EME in exploring for buried uranium deposits similar in style to the known Malawiri and Minerva prospects. EME believes that there is considerable potential for Malawiri and Minerva "look-alike" deposits in stratigraphic repeats throughout the eastern Ngalia Basin. This view is based on high-resolution magnetic imagery that has been specially filtered to reveal the complex folded structure of the buried Mount Eclipse Sandstone and underlying formations; the former is the host unit for uranium in the Ngalia Basin (Figure 2). In the eastern and southern part of the Ngalia Basin, the Mount Eclipse Sandstone is buried by up to 120m of younger Cenozoic sediments of the Whitcherry Basin (Figure) 1).

The collaborative funds covered 50% of direct program costs relating to drilling three stratigraphic holes and an associated passive seismic survey to test the depth of overburden. The seismic survey was completed in July and the data used to refine the placement of holes for the drilling program. An additional hole (MARD004) was drilled into the historical Malawiri prospect to confirm the nature and continuity of uranium mineralisation (Figure 2).

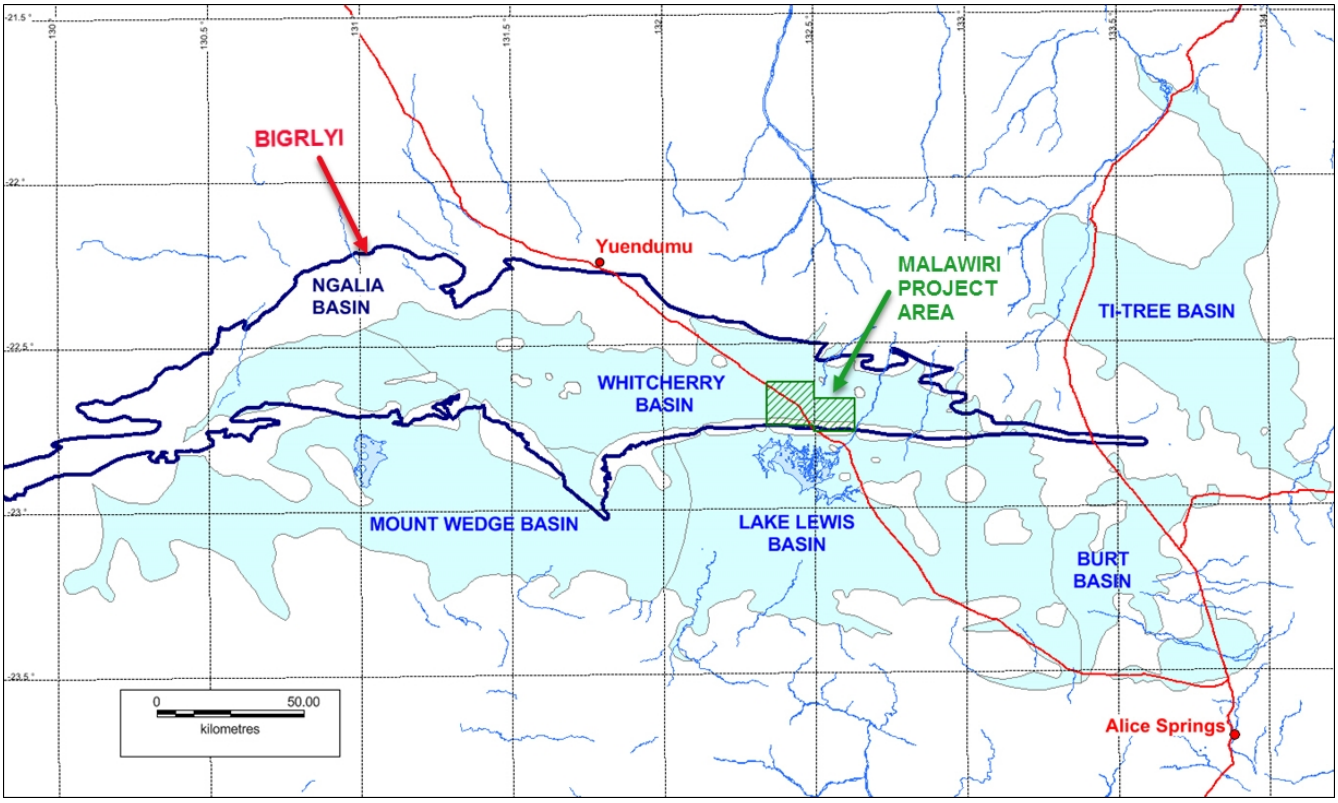

Figure 1. Location of the Malawiri Project Area in relation to the Ngalia Basin and EME's Bigrlyi project; overlying younger Cenozoic Basins shown in blue.

