

5 February 2010

Company Announcements Platform
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

Energy Metals Limited
ABN 63 111 306 533
Level 2
18 Kings Park Road
West Perth WA 6005
PO Box 1033
West Perth WA 6872
Western Australia
Telephone: (08) 9322 6904
Facsimile: (08) 9321 7950
Email: enquiry@energymetals.net
Web: www.energymetals.net



Dear Sir/Madam

NON RENOUNCEABLE ENTITLEMENT ISSUE

Energy Metals Limited (ASX: EME) (**Energy Metals** or **Company**) is pleased to announce a capital raising of approximately \$12 million via an underwritten Entitlement Issue of fully paid ordinary shares in the capital of the Company (**Shares**).

The Company intends to offer existing shareholders the opportunity to subscribe for additional Shares at \$0.90 per share pursuant to a pro-rata non-renounceable Entitlement Issue, on the basis of 1 new Share for every 9 Shares held.

The Entitlement Issue is fully underwritten by China Uranium Development Company Limited (**CUD**).

As was announced to ASX on 8 September 2009, the Company entered into an implementation deed with CGNPC Uranium Resources Co Ltd (**URC**) under which CUD would offer to acquire up to 70% of the Shares in the Company by means of a proportional takeover bid (**Implementation Deed**). It was further agreed at that time (as announced on 8 September 2009 and as part of the Implementation Deed), that CUD would underwrite an entitlement issue. The terms of the Entitlement Issue were specifically agreed in the Implementation Deed, including the issue price of \$0.90. The terms of the Underwriting were also agreed at that time. CUD and the Company have subsequently entered into an underwriting agreement to fully document the terms of the underwriting of the Entitlement Issue.

CUD's proportional takeover concluded on 18 December 2009, the result of which is that CUD currently has a relevant interest of 66% of the Company's issued voting shares. Energy Metals is now accordingly proceeding with the Entitlement Issue as was contemplated under the Implementation Deed.

The Company acknowledges that since the week that the CUD takeover concluded, the Company's share price has fallen below the Entitlement Issue price, which the Company considers to be understandable given the large shareholding that CUD has acquired pursuant to the proportional takeover and the recent general downturn in equity markets. The last closing price of Shares on ASX prior to this announcement was \$0.70. The Company reiterates however that it is proceeding with the Entitlement Issue on the basis of the terms set out in the Implementation Deed in September, and in light of CUD's takeover offer price of \$1.02 per Share.

The Entitlement Issue will also contain a Shortfall Offer, enabling shareholders (other than CUD) to apply for any new Shares not subscribed for under existing shareholders' entitlements. Shareholders other than CUD will have priority under the Entitlement Issue to subscribe for the Shortfall and CUD will only be obliged and authorised to subscribe for any new Shares not subscribed for under 'existing shareholders' entitlements and the Shortfall Offer.

As the Entitlement Issue (approximately 13,429,499 Shares) is fully underwritten by CUD the maximum number of Shares under the Entitlement Issue will be issued. Any shortfall under the Entitlement Issue (after any applications under the Shortfall Offer), will be subscribed for by CUD in accordance with the underwriting agreement.

An Offer Document will be mailed to eligible shareholders together with personalised Entitlement and Acceptance Forms. For information purposes, a sample copy of this Offer Document, together with an ASX Appendix 3B, has been released to ASX contemporaneously with this notice.

An indicative timetable for the Entitlement Issue is set out below:

Event	Date
Announcement of Entitlement Issue and Appendix 3B Cleansing Notice and Offer Document lodged with ASX/Notice sent to Optionholders	5 February 2010
Notice sent to Security Holders	9 February 2010
Ex Date (date from which securities commence trading without the entitlement to participate in the Entitlement Issue)	10 February 2010
Record Date (date for determining entitlements of eligible shareholders to participate in the Entitlement Issue)	16 February 2010
Offer Document Dispatched to Shareholders (Company to announce to ASX that the dispatch of the offer documents and the entitlement and acceptance forms has been completed)	18 February 2010
Opening Date	19 February 2010
Closing Date 5pm (WST)	12 March 2010
Securities quoted on a deferred settlement basis	15 March 2010
Entity notifies ASX of undersubscriptions	17 March 2010
Allotment and issue of New Shares	15 March 2010

Event	Date
Dispatch Holding Statements and notify ASX of dispatch	22 March 2010
Normal (T+3) trading starts	23 March 2010

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Entitlement Issue at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue of the Shares.

** These dates are indicative only.

USE OF PROCEEDS

The proceeds of the Entitlement Issue will be used:

- to fund planned further exploration and development of the Company's 53.3% interest in the Bigrlyi Uranium Project (Northern Territory); and
- to advance the Company's 100% owned projects in both the Northern Territory and Western Australia; and
- for working capital.

NOTICE UNDER s708AA OF THE ACT IN RESPECT OF THE ENTITLEMENT ISSUE

The Company hereby confirms that in respect of the Entitlement Issue (as per the requirements of paragraph 708AA(2)(f) of the Corporations Act):

- (a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Corporations Act;
- (c) as at the date of this announcement, the Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
- (d) as at the date of this announcement, the Company has complied with section 674 of the Corporations Act;
- (e) as at the date of this announcement, there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or

(B) the rights and liabilities attaching to the Shares; and

(f) the potential effects of the Entitlement Issue on the control of the Company are set out below.

