

# EME.AU

5 August 2005  
 Uranium  
 Australia (NT, WA)  
 Advanced Exploration  
 Exchanges: Proposed ASX:EME

## Energy Metals Limited (IPO)

Proposed listing date 31 August 2005.

A\$ 0.250

Recommendation: **Speculative Buy**

**EME's main focus is the Ngalia Region (NT) where it has a 53% stake in the Bigirlyi uranium deposit (historic, non JORC 5.8mlb U<sub>3</sub>O<sub>8</sub>), which hosts significant mineralisation over 13 anomalies on a 14km strike. EME is building a large strategic land position in the area.**

### Capital Profile

Share price (A\$)	0.25
52 week range (A\$/share)	na to na
Number of shares (m)	22
Options and warrants (m)	1
Convertible notes (m)	0
Fully diluted (m)	23
Market capitalisation (undiluted) (A\$m)	5.5
Debt (A\$m) - September 05	0.0
Enterprise value (A\$m)	5.5
Major shareholders: Jindalee Resources (45%)	
Avg monthly volume (m)	na
Cash (A\$m) - September 05	2.8
Price/Cash (x)	2.0
Price/Book (x)	2.0
Exchange traded options:*	Yes

\*Loyalty options to be offered 30 days after listing and traded on the ASX

### Investment Points

100% dedicated uranium exploration

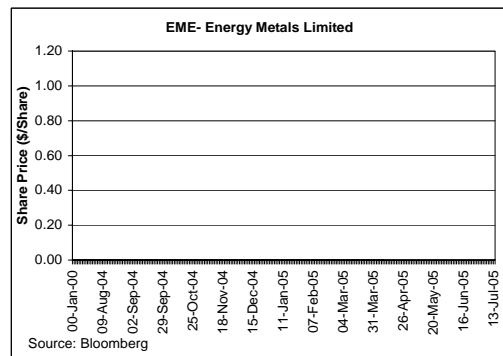
Ngalia Region (Bigirlyi, Malawiri and Walbiri) strategic holding with potential to host significant uranium mineralisation - EME applications extend 200km along strike - upside along strike and down dip.

Bigirlyi (NT) hosts significant mineralisation at 13 anomalies on a 14km strike - exploration upside along strike and down dip.

EME aims to convert known mineralisation at Bigirlyi to a JORC compliant resource

The most advanced projects are Bigirlyi, Anketell and Lake Mason. 85% of the exploration budget (\$1.6m, EME's 53% share) will target Bigirlyi over 2 years.

In August, the Federal Government announced it will grant leases for new uranium mines in the NT



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### Production and Financial Forecasts

YEAR END: June	Jun-05	Sep-05	2005F	2006F	2007F
Exploration and Development (A\$m)	na	0.20	na	0.80	1.00
SG&A (A\$m)	na	0.08	na	0.23	0.20
Exploration/(Expl.+ SG&A) (%)	na	71	na	78	83
Funding duration at current burn (years)	na	na	na	3.1	1.9
Shares on issue (pr end) (m shares)	na	22	na	22	22
Drilling - RAB (m)	na	0	na	0	0
Drilling - Other/Diamond (m)	na	0	na	0	0
Land holding ('000 ha)*	na	316.5	na	316.5	316.5
Tenement costs (\$k per year)	-	-	-	-	-
Top 20 shareholders (% fpo)	na	-	na	na	na
Trading volume (m shares/month)	na	na	na	na	na
Cash (A\$m)	na	2.8	na	3.2	2.3
Cash backing (Ac/share)	na	12.7	na	14.7	10.4
Net asset backing (Ac/share)	na	12.7	na	14.7	10.4

\*Uranium prospective tenements only, both held and under application.

### Company Comment

**Overview:** Energy Metals listed on the ASX August 2005. It controls 7 uranium projects, 2 in the NT, including Bigirlyi, 390km NW of Alice Springs which is the most advanced of EME's projects. The remaining 5 projects are in WA (100% EME) all with historic mineralisation. Drilling is scheduled for Bigirlyi in 4Q05 and possibly Anketell (WA).