Exploration Results

In hole MARD001, several intervals of uranium mineralisation were encountered in weathered, grey, reduced Mt Eclipse sandstone between 128 and 145 m depth, with one significant interval (Table 2). This is the first recorded significant uranium intercept from a hole north of the Malawiri prospect. Hole MARD002 intersected mainly barren, oxidised sandstone. In hole MARD003, a small mineralised

zone was encountered near the Cenozoic - Mt Eclipse Sandstone unconformity in very weathered sandstone. In hole MARD004, drilled at the Malawiri prospect, several zones of significant mineralisation were intersected in steeply dipping, coarse, reduced Mt Eclipse sandstone, including a new high-grade discovery zone (Table 2, Figure 3).

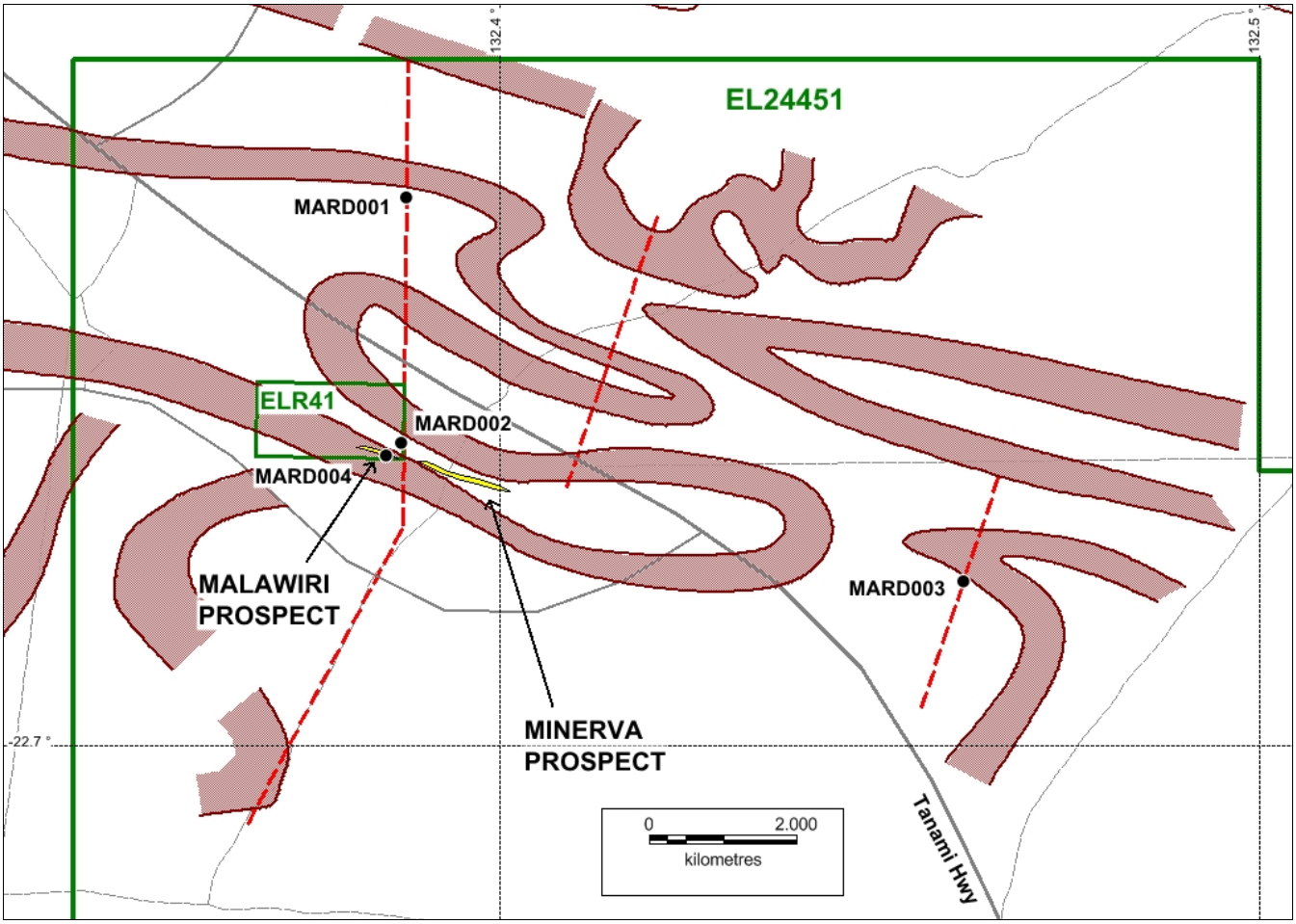

Figure 2. Location map of the Malawiri project area showing drill holes MARD001-4 relative to the Malawiri and Minerva prospects (in yellow), tenement boundaries (EL24451, ELR41) and roads. Dashed red lines are passive seismic traverse lines. Interpeted, buried structure of pre-Mount Eclipse formations in the Ngalia Basin are shown in brown. Note the intensity of folding and likelihood for structural repetition of basin stratigraphy.

Table 1. Collar coordinates and hole details, GDA94 datum, Zone 53.

HOLE NUMBER	EASTING (m)	NORTHING (m)	DRILL TYPE*	DIP (degrees)	MAGNETIC AZIMUTH (degrees)	PRECOLLAR DEPTH (m)	TOTAL DEPTH (m)
MARD001	231495	7494740	RM/DH	-70	15	182.9	197.5
MARD002	231530	7491275	RM/DH	-70	15	149.7	201.3
MARD003	239135	7489545	RM/DH	-70	15	153.6	201.0
MARD004	231295	7491250	RM/DH	-70	195	150.0	240.2

*RM/DH = Rotary Mud/Diamond Core

Table 2. Significant eU_3O_8 (Deconvolved Gamma Log) intercepts based on the criteria: minimum width 0.5m, maximum internal dilution 1.0m, 100ppm eU_3O_8 cut-off grade. Grade x Thickness values >1000 are highlighted in bold.

