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Dear Shareholder

PROPOSED PROPORTIONAL TAKEOVER BID & RIGHTS ISSUE



You may be aware from recent media reports that Energy Metals has entered into an Implementation Deed with CGNPC Uranium Resources Co., Ltd. ("URC"), under which China Uranium Development Company Limited ("CUD") will offer to acquire up to 70% of the outstanding ordinary shares of Energy Metals for \$1.02 cash per share, by means of a proportional takeover bid.

Both URC and CUD are wholly owned subsidiaries of the state-owned China Guangdong Nuclear Power Holding Co., Ltd ("CGNPC"). CGNPC is a Chinese incorporated company with total assets of approximately USD 16 billion and net assets of over USD 5 billion.

The offer price represents a 19% premium to the closing price on 26 August 2009, and a 60% premium to the 3 month volume weighted average price of Energy Metals shares up to 26 August 2009.

As part of the transaction, CUD will underwrite a 1:9 rights issue by Energy Metals at \$0.90 per share which Energy Metals intends to implement on completion of the proportional takeover bid. The rights issue will raise approximately \$11.7m.

The proposed transaction is unanimously supported by the Board of Energy Metals, subject to no superior offer being tabled.

As a shareholder, you do not need to take any action at this time.

The announcement of the transaction commences a statutory process involving the dispatch of an offer document by CGNPC, called a Bidder's Statement, which is expected in late September. Energy Metals will also produce a document, called a Target's Statement, which will contain the directors' formal recommendation.

You should read these documents carefully before making your decision in relation to the offer.

The offer must remain open for a minimum period of one month following service of the Bidder's Statement.

The offer and rights issue represents an attractive opportunity for shareholders both to realise an attractive price for a portion of their holding while maintaining exposure to Energy Metals' assets.

We will keep you informed of further developments as they occur and in the meantime, you can monitor progress through the "Takeover" section on the company website www.energymetals.net.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lindsay Dudfield'.

Lindsay Dudfield
Executive Director

What is the Offer?

The offer is a proportional takeover to acquire 70% of Energy Metals' shares at \$1.02 per share, subject to certain conditions.

The offer is being made by China Uranium Development Company Limited which is a wholly owned subsidiary of China Guangdong Nuclear Power Holding Co., Ltd. (CGNPC).

The offer price represents a 19% premium to the closing price on 26 August 2009, and a 60% premium to the 3 month volume weighted average price of Energy Metals shares up to 26 August 2009.

Who is CGNPC?

CGNPC is a Chinese State Owned Enterprise with extensive involvement in China's rapidly growing civil nuclear power industry. CGNPC also owns wind, solar power and hydroelectric generation assets.

What is a proportional takeover?

A proportional offer is where a bidder offers to acquire a specified proportion, in this case 70%, of each shareholder's interest in a company. If the offer is successful, Energy Metals will remain listed on the ASX.

What are the conditions of this transaction?

The conditions of this proportional takeover bid are summarised in the announcement released on ASX on 8 September 2009. This document is available on the Energy Metals Website: www.energymetals.net

What action are Energy Metals directors recommending?

The directors of Energy Metals have unanimously recommended that shareholders accept the CGNPC offer in the absence of a superior proposal.

What are the details of the rights issue?

Following the completion of the proportional offer, Energy Metals will seek to raise capital through a rights issue. All shareholders, including CGNPC, will be given the right to subscribe for 1 new share for every 9 shares held. Subject to certain conditions, CGNPC has agreed to underwrite the rights issue, meaning that it will subscribe for the shares not taken up by the other shareholders. More information regarding the rights issue and key terms of the underwriting agreement will be made available to shareholders in due course.

Why are you seeking to raise more capital after the transaction?

Energy Metals is seeking to raise additional capital in order to ensure there are sufficient funds to progress the development of its uranium assets. This includes progressing the Bigryli joint venture towards Pre-Feasibility study, as well as funding further exploration at the Company's 100% owned projects in both WA and NT.

What are the future plans of the new majority shareholders CGNPC for the company?

Both Energy Metals and CGNPC are aligned in their strategic intent to advance the company's development to become a uranium producer as soon as possible.

For Energy Metals, this would mean the company may release value faster. For CGNPC, they will have access to uranium that may be acquired to feed its nuclear power plants in China, or to trade. Further details will be available in the Bidder's statement that will be provided in due course.

What is the timing of the CGNPC Offer?

The offer was announced on 8 September 2009. It is expected that CGNPC will lodge its bidders statement in late September, after which time shareholders will have at least one month to accept the offer. The rights issue will be conducted following the close of the offer, and is conditional upon CGNPC reaching 50.1% control of Energy Metals.

Please read all documentation carefully before making a decision with regard to this offer.

Will there be another offer?

It is possible that a Superior Offer may be tabled prior to the close of this CGNPC proportional takeover offer. However, to date no such offer has been made.

What will happen to the Board of Energy Metals?

Should the offer be successful, CGNPC will be provided with Board representation that is reflective of its majority interest. However the intention is that at least two independent directors will remain.

What are the intentions of Energy Metals' shareholders?

Energy Metals' largest shareholder, Jindalee Resources Limited (owning 40%), has stated that it intends to accept the CGNPC offer in the absence of a superior proposal.

How will the bid be funded?

The bid will be funded by CGNPC cash reserves.