# PROSPECTUS

energia minerals limited*

ABN 63 078 510 988

**For the Offer of up to 37,500,000 shares @ 20c per Share to raise up to $7,500,000.**

BROKER TO THE OFFER:
Southern Cross Equities Limited, Sydney ACN 071935441, AFSL 247027

This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional adviser.

The Shares offered by this Prospectus are of a speculative nature.

*At the date of this Prospectus, the Company (Energia Minerals NL) is a No Liability company. The proposed change of its company type to a public company limited by shares was Gazetted on 6 November 2009 and is scheduled to occur on 6 December 2009.

## KEY DATES & TERMS

**Proposed Timetable**

| | |
|---|---|
| Date of Prospectus | 17 November 2009 |
| Opening Date | 24 November 2009 |
| Record Date for Priority Offer (open to Eligible Carbon Energy Shareholders) | 26 November 2009 |
| Closing Date | 15 December 2009 |
| Shares expected to be allotted | 21 December 2009 |
| Holding Statements expected to be dispatched | 24 December 2009 |
| Trading of Shares on ASX expected to commence | 30 December 2009 |

These dates are indicative only. Energia, in consultation with the Broker, has the right to vary these dates without further notice.

**Offer Summary**

| | |
|---|---|
| Offer Price per Share | $0.20 |
| Number of Shares available to investors under the Offer | |
| – Minimum | 25,000,000 |
| – Maximum | **37,500,000** |
| Gross proceeds of the Offer | |
| – Minimum | $5,000,000 |
| – Maximum | **$7,500,000** |
| Total number of shares on issue following the Offer | |
| – Minimum | 57,000,005* |
| – Maximum | **69,500,005*** |

* This includes 3,000,000 Shares to be issued on ASX admitting the Company to the Official List , to the Vendor of certain tenements the Company has agreed to acquire. Further information is set out in Section 2.7 and Section 9.3.

## INVESTMENT HIGHLIGHTS

**Energia - The Company and The Opportunity**

- Energia is a focussed uranium exploration company with access to **20 granted tenements and 10 applications** for tenements in Australia and Italy covering over 5,500km$^2$. Currently, Energia is a wholly owned subsidiary of Carbon Energy Limited (ASX:CNX).
- Funds raised under this initial public offering (**IPO**) of Energia will be used to build on the substantial initial exploration completed by Carbon Energy and to carry out resource assessment and mining studies where warranted. **Eligible Carbon Energy shareholders will be able to participate in a Priority Offer.**
- The Company has assembled a highly experienced team with expertise in all aspects of project generation, resource discovery and mine development. The non-executive Directors of Energia are Mr Ian Walker (former Managing Director of Carbon Energy Limited) and Mr Max Cozijn (former Finance Director of Carbon Energy).
- Ms Keren Paterson is the Managing Director of Energia, bringing significant commercial and technical skills to the role. She is assisted by an able technical team that includes Dr Leigh Bettenay, General Manager - Exploration and Development and Dr Marcello de Angelis, consultant, both whom have significant experience in uranium exploration. Dr Bettenay is a recognised authority in the field of exploration geochemistry and Dr de Angelis has been involved with uranium exploration and is familiar with the Italian Projects since the early 1970's.
- The majority of the Company's Projects in Australia are located in Western Australia, South Australia and the Northern Territory where uranium exploration and mining is currently permitted.
- In Italy, where Energia's **Lombardia Project** is located, the Government has significantly changed its policy towards nuclear energy and passed comprehensive legislation to that effect in July 2009. The Italian Government currently plans to have 25% of its power needs supplied by nuclear power plants by 2030.

## Energia – The Projects

- Energia has acquired all of the interests that comprised Carbon Energy's uranium minerals portfolio, covering over 5,500km$^2$ in Australia and in Italy. **In the past 3 years, approximately $3.5 million has been spent on exploration** and identification of uranium mineralisation in the areas the subject of these tenements.
- At the **Nyang Project** in the Carnarvon Basin of Western Australia, more than 5,000m of drilling has been completed with **encouraging results returned over a strike length of 3km** at the Carley Bore prospect. In previous drilling programs, results include 29 intercepts of over 500ppm $U_3O_8$ with varying widths up to 20m.The most notable results include **20m at 625ppm $U_3O_8$ in LYAC003** (7400040N 295300E), **15m at 522 ppm $U_3O_8$ in LYAC001** (7400040N 294800E) and **8m at 701ppm $U_3O_8$ in LYAC072** (7400200N 295300E) (See Section 5; Independent Geologist's Report). Further drilling and field programs capable of supporting the preparation of an initial resource assessment is a priority within the first year of listing.
- A recently completed ground gravity survey at the **Nyang Project** confirms that **the Carley Bore palaeochannel can be defined over a total strike length exceeding 10km.** The use of this geophysical technique is expected to assist the discovery of additional palaeochannels similar to the one defined to date.
- Energia's position in the Carnarvon Basin will be further consolidated following the completion of the acquisition of the **Onslow Project** from Skryne Hill Pty Ltd which will be the catalyst for a significant exploration initiative. Drilling programs completed by Skryne Hill and its joint venture partners have defined **at least two palaeochannel environments prospective for uranium mineralisation.**
- In South Australia, the Gawler Craton has been the exploration focus for uranium bearing iron oxide copper-gold (IOCG) targets (similar to the giant Olympic Dam deposit). Extensive and detailed ground gravity surveys have been completed on the Balta Baltana and Lake Eyre Tenements within Energia's **Gawler Project**. Results from the modelling of this geophysical data have been used to define prospective drill targets beneath cover.
- In **Italy**, Energia has acquired tenements and applications for ground prospective for base metals and uranium at **Gorno** and **Novazza** respectively, both located within the Bergamo Province of Northern Italy. Both areas have a history of resource investigation, including underground development. Uranium exploration was carried out at the Novazza Project in the 1970's and 1980's with **over 2,000m of drilling and 6,000m of underground mine development,** with little or no recent exploration of these prospective areas having been undertaken.

## Strategy and Objectives

Energia aims to build a substantial company for its shareholders by the successful delineation, evaluation and development of economic uranium mineralisation.

**The initial primary objectives are to:**

- Advance the Nyang Project to determine its potential and complete all necessary mining studies to establish commercial viability;
- Advance the grant of existing exploration applications for the **Lombardia Project** in Italy;
- Identify, test and delineate further areas of mineralisation potential on the Australian and Italian Project areas; and
- Identify and pursue additional uranium opportunities.

## Exploration Programs

- The initial focus (based on access and prospectivity) will be the **Nyang Project** in the Carnarvon Basin of Western Australia. Previous exploration activities by Carbon Energy have provided an excellent platform for Energia to pursue drilling programs and related Project test-work required to undertake initial resource calculations and subsequent mining studies, should they be warranted.
- Geophysical surveys and modelling on Energia's granted South Australian Tenements will prioritise identification of drilling targets in this challenging but potentially highly prospective terrain. Terrain of this type has been known to host giant ore bodies like Olympic Dam.
- At the **Lombardia Project** in Italy, Energia will continue discussions with local communities and government to enable further evaluation of this unusual polymetallic environment. Further exploration programs, using passive low impact techniques, will assess the exploration prospectivity of a favourable geological setting which it is hoped will host a number of significant occurrences.

## Key Investment Risks

The following are risks the Company considers to be key investment risks:

- Failure of exploration to define economic mineral deposits on the Company's tenements.
- A downturn in commodity prices including uranium.
- In Australia, regulatory restrictions for exploration and development of prospective uranium areas.
- In Italy, the failure of the current applications to be approved.

Refer to Section 8 of this Prospectus for more information on investment risks that could adversely affect Energia's financial performance and the value of its Shares.

*This Section is not intended to provide full information for investors considering an application for Shares offered pursuant to this Prospectus. The Prospectus should be read and considered in its entirety.*

# IMPORTANT NOTICE

### Offer

The Offer contained in this Prospectus is an invitation to apply for Shares in Energia Minerals Limited*[1] (**Energia** or **Company**). No person is authorised to provide any information or to make any representation about the Company or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus.

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for Energia, potential investors should consider the risk factors that could affect the performance of Energia, some of which are set out in the Investment Highlights section and Section 8. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

### Lodgment and Listing

This Prospectus is dated 17 November 2009 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

Energia will apply for the Shares offered by this Prospectus to be listed for quotation by the ASX within 7 days following the date of this Prospectus. No Shares will be issued or sold on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### Restrictions on distribution

This Prospectus does not constitute an offer or invitation in any jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Please refer to Section 2 for information about restrictions that apply to the Shares in certain jurisdictions outside Australia.

### Prospectus availability – Electronic Prospectus

This Prospectus is available to download and view as an electronic prospectus by Australian residents only on Energia's website at www.energiaminerals.com. The Offer constituted by the electronic Prospectus is only available to persons receiving the electronic Prospectus within Australia. Any person may obtain a free paper copy of the Prospectus by telephoning the Company with their request. Persons who access the electronic form of this Prospectus should ensure they download and read the entire Prospectus.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of this Prospectus or the complete and unaltered electronic Prospectus (whether printed or remaining in an electronic medium).

No information or document on the Company's or the Broker's website is incorporated by reference into this Prospectus and no information or document other than this Prospectus should be relied on by potential investors.

### Applications

The Application Forms may only be distributed if they are included in, or accompanied by, a complete and unaltered copy of this Prospectus. Applications under the Offer must be made by completing a paper copy of an Application Form (being either a Priority Application Form or a Public Application Form) attached to, or accompanied by, this Prospectus or an Application Form contained in a print-out of the entire downloaded electronic Prospectus.

By making an Application, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or attached to, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

### Exposure Period

Under the Corporations Act, the Company is not permitted to process Applications during the 7 days after the date of lodgement of this Prospectus with ASIC (**Exposure Period**). ASIC may extend this period for up to a further 7 days. The Exposure Period enables the Prospectus to be examined by market participants prior to the raising of funds. No preference will be conferred on Applications received during the Exposure Period.

### Definitions and glossary

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the glossary in Section 11. The financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. References to time are to Australian Western Standard Time (AWST) unless stated otherwise.

### Privacy

The privacy policy relating to this Prospectus is contained in the privacy disclosure statement in Section 12.

### Photographs

Photographs that appear in this Prospectus without descriptions are for illustrative purposes only, they do not provide any form of endorsement and do not purport to represent the Company. Assets pictured in this Prospectus are not assets of the Company unless otherwise stated

[1] At the date of this Prospectus, the Company (Energia Minerals NL) is a "no liability" company. The proposed change of its company type to a "public company limited by shares" was Gazetted on 6 November 2009 and is scheduled to occur on 6 December 2009.

# CORPORATE DIRECTORY

**Directors**

Managing Director - Keren J. Paterson MBA (Economics), BEng (Mining), MAICD, AIMM, MAusIMM

Non – Executive Director - Ian W. Walker B.Sc Hons (Geology)

Non – Executive Director - Max D.J. Cozijn B.Com, ASA, MAICD

Alternate Director for Ian Walker - Dr. Leigh Bettenay BSc (Hons) PhD, RPGeo, FAIG, FSEG

**Company Secretary**
Max D.J. Cozijn B.Com, ASA, MAICD

**Registered Office and Head Office**
Unit A2, 118 Railway Parade
West Perth, Western Australia 6005
Phone +61 (0) 8 9321 5000
Fax +61 (0) 8 9321 7177

**Broker to the Offer**
Southern Cross Equities Limited
Level 32, Aurora Place
88 Phillip Street
Sydney NSW 2000

**Auditor and Investigating Accounting**
WHK Horwath
Level 6, 256 St George's Terrace
Perth WA 6000

**Independent Geologist**
Continental Resource Management Pty Ltd
10 Hehir Street
Belmont, Western Australia 6104

**Solicitors to the Offer**
Deacons
Level 39, BankWest Tower
108 St Georges Terrace
Perth WA 6000

**Share Registry**
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153
Phone +61 (0) 8 9315 2333
Fax +61 (0) 8 9315 2233

**Stock Exchange Listing**
Australian Stock Exchange (ASX)
ASX Code: EMX

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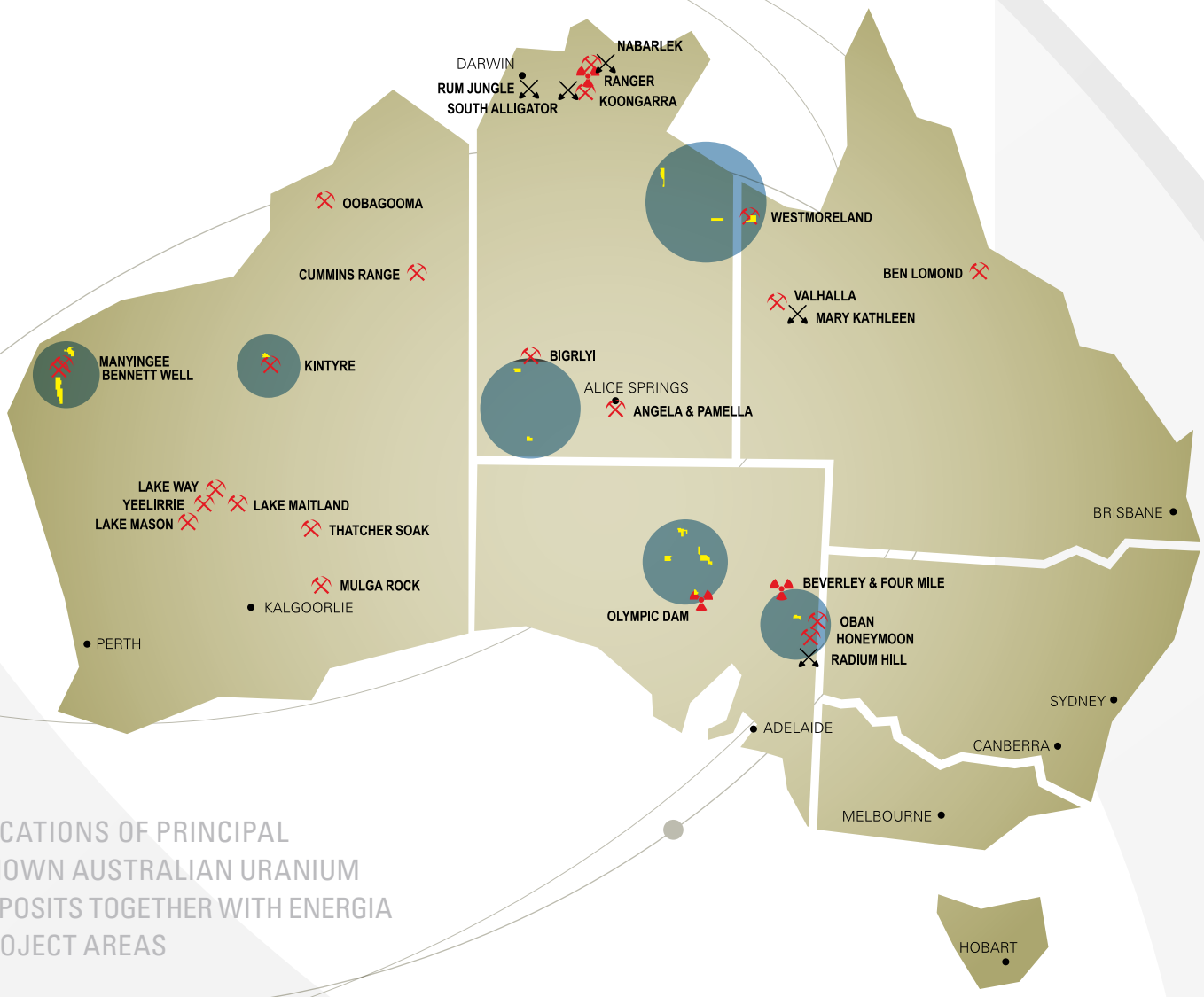
ABN 63 078 510 988




LOCATIONS OF PRINCIPAL KNOWN AUSTRALIAN URANIUM DEPOSITS TOGETHER WITH ENERGIA PROJECT AREAS

**AUSTRALIAN URANIUM DEPOSITS**

- URANIUM MINING OPERATION (NON ENERGIA)
- PLANNED URANIUM MINE OR RESOURCE (NON ENERGIA)
- COMPLETED URANIUM MINE (NON ENERGIA)
- ENERGIA TENEMENT
- GENERAL AREA OF ENERGIA PROJECTS

0 500 1000 1500

Kilometres

## SECTION 1.
## MANAGING DIRECTOR'S LETTER

Dear Investor,

On behalf of the Board, I am delighted to offer you the opportunity to become a shareholder in Energia, a unique company established to capitalise on the growing demand for nuclear energy as a key component of the renewable energy mix.

The important role nuclear energy will play as an alternative power generating source in the effort to reduce global carbon emissions is well understood. With access to 20 granted tenements and 10 applications for tenements in Australia and Italy covering more than 5,500km$^2$, Energia is strategically poised to capitalise on this trend.

Energia has been established as a highly focussed vehicle to hold an exciting portfolio of projects in Australia and Italy, which have been funded to date by Carbon Energy Limited (**Carbon Energy**). Some of these projects have had sufficient exploration to confirm the possibility of significant uranium mineralisation.

In the case of the most advanced of these, the Nyang Project, drilling has delineated uranium mineralisation over a strike length of approximately 3km. The results at Nyang indicate similarities to known deposits at Manyingee and Bennett Well, both located nearby within the prospective Canarvon Basin. New geophysical techniques have been utilised and show that exploration prospectively is at a very early stage but with strong potential upside.

Demerging the uranium assets from Carbon Energy will enable both companies to pursue a focussed growth strategy: in the case of Carbon Energy centred around Underground Coal Gasification in Queensland; and in the case of Energia uranium exploration.

Energia brings a highly experienced Board and management team which has hands-on experience across all aspects of project generation, resource discovery and mine development.

Up to 37.5 million Shares are being offered under this Prospectus at a price of $0.20 cents per Share. The Offer is being managed by Southern Cross Equities. If the Offer is fully taken up, Energia will have an indicative market capitalisation of $13.9 million at the Offer Price or if Minimum Subscription is reached an indicative market capitalisation of $11.4 million at the Offer Price.

Eligible Carbon Energy Shareholders will be offered a Priority Application to subscribe for Energia shares, with a minimum of A$2,000 for each such Application. Eligible Carbon Energy Shareholders should complete the enclosed Priority Application Form to apply under the offer.

Details of the Offer and the business of Energia, including a number of the risks of investing in Energia are contained in this Prospectus. I encourage you to read it carefully and completely.

Together with my fellow Directors, I would like you to consider the Offer and look forward to welcoming you as a shareholder of Energia.

Yours sincerely,

Keren Paterson .

**Keren Paterson**
Managing Director

# SECTION 2. DETAILS OF THE OFFER

This Section provides an overview of the Offer and must be read in conjunction with the remainder of the Prospectus.

## 2.1 DESCRIPTION AND STRUCTURE OF THE OFFER

The Company is seeking to raise up to $7.5 million (before expenses of the Offer) through the issue of up to 37.5 million Shares at an Offer Price of $0.20 per Share. The Minimum Subscription for the Offer is 25 million Shares at $0.20 per Share to raise $5 million.

The Offer comprises a Priority Offer to Eligible Carbon Energy Shareholders as well as a Public Offer to the public as outlined further below. All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and rank equally in all respects with Shares already on issue.

The Offer is not underwritten.

## 2.2 PRIORITY OFFER

As the formation of Energia was supported by Carbon Energy, each Eligible Carbon Energy Shareholder will be given a priority invitation to acquire a minimum parcel of 10,000 Shares each. Subject to the allocation policy described in Section 2.4, the Company intends to allocate the first 30 million Shares available under the Offer in priority to Eligible Carbon Energy Shareholders as a Priority Offer. Energia Directors who are Eligible Carbon Energy Shareholders may also elect to participate in the Priority Offer.