**Bigirlyi:** Uranium (and vanadium) mineralisation was discovered at Bigirlyi in 1973, following which 413 holes (37,500m) were drilled. The deposits are high grade (~0.35% U<sub>3</sub>O<sub>8</sub>), narrow (3m to 5m width) and steeply dipping. The known mineralisation outcrops along a 14km strike, is open along strike and at depth, and has potential to be mined by open cut followed by underground. Prefeasibility testwork identified 6Mlbs of U<sub>3</sub>O<sub>8</sub> mineralization with metallurgical recoveries of 98% for U<sub>3</sub>O<sub>8</sub> and 70% for vanadium. EME will initially undertake infill drilling at Bigirlyi in 4Q05 and thereafter step out drilling to identify mineralisation under cover, east of Anomaly 15 where historic reconnaissance drilling recorded encouraging results. New drilling and re-assaying historic holes is expected to enable a JORC compliant resource statement in 2006.

**Ngalia Regional:** This includes the Bigirlyi, Malawiri (52% EME) and Walbiri (42% EME) prospects containing uranium and vanadium mineralisation in modified roll-front style. EME has applied for six contiguous exploration licenses which enclose each of these prospects and gives EME strategic control over a 200km strike. Encouraging drill results were historically recorded at Malawiri including 3.3m @ 7.7 kg/t and 2.7m @ 8.5 kg/t U<sub>3</sub>O<sub>8</sub>; and Walbiri where intercepts included 5.5m @ 1.03 kg/t and 1m @ 7.9 kg/t U<sub>3</sub>O<sub>8</sub>. The tenements cover both Pastoral Lease and Aboriginal Freehold. EME expects the leases to be granted in 2006.

**Anketell and Lake Mason:** EME is targeting Yeelirrie style valley calcrete-hosted uranium mineralisation and uraniferous channels. The Yeelirrie radiometric anomaly was quite small (only about 30 square metres) and the Breakaway Bore prospect (Lake Mason) was identified from a similar anomaly in the 70's, though was never fully tested. A regional drilling program could commence in 4Q05.

**Investment Comment:** EME aims to establish a JORC compliant resource at Bigirlyi in 2006 and complete a scoping study by 2007. In addition, significant potential exists for resource expansion along the 200km preferentially mineralised horizon at Ngalia which hosts numerous targets to be drilled starting 4Q05. At the A\$0.25/share IPO offer price, EME is valued at A\$6m which is undervalued compared to similar peers which are trading with market capitalisation's of A\$15m to A\$30m. There will be a loyalty option offered on a 1 for 2 basis to shareholders on record 30 days after listing (1c, 30c strike).