HOLE NUMBER	FROM (m)	TO (m)	WIDTH * (m)	GRADE eU_3O_8 (ppm)	Cut-off (ppm)	Grade x Thickness
MARD001	136.7	140.0	3.3	198	100	644
MARD003	109.2	110.0	0.8	102	100	77
MARD004	162.8	163.5	0.7	123	100	86
MARD004	**173.1**	**179.1**	**6.0**	**395**	**100**	**2,348**
incl.	***177.3***	***178.1***	***0.8***	***1,269***	***500***	***1,015***
MARD004	194.9	198.9	4.0	133	100	532
MARD004	214.6	217.0	2.4	378	100	888
MARD004	**222.0**	**230.1**	**8.1**	**1,789**	**100**	**14,398**
incl.	***225.1***	***228.2***	***3.1***	***4,468***	***500***	***13,629***
incl.	***225.5***	***227.5***	***2.0***	***6,237***	***2,000***	***12,474***

*Note: true width of mineralised zones approximately 40% of intercept width in MARD004.

Conclusions

The results of the program show that the potential for Malawiri and Minerva lookalike deposits as stratigraphic repeats in the eastern Ngalia Basin is a valid concept, and further verify EME's geological model for the area. In the vicinity of MARD001, some 3.5km to the north of previously known mineralisation, a large strike-parallel zone prospective for Malawiri-Minerva lookalike deposits has now been identified. This zone is considered a prime target area for future exploration.

At the Malawiri prospect, results from drill hole MARD004 have confirmed previous mineralisation and, due to deeper drilling, a new high-grade lens, comprising 8.1m at 0.18% eU_3O_8, including 2.0m of 0.62% eU_3O_8, has been identified. Together with historical data recently compiled and verified for Malawiri, EME believes it will be possible to advance the project to JORC-compliant resource status in the near future.

For and on behalf of the Board.

