



Recommended Proportional Offer and Rights Issue from

China Guangdong Nuclear

CGN  中广核

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All amounts in A\$ unless stated otherwise.

Transaction Highlights

- China Guangdong Nuclear Power Holding Co. Ltd. (“CGNPC”) subsidiary China Uranium Development Company (“CUD”) to make a 70% proportional takeover offer to Energy Metals shareholders at \$1.02 per share
- Offer conditional on 50.1% acceptance and other standard conditions
- CUD will also underwrite a 1:9 rights issue at \$0.90 which Energy Metals intends to conduct following the close of the takeover offer
- **Energy Metals directors unanimously recommend acceptance of the Offer in the absence of a superior offer**
- Energy Metals’ largest shareholder Jindalee Resources has indicated its intention to accept the CUD offer in the absence of a superior offer
- CUD may hold up to 73% of Energy Metals following the takeover offer and rights issue

Benefits to Energy Metals Shareholders



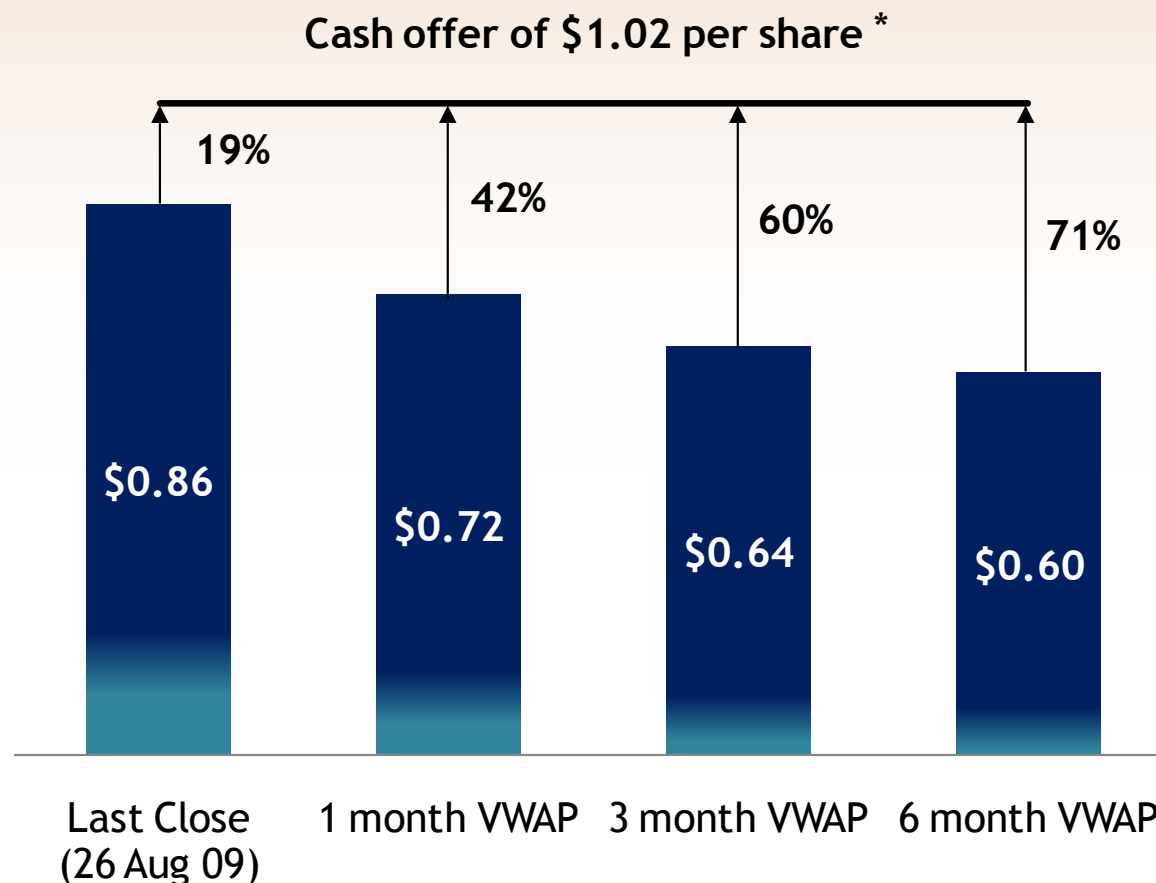
- Strong premium with the security of cash for 70% of Energy Metals shares
 - Premium of 19% to last trade
 - Premium of 60% to 3 month VWAP
 - Premium of 71% to 6 month VWAP
- Shareholders retain exposure to Energy Metals assets through remaining shareholding
- Energy Metals immediate funding requirements are met
 - Post-Offer rights issue will allow for both project development at Bigrlyi and further exploration to be expedited
- Bigrlyi Project development risks reduced
 - CGNPC has extensive financial capacity, reducing financing risks for Bigrlyi Project development
 - Energy Metals will also benefit from the technical expertise of CGNPC - an integrated leader in the clean energy industry in China
- Strategic relationship with nuclear power end-user