### Reserves and Resources

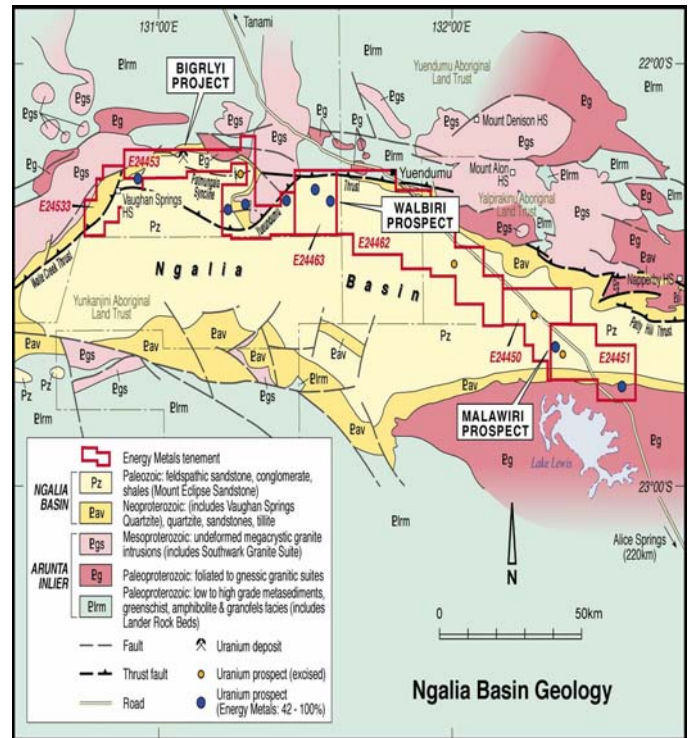
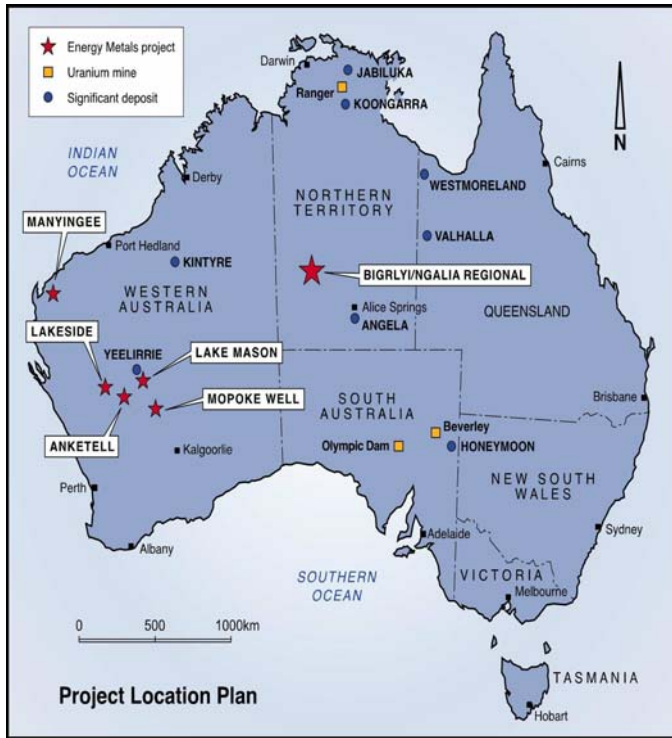
Code for reporting mineral resources - Australian:		(JORC)							
Uranium (U <sub>3</sub> O <sub>8</sub> )	Classification/Project	Geology	Equity	Ore Mt	U <sub>3</sub> O <sub>8</sub> %	Cut Off ppm	U <sub>3</sub> O <sub>8</sub> Kt	U <sub>3</sub> O <sub>8</sub> Mlb	U <sub>3</sub> O <sub>8</sub> Eqty Mlb
<b>Reserves</b>				0.0	0.00		0.0	0.0	0.0
<b>Resources</b>				0.0	0.00		0.0	0.0	0.0
<b>Historical (est., non compliant with JORC)</b>									
Bigirlyi - Anomaly 15*	Hist./Sandst-roll fr.		53%	0.57	0.35		2.0	4.3	2.3
Bigirlyi - (other deposits)			53%	0.20	0.344		0.7	1.5	0.8
Bigirlyi - total			53%	0.76	0.34		2.6	5.8	3.1

\* Average of range values determined by Central Pacific Minerals and independent consultant (for Anomaly 15).

### Key Projects

Project	Ownership/Option	Metal	JV Partner	Plant Cap.	Process Route	Project Status	Location
Bigirlyi	53%	Uranium	RSG, SCX	na	acid leach	Adv. Expl.	Aus (NT)
Anketell	100%	Uranium	na	na	na	Mid Expl.	Aus (WA)
Lake Mason	100%	Uranium	na	na	na	Mid Expl.	Aus (WA)
Mopoke Well	100%	Uranium	na	na	na	Mid Expl.	Aus (WA)
Ngalia Regional	various	Uranium	na	na	na	Mid Expl.	Aus (WA)
Lakeside	100%	Uranium	na	na	na	Mid Expl.	Aus (WA)
Manyingee	100%	Uranium	na	na	na	Mid Expl.	Aus (WA)

**Location Map: EME holds prospective uranium projects in Australia (NT and WA). The company is building a strategic position in the Ngalia Basin, 200km along strike from the Bigrlyi Deposit**



**Disclosure and Disclaimer**

**Important Information**

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Stock Ratings: Buy: indicates a total return exceeding 10% is expected over the next 12 months. Neutral: indicates a total return of between plus and minus 10% is expected over the next 12 months. Sell: indicates a total return (loss) exceeding minus 10% is expected over the next 12 months. Speculative: indicates high risk – factors that may contribute to high risk include – negative cashflow, no NPV estimates, no historical performance, high operating or financial leverage.

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