Eligible Carbon Energy Shareholders wishing to subscribe for Shares must make an application for a minimum parcel of 10,000 Shares and complete the Priority Application Form forwarded to each Eligible Carbon Energy Shareholder together with a copy of this Prospectus. The Record Date for Eligible Carbon Energy Shareholders to participate in the Priority Offer will be 26 November 2009.

Any of the 30 million Shares not taken up by Eligible Carbon Energy Shareholders under the Priority Offer will be offered under the Public Offer. Both the Priority Offer and the Public Offer will be managed by Southern Cross Equities.

Eligible Carbon Energy Shareholders will be sent a copy of the Prospectus together with a Priority Application Form. **Applications under the Priority Offer can only be made on the personalised Priority Application Form, which must be received on or before the Closing Date.** Eligible Carbon Energy Shareholders are therefore encouraged to submit their Priority Application Form as soon as possible after the Opening Date.

## 2.3 PUBLIC OFFER

Subject to the allocation policy described below, the Public Offer will be for 7.5 million Shares, plus any Shares offered under the Priority Offer not subscribed for by Eligible Carbon Energy Shareholders by the Closing Date.

Applicants under the Public Offer should note that the Directors of Energia, in consultation with the Broker, retain an overriding right to accept any Public Application in full, accept in respect of a lesser number of Shares than applied for or decline a Public Application, in their discretion.

Applicants, whether under the Priority Offer or the Public Offer, should not assume that the Shares they apply for, or any number of Shares, will be issued to them in response to their Application. Before dealing in any Shares, Applicants must satisfy themselves as to their actual holding of Shares.

## 2.4 ALLOCATION AND SCALEBACK

A scaleback will only be applied if the Company receives Applications that exceed the Full Subscription. For example, if Applications for less than the Full Subscription are received as a result of:

(1) Eligible Carbon Energy Shareholders applying for less than 30 million Shares in aggregate under the Priority Offer, the Directors reserve the right to increase the allocation of Shares to the Public Offer; or

(2) the general public applying for less than 7.5 million Shares under the Public Offer, the Directors reserve the right to increase the allocation of Shares to the Priority Offer.

However, if the Full Subscription is achieved and Energia receives Applications under both the Priority Offer and the Public Offer that exceed the allocation for both of those offers, the Directors, in conjunction with the Broker to the Issue, plan to scale back the oversubscriptions and, although the Directors retain an overriding discretion as to the application of the scale back process in order to ensure the overall success of the Offer, it is currently intended that, provided the Applications received exceed the Full Subscription:

(3) if Eligible Carbon Energy Shareholders apply for more than the Priority Offer allocation, they will generally be scaled back on a pro-rata basis; and

(4) if the general public apply for more than the Public Offer allocation, they will generally be scaled back on a pro-rata basis.

All investors should note that the Directors reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for by a particular investor. In determining which Applicants to allocate Shares to under this Prospectus, they will have regard to a number of factors, including but not limited to the number of Shares applied for, the overall level of demand under the Offer, the desire to establish an appropriate spread of Institutional Investors and Retail Investors and the desire for an active and orderly secondary market.

## 2.5 INDICATIVE TIMETABLE

| | |
|---|---|
| Date of Prospectus | 17 November 2009 |
| Opening Date | 24 November 2009 |
| Record Date for Eligible Carbon Energy Shareholders | 26 November 2009 |
| Closing Date | 15 December 2009 |
| Shares expected to be allotted or transferred* | 21 December 2009 |
| Holding Statements expected to be dispatched | 24 December 2009 |
| Trading of Shares on ASX expected to commence | 30 December 2009 |

* The total Shares to be allotted under the Offer include Shares to be allotted under the Priority Offer and the Public Offer.

These dates are indicative only. The Directors (in consultation with the Broker) reserve the right to vary the dates connected with the Offer (including the Closing Date of the Offer) without notifying Applicants.

## 2.6 MINIMUM SUBSCRIPTION AMOUNT

The minimum subscription for the Offer (including Shares issued under the Priority Offer and the Public Offer) is 25 million Shares (Minimum Subscription) at $0.20 per Share to raise $5 million (before expenses of the Offer). The Company will not issue any Shares under this Prospectus unless the Minimum Subscription is raised.

If the Minimum Subscription is not raised within four months after the date of this Prospectus, all Applications will be dealt with in accordance with section 724 of the Corporations Act. Such action may include repayment of Application Monies (without interest) or the issue of a supplementary or replacement Prospectus and the option for Applicants to withdraw their Application and be repaid their Application Money (without interest).

## 2.7 CAPITAL STRUCTURE

At the date of the Prospectus the issued capital of the Company is 29,000,005 Shares. The following table sets out the ownership of Shares and Options before the Offer and immediately following the Offer:

| | MINIMUM SUBSCRIPTION ($5M) | | FULL SUBSCRIPTION ($7.5M) | |
|---|---|---|---|---|
| | No. of Shares | % of Shares | No. of Shares | % of Shares |
| Present Issued Capital | 29,000,005 | 50.9% | 29,000,005 | 41.7% |
| To be issued on ASX admitting the Company to the Official List (Note 1) | 3,000,000 | 5.3% | 3,000,000 | 4.3% |
| Shares to be issued under this Prospectus | 25,000,000 | 43.8% | 37,500,000 | 54.0% |
| **Total Shares** | **57,000,005** | **100%** | **69,500,005** | **100%** |

Note (1): Upon the ASX granting admission of Shares to the Official List, 3,000,000 Shares will be issued to Skryne Hill as consideration for tenements acquired from Skryne Hill. Further information is set out in Section 9.3.

| Options | Number of Options |
|---|---|
| Options to be issued to Directors subject to Shareholder approval (Note 1) | 15,000,000 |
| Options to be issued to parties for services to the Company (Note 2) | 1,000,000 |
| Options to be issued to Marcello de Angelis (or his nominee) pursuant to a consultancy agreement (Note 3) | 5,000,000 |

Note (1): Further details in respect of the proposed issue of Options to Directors are set out in Section 10.5.

Note (2): Options to be issued post-listing to Mr B Tavcar on similar terms as the Options to be issued to Directors described in Section 10.5.

Note (3): Further details regarding the issue of Options to Dr de Angelis are set out in Section 9.5.

## 2.8 PURPOSE OF THE ISSUE AND USE OF FUNDS

The Company is seeking to raise up to $7.5 million pursuant to the Offer and it is expected that these funds will be applied as detailed below in the table which sets out the proposed use of funds based on achievement of the Full Subscription and the Minimum Subscription:

| | MINIMUM SUBSCRIPTION ($5M) | | | FULL SUBSCRIPTION ($7.5M) | | |
|---|---|---|---|---|---|---|
| PROPOSED EXPENDITURE | YEAR 1 | YEAR 2 | TOTAL | YEAR 1 | YEAR 2 | TOTAL |
| Exploration expenditure | $1,657,000 | $1,668,000 | $3,325,000 | $2,691,000 | $2,709,000 | $5,400,000 |
| Corporate Costs: | | | | | | |
| - Acquisition Costs | $75,000 | - | $75,000 | $75,000 | - | $75,000 |
| - Administration Costs | $600,000 | $600,000 | $1,200,000 | $750,000 | $750,000 | $1,500,000 |
| - Costs of the Offer | $475,000 | - | $475,000 | $600,000 | - | $600,000 |
| Working Capital | $25,000 | - | $25,000 | $25,000 | - | $25,000 |
| Total | **$2,832,000** | **$2,268,000** | **$5,100,000** | **$4,141,000** | **$3,459,000** | **$7,600,000** |

| AVAILABLE FUNDS | |
|---|---|
| Balance of seed capital | $100,000 |
| Gross Funds raised IPO | $5,000,000 |
| Total | **$5,100,000** |

| | |
|---|---|
| Balance of seed capital | $100,000 |
| Gross Funds raised IPO | $7,500,000 |
| Total | **$7,600,000** |

**Year commencing from the date of the commencement of quotation of the Company's shares on the Official List of the ASX in the case of "Year 1" or the anniversary of that listing in the case of "Year 2"*

*The $2.5 million decrease in Proposed Expenditure for the Minimum Subscription comprises the following reductions:*

*a) Exploration Expenditure of $2,075,000, the details of which are provided in Section 3.3 of this Prospectus;*

*b) Administration Cost of $300,000; and*

*c) Cost of Offer of $125,000 being a reduction in pro-rata commission fees.*

## 2.9 WORKING CAPITAL ADEQUACY

On completion of the Offer, the Directors believe that the Company will have sufficient working capital to carry out its stated objectives.

## 2.10 RESTRICTED SECURITIES

Pursuant to the Listing Rules, securities issued to Directors and promoters of the Company may have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months from the date the Company lists on the ASX and may not be transferred, assigned or otherwise disposed during that period.

## 2.11 HOW TO APPLY FOR SHARES

### (1) Eligible Carbon Energy Shareholders

If you are an Eligible Carbon Energy Shareholder (that is, you are registered in Australia as a shareholder of Carbon Energy on the Record Date) and you wish to apply for Shares pursuant to the Priority Offer, you should complete your Priority Application Form.

Completed Priority Application Forms must be received before 5.00pm on the Closing Date (**15 December 2009**).

### (2) Public Offer Applicants

The Public Offer will be available to all investors who are eligible to subscribe for Shares under the Offer (as set out in the Important Notices section at the front of this Prospectus). Potential investors should note that the Directors, in consultation with the Broker, retain an overriding right to accept any Application in full, accept any lesser number of Shares or decline any Application.

Applications under the Public Offer can only be made by completing and lodging the Public Application Form accompanying this Prospectus.

Completed Public Application Forms must be received before 5.00pm AWST on the Closing Date (**15 December 2009**).

Both the Public Application Form and the Priority Application Form contain detailed instructions on how they are to be completed.

Applications must be for a minimum of 10,000 Shares for a total of $2,000. Application may be made for additional Shares in multiples of 5,000 Shares for $1,000. An Application Form must be accompanied by a cheque in Australian dollars, crossed '**not negotiable**' and made payable to '**Energia Minerals NL – Offer Account**'. Payment for the Shares must be made in full at the Offer Price of $0.20 for each Share.

Applications that do not meet these requirements may be refused at the discretion of the Directors in consultation with the Broker.

Completed Application Forms and accompanying cheques should be delivered to either of the addresses set out below before the Closing Date (**15 December 2009**).

By Post to: Energia Minerals
c/- Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

By Hand to: Energia Minerals
c/- Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Prompt lodgement of your Application is recommended as the Offer may be closed early.

COMPLETED APPLICATION FORMS MUST BE RECEIVED BEFORE 5PM AWST ON THE CLOSING DATE OF THE OFFER.

## 2.12 ALLOTMENT

Energia will not process any Application until the expiration of the Exposure Period. Shares applied for under this Prospectus will be issued as soon as practicable after the Closing Date. Application Money will be held in a trust account until Shares are issued. Interest on Application Money will be for the benefit of Energia and will be retained, irrespective of whether any Shares are actually issued.

No allotment of Shares will be made until permission has been granted by the ASX for the quotation of the Shares on terms acceptable to the Directors.

All investors should note that the Directors, in consultation with the Broker, retain an overriding right to accept any Application in full, accept any lesser number of Shares or decline any Application. Applicants must not assume that the Shares they apply for, or any number of Shares, will be issued to them in response to their Application. Before dealing in any Shares, Applicants must satisfy themselves as to their actual holding of Shares.

If any Application is rejected, in whole or in part, the relevant Application Money will be refunded without interest. Where the number of Shares issued is less than the number applied for by the Applicant, the surplus Application Money will be returned by cheque within 14 days after the Closing Date. Where no Shares are issued, the Application Money will be returned in full by cheque within 30 days of the Closing Date. Irrespective of whether allotment of Shares takes place, any interest earned on the Application Money will not be paid to Applicants.

## 2.13 ASX LISTING

The Company will apply within 7 days after the date of this Prospectus for Listing of the Shares offered by this Prospectus and for other Shares on issue in the Company (subject to the Listing Rules).

The fact that the ASX may admit Energia to the Official List is not to be taken in any way as an indication of the merits of Energia or of the Shares offered by this Prospectus. Quotation of the Shares (if granted) offered by this Prospectus will commence as soon as practicable after the issue of Holding Statements to successful Applicants.

If the Company is admitted to the Official List of the ASX, it is anticipated the Shares will trade under the ASX code EMX. It is expected that the Shares will commence trading on ASX on or about **30 December 2009** on a normal settlement basis.

Applicants are responsible for confirming their allocation prior to trading any Shares. Anyone who sells Shares prior to receiving confirmation of their allocation does so at their own risk. The Company and the Share Registry disclaim any liability arising to persons who trade Shares prior to receiving Holding Statements.

If the ASX does not admit the Shares to quotation on the ASX within 3 months after the date of this Prospectus, none of the Shares offered by this Prospectus will be allotted or issued unless ASIC grants Energia an exemption or modification permitting the allotment or issue.

If no allotment or issue is made, all Application Money relating to the Shares will be dealt with in accordance with section 724 of the Corporations Act.

## 2.14 CHESS AND ISSUER SPONSORED SUB-REGISTER

Energia will apply to participate in CHESS and, in accordance with the Listing Rules and the ASTC Settlement Rules, will maintain an electronic CHESS sub-register and an electronic issuer sponsored sub-register.

Energia will not issue Share certificates to successful Applicants but as soon as practicable after allocation, successful Applicants will receive a Holding Statement that sets out the number of Shares that have been allocated to them pursuant to this Prospectus. The Holding Statement will also set out each successful Applicant's unique HIN in the case of a holding on the CHESS sub-register, or SRN in the case of a holding on the issuer sponsored sub-register.

Shareholders will be provided with periodic Holding Statements showing any changes in their holdings of Shares. Shareholders may request a Holding Statement at any time (although an administration fee may be charged for these additional statements). It is the responsibility of Shareholders to determine their holding prior to trading in any Shares.

## 2.15 DIVIDEND POLICY

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's Projects. These activities are expected to dominate the two-year period following the issue of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period and the Directors can give no assurance as to the payment of future dividends or the level of franking of such dividends. The capacity to pay dividends will depend on a number of factors including future earnings (if any), capital expenditure requirements and the financial position of the Company.

The Directors will review the Company's dividend policy from time to time and, subject to prevailing circumstances, may change the policy.

## 2.16 ELECTRONIC PROSPECTUS

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus within Australia.

Persons who receive a copy of this Prospectus in electronic form at www.energiaminerals.com are entitled to obtain a paper copy of the Prospectus (including the relevant accompanying Application Form) free of charge, during the Offer Period, by contacting the Company on + 61 (0) 8 9321 5000 or by email to information@energiaminerals.com.

## 2.17 TAXATION

The Australian taxation consequences of any investment in Shares will depend on the Applicant's particular circumstances. It is the obligation of potential investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you have any questions about the taxation consequences of an investment in the Company, please contact your stockbroker, accountant or independent financial advisor. Section 10.2 sets out further general information in relation to tax.

## 2.18 NO BROKERAGE, COMMISSION OR STAMP DUTY

No brokerage, commission or stamp duty is payable by Applicants for Shares under the Offer.

## 2.19 FEES AND COMMISSIONS

The Company will pay Southern Cross Equities as broker to the Offer 5% of the gross proceeds raised under the Offer (exclusive of GST). Further details regarding fees and commissions are set out in Section 10.14.

## 2.20 FOREIGN SELLING RESTRICTIONS

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on and observe, any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and the Offer is not an offer or invitation in any jurisdiction where, or to any person whom, such an offer or invitation would be unlawful.

However, subject to the restrictions in relation to the United States outlined below, Energia and the Broker reserve the right to offer Shares to any investor, where to do so would not be in breach of the securities law requirements of the relevant jurisdiction.

**United States**

The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

## 2.21 WITHDRAWAL

Energia may at any time decide to withdraw this Prospectus and the Offer, in which case all Application Money will be refunded as soon as practicable. No interest will be paid on any Application Money refunded as a result of the withdrawal of this Prospectus and the Offer.

## 2.22 ENQUIRIES

If you are unclear in relation to any matter as to whether Shares in the Company are a suitable investment for you, then you should seek professional advice from your accountant, financial adviser, stockbroker or other professional adviser.

Applicants who require additional copies of this Prospectus can contact the Company on + 61 (0) 8 9321 5000, or visit the website www.energiaminerals.com to download a copy of this Prospectus.

# SECTION 3.
# URANIUM INDUSTRY AND ENERGIA'S PROJECTS

## 3.1
## URANIUM INDUSTRY

The world population is becoming increasing conscious of its impact on the environment and is searching for alternative ways of producing energy without producing large volumes of greenhouse gas emissions. Uranium based energy production is becoming an increasingly accepted and favoured means of creating energy, without increasing greenhouse emissions. At the date of this Prospectus, there are some 436 commercial nuclear power plants around the world providing around 15% of the world's electricity with this set to expand considerably with 52 reactors currently under construction around the world.

### Uranium mining in Australia

Australia is currently the third largest producer of uranium, behind Canada and Kazakhstan. Australia has approximately 38% of the world's low-cost uranium ore reserves, 96% of which are contained in 6 deposits; Olympic Dam (single biggest uranium resource in the world), Ranger, Jabiluka, Koongarra, Kintyre and Yeelirrie. The last two are currently undeveloped and located in Western Australia.

Australian uranium production has historically been restricted by the 1983 Labor Party "Three Mines Policy", but in 2007 the Federal Labor party overturned its 25-year policy ban, leaving the development decision up to the individual State Governments.

Energia has its priority Projects in Western Australia, which is one of the States with the richest endowment and highest prospectivity for uranium mineralisation (Figure 1). In 2008, the newly elected state Liberal-National Government overturned the decision to exclude uranium from exploration licences, opening up the State to potential uranium development.

In May 2009, BHP-Billiton commenced feasibility studies and submitted plans for development of the large Yeelirrie deposit containing 121Mlb $U_3O_8$ located near Wiluna in WA. More recently, Mega Uranium announced in September 2009 that tenure for its uranium mining lease at Lake Maitland had been confirmed (the first such approval under the policy). Mega Uranium has also indicated it hopes to commence production in mid-2011 subject to gaining necessary approvals. Toro Energy has also initiated approvals for its Lake Way deposit, near Wiluna.

South Australia and the Northern Territory both allow exploration and mining of uranium, and in both cases the governments have been supportive of new development. However, there is strong local opposition in some regions from traditional owners in the Northern Territory, some of whom have the power of veto over applications for exploration licences.

In New South Wales and Victoria, both uranium mining and exploration are legislatively banned (Energia has no Projects in these States). Queensland does not support uranium mining, but it does however allow exploration for uranium.

### Uranium and Italy

In the 1970's, Italy was a world leader in nuclear technology and by the mid 1980's it had four operational nuclear plants generating electricity, including Europe's largest. However, a national referendum in 1987 (following the Chernobyl disaster) resulted in it shutting down its nuclear power stations.

As a result of the reduced power generation capability, Italy now imports around 14% of its power needs, including power generated from nuclear power stations in France. In May 2008, the Italian Government announced a plan to commence building new nuclear power plants within 5 years to reduce the country's dependence on oil, gas and imported power and also passed legislation in July 2009 making nuclear power a key component of energy policy. The Government plans to move towards having 25% of its electricity from nuclear power by 2030, which it is estimated will require some 8 to 10 nuclear power reactors constructed and in production.

## 3.2
## PROJECT RATIONALE

Energia's focus on uranium mineralisation is based on a 2006 review of prospective sites (both within Australia and globally) by Dr Marcello de Angelis. His scope was to apply his extensive knowledge of favourable geology that would link particular source environments for the mineral with suitable depositional sites likely to provide a catalyst for enrichment.