EFFECT OF ENTITLEMENT ISSUE ON CONTROL OF ENERGY METALS

The potential effect that the issue of Shares under the Entitlement Issue will have on the control of Energy Metals, and the consequences of that effect, will depend on a number of factors, including investor demand. If all Shareholders subscribe for their full entitlements under the Entitlement Issue, there will be no effect on the percentage shareholdings of Shareholders, or the control of the Company.

The Entitlement Issue is not expected to materially impact the control of the Company. The Company is already controlled by CUD, and CUD has agreed to underwrite any shortfall that arises under the Entitlement Issue. Set out below is some information of the impact that the Entitlement Issue may have on the control of the Company and

on the issued capital of the Company:

Shares	Number
Shares on issue at 5 February 2010	120,865,490
Maximum Shares offered pursuant to the Entitlement Issue ¹	13,429,499
Total Shares on issue upon completion of the Entitlement Issue	134,294,989

1. This number may increase depending on the number of Options exercised prior to the Record Date and as a result of the rounding of Shares offered under the Entitlement Issue.

As noted elsewhere above, CUD currently has a relevant interest of 66% of the Company's issued voting shares. The table below demonstrates the approximate extent of the increase in the voting power of CUD as a result of underwriting the Entitlement Issue:

Event/Date	Number of Shares held by CUD	Voting Power of CUD
Date of Offer Document	79,811,291	66%
After issue of Underwritten Shares assuming CUD takes up its full Entitlement and there is otherwise a 100% Shortfall.	93,240,790	69.4%
After issue of Underwritten Shares assuming CUD takes up to its full Entitlement and there is otherwise a 75% Shortfall.	92,100,396	68.6%
After issue of Underwritten Shares assuming CUD takes up its full Entitlement and there is otherwise a 50% Shortfall.	90,960,001	67.7%

After issue of Underwritten Shares assuming CUD takes up its full Entitlement and there is otherwise a 25% Shortfall.	89,819,607	66.9%
After issue of Underwritten Shares assuming CUD takes up its full Entitlement and there is no Shortfall.	88,679,212	66.0%

CUD has advised the Company that it intends to take up its full entitlement under the Offer (approximately 8,867,921 Shares). The figures depicted above demonstrate the potential effect of the underwriting by CUD. In the event that Shareholders take up their Entitlements and/or subscribe for Shares under the Shortfall Offer, the underwriting obligation of CUD and therefore voting power of CUD will reduce by a corresponding amount.

On 2 October 2009, CUD lodged a bidder's statement with the ASX in connection with the takeover (**Bidder's Statement**). A supplementary Bidder's Statement was lodged on 4 December 2009. Section 5 of the Bidder's Statement contains details regarding CUD's intentions in relation to the business of EME following the takeover.

In general, CUD has advised the Company that it intends:

- (a) to continue the business of the Company;
- (b) not to make any major changes to the business of the Company nor to redeploy any of the fixed assets of the Company;
- (c) to continue the employment of the Company's present employees.

CUD has advised that its intentions in relation to Energy Metals remain the same as stated above following the Entitlement Issue.

Yours sincerely



Lindsay Dudfield
Executive Director
ENERGY METALS LIMITED

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

ENERGY METALS LIMITED

ABN

63 111 306 533

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 13,429,499 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary Fully Paid Shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>				
<p>5 Issue price or consideration</p>	<p>\$0.90 per share</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds raised from the issue will be applied to working capital and to promote further exploration and development of the Bigrlyi Uranium Project and the Company's 100% owned uranium projects in the Northern Territory and Western Australia.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>22 March 2010</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">134,294,989</td> <td style="text-align: center;">Ordinary Fully Paid</td> </tr> </tbody> </table>	Number	+Class	134,294,989	Ordinary Fully Paid
Number	+Class				
134,294,989	Ordinary Fully Paid				

+ See chapter 19 for defined terms.

	Number	+Class
9	450,000	Unlisted \$0.98 options expiring 30/06/2011 (ASX Code EMEAS)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	n/a	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	One (1) Share for every Nine (9) ordinary fully paid shares held
14	+Class of +securities to which the offer relates	Ordinary shares
15	+Record date to determine entitlements	16 February 2010
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Rounded down
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Canada, China, United Kingdom, Great Britain, Hungary, Ireland, Malaysia, Netherlands, Singapore, Thailand and the United States of America.
19	Closing date for receipt of acceptances or renunciations	12 March 2010
20	Names of any underwriters	China Uranium Development Company Limited

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

21	Amount of any underwriting fee or commission	Nil
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	18 February 2010
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	5 February 2010
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

--

39 Class of +securities for which
 quotation is sought

--

40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

--

41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

--

	Number	+Class
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 5 February 2010

(Company Secretary)

Print name: TRISH FARR

== == == == ==

+ See chapter 19 for defined terms.