Broader Benefits

- A significant investment into the Australian uranium sector
 - China is the single largest investor in enhancement of clean power generation capacity globally
- Shores up funding for the accelerated exploration and development of the Ngalia Basin region
 - One of the most prospective yet under-explored uranium provinces in Australia
 - Likely to be flow on economic and social benefits both for the local community and other miners with interests in the region
- Opportunities for enhanced co-operation and understanding, while maintaining an Australian focus and identity
 - Energy Metals will continue to be Australian-headquartered and listed on ASX
 - The Board will have both Australian and Chinese representatives, and local management and consultants will be retained
- Supports the development of a new **Australian uranium producer**

Premium Information

- Offer is at a substantial premium to Energy Metals' trading prices over the past 6 months



* Cash offer is for 70% of shares only. Overall value depends on value of 30% of shares retained after close of the Offer. Assuming this is equal to the last closing price of \$0.86, the overall value of the Offer is \$0.97 per share and the premiums are 13%, 35%, 52% and 62%.

Conditions to the Offer

- Minimum 50.1% acceptance
- FIRB and Chinese Regulatory Approvals (NDRC, MOC, SAFE)
- No material adverse change
- No prescribed occurrences
- No material transactions, claims or charges
- Absence of regulatory intervention
- No third party consents required
- Other provisions in the Implementation Deed are standard
 - \$500,000 break fee by Energy Metals on superior proposal/change of recommendation
 - \$500,000 break fee by URC if failure to obtain Chinese Regulatory Approvals
 - Exclusivity and no shop/no talk, subject to fiduciary carve outs

Strategic Rationale

- CUD offer represents the culmination of Energy Metals strategic review
 - Process run over more than 12 months
 - Extensive interest from national and international parties
- The CUD offer delivers shareholders with the opportunity to realise 70% of their investment in Energy Metals at an attractive price, yet retain and de-risk exposure to the Bigrlyi Project, Energy Metals flagship asset
- The CUD-underwritten rights issue will raise \$11.7m
 - A significant financial base to progress development at Bigrlyi and accelerate exploration on 100% owned ground
 - Energy Metals shareholders can re-invest offer funds if they chose
- CGNPC is a leader in the clean energy industry, with existing uranium mining investments in Central Asia
- **Energy Metals will benefit greatly from exposure to CGNPC technical expertise, industry contacts, and extensive financial resources**

About CGNPC, URC and CUD

- CGNPC is a Chinese State Owned Enterprise (“SOE”) with over 4,000 MWe of installed nuclear generation capacity, with in excess of 20,000 MWe under construction
- CGNPC also operates wind, solar and hydro power generation facilities
- More information is available at:
<http://www.cgnpc.com.cn/n2881959/n3075227/index.html>
- CGNPC Uranium Resources Co. Ltd (“URC”) is a subsidiary company of CGNPC in charge of securing uranium supply for its nuclear reactors
- URC is authorised by CGNPC to manage all CGNPC’s domestic and foreign uranium product trade and uranium resources investment
- URC is the signatory to the Implementation Deed, while CUD is making the offer to Energy Metals shareholders
- CUD is an investment vehicle of CGNPC for its foreign uranium development business



Timetable*



- Bidders Statement **Late September**
 - Offer Period **October**
 - Regulatory Approvals **Late October**
 - Offer Close **Early November**
 - Rights Issue **November - December**
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* These dates are indicative only and subject to change. Full details will be provided in the Bidder's Statement to be lodged by CUD.

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