Weidong Xiang
Managing Director
27th September 2016

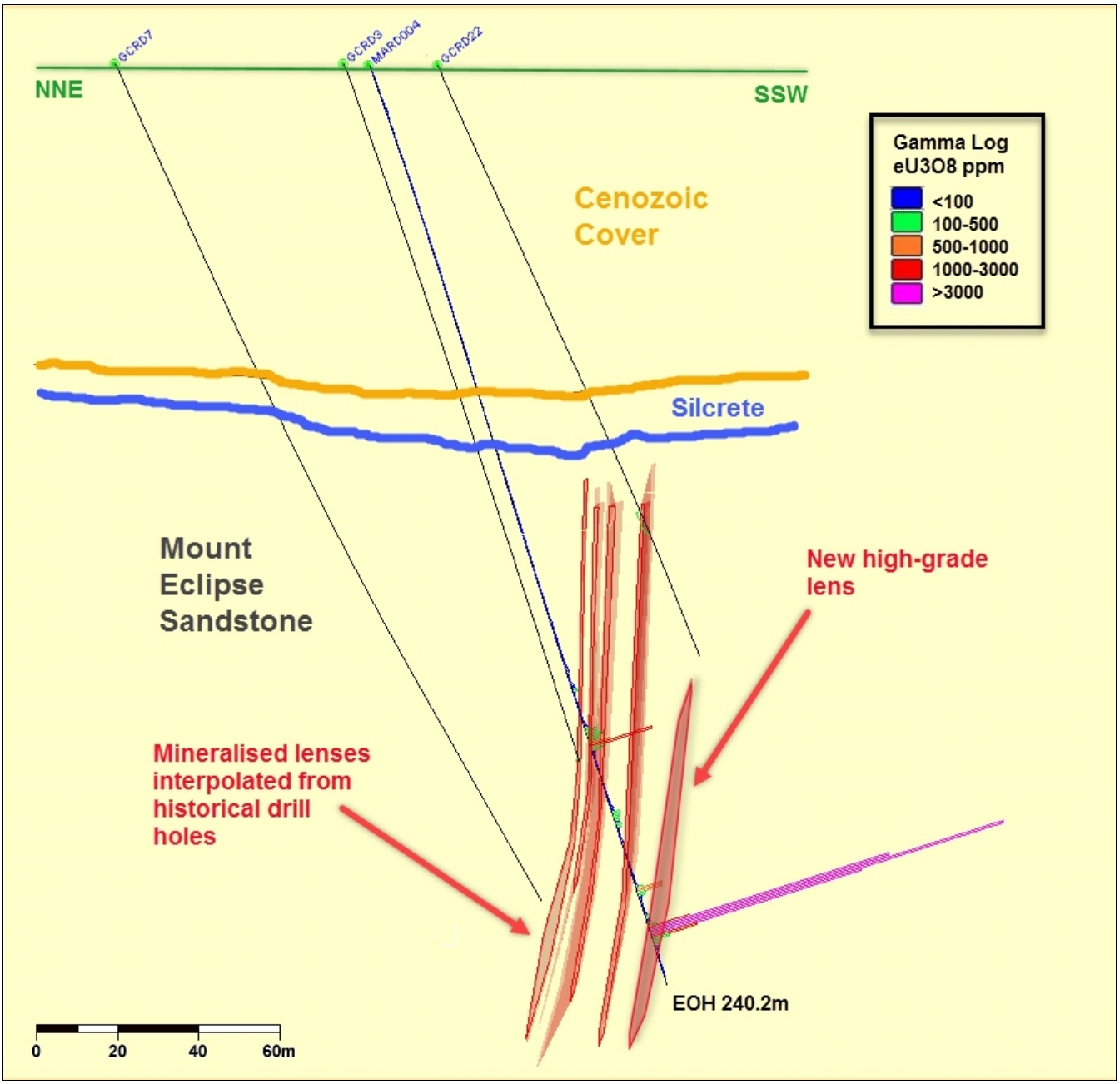

Figure 3. Cross section (NNE to SSW) through the Malawiri prospect showing the trace of hole MARD004 with accompanying gamma downhole eU_3O_8 histogram, colour-coded for grade. Drill traces of the nearby historical holes GCRD7, 3 and 22 are also shown, together with the interpolated position of previously known mineralised lenses. A new, deeper, high-grade lens was discovered in MARD004. The unconformity between the Cenozoic cover and Mt Eclipse sandstone is shown in orange; the contact zone is silcretised, suggesting it was an old land surface.

Competent Persons Statement

Information in this report relating to exploration results, data, cut-off grades and QAQC analysis is based on information compiled by Dr Wayne Taylor and Mr Lindsay Dudfield. Mr Dudfield is a member of the AusIMM and the AIG. Dr Taylor is a member of the AIG and is a full time employee of Energy Metals; Mr Dudfield is a consultant to Energy Metals. They both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Dr Taylor and Mr Dudfield both consent to the inclusion of the information in the report in the form and context in which it appears.