Most uranium deposits exist because of the interaction of uranium-rich fluids related to either igneous, hydrothermal or groundwater events with the surrounding rocks. Deposits are therefore classified according to the type of host rock. Table 1 lists key deposit types in order of economic importance.

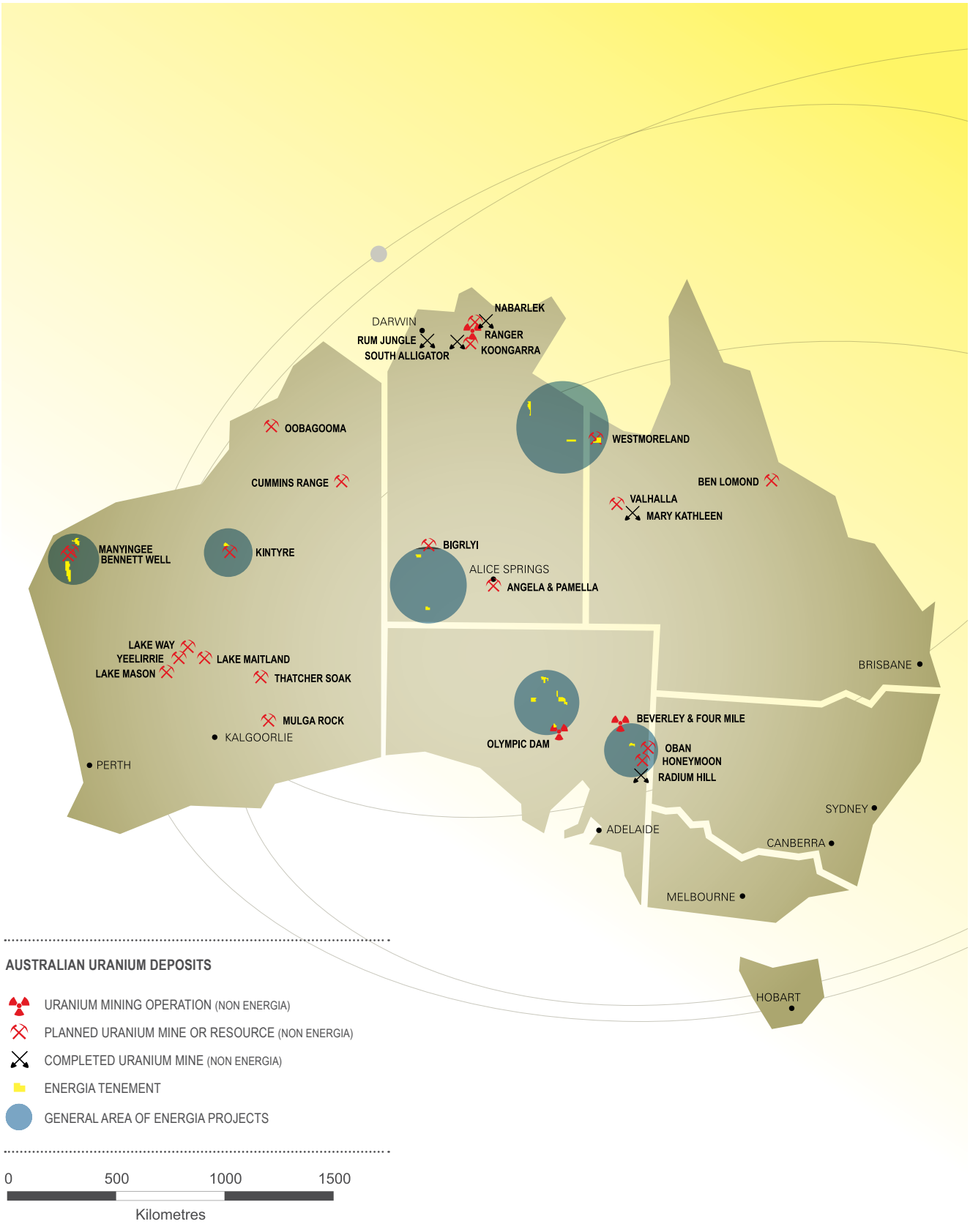



Figure 1. Locations of principal known Australian uranium deposits together with Energia Project areas

Table 1. Significant types of uranium deposits with major Australian examples

| Deposit Type | Major World Examples, by Deposit Type | Australian Examples, by Deposit Type | |
|---|---|---|---|
| Breccia complex/ IOCG/IOCG-U | Olympic Dam (SA, Australia) | Mt Gee (SA) | |
| Intrusive | Rossing (Namibia) | Radium Hill (SA) | Crocker Well (SA) |
| Unconformity related | McArthur River (Athabasca Basin, Canada) | Ranger (NT) | Kintyre (WA) |
| Sandstone roll front | Colorado Plateau (USA) | Beverley (SA) | Manyingee (WA) |
| Quartz–pebble conglomerate | Witwatersrand (South Africa) | Blind River/Elliot Lake (Canada) | |
| Volcanic hosted | Novazza (Lombardia, Italy) | Ben Lomond (Qld) | Maureen (Qld) |
| Calcrete/Surficial | Langer Heinrich (Namibia) | Yeelirrie (WA) | Lake Way (WA) |

A number of prospective areas were identified by Dr de Angelis' review. Generally these sites were obscured by shallow transported cover and therefore unresponsive to the use of traditional geophysical techniques that had been successfully employed during previous cycles of uranium exploration.

Four particular environments with potential to host significant mineralisation, were identified:

- Sandstone-hosted or roll-front deposits in Western Australia (WA), South Australia (SA), Northern Territory (NT) and Queensland (QLD). Significant deposits with similar geological controls to nearby Energia Projects include Honeymoon (owned by Uranium One Inc and Mitsui and Co (Australia) Ltd) and Beverley (owned by Heathgate Resources Pty Ltd) in SA and Manyingee (owned by Paladin Energy Ltd) in the Carnarvon Basin of WA. Energia's advanced Carnarvon Basin Projects include Nyang located some 100km south of Manyingee and apparently of the same style and within the same host sequence, while further north Onslow is located approximately 32km north of Manyingee.
- Uranium-bearing Iron oxide-copper-gold-uranium (IOCG) deposits in the Gawler Craton of South Australia in a similar geological setting to Olympic Dam, (owned by BHP Billiton Ltd) by far the largest single uranium deposit in the world.
- Unconformity-related deposits in WA and NT. In WA, the yet to be granted Table Top Project within the Paterson region lies along strike from the Kintyre deposit (recently sold by Rio Tinto Limited to Cameco-Mitsubishi). A similar unconformity related environment occurs at McArthur River West close to the NT and QLD border. Energia's Westmoreland Project, adjoining the significant Westmoreland deposits of Laramide Resources Limited, also has potential for this style of mineralisation although the known deposits in the district are located well above the unconformity.
- Volcanogenic-associated or vein-hosted deposits associated with massive sulphides including pyrite, chalcopyrite, sphalerite and pitchblende within Permian felsic volcanic rocks at Novazza, located within the Bergamo Province within the Lombardia region of Northern Italy.

## 3.3 SUMMARY OF PROPOSED PROJECT WORK PROGRAMS AND BUDGETS

Proposed work programs and budgets for each project area have been prepared on the basis that $7.5 million is raised. Budgeted exploration expenditure will be approximately $2.691 million in Year 1 followed by $2.709 million in Year 2. If only Minimum Subscription of $5 million is met, then expenditure falls to $1.657 million in Year 1 followed by $1.668 million in Year 2. The break up of expenditure by project and proposed exploration activity to be undertaken are shown in Tables 2 and 3.

## 3.4 CARNARVON BASIN PROJECTS

The Nyang and Onslow Projects (Figure 2) are located in the northern part of the Carnarvon Basin, an elongated basin some 650km long and up to 250km wide, extending north-south along the coast of WA between Geraldton in the south and Exmouth Gulf in the north, and east-west from the coast to the basement rocks forming its eastern margin. The Nyang Project has been explored for three years by Carbon Energy. Energia has acquired the Nyang Project by way of the Carbon Energy Sale Agreement and the Onslow Project by the Skryne Hill Sale Agreement.

The Carnarvon Basin contains a Palaeozoic succession below a relatively thin cover of Cretaceous and Tertiary sediments. The basement that underlies the basin consists of granites, gneisses and schists of Proterozoic age. These granites are enriched in leachable uranium. Over time, uranium has been leached from these granites and dissolved in groundwater that eventually flows into the Cretaceous and Tertiary strata flanking the eastern margin of the Basin. Chemical conditions affecting this groundwater can change as the groundwater moves from oxidized to reducing environments, resulting in the deposition of uranium mineralisation.

The main host for the uranium mineralisation in this district are palaeochannels developed within the Cretaceous Birdrong Sandstone. The Birdrong thickens to the west where it becomes a major artesian aquifer and, in offshore areas of the Carnarvon Basin, the main host for petroleum and natural gas.

Table 2. Summary of proposed Year 1 and Year 2 work programs and budgets

| Summary by Project Area | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure By Project Area | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Western Australian Projects | $1,052,800 | $839,500 | $1,710,000 | $1,363,500 |
| South Australian Projects | $393,500 | $451,600 | $639,000 | $733,500 |
| Queensland Projects | $44,400 | $116,400 | $72,000 | $189,000 |
| Northern Territory Projects | $88,700 | $133,000 | $144,000 | $216,000 |
| Italian Projects | $77,600 | $127,500 | $126,000 | $207,000 |
| **Total** | **$1,657,000** | **$1,668,000** | **$2,691,000** | **$2,709,000** |

Table 3. Summary of proposed Year 1 and Year 2 expenditure by planned activity

| Summary by Activity Type | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure By Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $550,000 | $556,000 | $995,000 | $971,000 |
| Assaying | $195,200 | $186,500 | $303,000 | $298,500 |
| Geophysical surveys and interpretation | $190,100 | $181,500 | $268,900 | $314,300 |
| Field supplies and equipment | $78,800 | $87,500 | $159,100 | $149,100 |
| Travel and accommodation | $67,900 | $62,300 | $117,100 | $125,000 |
| Exploration staff and contractors | $330,400 | $352,500 | $555,000 | $562,000 |
| Land access/Heritage/Native title costs | $65,700 | $56,800 | $112,700 | $96,100 |
| Tenement costs | $178,900 | $184,900 | $180,200 | $193,000 |
| **Total** | **$1,657,000** | **$1,668,000** | **$2,691,000** | **$2,709,000** |

**Nyang Project**

*Location*

The Nyang Project comprises 3 granted Exploration Licences (E08/1644-46) for a total current granted area of 1,211km$^2$. It is located some 960km north-northwest of Perth (the capital of Western Australia) and approximately 150km southeast of the coastal town of Exmouth. Access to the area is via the sealed Northwest Coastal Highway from Carnarvon for 137km, then along a well graded, unsealed road for 162km, then on graded tracks of the Lyndon pastoral property.

The climate is arid sub-tropical with intermittent stream flow including major flood events related to cyclonic rainfall. The tenements lie in marginal pastoral country with no permanent habitation except station homesteads. Open to dense mulga scrub dominates, with some eucalyptus stands along drainages. Topography is subdued with small mesas and buttes capped by resistant laterite and silcrete. These are interspersed with wide flood plain sediments related to the braided channels of the Lyndon River, with aeolian sands including dunefields occurring on the western side of the tenements.

The exploration licences are impacted by three native title applications (Gnulli ,Budina and Thudgari claim groups), which are represented by Yamatji Land and Sea Council. Carbon Energy has executed standard agreements with all three groups and has conducted a preliminary heritage survey to clear drill lines. Further details are set out in Section 6 of this prospectus.

*Project Geology and Exploration History*

The Nyang Project is located along the north-eastern margin of the Carnarvon Basin where Basin sediments unconformably overlie Precambrian basement of the Gascoyne Province. The basement consists of Proterozoic granites, and metamorphic gneisses and schists. The margin of this basement is block faulted, mostly along north-south and north northwest-south southeast trending structures. On the western side of the Project area the Proterozoic complex deepens, due to the block faulting with a system of horst and grabens. The basin subsequently is overlain by sediments of the Cretaceous Winning group which consists of Birdrong Sandstone, Muderong Shale, Windalia Radiolarite and Gearle Siltstone. Late Tertiary and Quaternary laterite and silcrete overlay these Cretaceous units and form resistant caps on mesas and buttes (Figure 3). Stratigraphically older than the Cretaceous units are Devonian limestones, sandstones and mudstones that outcrop over small areas along the eastern side of the Project area.

The main host unit for uranium mineralisation throughout the Project area is the Birdrong Sandstone, of the Cretaceous Winning group. The Cretaceous is locally thickened in palaeochannels which incise into Devonian limestones, sandstones and mudstones or into the Proterozoic basement. Uranium mineralisation is associated with "red-ox" boundaries within the permeable units (Figure 4). These zones are marked visually by the disappearance of pyrite in dark grey sediments, which is replaced by hematite and goethite in brown to white oxidized zones. They are caused by progressive oxidation of the sediment due to the passage through

the aquifer of oxidized groundwater. Some of these deposits are called "roll-front" deposits.

Minatome Australia Pty Ltd (later in joint venture agreement with Urangesellschaft Australia Ltd and Aquitane Australia Minerals Pty Ltd) began exploration in the area in September 1978. Total Mining Australia Pty Ltd continued this exploration until 1984. The main objective of the exploration program was to define the extent of the Birdrong Sandstone and to locate red-ox boundaries within it, with which roll-front mineralisation might be associated. Programs completed included regional aeromagnetics, a gravity survey, and drilling of rotary mud holes and a single diamond drillhole LYN-D-37 (7399490N 295470E) at Carley Bore. LYN-D-37 intersected finely disseminated uranium mineralisation at a depth of approximately 60m, and returned results ranging up to 0.9m at 2,360ppm $U_3O_8$ in the Birdrong Sanstone close to a red-ox boundary. Following these encouraging results no further drilling was completed and the tenements were relinquished in 1985.

Following the acquisition and granting of the current Tenements (E08/1644-46) in 2006, Carbon Energy completed the following work programs:

- Compiled and spatially located all historical exploration data;
- Completed approximately 1,030 line km of airborne EM (AEM) on 200m and 400m line spacing, and processed and interpreted all acquired data.
- Completed a program of regional groundwater sampling;
- Compiled and interpreted aeromagnetic and radiometric data from recent geophysical surveys undertaken by the Geological Survey of Western Australia;
- During 2007-08 completed a total of 119 aircore holes for 9,111m; and
- Completed a detailed ground gravity geophysical program on 200m x 50m centres covering an area of 16km$^2$.

The results of these programs have produced encouraging results over a strike length of 3km at Carley Bore prospect in a palaeochannel near the Lyndon River (Figures 5 and 6).

This mineralisation remains open along strike to the, south. It is associated with red-ox boundaries (shown by a variation from oxidized goethite-hematite sediments to grey sediments containing sparse fresh pyrite and organic material). As such, it has the characteristics of a roll-front deposit but at this stage the geometry of the oxidation boundaries is not known.

The detailed gravity survey has shown the palaeochannel extending over a total strike length of at least 10km (Figure 7).

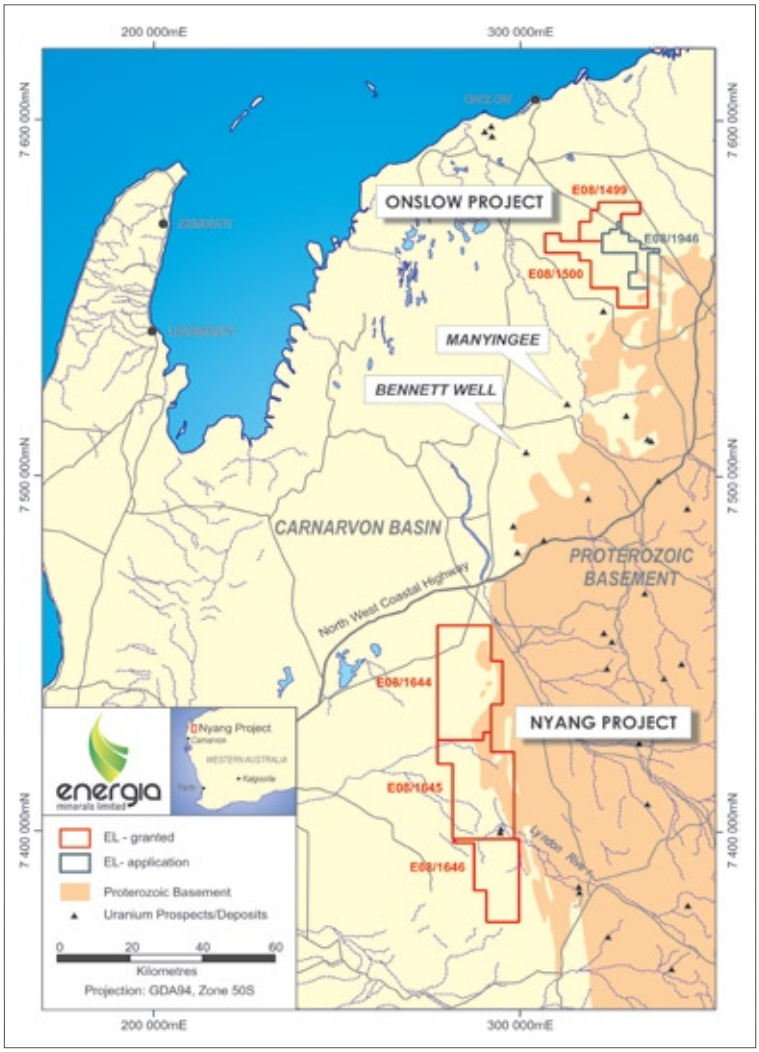



Figure 2. Location Plan for Carnarvon Basin Projects

Figure 3. Present day landform – Nyang Project


Figure 4. Carley Bore (Nyang Project). Drill spoil pile showing colour changes down through profile due to multiple red-ox zones (LYAC081 7399800N 295100E)

Figure 5. Location of Mineralised Aircore Holes – Carley Bore prospect, Nyang Project – Showing indicative contours of $U_3O_8$ values returned from geochemical analysis.

