



ASX ANNOUNCEMENT

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ENERGY METALS GRANTED PERMIT TO POSSESS NUCLEAR MATERIAL FOR EXPORT

Energy Metals (ASX: EME) is pleased to announce that the Australian Safeguards and Non-Proliferation Office (ASNO) has approved an application by NT Energy Pty Ltd (a wholly owned subsidiary of Energy Metals) for permission to possess uranium ore concentrates (UOC) for export to overseas customers. This approval is in addition to the export permission granted to Energy Metals by the Minister for Resources and Energy on 8 March 2011.

Energy Metals (through NT Energy) has now received all necessary regulatory approvals from public authorities for its newly launched uranium export business. Energy Metals plans to purchase UOC from existing Australian uranium mines and potential uranium mines, subject to commercial agreements being executed. The UOC will then be exported to China for re-sale to China Guangdong Nuclear Power Holding Co., Ltd (CGNPC) for use in CGNPC's nuclear power stations. Preliminary business approaches have commenced.

CGNPC, through wholly owned subsidiary China Uranium Development Company Limited, is Energy Metals' largest shareholder with 60.6% of issued capital.

This unique relationship between Energy Metals and CGNPC presents a significant opportunity for Australia to capitalise on China's rapidly growing demand for energy whilst at the same time assisting to reduce global carbon emissions.

The proposed export business also presents a significant commercial opportunity for Energy Metals with the potential for early cash flow to fund both development of the Company's current projects and future acquisitions in the uranium industry.

Discussion

China represents a significant potential market for Australia's uranium. China currently has 13 nuclear reactors in operation and, in order to satisfy rapidly growing demand for electricity and reduce reliance on fossil fuels, China plans to increase this capacity dramatically over the coming decades and has 28 reactors currently under construction.

To date sales of Australian uranium to China have been modest with only 3% of Australia's 2009 uranium exports purchased by China. However the unique relationship between Energy Metals and CGNPC presents a significant opportunity for Australia to capitalise on this rapidly growing and increasingly important market.

The proposed export will provide extensive commercial benefits to both Australia and the individual Australian States and Territory involved in the form of increased economic activity, government revenues and export earnings. There is the potential for these benefits to grow as the UOC exports continue throughout the duration of the export licence.

The proposed export will create and sustain employment and will encourage the continued development of the Australian uranium industry. On the back of China's increased demand for Australian UOC, this future growth has the possibility of taking the form of construction projects, investments in plant and equipment and community infrastructure. Such projects and developments offer particular benefits to regional Australia (including Indigenous Australian groups) where these projects are predominantly located.

About CGNPC

CGNPC currently owns 5 operating nuclear power units producing 5,000MWe of electricity. A further 19 nuclear power units have been approved by the State Council, including 16 where construction has commenced, meaning CGNPC has the largest nuclear power installed capacity currently under construction worldwide. At the end of January 2011, the total assets of CGNPC stood at RMB 202.5 billion with its net assets valued at RMB 62.7 billion.

CGNPC has more than 20 subsidiaries and is the only clean energy corporation in China with nuclear power as its core business. All uranium sourced by CGNPC is used solely for civil use in operating nuclear power stations supplying electricity to Chinese domestic and commercial end-users. CGNPC currently imports uranium from Europe, central Asia (Kazakhstan and Uzbekistan) and Africa. CGNPC also has a joint venture with AREVA (France) related to technology supply for nuclear plants.

CGNPC's stated strategy is aimed at constructing a world-class clean energy enterprise and becoming the world's leading clean energy supplier and service provider.