Information in this report relating to the determination of the gamma probe results is based on information compiled by Mr David Wilson. Mr Wilson is a member of the AusIMM and the AIG. Mr Wilson is a consultant to Energy Metals. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Mr Wilson consents to the inclusion of the information in the report in the form and context in which it appears.

The following commentary is provided to ensure compliance with JORC (2012) requirements for the reporting of Exploration Results as discussed above for the Malawiri Project Area located on tenements EL24451 and ELR41.

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The primary sampling instrument used at the Malawiri project area is the downhole gamma tool (or 'probe') which was used to obtain a total gamma count reading within rods down each drill hole at 5 cm intervals. • The total count gamma logging method is a common method used to estimate uranium grade where the radiation contribution from thorium and potassium is small as is the case for sandstone-hosted deposits of the Bigrlyi-type considered here. Gamma radiation is measured from a volume surrounding the drill hole that has a radius of approximately 35 cm. Therefore the gamma probe samples a much larger volume than drill spoil or drill core samples recovered from a drill hole of normal diameter; gamma logging is considered to provide a more representative sample of the mineralised body and is preferred over geochemical assay of drill samples for resource estimation purposes. • Estimates of uranium concentration determined from gamma ray measurements are based on the commonly accepted initial assumption that the uranium is in secular equilibrium with its daughter products (radionuclides), which are the principal gamma ray emitters along the U-series decay chain. If uranium is in disequilibrium as a result of the redistribution (depletion or enhancement) of uranium relative to its daughter radionuclides, then the true uranium concentration in the holes logged using the gamma probe will be higher or lower than those reported.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The drilling method was rotary mud (RM) pre-collar with NQ2 diamond core tail (DH). Drill holes were nominally set to -70 degrees to ensure intersection with steeply dipping mineralisation while taking into account potentially difficult ground conditions in the top 100-120m of poorly consolidated Cenozoic sediments. The RM pre-collar section of each hole was cased with HQ casing. • Downhole surveys for dip and azimuth were obtained with a single-shot camera at 50m intervals. All core was oriented and bedding to core angles were measured at selected intervals.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Drill sample recovery is not relevant to the sampling method used (i.e. downhole gamma logging within rods); however, core recoveries were better than 95%.

	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drill core and rotary mud cuttings were logged at the time of drilling by EME geologists for lithology, colour, grain-size, stratigraphic unit, oxidation state, alteration, cementation, weathering and other features; data was recorded digitally and core was photographed. Scintillometer measurements were undertaken in mineralised zones to confirm the width of mineralisation. The coded data was verified according to EME's standard logging look-up tables. • It should be noted that the rotary mud drilling method does not necessarily provide an accurate sample due to loss of fines and potential for up-hole contamination.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Not applicable.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining*	• The gamma tool used for downhole gamma measurements was a 33mm Auslog probe, serial number S937. The probe was calibrated at the Adelaide test pits by SA DEWNR staff. The calibration data were evaluated by consultant geophysicist Mr David Wilson of 3D Exploration Pty Ltd and judged to be satisfactory. • The downhole gamma logs were recorded by Energy Metals staff using Auslog

	the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	equipment and software, and employing standard, documented procedures. Hole information including hole diameter, casing depths and type, and fluid levels were recorded for each hole. • The accuracy and reproducibility of the probe data was monitored using an on-site test hole and a standard radioactive source for daily sensitivity checks, which were all deemed satisfactory. • The downhole gamma logs were output as standard-format LAS files. • LAS file data were converted to equivalent U_3O_8 values (eU_3O_8 in ppm) using the specified probe calibration factors and taking into account drill hole size, casing, fluid levels and other parameters. The eU_3O_8 data were filtered (deconvolved) to correct for smearing of the gamma signal at mineralised interfaces so that true grades and thicknesses more closely reproduce actual grade. eU_3O_8 grades were calculated by consultant geophysicist Mr David Wilson of 3D Exploration Pty Ltd.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The gamma log data were confirmed by scintillometer and visual checks on drill samples by both the EME site geologist and consultant geologist Dr Ian Fordyce. Dr Fordyce was previously a geologist who worked on the Malawiri project for CPM in the 1980s and has wide experience with this style of mineralisation. • Twinning of holes is not relevant for this stage of exploration for MARD001-3. However, hole MARD004 was sited between two lines of historical drill holes spaced 65m apart and so provides confirmation of continuity and grade of historically defined mineralised zones at the Malawiri prospect. • Data was verified on import into EME's database and by visual display using Micromine software. • No adjustments were made to eU_3O_8 assay data other than the standard reprocessing (deconvolution) discussed above.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Hole collar locations were determined by hand-held GPS and are accurate to approx. 4m in the horizontal plane. • The coordinates are located on the MGA94 grid, Zone 53 using the GDA94 datum. • In the vertical plane topographic control was provided by a Digital Elevation Model (DEM) generated from a high resolution aerial photographic survey flown in 2014. Accuracy is judged to be at least +/- 0.5 m in the vertical plane.
Data spacing and	• *Data spacing for reporting of Exploration Results.*	• Not relevant for this stage of exploration.