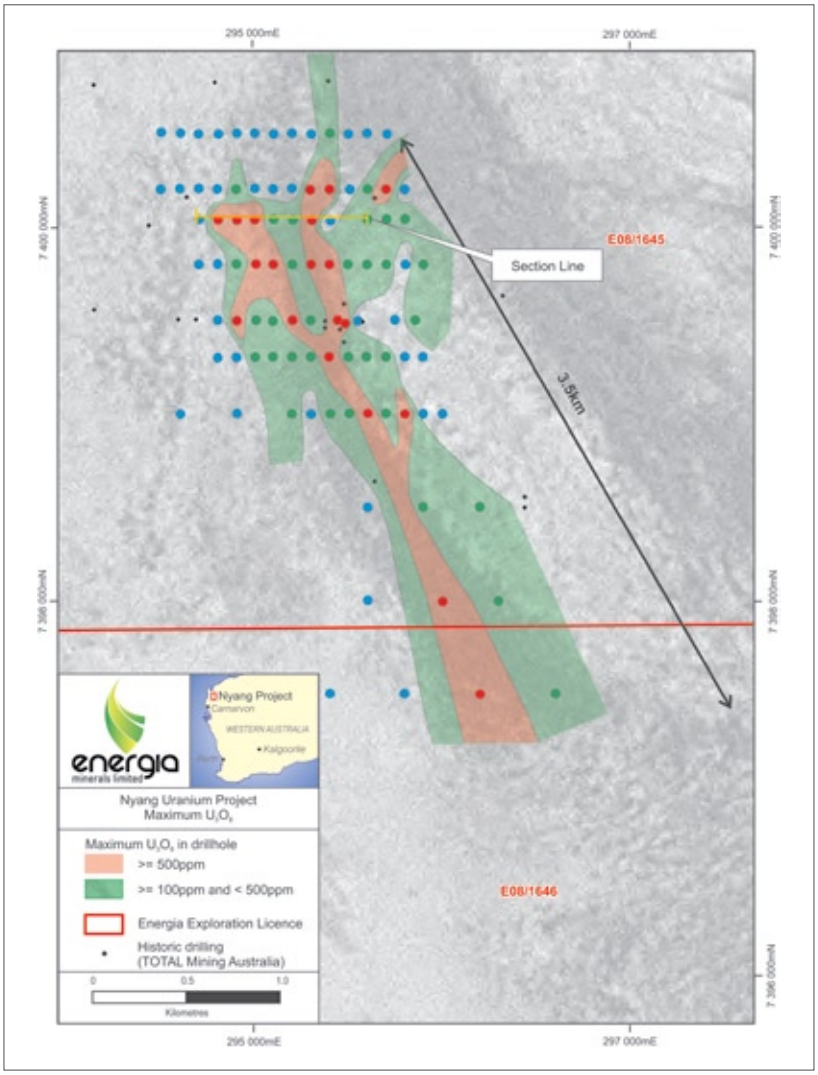



Figure 6. Cross section 7400040N – Carley Bore prospect, Nyang Project

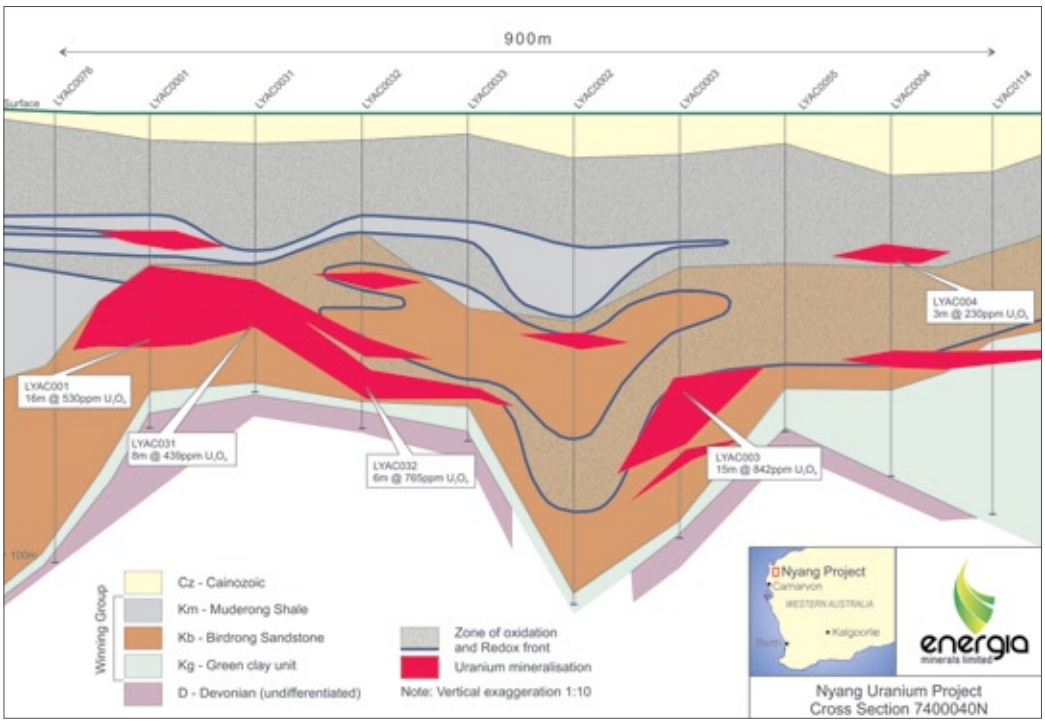


Table 4. Carley Bore prospect, Nyang uranium Project significant drilling results from 2007 and 2008 aircore drilling programs. ($U_3O_8$ assays by SGS laboratory, ICP-MS after 4-acid digest, with detection limit 0.05ppm U)

*Note: Mineralised intervals are calculated as the cumulative total of $U_3O_8$ divided by the total down-hole intercept (metres). A maximum internal dilution of 1m of less than 100ppm $U_3O_8$ has been permitted so long as the cumulative intersection exceeds 100ppm $U_3O_8$. All holes are vertical.*

| Hole Number | Northing | Easting | Interval (m) | $U_3O_8$ (ppm) |
|---|---|---|---|---|
| LYAC001 | 7400040 | 294800 | 31-32 | 1m @ 540 |
| | | | 36-40 | 4m @139 |
| | | | 40-56 | 16m at 530 |
| | | | inc. 45-46 | 1m@ 1934 |
| LYAC003 | 7400040 | 295300 | 60-75 | 15m @ 842 |
| | | | inc. 62-63 | 1m @ 2323 |
| | | | inc. 65-66 | 1m @ 2983 |
| | | | 70-75 | 5m @ 205 |
| | | | 77-78 | 1m @ 657 |
| LYAC004 | 7400040 | 295500 | 32 -35 | 3m @ 230 |
| | | | 58-59 | 1m @ 209 |
| LYAC006 | 7399500 | 295000 | 54-55 | 1m @ 265 |
| | | | 63-71 | 8m @ 206 |
| LYAC007 | 7399500 | 295200 | 80-87 | 7m @ 569 |
| LYAC008 | 7399500 | 295440 | 58-59 | 1m @ 217 |
| | | | 67-75 | 8m @ 411 |
| LYAC009 | 7399500 | 295478 | 62-65 | 3m @ 595 |
| | | | inc. 62-63 | 1m @ 1203 |
| LYAC020 | 7397500 | 296200 | 53-56 | 3m @ 505 |
| LYAC028 | 7399000 | 295600 | 57-60 | 3m @ 513 |
| LYAC029 | 7399000 | 295500 | 55-58 | 3m @ 225 |
| | | | 70-75 | 5m @ 235 |
| LYAC031 | 7400040 | 294900 | 42-50 | 8m @ 439 |
| LYAC032 | 7400040 | 295000 | 38-40 | 2m @ 328 |
| | | | 53-56 | 3m @190 |
| | | | 59-65 | 6m @ 765 |
| | | | inc. 59-60 | 1m @ 2028 |
| LYAC072 | 7400200 | 295300 | 49-58 | 9m @ 635 |
| | | | inc. 52-54 | 2m @ 1427 |
| LYAC073 | 7400200 | 295400 | 37-38 | 1m @ 119 |
| | | | 49-54 | 5m @ 157 |
| | | | 58-60 | 2m @ 351 |
| | | | inc. 59-60 | 1m @ 527 |
| | | | 64-65 | 1m @ 179 |

Table 4. Cont'd

| Hole Number | Northing | Easting | Interval (m) | $U_3O_8$ (ppm) |
|---|---|---|---|---|
| LYAC080 | 7399800 | 295000 | 63-65 | 2m @ 546 |
| | | | inc.63-64 | 1m @ 783 |
| LYAC081 | 7399800 | 295100 | 76-81 | 5m @ 355 |
| | | | inc. 77-79 | 2m @ 639 |
| LYAC082 | 7399800 | 295200 | 104-108 | 4m @ 281 |
| LYAC083 | 7399800 | 295300 | 77-81 | 4m @ 377 |
| | | | 83-93 | 10m @ 292 |
| | | | inc. 85-86 | 1m @ 476 |
| | | | inc. 87-88 | 1m @ 673 |
| | | | inc. 90-91 | 1m @ 456 |
| LYAC084 | 7399800 | 295400 | 66-70 | 4m @ 839 |
| | | | inc. 67-69 | 2m @ 1432 |
| LYAC089 | 7399500 | 294900 | 35-47 | 12m @ 185 |
| | | | inc. 40-41 | 1m @ 552 |
| LYAC090 | 7399500 | 295100 | 41-42 | 1m @ 108 |
| | | | 56-57 | 1m @ 428 |
| LYAC091 | 7399500 | 295300 | 64-65 | 1m @ 131 |
| | | | 84-89 | 5m @ 223 |
| | | | 94-97 | 3m @ 145 |
| | | | 99-100 | 1m @ 136 |
| LYAC098 | 7399300 | 295300 | 76-81 | 5m @ 321 |
| LYAC099 | 7399300 | 295400 | 61-74 | 13m @ 278 |
| | | | inc. 65-67 | 2m @ 743 |
| LYAC106 | 7399000 | 295700 | 56-57 | 1m @ 127 |
| | | | 61-65 | 4m @ 329 |
| | | | inc. 62-63 | 1m @ 486 |
| | | | 79-81 | 2m @ 161 |
| LYAC107 | 7399000 | 295800 | 60-61 | 1m @ 541 |
| LYAC110 | 7398500 | 295900 | 39-42 | 3m @ 268 |
| | | | 46-51 | 5m @ 286 |
| LYAC112 | 7398000 | 296000 | 44-47 | 3m @ 539 |
| | | | inc. 44-45 | 1m @ 960 |
| LYAC117 | 7400200 | 295700 | 52-53 | 1m @ 1032 |
| | | | 57-58 | 1m @ 133 |

### Proposed Exploration Work Program and Budget

Work program and budgets for the Nyang Project for the first two years are summarised in Table 5. In Year 1 the focus will be to complete an initial resource estimate within the core area of mineralisation delineated to date by recent drilling. To complete this it is expected that extensive rotary mud and diamond core drilling programs will commence immediately. The diamond drilling will include the provision of material for "in situ" bulk density measurements, metallurgical testwork (in particular the amenability of the mineralisation to 'in situ' leaching) and geotechnical samples required for resource estimates. Hydrogeological surveys and water testing will also be initiated in the first year of the proposed program.

Additional exploration proposed for Year 1, and continuing into Year 2 will test for further mineralised occurrences within the current palaeochannel as well as extending coverage to areas where additional palaeochannels prospective for mineralisation may occur.

### Onslow Project

*Location*

The Onslow Project comprises 2 granted Exploration Licences (E08/1499-500) (for a total current granted area of 333km$^2$) and one application (E08/1946) in the northern area of the Carnarvon Basin. It is located 30km south of the town of Onslow, and east of the Ashburton River between Mt Minnie and Minderoo Stations. Access to the area is via the Northwest Coastal Highway from Carnarvon or Karratha and then by the sealed Onslow Road, which passes through the Project area.

The climate is arid sub-tropical with intermittent stream flow including major flood events related to cyclonic rainfall. Topography is predominantly flat sandplain and scrubland. The area slopes gently towards the northwest, with the plain having an elevation of about 75m in the southeast of the Project area and about 20m in the northwest.

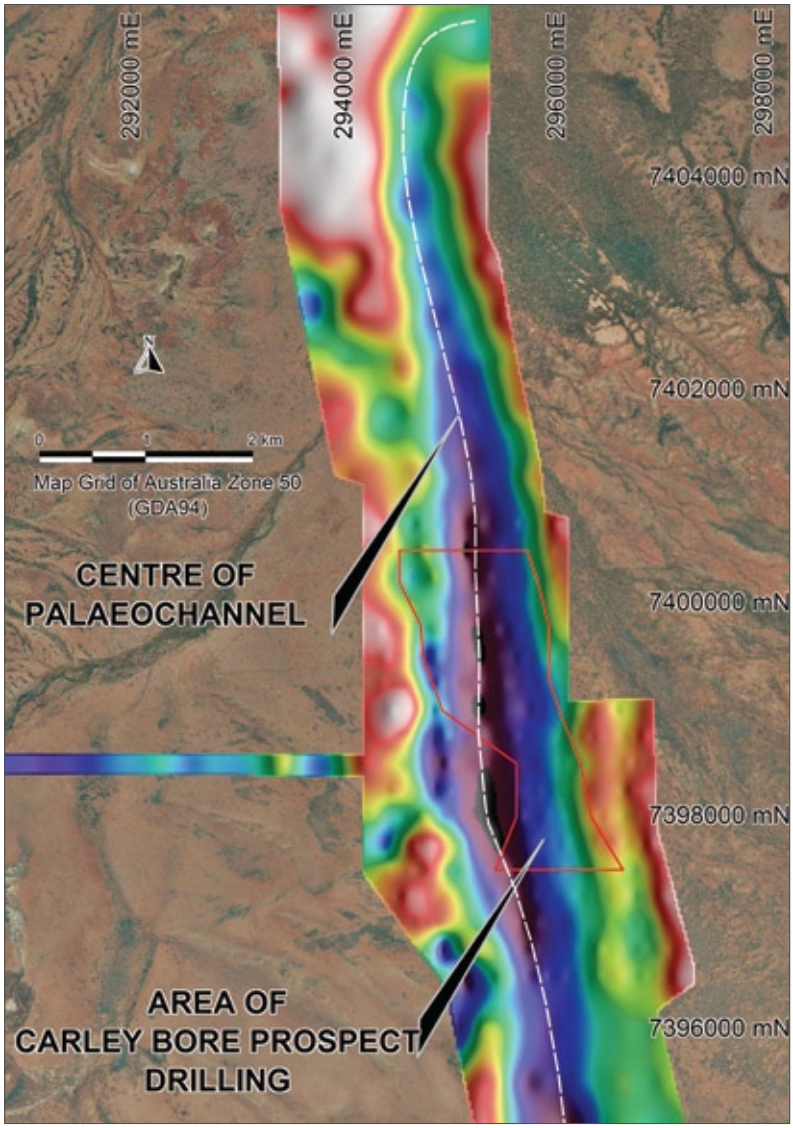



Figure 7. Residual gravity image from detailed ground survey - showing palaeochannel and area of Carley Bore drilling, Nyang Project

Table 5. Proposed Work Program and Budget – Years 1 and 2 for the Nyang Project

| Nyang Project, WA | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $350,000 | $180,000 | $670,000 | $380,000 |
| Assaying | $105,000 | $58,000 | $170,000 | $95,000 |
| Geophysical surveys and interpretation | $80,000 | $50,000 | $110,000 | $80,500 |
| Field supplies and equipment | $40,000 | $26,600 | $69,000 | $43,800 |
| Travel and accommodation | $28,800 | $17,500 | $38,000 | $28,700 |
| Exploration staff and contractors | $122,000 | $130,000 | $205,000 | $160,000 |
| Land access/Heritage/Native title costs | $24,000 | $19,400 | $35,000 | $27,500 |
| Tenement costs | $88,000 | $88,000 | $88,000 | $88,000 |
| **Total** | **$837,800** | **$569,500** | **$1,385,000** | **$903,500** |

This Project is located 32km north of Paladin Energy Limited's Manyingee Project (Paladin's project contains a stacked roll-front deposit with a published indicated and inferred resource of 13.4M tonnes at a grade of 0.08% $U_3O_8$ using a cutoff of 0.03% $U_3O_8$ (for a total of 24Mlb $U_3O_8$)).

*Project Geology and Exploration History*

Proterozoic basement is shallower than for the Nyang Project located to the south, but the stratigraphic sequence is similar. In the central part of the Onslow Project area the Cretaceous Winning Pool Group, including the Birdrong Sandstone directly overlies the basement. Lithological variants within the Birdrong Sandstone include quartz sands, arkosic sandstone, carbonaceous siltstone and claystone. A number of thicker palaeochannels have been defined and drain to the north northwest; these include the Mount Minnie, Dunns and Spinifex Channels.

Minatome Australia Pty Ltd, who discovered the Manyingee deposit in 1974, commenced exploration in the Project area in 1972, and successfully defined a number of palaeochannels, including the Spinifex and Dunns Channels (Figure 8). Following further limited evaluation Minatome eventually surrendered the area. Additional exploration was undertaken CRA Exploration Pty Ltd (CRA) (now Rio Tinto Limited) in the period 1978 to 1980, who continued to focus on the Dunns Channel. Although CRA completed a number of drillholes, results were not encouraging and the tenements were surrendered.

Skryne Hill Pty Ltd subsequently acquired the tenements (EL08/1499-500, ELA 08/1496) during 2006 and:

- Compiled and re-interpreted all historical aeromagnetic and gravity geophysical data acquired by previous operators;
- Completed approximately 128 line kms of airborne EM (AEM) at 35m height on 2km line spacing and processed and interpreted all acquired data; and
- Joint ventured the area to Hampton Hill Mining Ltd who undertook a total of 47 holes of aircore drilling for 4,435m before withdrawing from the joint venture.

Significant results from the drilling are shown in Table 6. These demonstrate significant potential for roll-front style uranium mineralisation within what is thought to be the Dunns Channel.

**Proposed Exploration Work Program and Budget**

Work programs and budgets for the first two years of the Onslow Project are included in Table 7. Previous exploration has successfully defined the presence of at least two prospective palaeochannel environments (Spinifex and Dunns) within the Project. Further exploration will utilise ground based gravity surveys to further define the extent of these channels prior to more systematic drill testing so as to locate red-ox boundaries and mineralisation.

