



ASX ANNOUNCEMENT

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Energy Metals Limited

ABN 63 111 306 533

For further information
contact:

Weidong Xiang
Managing Director

Phone: +61 8 9322 6904

Fax: +61 8 9321 5240

Website:

www.energymetals.net

Email:

enquiry@energymetals.net

Registered Office:

Ground Floor
10 Kings Park Road
West Perth WA 6005

PO Box 1323
West Perth WA 6872



BIGRLYI JOINT VENTURE PRE – FEASIBILITY STUDY RESULTS FURTHER WORK UNDERWAY

Energy Metals Limited (ASX: EME) advises that the recently completed Pre Feasibility Study (PFS) identifies on a conditional basis, technical viability of the Bigrlyi project, located in the Northern Territory.

The PFS confirmed that mining the Anomaly 4, Anomaly 15 and Anomaly 2 deposits using a combination of open pit and underground mining and processing ore through a relatively simple acid leach circuit could provide positive cash flow over a mine life of approximately 8 years. The PFS used a base case uranium oxide price of \$US80/lb and an exchange rate of 0.85. However on a discounted cash basis the project is marginal.

The capital cost for the processing plant, camp, tailings storage facility and associated infrastructure is estimated to be \$181M, including \$20M contingency. The total operating cost is estimated at \$160/t consisting of a processing opex of \$93/t and a mining opex of \$67/t of ore processed.

The mining has been staged and scheduled to allow a constant mill feed rate of 0.5Mt per year, achieved by operating several open pits at the same time as underground development is progressed. The overall open pit cut off grade is estimated to be 400ppm U₃O₈, while the underground cut off grade is 1,000ppm U₃O₈.

The mining evaluation indicates upside potential resulting from the favourable geotechnical conditions confirmed by this study. These include the use of steeper pit wall angles, allowing the open pits to be mined to a deeper level than assumed in the PFS; and use of bench down underground mining or long hole open stopes, both lower cost mining methods than those used in the PFS.

The PFS has shown the following;

- Excellent metallurgical recoveries (>95%)
- Reasonable acid consumption (60kg/t)
- Excellent geotechnical conditions that could allow overall pit wall angles (excluding ramps) to be steeper than 55° (the PFS used 45°)
- Good underground conditions that could enable large open stopes and therefore lower mining costs than those used in the PFS
- Process and potable water located only 20km SE of the project
- In pit tailings storage allowing a lower environmental footprint
- Initial baseline studies identified no environmental impediments to development
- Capital Costs of \$165M for the processing plant and associated infrastructure, \$16M for tailings storage and \$89M for mining (including pre production and sustaining capital)
- Processing operating costs average \$93/t of ore processed
- Mining costs average \$67/t of ore mined
- Total cash flow of \$121M from a total revenue base of \$979M (based on a US\$80/lb U₃O₈)
- A mine life of approximately 8 years, producing around 10Mlb U₃O₈ over the life of the project.

A peer review of the study (excluding all financial considerations), was undertaken by Paladin Energy's technical team determining that the technical aspects of the study are essentially valid.

One key finding was that a substantial increase in the resource base that underpins the project, especially if those resources are amenable to open pit mining, is essential to improve project economics

The mineralization within the Bigryli Joint Venture (BJV) is open at depth and down plunge below all main mineralised zones and drilling designed to target high grade depth extensions, together with additional open pittable material, is expected to commence in the coming weeks.

Regionally there are several targets on Energy Metals' 100% owned tenements, including east of the Anomaly 15 deposit and the recently discovered Camel Flat prospect. These areas will be the focus of an extensive drilling programme during the 2011 field season.

Work is ongoing in the BJV tenements and regionally with the aim of increasing the resource base and also to advance the long lead items for a more detailed feasibility study.

Information in this report relating to exploration results, data and cut off grades is based on information compiled by Mr Paul Dunbar and Mr Lindsay Dudfield. Both Mr Dunbar and Mr Dudfield are members of the AusIMM and the AIG. Mr Dunbar is a full time employee of Energy Metals and Mr Dudfield is a consultant to Energy Metals. They both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2004)”. Mr Dunbar and Mr Dudfield both consent to the inclusion of the information in the report in the form and context in which it appears.