distribution	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Several investigations have shown that Bigrlyi-style (tabular stratiform sandstone-hosted) uranium mineralisation as found at Malawiri exhibit no significant structural control. Mineralisation is controlled by physical and chemical characteristics of the host rock such as permeability and redox state and is influenced by primary depositional and sedimentological features. • The mineralisation occurs in steeply dipping beds which were sampled by drill holes at nominal -70 degrees dip. The downhole gamma probe data, which samples gamma radiation from a cylindrical volume larger than the drill hole diameter, was subsequently corrected for mineralised zone boundary effects by deconvolution and is considered free from any sampling bias.
Sample security	• *The measures taken to ensure sample security.*	• MARD004 core is stored in a locked, fenced, designated radiation-controlled core storage area at site, which is only accessible to EME staff. MARD001-3 core has been archived at the NTGS Alice Springs Core Storage Facility.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews of sampling techniques were undertaken.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Three of the drill holes (MARD001-3) were located on EL24451 a 100% EME tenement. • One drill hole (MARD004) was located on granted joint venture tenement ELR41 which is a joint venture between EME (52.1%) and Paladin Energy Ltd (PDN: 47.9%). EME is the operator of the joint venture. • A Native Title Claim covering the Napperby pastoral lease on which the tenements are located, was granted by consent on 2-July-2013. The Alherramp Ilewerr Mamp Arrangkey Tywerl Aboriginal Corporation is the relevant Registered Native Title Body Corporate and holds the native title interests on behalf of the traditional

		owners. • Two of the drill sites (MARD002 and MARD004) are located within the Lake Lewis Site of Conservation Significance. Approval for ground disturbing activities in this area was obtained from the NT EPA as part of the MMP approvals process.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Malawiri prospect was explored by Central Pacific Minerals (CPM) in the period 1979-1982; no drilling in the Malawiri project area has taken place between 1982 and the present.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Malawiri and adjacent exploration targets are Bigrlyi–style, tabular, stratiform, sandstone-hosted uranium deposits of Carboniferous age located within the eastern Ngalia Basin in the Northern Territory. The Ngalia Basin units are buried by up to 120m of younger Cenozoic cover in this area.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Refer to Table 1 in text of announcement.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal*	• Exploration results, i.e. mineralised intercepts, are reported as equivalent U_3O_8 values (eU_3O_8 in ppm) from processed gamma logs. For reporting purposes significant gamma log intersections have been composited from 5 cm deconvolved eU_3O_8 values using the following criteria: a cut-off grade of 100 ppm U_3O_8, a minimum thickness of 0.5m, a maximum internal dilution of 1.0 m, and no external dilution. No corrections were applied for radioactive disequilibrium.

	equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Based on geological logging and structural measurements of drill core, sandstone beds hosting the mineralisation are steeply dipping (broadly between 60 and 80 degrees). All holes were drilled at nominal -70 degree dip. True widths are approximately 40% of the reported intercept widths for MARD004. In MARD001 and MARD003 the mineralised intercepts occur in the rotary mud section of the holes and core to bedding angle measurements are not available, however, extrapolation of measurements from the deeper cored sections suggest true widths of approximately 50%.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to figures in the body of the text.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All significant results have been reported. Historical results have previously been reported for the Malawiri prospect and are available as open file reports from the NTGS.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Petrographic studies conducted by the CSIRO on Malawiri samples in 2014 reported uraninite as the dominant uranium mineral in association with pyrite. There is a close association between uranium and detrital-origin phyllosilicate minerals and a late oxidative overprint has been recognised.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Depending on budget constraints, exploration drilling is planned in the medium term to expand upon the discoveries reported here. • Following a review of the historical data EME may proceed to initial resource estimation at the Malawiri prospect in the near future.