Table 6. Onslow Uranium Project significant drilling results from Hampton Hill drilling (2006)

| Hole Number | Northing | Easting | Interval (m) | $U_3O_8$ (ppm) |
|---|---|---|---|---|
| MA010 | 7551997 | 329794 | 69-72 | 3m @ 303 |
| MA042 | 7551795 | 330001 | 65-66 | 1m @159 |

Table 7. Proposed Work Program and Budget – Years 1 and 2 for the Onslow Project

| Onslow Project, WA | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $50,000 | $75,000 | $75,000 | $98,000 |
| Assaying | $15,000 | $21,000 | $23,000 | $32,500 |
| Geophysical surveys and interpretation | $18,000 | $23,000 | $21,600 | $36,000 |
| Field supplies and equipment | $7,800 | $8,800 | $15,000 | $18,000 |
| Travel and accommodation | $5,000 | $5,000 | $15,000 | $15,000 |
| Exploration staff and contractors | $42,000 | $33,000 | $60,000 | $75,000 |
| Land access/Heritage/Native title costs | $3,500 | $5,500 | $10,400 | $9,200 |
| Tenement costs | $18,700 | $18,700 | $20,000 | $26,300 |
| **Total** | **$160,000** | **$190,000** | **$240,000** | **$310,000** |

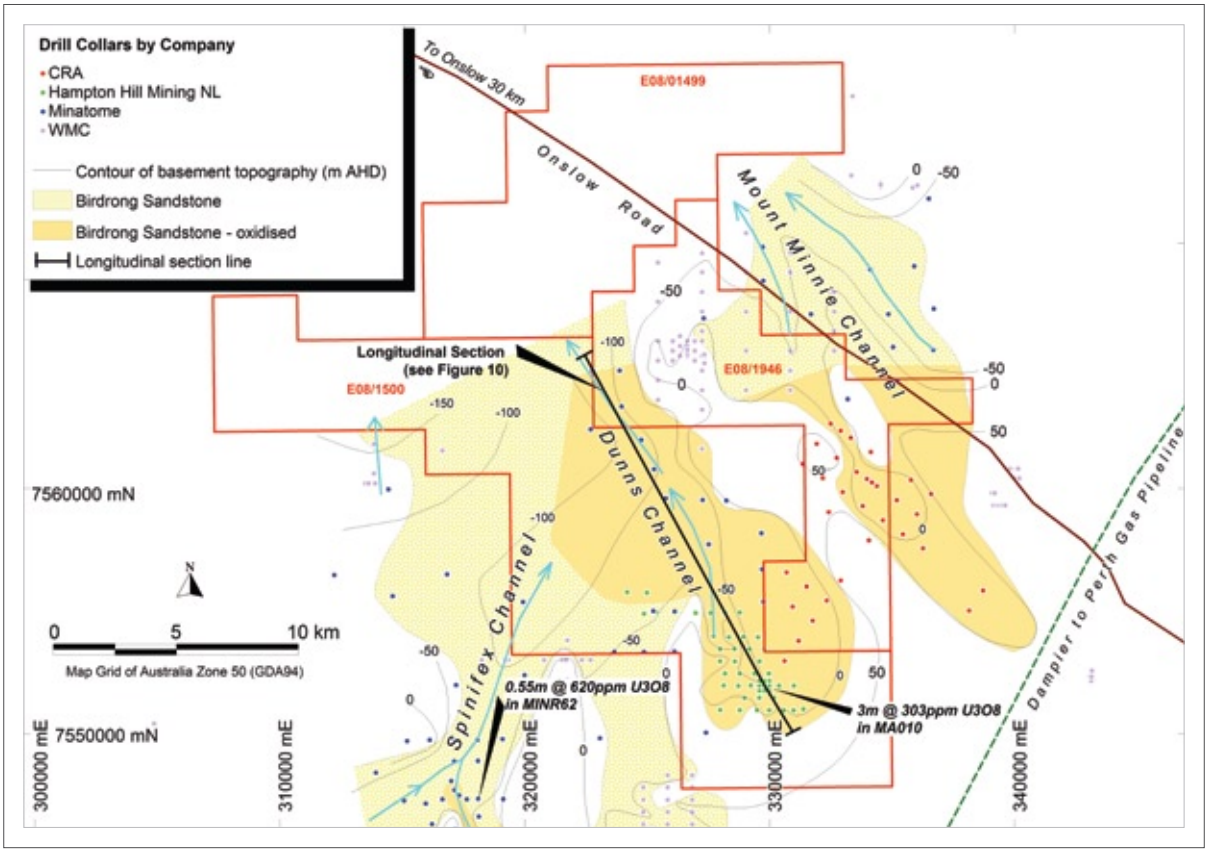



Figure 8. Location of Spinifex and Dunns Channels – Onslow Project

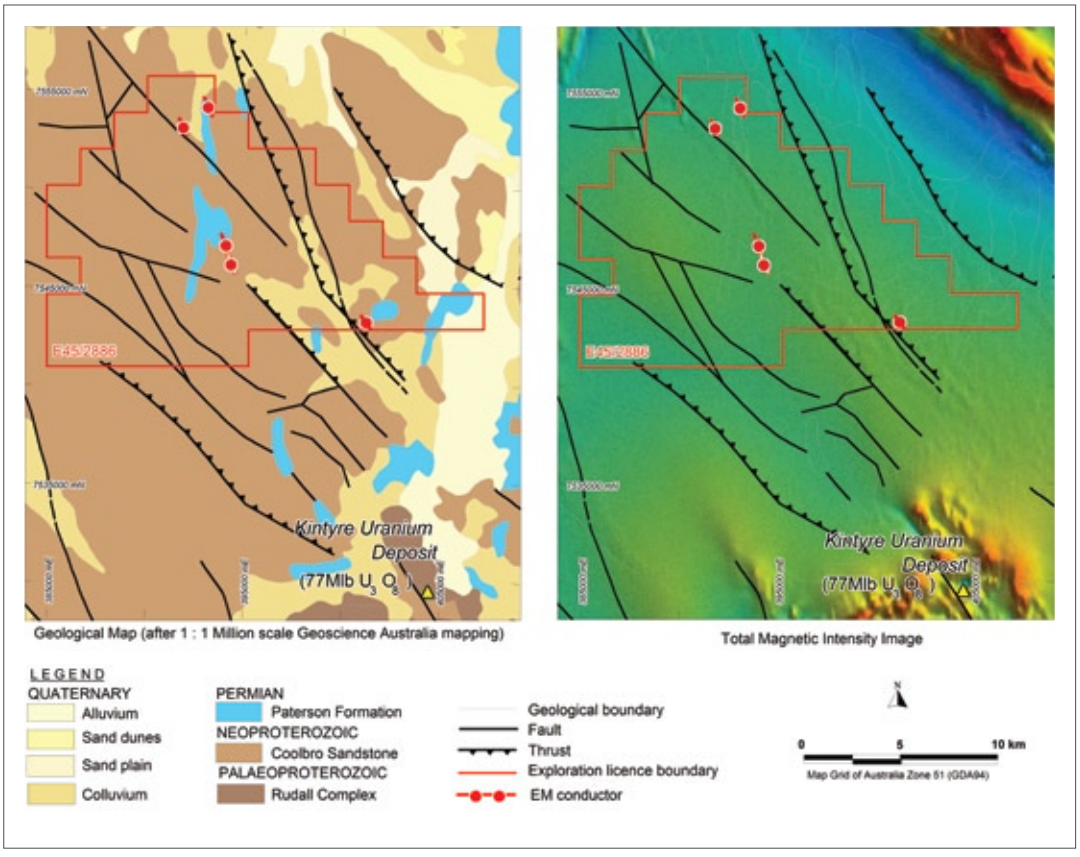



Figure 9. Location of airborne EM targets - Tabletop Project geology and magnetics

## 3.5 TABLE TOP PROJECT

*Location*

Energia has one Exploration Licence application (E45/2886) of approximately194km$^2$ in the Paterson Province of central northern Western Australia, and located approximately 15km northwest of the Kintyre deposit, a large undeveloped deposit (77 Mlbs $U_3O_8$ at average grade 0.15%). Kintyre was discovered by CRA in 1985 and was sold in August 2008 to Cameco-Mitsubishi for US$495 million.

Kintyre is a basement-hosted deposit of the unconformity-associated type. It comprises mainly pitchblende veining and fractures with hematite alteration in chloritised schists within the Rudall metamorphics, and is considered to be geologically similar to many deposits in the Alligator Rivers region of the Pine Creek Geosyncline (Northern Territory, Australia). These in turn have close parallels with the world-class deposits in the Athabasca Basin (Canada) although many of the latter (including the biggest and highest grade) tend to occur above the unconformity within the overlying sediments.

*Project Geology and Exploration History*

Energia's application area is predominantly underlain by the Coolbro Sandstone, the basal unit of the Yeneena Basin. The Yeneena Basin is now known to be part of the Neoproterozoic Centralian Superbasin and is host to the large Telfer copper-gold deposit (located some 55km to the northeast) and the Nifty copper deposit (some 60km to the northwest) at higher straitigraphic levels.

Given its proximity to Kintyre, there have been numerous previous exploration campaigns over the application area and its surrounds. However, very little of this has resulted in drilling.

To assist in targeting, the Company's consultant geophysicists have carried out an interpretation of the Geoscience Australia regional Australia regional airborne electromagnetic (AEM) survey released in June 2009. A number of discrete conductors were identified and interpreted to be deep bedrock features. These could represent graphite-bearing fault zones in the sandstone or basement and as such may be prospective sites for uranium mineralisation (Figure 9).

*Proposed Exploration Work Program and Budget*

If the application is successful, upon grant of the tenement and conclusion of any Aboriginal heritage issues, Energia intends to conduct ground-based (electromagnetic) EM surveys to refine the airborne conductors and to define specific targets for drill testing. The budget for these programs is summarised in Table 8.

## 3.6 SOUTH AUSTRALIAN PROJECTS

The Gawler Craton and adjoining Stuart Shelf area have been the focus of exploration efforts in SA since 1975 when then Western Mining Corporation discovered the giant Olympic Dam (Roxby Downs) deposit, now known to be the largest uranium deposit in the world, the largest gold deposit in Australia, and a world-class copper deposit containing significant silver and rare earths as well. Limited exposure and thick cover sequences have been severe impediments to exploration in this region but other major deposits similar in style to Olympic Dam have subsequently been discovered at Prominent Hill (2001) and Carrapateena (2005).

In 2006, Carbon Energy selected a number of tenements for exploration following its review of the potential for these IOCG deposits. Since then a number of specific target areas have been defined based on a combination of gravity, magnetic imagery, mineral alteration, lithological and structural signatures. Many of these target areas are covered by thick overlying cover sequences ranging in age from Mesoproterozoic to recent. Hence, the approach has been to use detailed ground gravity and subsequent geophysical modelling to refine targets and in particular to assess the likely depth of cover over them.

### Gawler Projects

*Location*

Energia's Gawler Project includes six granted Exploration Licences (EL's), two located along the northwest trending "Olympic Dam corridor" and four along the northeastern boundary of the Craton, in what is interpreted by Energia's geophysical consultants to be a geologically similar corridor (Figure 10).

The Tenements were selected after a regional prospectivity modelling exercise. The main targets are uranium-bearing IOCG deposits like the giant Olympic Dam. However, there is also potential in the tenements for sandstone-hosted uranium deposits (like the nearby operating Honeymoon and Beverley deposits) as well as for unconformity-related deposits associated with the extensive Mesoproterozoic, Neoproterozoic and Phanerozoic platform cover sediments (some of these sequences are known to contain important sediment-hosted copper deposits, a known associate with uranium systems elsewhere).

Table 8. Proposed Work Program and Budget – Years 1 and 2 for the Tabletop Project

| Tabletop Project, WA | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $0 | $26,000 | $0 | $48,000 |
| Assaying | $2,000 | $7,000 | $2,000 | $15,000 |
| Geophysical surveys and interpretation | $12,000 | $4,000 | $20,000 | $13,800 |
| Field supplies and equipment | $1,700 | $3,700 | $4,300 | $7,200 |
| Travel and accommodation | $1,700 | $3,000 | $2,700 | $4,600 |
| Exploration staff and contractors | $16,400 | $18,000 | $28,000 | $41,000 |
| Land access/Heritage/Native title costs | $5,200 | $2,300 | $12,000 | $4,400 |
| Tenement costs | $16,000 | $16,000 | $16,000 | $16,000 |
| **Total** | **$55,000** | **$80,000** | **$85,000** | **$150,000** |

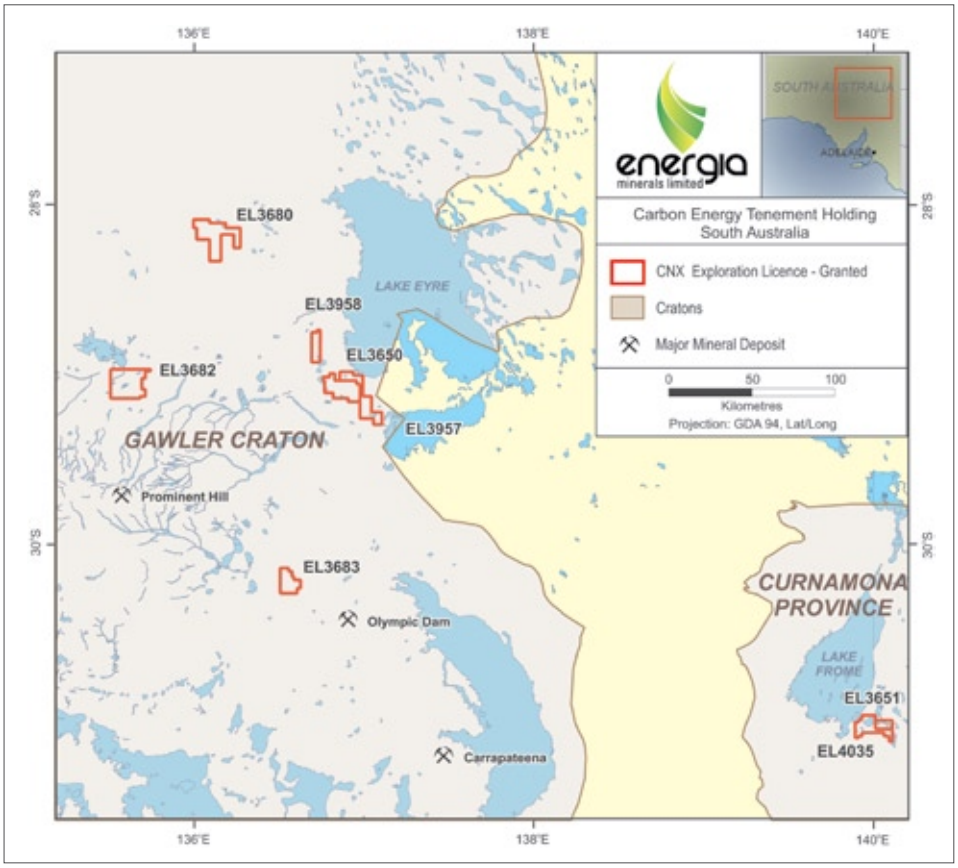



Figure 10. Location plan of the South Australian Projects

The Tenements mostly lie within flat and sparsely vegetated arid savannah to desert (Figure 11). There are few tracks, though off-road access is generally possible except in areas of dune sands. Access into the region is excellent by way of sealed all-weather roads from Adelaide via Port Augusta to Olympic Dam and Coober Pedy.

All of these Tenements are within the Arabunna Peoples Native Title Claim (SC98/2). Various other claims affect individual Tenements as specified in Section 6 of the Prospectus. Given that exploration activities to date have not involved ground disturbance, Energia has yet to enter into agreements with the Native Title Claimant parties.

*Project Geology and Exploration History*

Exploration for IOCG deposits in covered areas like the Gawler Craton relies heavily on geophysical modelling and interpretation of gravity and magnetic data, in order to detect coincident dense alteration patterns associated with major structures, followed by scout drilling of targets. While numerous companies have held tenure over parts of the existing tenements there are few previous drill holes to basement.

Prospective areas are within the basement rocks in and around oxidized and altered granitic intrusives of the Hiltaba suite, emplaced about 1600-1550Ma into Palaeoproterozoic and possibly Archaean metamorphic sequences. Much of the region is covered by younger sediments, in some cases up to 800m or more thick. Cost-effective exploration therefore requires prioritization of targets according to interpreted depth of cover.

A review by Energia's geophysical consultants concluded that, although available aeromagnetic data was generally adequate for both area selection and broad targeting, most of the prospective area does not have gravity stations at close enough spacing to permit either of these with any reliability. The first priority has therefore been the acquisition of more detailed ground gravity data in target areas chosen from magnetics as favourable for alteration and structural complexity.

Detailed ground gravity and geophysical modelling has been completed over selected targets on the tenements. On Balta Baltana (EL3682) several coincident magnetic and gravity features have been evaluated and downgraded. However, one of these "BB1"(6793300N 549900E) has been modelled as a drilling target at depths of 250-350m. Similarly, in the Lake Eyre tenements three discrete targets have been outlined to date, namely "LE4"on EL3958, "LE2"on EL3957 and "LE1"on EL3650 (Figure 12).

On Blyth Creek (EL3680) gravity data collected to date is not yet of sufficient density to define targets but several discrete gravity highs occur in a north-south orientation, at a high angle to the structural grain evident on magnetic imagery. These will be priority areas for infill ground gravity surveys.

*Proposed Exploration Work Program and Budget*

Energia's proposed exploration in the Gawler Projects will involve further infill ground gravity surveys to more closely define drill targets, and assist in determining depth of cover. The highest priority targets will be drilled after completion of heritage agreements and site clearances with Native Title Claimant groups. Some attention will also be given to assessing the presence of palaeochannel-hosted uranium mineralisation particularly within Blyth Creek (EL3680), because previous explorers have reported the presence of carnotite (a hydrated potassium uranium vanadium oxide which is the main ore mineral in calcrete hosted uranium deposits) within sediments along the eastern side of the Peake and Denison Ranges in close proximity to the tenement.

The budget for these proposed programs is summarised in Table 9.

Figure 11. Lake Eyre Project – present day landform

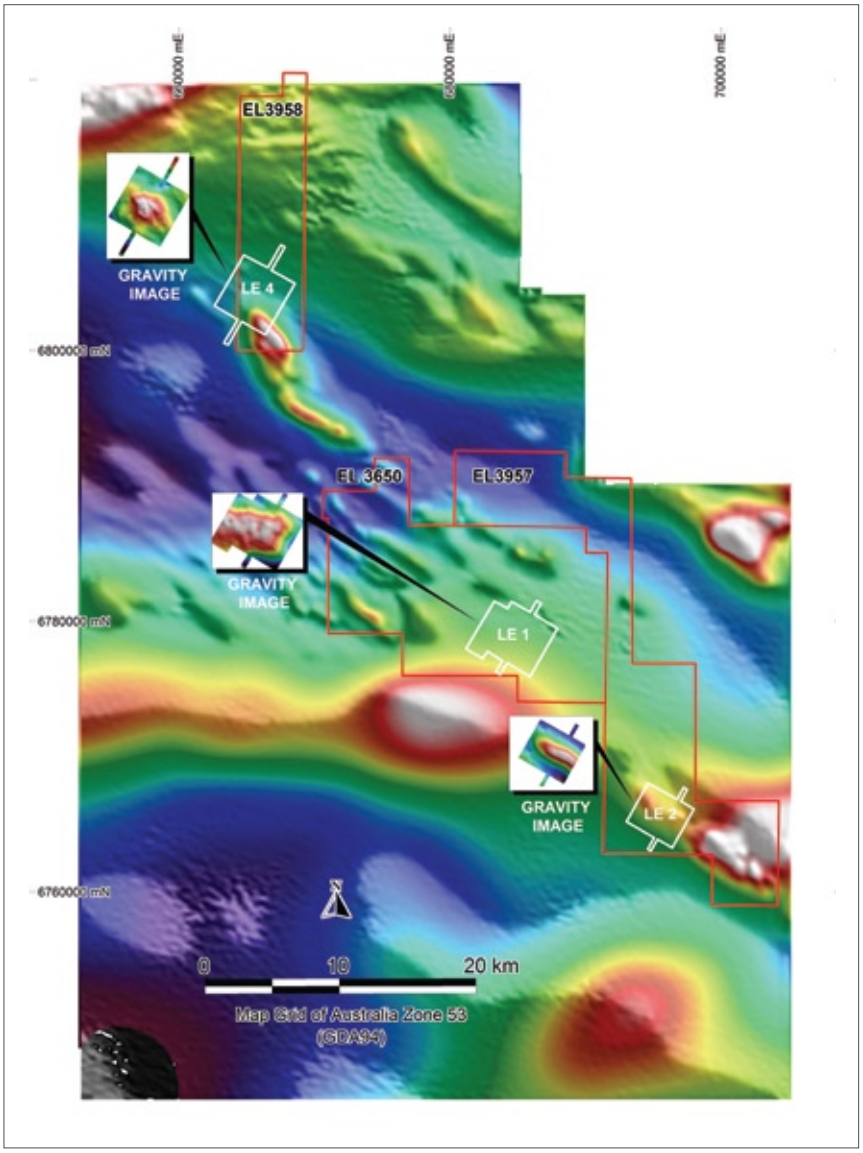



Figure 12. Lake Eyre Tenements – location of gravity anomalies on magnetic image

Table 9. Proposed Work Program and Budget – Years 1 and 2 for the Gawler Projects.

| Gawler Projects, SA | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $150,000 | $130,000 | $250,000 | $240,000 |
| Assaying | $52,000 | $45,000 | $75,000 | $75,000 |
| Geophysical surveys and interpretation | $30,000 | $40,000 | $35,000 | $75,000 |
| Field supplies and equipment | $13,000 | $18,000 | $27,000 | $30,000 |
| Travel and accommodation | $9,000 | $10,600 | $17,000 | $20,000 |
| Exploration staff and contractors | $45,000 | $29,000 | $115,000 | $75,000 |
| Land access/Heritage/Native title costs | $10,500 | $8,000 | $18,000 | $21,000 |
| Tenement costs | $12,000 | $12,000 | $12,000 | $12,500 |
| **Total** | **$321,500** | **$292,600** | **$549,000** | **$548,500** |

