



ASX ANNOUNCEMENT

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URANIUM SALES AGREEMENT WITH CGNPC

Energy Metals (ASX: EME, "EME" or "the Company") is pleased to announce that NT Energy Pty Ltd ("NT Energy"), its fully owned subsidiary, has entered into a binding Sales Agreement with CGNPC-Uranium Resources Co., Ltd ("CGNPC"), the largest shareholder of EME.

On 28 December 2011, the Company announced that it would purchase 150,000 pounds of Natural Uranium Concentrates ("Concentrates") from an Australian leading uranium producer. The Concentrates will be shipped from the Port of Adelaide to the Port of Shanghai, China as soon as practicable, but in no event later than 30 April 2012.

Under the Sales Agreement, NT Energy will re-sell the Concentrates to CGNPC once the Concentrates arrive at the Port of Shanghai. The Sales Agreement has been struck with normal commercial terms. It is believed that the transaction will generate a profit and positive cashflow with the completion of the sales.

CGNPC is one of the two largest nuclear power companies in China. CGNPC currently owns 6 operating nuclear power units producing 6,000MWe of electricity. Construction has commenced on a further 15 nuclear power units with a total capacity of 17,500MWe, meaning CGNPC has the largest nuclear power installed capacity currently under construction worldwide.

The Sales Agreement constitutes a related party transaction and absent a waiver from Listing Rule 10.1, is subject to EME's shareholders' approval. Details of the Shareholder Meeting will be announced soon.

EME and NT Energy's Managing Director, Dr. Weidong Xiang said he was delighted to sign the Sales Agreement.

"China has strong demand for energy. It is one of Australia's largest trading partner. The unique relationship between EME and CGNPC presents a significant competitive advantage to the Company. With its Australia-China background the Company is well positioned to take an active role in the commodity trading and continues to create wealth for its shareholders."

On 28 December 2011 the Company announced that it had been granted a waiver of Listing Rule 11.1. The Company wishes to further expand on this statement. As the first uranium trading transaction is deemed to be a trial transaction Listing Rule 11.1.2 and 11.1.3 do not apply at this stage and therefore no Shareholders' approval is required for the proposed transaction.

Discussion

China represents a significant potential market for Australia's uranium. China currently has 15 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 26 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. In that context this trial shipment of uranium to CGNPC, if successful, is expected to have positive implications for the future of the Australian uranium industry.

An increase in uranium exports to China has the potential to 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. This potential 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 has more than 30 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.