

9 February 2010

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Dear Shareholder

Non Renounceable Entitlement Issue

On 5 February 2010, Energy Metals Limited (ASX: EME) (**Company**) announced that it will be offering eligible shareholders the opportunity to acquire additional fully paid ordinary shares in the capital of the Company (**Shares**) via a non renounceable rights issue (**Entitlement Issue**) on the basis of one (1) Share for every nine (9) Shares held on 16 February 2010 (**Record Date**).

Shares under the Entitlement Issue will be offered at \$0.90 per Share. The maximum number of Shares which may be issued under the Entitlement Issue is 13,429,499 Shares to raise approximately \$12 million.

An offer document relating to the Entitlement Issue (**Offer Document**) was lodged with ASX on Friday, 5 February 2010 and is available on the ASX website at www.asx.com.au.

The Offer Document will be sent to Shareholders after the Record Date.

The Entitlement Issue is fully underwritten by China Uranium Company Limited (**CUD**). CUD is a major shareholder of the Company having a relevant interest of 66% of the Company's voting Shares.

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 shareholder entitlements. Shareholders other than CUD will have priority to subscribe under the Shortfall Offer, and CUD will only be obliged and authorised to subscribe, as underwriter, for any remaining new Shares not subscribed for under the Shortfall Offer. Further information regarding CUD, the underwriting, and the Shortfall Offer, is contained in the Offer Document.

The proposed timetable for the Entitlement Issue is as follows:

Event	Date
Announcement of Entitlement Issue and Appendix 3B Cleansing Notice and Offer Document lodged with ASX/Notice sent to Optionholders	Friday, 5 February 2010
Notice sent to Security Holders	Tuesday, 9 February 2010
Ex Date (date from which securities commence trading without the entitlement to participate in the Entitlement Issue)	Wednesday, 10 February 2010

Event	Date
Record Date (date for determining entitlements of eligible shareholders to participate in the Entitlement Issue)	Tuesday, 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)	Thursday, 18 February 2010
Opening Date	Friday, 19 February 2010
Closing Date 5pm (WST)	Friday, 12 March 2010
Securities quoted on a deferred settlement basis	Monday, 15 March 2010
Entity notifies ASX of undersubscriptions	Wednesday, 17 March 2010
Dispatch Holding Statements and notify ASX of dispatch	Monday, 22 March 2010
Normal (T+3) trading starts	Thursday, 23 March 2010

*Subject to the ASX 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 for the Shares.

** These dates are indicative only.

Use of Funds

The Company intends to apply the funds raised from the Entitlement Issue:

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

Overseas Shareholders

Only eligible Shareholders registered as holders of Shares at the record date with a registered address in Australia, New Zealand or Hong Kong may participate in the Entitlement Issue.

The Company considers it unreasonable on this occasion to extend the Entitlement Issue to Shareholders with a registered address outside of Australia, or New Zealand or Hong Kong (**Ineligible Overseas Shareholders**), having regard to the costs of complying with legal and regulatory requirements in each of those jurisdictions and given the relatively small number of Shares held in those jurisdictions. Shares that would otherwise be issued to Ineligible Overseas Shareholders will be issued to Hartleys Limited (as **Nominee**, in accordance with Section 615 of the Corporations Act). The Nominee will sell these Shares on market on behalf of the Ineligible Overseas Shareholders and remit the funds recovered (net of the Nominee's expenses) to the Company. In the event that there are surplus net funds in excess of \$0.90 per Share remitted to the Company on behalf of the Ineligible Overseas Shareholders, those surplus funds will be remitted to the Ineligible Overseas Shareholders. If there are no surplus funds, the Ineligible Overseas Shareholders will not receive any payment.

Should you have any queries in relation to this matter, please contact the Company secretary, Ms Trish Farr on (+61 8) 9322 6904.

Yours sincerely

A handwritten signature in black ink that reads "Lindsay Dudfield". The signature is written in a cursive style with a large loop at the end of the last name.

Lindsay Dudfield
Executive Director
ENERGY METALS LIMITED