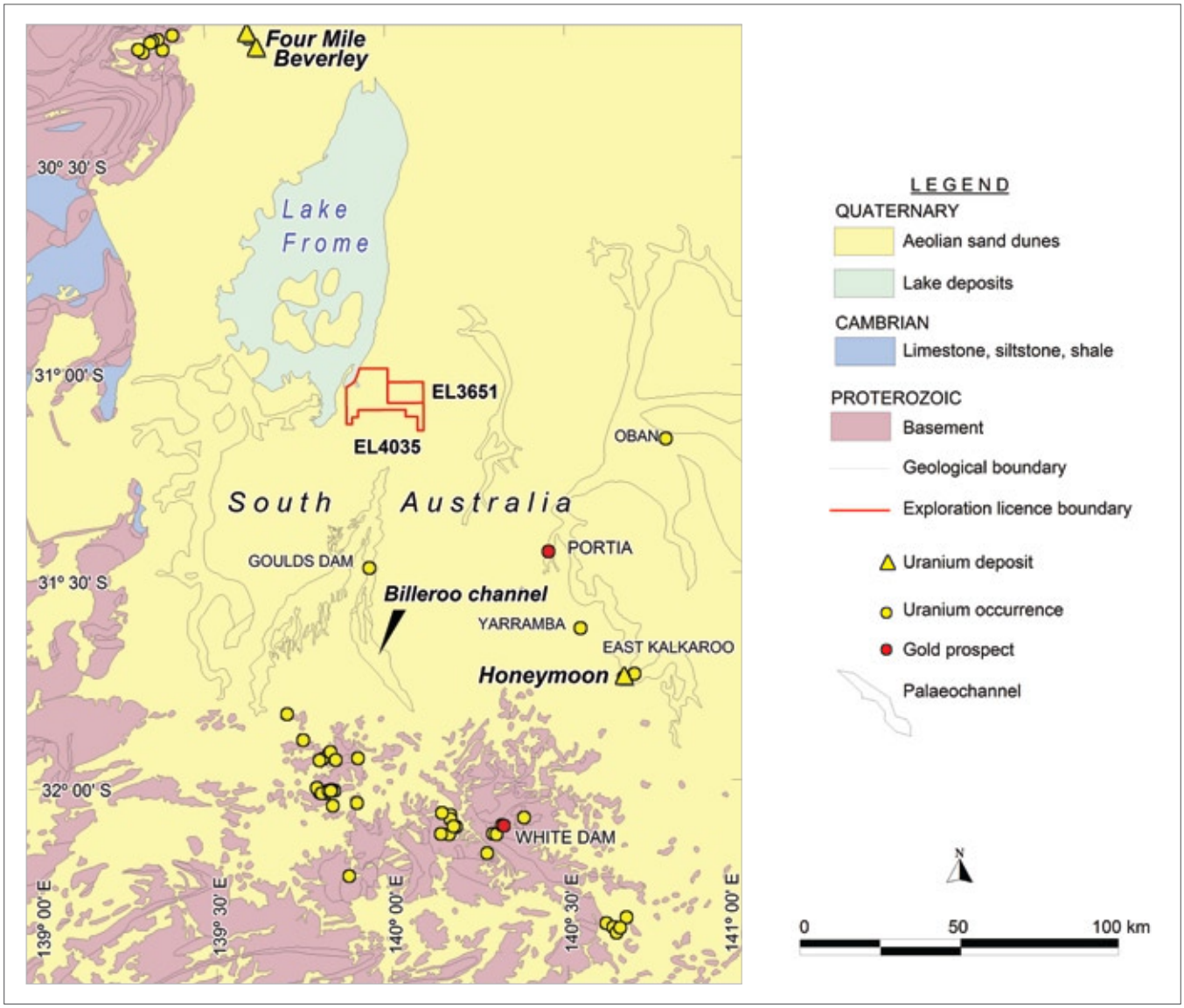



Figure 13. Geological setting of the Curnamona Project

**Curnamona Project**

*Location*

This Project consists of two contiguous Tenements (EL3651 and EL4035), with a current aggregate area of 204km$^2$, located near the northern margin of the Curnamona Craton and immediately southeast of Lake Frome (Figure 13). Access is via the sealed Barrier Highway from Adelaide to Yunta, then north on unsealed roads to Frome Downs Station. The climate is arid and the topography is flat, being dominated by wind-blown sands and salt lakes.

*Project Geology and Exploration History*

This region, known as the Frome Embayment, is an area where Tertiary and younger sediments of the Great Artesian Basin host several major uranium deposits (Honeymoon, Beverly and Four Mile) as well as numerous occurrences and prospects. These are sandstone-hosted roll front type deposits, and the Energia Tenements are considered to be prospective for further discoveries of this type. On the basis of reconnaissance drilling by previous explorers, the major Billeroo palaeochannel is interpreted to trend into the Tenements from the south. Known uranium mineralisation occurs within this channel at Gould's Dam some 35km to the south.

There may also be potential for basement-hosted copper-gold deposits given the presence of the Portia and White Dam prospects some 45 and 115km to the southeast. In a recent compilation, Connors and Priess (2008) cite the Olary Domain (this western portion of the Curnamona Craton) as highly prospective for IOCG deposits[2].

*Proposed Exploration Work Program and Budget*

Energia proposes to conduct a number of close-spaced ground gravity traverses aimed to locate palaeochannels for drill testing. This will also help to assess the potential for coincident magnetic-gravity anomalies at economically feasible depths within the basement. The budget for these activities is shown in Table 10.

2 Conor, C.H.H., and Preiss, W.V. 2008:Understanding the 1720-1640Ma Palaeoproterozoic Willyama Supergroup, Curnamona Province, southeastern Australia: implications for tectonics, basin evolution and ore genesis. Precambrian Research 166(1-4), p297-317.

Table 10. Proposed Work Program and Budget –Years 1 and 2 for the Curnamona Projects

| Curnamona Projects, SA | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $0 | $60,000 | $0 | $80,000 |
| Assaying | $5,000 | $15,000 | $5,000 | $15,000 |
| Geophysical surveys and interpretation | $18,000 | $20,000 | $25,000 | $30,000 |
| Field supplies and equipment | $6,000 | $6,000 | $8,000 | $8,000 |
| Travel and accommodation | $6,000 | $6,000 | $8,000 | $8,000 |
| Exploration staff and contractors | $30,000 | $45,000 | $35,000 | $35,000 |
| Land access/Heritage/Native title costs | $5,000 | $5,000 | $7,000 | $7,000 |
| Tenement costs | $2,000 | $2,000 | $2,000 | $2,000 |
| **Total** | **$72,000** | **$159,000** | **$90,000** | **$185,000** |

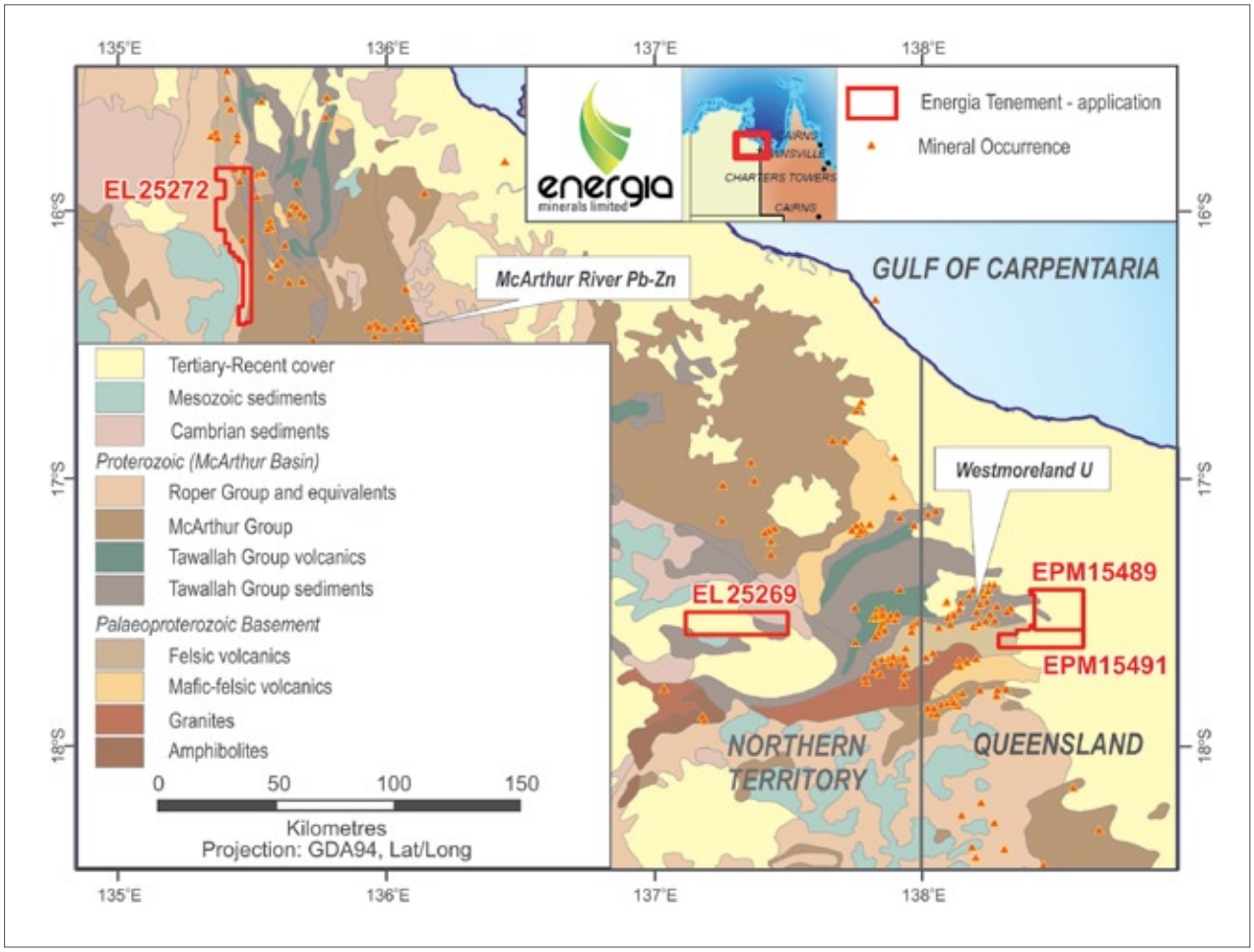



Figure 14. Westmoreland and McArthur Projects - location plan

## 3.7 QUEENSLAND PROJECTS

*Location*

Energia's Westmoreland Project comprises two applications covering an area of 567km$^2$ are located in far north-western Queensland, some 50km east of the Northern Territory border (Figure 14). The climate is tropical savannah and is dominated by open scrubland of spinifex and ti-tree. Small but dense stands of pandanus palm occupy recent drainages.

The formed (but dry weather only) Gulf Highway runs through the tenements but the closest permanent habitation is at Hells Gate Roadhouse (Westmoreland), located some 20km northwest of the tenements.

The Project lies within Native title claim area (QUD66/05) "Gangalidda and Garawa People 2" (represented by the Carpentaria Land Council). Carbon Energy Limited has attended briefing sessions with the custodians and has signed a deed regarding the grant of exploration permits with the claimants and the State of Queensland. Carbon Energy will assign this deed to Energia.

*Project Geology and Exploration History*

This Project straddles the contact between the Palaeoproterozoic Murphy Inlier and the Early Mesoproterozoic Westmoreland Conglomerate (basal unit of the McArthur Basin) in an area where both are concealed by recent flood plain sediments. It lies to the east of the substantial Westmoreland uranium deposits owned by Laramide Resources Limited (published 52 Mlb $U_3O_8$ Indicated and Inferred resource estimate) (Figure 15).

Uranium mineralisation in the Westmoreland area was first discovered in the 1950's. Numerous occurrences are known extending to the west over some 100 km into the Northern Territory. Exploration activity continued through into the 1980's (when the main prospects were discovered) but activities waned outside of the immediate prospect areas, which were the focus of feasibility studies by CRA until the last tenements were relinquished in 2000.

The prospecting methods used successfully to discover known occurrences in this district would not have been effective on the Energia Tenements owing to the widespread presence of alluvial cover in the Tenement area. However, in 2006 new data from a detailed aeromagnetic/radiometric survey was acquired (in collaboration with a larger survey by the Queensland Department of Minerals and Energy). This new data has subsequently been interpreted, and approximately eighteen targets defined.

*Proposed Exploration Work Program and Budget*

On successful grant of the Tenements and conclusion of heritage surveys, Energia proposes to complete the compilation of previous work, conduct reconnaissance mapping, confirm the targets with ground geophysical methods and then carry out scout drilling. The budget for these activities is summarised in Table 11.

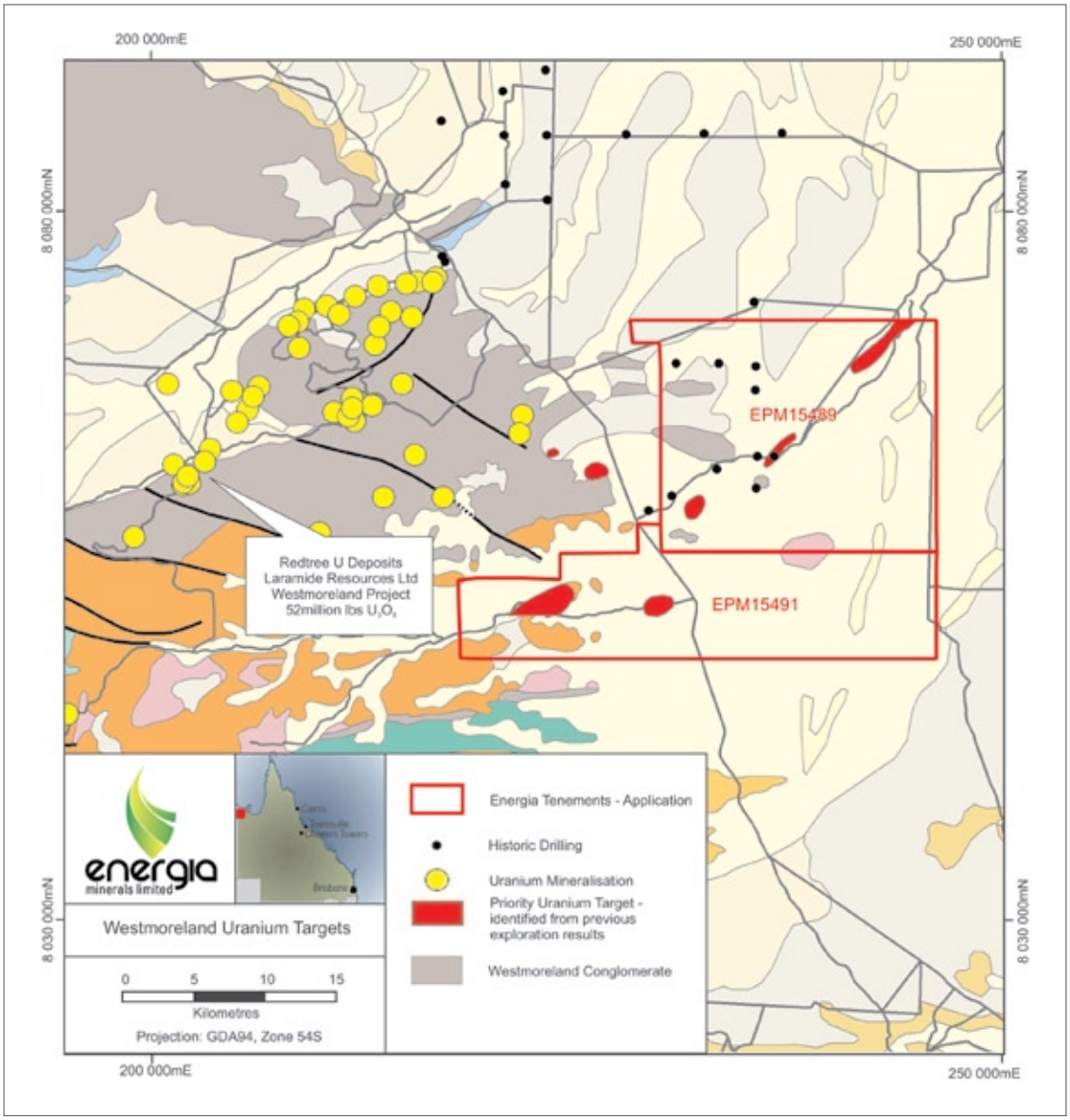



Figure 15. Location plan for the Westmoreland Project showing known uranium occurrences

Table 11. Proposed work program and budget –Years 1 and 2 for the Westmoreland Project

| Westmoreland Project, Qld | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $0 | $40,000 | $0 | $65,000 |
| Assaying | $8,000 | $12,000 | $8,000 | $21,000 |
| Geophysical surveys and interpretation | $7,100 | $10,500 | $18,000 | $15,000 |
| Field supplies and equipment | $2,000 | $5,400 | $3,600 | $9,100 |
| Travel and accommodation | $1,400 | $4,200 | $2,400 | $5,900 |
| Exploration staff and contractors | $13,400 | $29,500 | $24,000 | $57,000 |
| Land access/Heritage/Native title costs | $2,500 | $3,800 | $6,000 | $5,000 |
| Tenement costs | $10,000 | $11,000 | $10,000 | $11,000 |
| **Total** | **$44,400** | **$116,400** | **$72,000** | **$189,000** |

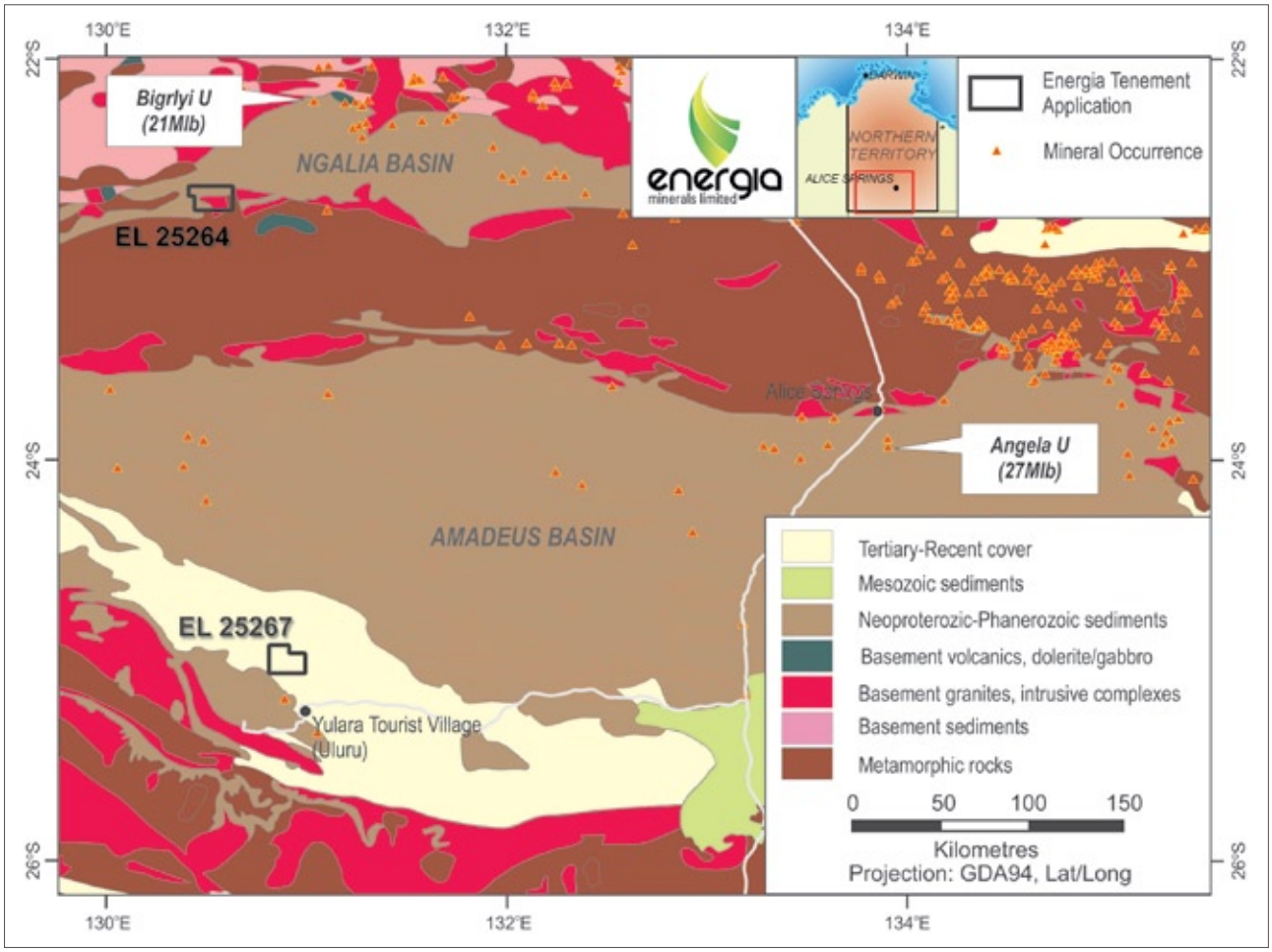



Figure 16. Northern Territory Projects - location plan

## 3.8 NORTHERN TERRITORY PROJECTS

*Location*

Energia has four exploration licence applications in widely separate areas of the Northern Territory (NT). The northern two (McArthur (EL25272) and Westmoreland West (EL25269)(refer previous Figure 14) fall into the area administered by the Northern Land Council. In accordance with the Aboriginal Land Rights (NT) Act consent to negotiate has been given, and the periods have been extended until 31 October 2011 and 31 October 2010 respectively. The southern two (Ngalia (EL25264) and Amadeus (EL25267) (Figure 16) lie in Central Land Council area and have been placed under moratorium until 30 April 2013 and 30 October 2012 respectively.

