

4 December 2009

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Dear Shareholder

I am writing to further update you on the progress of the China Uranium Development Company proportional Offer for Energy Metals, which was announced on 8 September 2009.

I am pleased to inform you that on 2 December 2009 CUD announced that it had received the last of the required Chinese Regulatory approvals for its offer, in addition to FIRB approval, which was announced on 28 October 2009.

Furthermore, CUD has confirmed, by way of a Supplementary Bidder's Statement, that it will declare its offer wholly unconditional, and accelerate payment terms to 5 business days, if it receives acceptances in respect of not less than 51 million shares before 9 December 2009 (the date by which CUD must decide whether to further extend its offer).

As you know, your board has recommended that shareholders ACCEPT the CUD Offer, in the absence of a superior proposal. As no such proposal has been received, despite considerable time having elapsed from the date of announcement of the initial offer, the Board now considers it unlikely that other proposals will be received. The Board therefore encourages shareholders who intend to accept the CUD offer to do so without delay, to maximise the chance of the offer becoming unconditional and payment being received in a timely manner.

Should you wish to accept the Offer, you can do so by completing and returning the acceptance form, which was posted to each shareholder with the CUD Bidder's Statement. If you require a new acceptance form or require other assistance in this respect, you may contact CUD'S share registrar, Link Market Services, on 1800 129 386 (internationally + 61 2 8280 7726).

If you have any other queries in relation to the Offer, you can call the Energy Metals Office during office hours on 08 9322 6904 (internationally +61 8 9322 6904).

Yours sincerely

A handwritten signature in black ink that reads 'Lindsay Dudfield'.

Lindsay Dudfield
Executive Director