*Project Geology and Exploration History*

McArthur (EL25272) is located 70km northwest of the major McArthur River lead-zinc deposit and has several small occurrences of copper, lead, barite and manganese. It overlies the unconformable contact between the lower Mcarthur Group sediments and overlying Roper River clastic sediments to the west, and therefore may be prospective for unconformity-associated uranium mineralisation as well as sediment-hosted base metals in the basement along the major north-trending major fault zone separating these units.

Westmoreland West (EL25269) is approximately 40km northwest of the Westmoreland uranium deposits. Bedrock is poorly exposed over the western two thirds of the Tenement and is interpreted to be underlain by Westmoreland conglomerate, the prospective host unit for the known uranium occurrences in the district.

Ngalia (EL25264) lies in an area of poor exposure approximately 65km southwest of the major Bigrlyi uranium prospect owned by Energy Metals Ltd. It straddles the southern contact of the Ngalia Basin where the basal Vaughan Springs Quarzite overlies Palaeoproterozoic granite. Although no occurrences are known along this contact, there is potential for both unconformity associated and sandstone-hosted uranium deposits.

Amadeus (EL25267) lies near the western margin of the Amadeus Basin, some 330km southwest of Alice Springs and 25km north of Uluru (Ayers Rock). The Neoproterozoic Winnall Beds crop out strongly to the south but there is no exposure within the tenement.

*Proposed Exploration Work Program and Budget*

Further work in the Northern Territory will be contingent on approval for grant of Tenements. Energia will continue negotiations towards granting of one or both of the northern applications. Geological reconnaissance, ground gravity and scout drilling are then proposed. The budget for these activities is summarised in Table 12.

Table12. Proposed work program and budget – Northern Territory Projects

| Northern Territory Projects | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $0 | $45,000 | $0 | $60,000 |
| Assaying | $3,200 | $15,000 | $6,000 | $20,000 |
| Geophysical surveys and interpretation | $20,000 | $12,000 | $24,300 | $22,000 |
| Field supplies and equipment | $4,300 | $10,000 | $23,000 | $18,000 |
| Travel and accommodation | $6,000 | $4,000 | $16,000 | $12,800 |
| Exploration staff and contractors | $30,000 | $30,000 | $42,500 | $55,000 |
| Land access/Heritage/Native title costs | $14,000 | $5,800 | $21,000 | $17,000 |
| Tenement costs | $11,200 | $11,200 | $11,200 | $11,200 |
| **Total** | **$88,700** | **$133,000** | **$144,000** | **$216,000** |

## 3.9 LOMBARDIA PROJECTS, NORTHERN ITALY

*Location*

Energia has five granted licences that comprise the Gorno Project, two granted licences at Val Camonica, one application at Novazza and one application at Val Vedello (Figure 17). All are located in the foothills of the southern Alps, within the Bergamo district of the Lombardia Province of Italy, situated 60-90km northeast of Milan.

Access to the area is on sealed roads along the Val Seriana (Seriana Valley) via Bergamo from Milan. The area is rugged topography varying in altitude from 800 to 2000m.

*Project Geology and Exploration History*

The prospective areas lie within Palaeozoic and Mesozoic sequences that are preserved as tectonic slices in the younger Cenozoic-Recent orogenic event that formed the Southern Alps during the continental collision of Africa and Europe.

Local correlations throughout the region are hampered by numerous younger thrust faults. The Gorno and the Val Camonica licences cover base metal occurrences hosted in mid-Triassic sediments that formed a widespread platform and shelf sequence dominated by carbonates with lesser clastic sediments and rare but numerous distal volcanic units.

By contrast, the applications at both Novazza and Val Vedello cover occurrences of volcanogenic or vein-hosted uranium-polymetallic mineralisation that is hosted in lower Permian volcanics and volcanogenic sediments that originally developed in fault-bounded extensional basins over metamorphic basement prior to the platform cover sequences.

This region of Italy has a long history of mining extending back to the Roman period. More recently, work by the by various State-controlled Italian companies resulted in delineation of historical mining areas at Gorno, location of prospective outcrops at Val Camonica and discovery of the Novazza and Val Vedello mineralised systems. Activities throughout Italy by all these entities waned during the 1980's and by 2000 all the prospective areas were free of tenements.

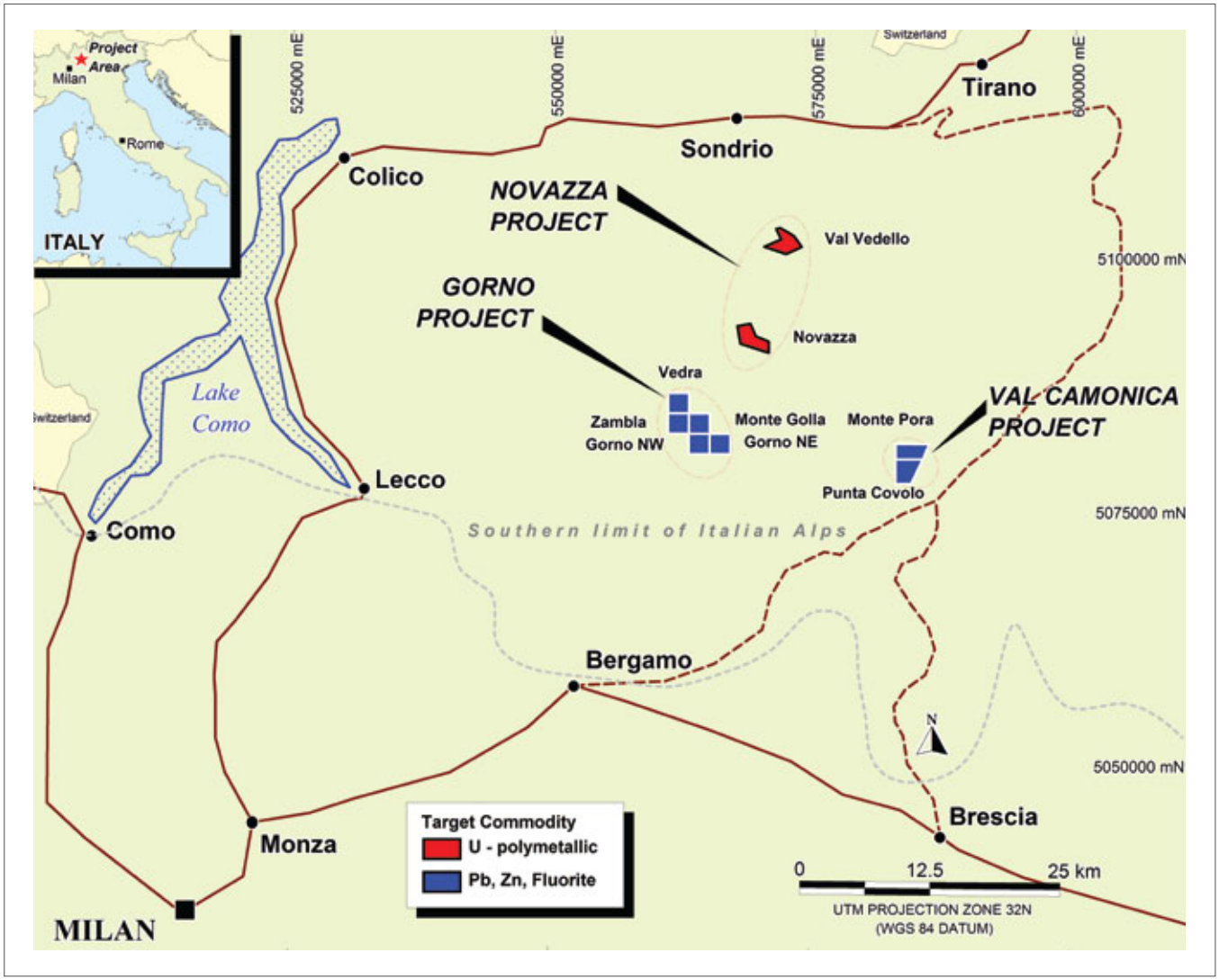



Figure 17. Lombardia Projects - location plan

The Novazza deposit (Figure 18) was discovered by leading Italian government-owned company AGIP SpA (now ENI SpA) in 1959 (and which is within Energia's application area). It is situated on a forested hill slope at about 1000m altitude. Mineralisation comprises the uranium oxide pitchblende associated with massive sulphides (predominantly sphalerite). It is hosted by a Permian felsic volcanic sequence and is interpreted to be volcanogenic in origin. It is likely that this style of mineralisation will be responsive to a range of ground based geophysical techniques and it is significant that a number of other, less well-investigated uranium occurrences are known in the area.

AGIP SpA conducted extensive drilling (predominantly underground diamond totalling 2000 metres) and underground development (6,000m). Work ceased after the passing of a national referendum of 1987 calling for no new developments of nuclear power in Italy. It is significant, however, that the Italian government in July 2009 passed new laws to select sites for the construction of new nuclear reactors and to establish a regulatory authority responsible to manage their development.

*Proposed Exploration Work Program and Budget*

The proposed exploration of the granted Gorno licences will initially include data compilation of previous exploration and mining data, together with geological mapping and sampling.

With respect to the current applications it is Energia's intention to consult and work closely with local communities and government to get the applications granted. Following this the priority will be the collection and compilation of all historical exploration and mining data, together with geological mapping and sampling.

Proposed budgets for Years 1 and 2 in the Lombardia Projects are summarized in Table 13.

Table 13. Proposed Work Program and Budget – Italian Projects.

| Lombardy Projects, Italy | | | | |
|---|---|---|---|---|
| Proposed Exploration Expenditure Activity | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
| | Year 1 | Year 2 | Year 1 | Year 2 |
| Drilling | $0 | $0 | $0 | $0 |
| Assaying | $5,000 | $13,500 | $14,000 | $25,000 |
| Geophysical surveys and interpretation | $5,000 | $22,000 | $15,000 | $42,000 |
| Field supplies and equipment | $4,000 | $9,000 | $9,200 | $15,000 |
| Travel and accommodation | $10,000 | $12,000 | $18,000 | $30,000 |
| Exploration staff and contractors | $31,600 | $38,000 | $45,500 | $64,000 |
| Land access/Heritage/Native title costs | $1,000 | $7,000 | $3,300 | $5,000 |
| Tenement costs | $21,000 | $26,000 | $21,000 | $26,000 |
| **Total** | **$77,600** | **$127,500** | **$126,000** | **$207,000** |

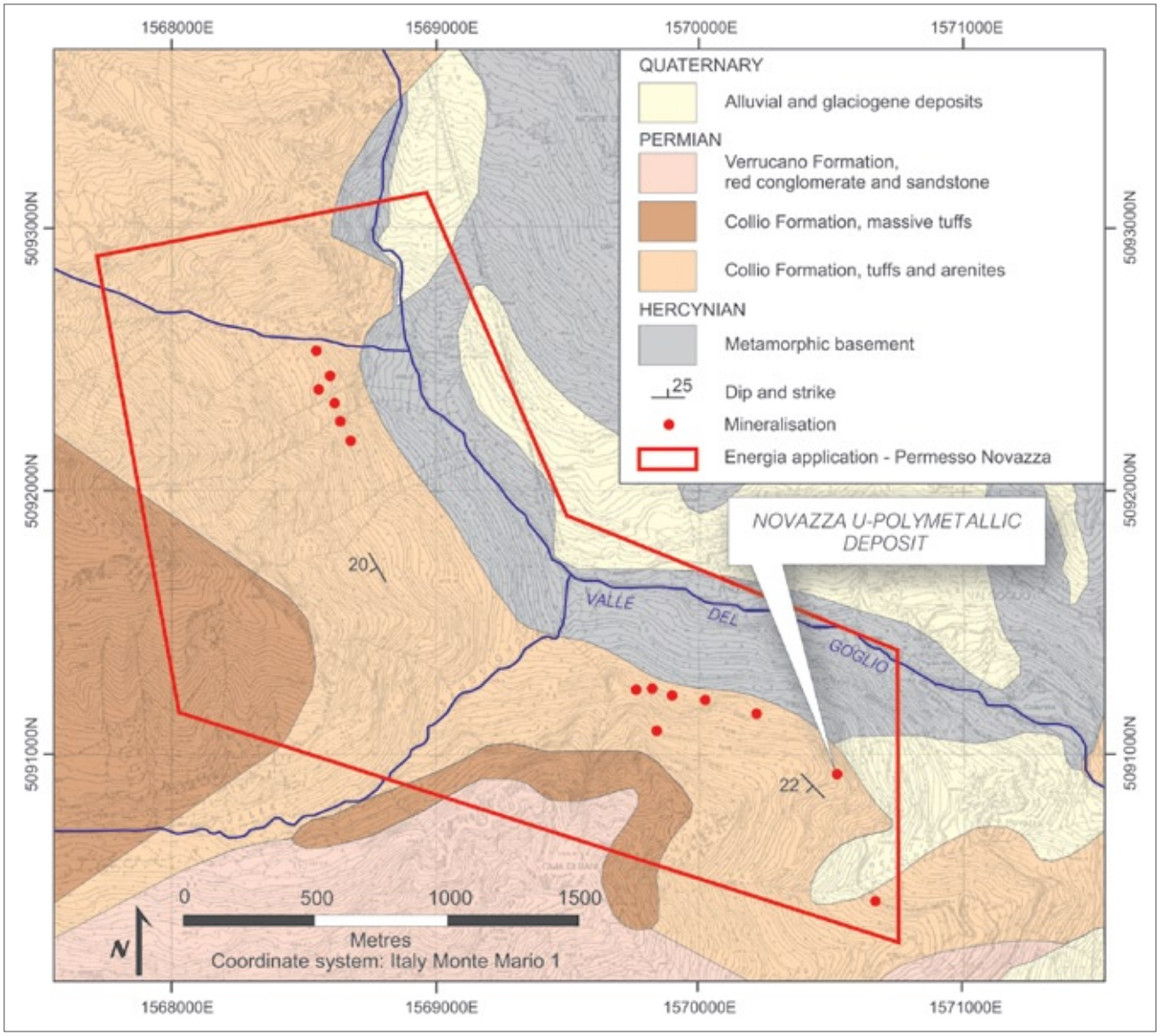



Figure 18. Geological plan – Novazza Project

# SECTION 4
# THE BOARD AND CORPORATE GOVERNANCE

## 4.1
## BOARD OF DIRECTORS

The Board is comprised of the following people.

| | | |
|---|---|---|
| **Keren J. Paterson**<br>MBA, BEng, MAICD, AIMM, MAusIMM | Managing Director | Ms Paterson graduated from the WA School of Mines in 1997 with a Bachelor of Engineering (Mining) and later completed a Master of Business Administration in 2006 at Deakin University, specialising in economics. She holds a WA First Class Mine Manager's Certificate of Competency and was awarded the Telstra WA Young Business Woman of the Year in 2005.<br><br>Ms Paterson is experienced in business development, private equity investment and mine management in both underground and open pit mines. She is a member of the Australian Institute of Company Directors, the Australian Institute of Management and the Australian Institute of Mining and Metallurgy.<br><br>Ms Paterson is a director of the Western Australian Youth Music Association. |
| **Ian W. Walker**<br>BSc (Hons), AIG. | Director | Mr Walker is a geologist with over 35 years experience in multi-commodity exploration within Australia and overseas, having graduated from the University of Western Australia in 1974 with an Honours degree in Geology.<br><br>Mr Walker is a Member of the Australian Institute of Geoscientists.<br><br>Mr Walker was Managing Director of Carbon Energy Ltd between 1993 and 2008. He remains as a non-executive Director.<br><br>During the past three years Mr Walker has held the following other listed company Directorships:<br><br>• Carbon Energy Ltd (from September 1992). |
| **Max D.J. Cozijn**<br>B.Com, ASA, MAICD | Director | Mr Cozijn has a Bachelor of Commerce Degree from the University of Western Australia having graduated in 1972 and is an Associate of the Australian Society of Certified Practising Accountants. He has over 30 years experience in the administration of listed mining and industrial companies, as well as various private operating companies including 10 years as a non-executive Director of Forrestania Gold NL and 20 years as a non-executive Director of Kagara Ltd.<br><br>Mr Cozijn is the Company's Company Secretary.<br><br>During the past three years Mr Cozijn has held the following other listed company Directorships:<br><br>• Carbon Energy Ltd (from September 1992);<br>• Oilex Ltd (from September 1997);<br>• Magma Metals Ltd (from June 2005);<br>• Malagasy Minerals Limited (from September 2006); and<br>• Elkedra Diamonds NL (from April 2000 to November 2007) |

## 4.2 SENIOR MANAGEMENT AND CONSULTANTS

| | | |
|---|---|---|
| **Dr Leigh F. Bettenay**<br>BSc (Hons) PhD, RPGeo, FAIG, FSEG, MAAG | General Manager - Exploration and Development<br>(Alternate Director to Mr. Walker) | Dr Bettenay is a geologist and geochemist with over 30 years experience in multi-commodity exploration within Australia and overseas, having graduated from the University of Western Australia with an Honours degree in Geology in 1972 and with a PhD awarded in 1978.<br>Dr Bettenay is a Fellow of the Australian Institute of Geoscientists (AIG) and a Registered Professional Geoscientist of the AIG.<br>Dr Bettenay has directed a private consulting company (Inkanti Pty Ltd) since 1985 and has held staff positions in a number of companies including Principal Geochemist at BHP Minerals (1992-1995), Chief Geochemist at MIM Exploration (1995-1998), Chief Geologist for Homestake Australia (1998-2000) and Chief Geologist for Sipa Resources (2003-2008). He is an authority on exploration geochemistry techniques and teaches an Honours-level course at the University of Western Australia where he is an External Research Fellow. His uranium experience includes consulting to Uranez Australia Ltd (1988-1991).<br>He is not and has never been a Director of a listed entity. |
| **Dr Marcello de Angelis**<br>PhD (Geology) | Consultant | Dr de Angelis received a Doctorate in Geological Sciences from the University of Naples (Italy) in 1966 and has over 43 years experience in uranium and base and precious metals exploration and development in several countries worldwide. Dr de Angelis his last corporate role was formerly Executive Vice President of Agip Resources Ltd, 1992 and Managing Director of Pestarena Gold Mines SrL (Italy) to 2001. He currently directs a registered private company (Etruscan Gold Exploration Pty Ltd) and is engaged as consultant for a number of Australian listed and unlisted companies to implement uranium, gold and base metals initiatives in Australia and overseas.<br>Dr de Angelis' most significant achievement is the discovery and fast-track development, between 1985 and 1990, of the Radio Hill nickel-copper deposit in Western Australia, with the adoption of the ISASMELT technology for matte production.<br>Dr de Angelis is a Registered Professional Geologist of the Order of Geologists in Italy and a member of Association of Mining Engineers, Italy.<br>Dr de Angelis is a non-executive Director of Raisama Pty Ltd (from October 2009) |

# SECTION 4
# THE BOARD AND CORPORATE GOVERNANCE (CONT'D)

## CORPORATE GOVERNANCE

Energia has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Recommendations (Principles & Recommendations) as published by ASX Corporate Governance Council.

A summary of the Company's corporate governance practices is set out below.

### Summary of Board Charter

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction. The Board is responsible for promoting the success of the Company through its oversight role. The Board also reviews the Company's policies on risk oversight and management, internal compliance and control, its Code of Conduct, and legal compliance. There are mechanisms in place so that the Board can satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risk and material business risk. The Board monitors and reviews senior management's performance and implementation of strategy.

The Board Charter also sets out quantitative and qualitative materiality thresholds.

The Board delegates to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director then directly to the Chair or the lead independent Director, as appropriate.

The Board Charter describes the division of responsibilities between the Chair, the lead independent Director (if any) and the Managing Director.

The role of non-executive and independent directors is also set out in the Board Charter.

### Summary of Audit Committee Charter

The role of the audit committee is to monitor and review the integrity of the financial reporting of the Company and to review significant financial reporting judgments. The audit committee is also to review the Company's internal financial control system and risk management systems and to monitor, review and oversee the external audit function.

The audit committee has the power to conduct or authorize investigations into any matters within the audit committee's scope of responsibilities. The audit committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

The audit committee also assesses whether external reporting is consistent with audit committee members' information and knowledge and is adequate for shareholder needs and assesses the management processes supporting external reporting.

### Summary of Nomination Committee Charter

The role of the nomination committee is to effectively examine the selection and appointment practices of the Company. The nomination committee regularly reviews the size and composition of the Board and makes recommendations to the Board on any appropriate changes. The nomination committee identifies and assesses necessary and desirable Director competencies with a view to enhancing the Board.

The nomination committee also regularly reviews the time required from non-executive Directors and whether non-executive Directors are meeting that requirement.

Initial Director appointments are made by the Board. The new Director will be required to stand for election at the Company's next annual general meeting.

### Summary of Remuneration Committee Charter

The function of the remuneration committee is to review and make appropriate recommendations on remuneration packages of executive Directors, non-executive Directors and senior executives. The remuneration committee is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

### Summary of Remuneration Policy

Emoluments of Directors and senior executives are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and executives.

The Company's policy is to remunerate non-executive Directors a fixed fee for time, commitment and responsibilities. Fees for non-executive Directors are not linked to individual performance. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue individual options to non-executive Directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the Directors' option holdings are fully disclosed. From time to time the Company may grant options to non-executive Directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive Directors with additional incentive to continue those efforts for the benefit of the Company.

Executive pay and reward consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and

subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

**Summary of Code of Conduct**

The Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive towards when dealing with each other, shareholders, other stakeholders and the broader community.

The Company is to comply with all legislative and common law requirements which affect its business. The Company will deal with others in a way that is fair and will not engage in deceptive practices.

The Code of Conduct sets out directives for Directors, management and staff relating to conflicts of interests, protection of the Company's assets and confidentiality.

The Company has a policy forbidding bribes. The Company does not support making facilitation payments as a matter of policy, and expects employees and officers to make every effort to avoid them.

**Summary of Policy and Procedure for Selection and (Re) Appointment of Directors**

In considering new candidates, the nomination committee (or equivalent) evaluates the range of skills, experience and expertise of the existing Board. In particular, the nomination committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent Directors on the Board. Reference is made to the Company's size and operations as they evolve from time to time. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

All Directors are required to consider the number and nature of their directorships and calls on their time from other commitments.

Shareholders shall be informed of the names and details of candidates submitted for election as Directors, in order to enable shareholders to make an informed decision regarding the election.

**Summary of Process for Performance Evaluation**

The Managing Director is responsible for evaluating the senior executives. The Managing Director evaluates the senior executives via informal meetings held with each executive once a year or more frequently if required.

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Board is responsible for evaluating the Managing Director.

These performance evaluations are undertaken annually or as required on an informal basis.

**Summary of Policy for Trading in Company Securities**

The Board has adopted a policy which prohibits dealing in the Company's securities by Directors, officers and employees when those persons possess inside information. The Policy provides that approval of the Chair must be obtained prior to trading.

**Summary of Compliance Procedures**

The Board has adopted Compliance Procedures to assist it to comply with the Listing Rules disclosure requirements. Under the Compliance Procedures, a responsible officer is appointed who is primarily responsible for ensuring the Company complies with its disclosure obligations. The duties of the responsible officer are set out in the Compliance Procedures. The Compliance Procedures provide guidelines as to the type of information that needs to be disclosed and encourages thorough recording of disclosure decision making. The Compliance Procedures contain information on avoiding a false market, safeguarding confidentiality of corporate information, and information on external communication for the purpose of protecting the Company's price sensitive information. The Compliance Procedures also provide guidance relating to potential disclosure material.

**Summary of Procedure for the Selection, Appointment and Rotation of External Auditor**

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the audit committee (or its equivalent) with the decision being ratified by shareholders at the next annual general meeting of the Company.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period.

The audit committee (or its equivalent) will review the performance of the external auditor on an annual basis and make any recommendations to the Board.

**Summary of Shareholder Communication Strategy**

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. The Company provides shareholder materials directly to shareholders through electronic means. Shareholders may request a hard copy of the Company's annual report to be posted to them. The Company maintains a website on which the Company makes certain information available on a regular basis.

# SECTION 4
# THE BOARD AND CORPORATE GOVERNANCE (CONT'D)

**Summary of Risk Management Policy**

The Board has adopted a Risk Management Policy. Under the Policy, the Board delegates day-to-day management of risk to the Managing Director (or equivalent). The Policy sets out the role of the Managing Director (or equivalent) and accountabilities. It also contains the Company's risk profile and describes some of the policies and practices the Company has in place to manage specific business risks.

The Managing Director is required to report on the progress of, and on all matters associated with, risk management on a regular basis. The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks at least annually.

The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself at least six monthly that management has developed and implemented a sound system of risk management and internal control.

The Company intends to formalise its approach to risk management by documenting all material business risks in a risk register and allocating ownership for material business risks to the Managing Director and management of individual material business risks to senior management and individuals within the organisation. The risk register will be reviewed by management and updated on a quarterly basis and presented to the Board. All risks identified in the risk register will be reviewed and assessed by management and the Board at least annually.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

| | ASX P & R[1] | If not, why not[2] |
|---|---|---|
| Recommendation 1.1 | ✓ | |
| Recommendation 1.2 | ✓ | |
| Recommendation 1.3[3] | n/a | n/a |
| Recommendation 2.1 | | ✓ |
| Recommendation 2.2 | | ✓ |
| Recommendation 2.3 | ✓ | |
| Recommendation 2.4 | | ✓ |
| Recommendation 2.5 | ✓ | |
| Recommendation 2.6[3] | n/a | n/a |
| Recommendation 3.1 | ✓ | |
| Recommendation 3.2 | ✓ | |
| Recommendation 3.3[3] | n/a | n/a |
| Recommendation 4.1 | | ✓ |
| Recommendation 4.2 | | ✓ |

| | ASX P & R[1] | If not, why not[2] |
|---|---|---|
| Recommendation 4.3 | ✓ | |
| Recommendation 4.4[3] | n/a | n/a |
| Recommendation 5.1 | ✓ | |
| Recommendation 5.2[3] | n/a | n/a |
| Recommendation 6.1 | ✓ | |
| Recommendation 6.2[3] | n/a | n/a |
| Recommendation 7.1 | ✓ | |
| Recommendation 7.2 | ✓ | |
| Recommendation 7.3 | ✓ | |
| Recommendation 7.4[3] | n/a | n/a |
| Recommendation 8.1 | | ✓ |
| Recommendation 8.2 | ✓ | |
| Recommendation 8.3[3] | n/a | n/a |

1 Indicates where the Company has followed the Principles & Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

**PRINCIPLE 1**

**Recommendation 1.1:** Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

**Disclosure:**

The Company has established the functions reserved to the Board and those delegated to seniors executives and has set out these functions in its Board Charter, summarised above in the section titled "Summary of Board Charter".

**PRINCIPLE 1**

**Recommendation 1.2:** Companies should disclose the process for evaluating the performance of senior executives.

**Disclosure:**

Refer to the section titled "Summary of Process for Performance Evaluation" above.

**PRINCIPLE 1**

**Recommendation 1.3:** Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

**Disclosure:**

A summary of the Company's Board Charter is noted above under the section titled "Summary of Board Charter" and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

**PRINCIPLE 2**

**Recommendation 2.1:** A majority of the board should be independent Directors.

Notification of departure:

The Company does not have a majority of independent Directors as currently none of the Directors are independent.

Explanation for departure:

The Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

**PRINCIPLE 2**

**Recommendation 2.2:** The Chair should be an independent Director.

Notification of departure:

The Board does not currently have a permanent Chair and one of the non-executive Directors will chair Board meetings in the interim.

Explanation for departure:

The appointment of a non-executive member of the Board to chair Board meetings is an interim measure until such time as a new permanent Chair is appointed. The Company is actively seeking an appropriately qualified director to act as Chair. The Board has adopted a Policy on Independent Professional Advice to assist Directors with independent judgement.

**PRINCIPLE 2**

**Recommendation 2.3:** The roles of the Chair and Managing Director should not be exercised by the same individual.

Disclosure:

The Managing Director is Keren Paterson who is not currently Chair of the Board. The Board does not currently have a permanent Chair and one of the non-executive Directors will chair Board meetings in the interim.

**PRINCIPLE 2**

Recommendation 2.4: The Board should establish a Nomination Committee.

Notification of departure:

There is no separate Nomination Committee.

Explanation for departure:

Given the current size and composition of the Board, it believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the Director with conflicting interests is not party to the relevant discussions.

**PRINCIPLE 2**

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

Disclosure:

Refer to the section titled "Summary of Process for Performance Evaluation" above.

**PRINCIPLE 2**

Recommendation 2.6: Companies should provide the information indicated in the *Guide to Reporting on Principle 2.*

Disclosure:

A profile of each Director containing their skills, experience, expertise and term of office is set out in Section 4.1 of the Prospectus.

There are no independent Directors as both Mr Walker and Mr Cozijn were Executive Directors of the major shareholder, Carbon Energy, within the previous three years and are currently Non Executive Directors of Carbon Energy.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

The full Board carries out the role of the Nomination Committee. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter, which is summarised above in the section titled "Summary of Nomination Committee Charter" and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure summarised in the section titled "Summary of Policy and Procedure for Selection and (Re)Appointment of Directors" above and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. A Director may not hold office for a continuous period in excess of 3 years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election. Re-appointment of Directors is not automatic.

**PRINCIPLE 3**

Recommendation 3.1: Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Code of Conduct is summarised above in the section titled "Summary of Code of Conduct".

**PRINCIPLE 3**

Recommendation 3.2: Companies should establish a policy concerning trading in company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by Directors, senior executives and employees. This policy is summarised above in the section titled "Summary of Policy for Trading in Company Securities".

**PRINCIPLE 3**

Recommendation 3.3: Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

Disclosure:

A summary of the Company's Code of Conduct and Policy for Trading in Company Securities is included above under the sections titled "Summary of Code of Conduct" and "Summary of Policy for Trading in Company Securities" respectively and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

**PRINCIPLE 4**

Recommendations 4.1 & 4.2: The Board should establish an Audit Committee and structure it in accordance with Recommendation 4.2.

Notification of departure:

A separate Audit Committee has not been formed and therefore is not structured in accordance with Recommendation 4.2.

Explanation for departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Audit Committee by ensuring the Director with conflicting interests is not party to the relevant discussions.

**PRINCIPLE 4**

Recommendation 4.3: The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter, which is summarised above in the section titled "Summary of Audit Committee Charter".

**PRINCIPLE 4**

Recommendation 4.4: Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

Disclosure:

As noted above, the full Board performs the function of the Audit Committee. To assist the Board to fulfil this function, it has adopted an Audit Committee Charter which is summarised above in the section titled "Summary of Audit Committee Charter" and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

The explanation for departure set out under Recommendations 4.1 and 4.2 above explains how the functions of the Audit Committee are performed.

Details of each of the Director's qualifications are set out in Section 4.1 of the Prospectus.

Mr Cozijn is an Accountant and has over 30 years of experience in financial management of public companies.

The Company has established procedures for the selection, appointment and rotation of its external auditor. These are summarised under the section titled "Summary of Procedure for the Selection, Appointment and Rotation of External Auditor" above and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

**PRINCIPLE 5**

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance. These are summarised under the section titled "Summary of Compliance Procedures" above.

**PRINCIPLE 5**

Recommendation 5.2: Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

Disclosure:

A summary of the Company's policy to guide compliance with ASX Listing Rule disclosure is included above under the section titled "Summary of Compliance Procedures" and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

**PRINCIPLE 6**

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. This is summarised under the section titled "Summary of Shareholder Communication Strategy" above.

**PRINCIPLE 6**

Recommendation 6.2: Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

Disclosure:

A summary of the Company's shareholder communication strategy is included above in the section titled "Summary of Shareholder Communication Strategy" and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

**PRINCIPLE 7**

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. This policy is summarised under the section titled "Summary of Risk Management Policy" above.

**PRINCIPLE 7**

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively.

**PRINCIPLE 7**

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

When the Company becomes listed on the ASX, the Board intends to require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to provide a declaration to the Board in accordance with section 295A of the Corporations Act and to assure the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

**PRINCIPLE 7**

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

Disclosure:

A summary of the Company's Risk Management Policy is included above in the section titled "Summary of Risk Management Policy" and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

**PRINCIPLE 8**

Recommendation 8.1: The Board should establish a Remuneration Committee.

Notification of departure:

There is no separate Remuneration Committee.

Explanation for departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the Director with conflicting interests is not party to the relevant discussions.

**PRINCIPLE 8**

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.

Disclosure:

Refer to the section titled "Summary of Remuneration Policy" above.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

Disclosure:

As noted above, the full Board performs the function of the Remuneration Committee. To assist the Board to fulfil this function, it has adopted a Remuneration Committee Charter, which is summarised above in the section titled "Summary of Remuneration Committee Charter" and will also be made publicly available on the Company's website at www.energiaminerals.com under the section marked Corporate Governance.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for non-executive Directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

# SECTION 5
# INDEPENDENT GEOLOGISTS' REPORT

**CONTINENTAL RESOURCE MANAGEMENT PTY LTD**

10 Hehir Street
BELMONT W.A. 6104
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BELMONT W.A. 6984
Australia

ACN 009 366 929
Facsimile +61 8 9478 3986
Phone +61 8 9478 3987
Email glenglen@iinet.net.au

16 November 2009

The Directors
Energia Minerals Ltd
Unit A2
118 Railway Parade
WEST PERTH 6005

Dear Directors,

**INDEPENDENT GEOLOGISTS' REPORT**

This report has been prepared by Continental Resource Management Pty Ltd (CRM) for inclusion in a prospectus (Prospectus) to be lodged by Energia Minerals NL (to become Energia Minerals Ltd on 6 December 2009) with the Australian Securities and Investments Commission, in connection with Energia's proposed initial public offering of 37.5 million Energia shares at price per share of 20c to raise $7.5 million, with a minimum subscription of 25.0 million Energia shares to raise $5 million.

Energia (previously known as Metex Resources NL), has entered into an Assets Sale and Purchase Agreement with Carbon Energy Limited to acquire a portfolio of tenements in Australia and Italy from Carbon Energy Limited. The areas the subject of these tenements are at different stages of exploration. Energia has also entered into a second Asset Sale and Purchase Agreement with Skryne Hill Pty Ltd to acquire from Skryne Hill Pty Ltd the "Onslow" tenements, also located in Australia. Energia intends to use the funds raised under the Prospectus to advance exploration of the tenements. The principal commodity Energia's exploration will target on the tenement areas is uranium. Details regarding the agreements, the status of the tenements and the interests held by Energia in the tenements are set out elsewhere in the Prospectus.

CRM's assessment of the tenements described in the Prospectus is based upon technical and financial information provided to CRM by Energia. CRM has also referred to other sources of information, both published and unpublished, including government reports and reports prepared by previous holders of tenements over the relevant areas, where CRM has considered this necessary. CRM has endeavoured, by making reasonable enquires, to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure CRM had access to all relevant technical and other information.

It is the opinion of CRM that the tenements described in the Prospectus are worthy of continued exploration and are located in areas where there is a reasonable prospect of locating economic mineralisation. CRM is also of the opinion that Energia's proposed exploration programmes and budgets are appropriate to meet the combined minimum statutory expenditure commitments for each project. In addition, at least half of the funds proposed to be raised by Energia under the Prospectus are understood to be committed to the exploration, development and administration of the tenements, in satisfaction of ASX Listing Rule 1.3.2 (b). CRM also understands that, provided Energia raises at least the minimum subscription amount under the Prospectus, Energia will have sufficient working capital to carry out its stated objectives in satisfaction of ASX Listing Rule 1.3.3(a), and that Energia will have working capital of at least $1.5 million after allowing for the first full financial year's budgeted administration expenses, in satisfaction of ASX Listing Rule 1.3.3 (b). It is not possible to accurately determine the outcome of exploration work, and considerable variation to the proposed exploration programme and budget may be required as new data becomes available to Energia. Only the Nyang Project (in WA) was visited by CRM in the course of preparing this report, as the other projects are largely obscured by cover and no significant observations would have been able to be made on site. This report was prepared by Dr John Chisholm, who was assisted by John Doepel.

This report is written to conform to the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code), 2005 Edition. All references to mineral resources and reserves are consistent with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition).

The statements contained in this report are given in good faith and have been derived from information believed to be reliable and accurate, and supplemented by CRM's own investigations. CRM has relied upon this information and has no reason to believe that any material facts have been withheld from CRM. CRM does not imply that it has carried out any type of audit on the technical, accounting or other records of Energia or that its assessment has revealed all of the matters which an audit or more extensive examination might disclose at the date of this report. The conclusions and opinions set out in this report are based on information available up to and including the 16 November 2009.

## SECTION 5
## INDEPENDENT GEOLOGISTS' REPORT (CONT'D)

Dr John Chisholm holds a Bachelor of Science degree (Geology) from the University of New England and a Doctorate of Philosophy (Applied Science) from the University of New South Wales and is a Fellow of both the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He also has Chartered Practicing Status in geology with the Australasian Institute of Mining and Metallurgy (AusIMM). On completion of his studies he lectured at the University of Western Australia and Curtin University in economic geology and geochemistry. Dr Chisholm subsequently worked in senior positions for Texasgulf Australia Ltd and Elf Aquitaine Australia Ltd in base metals and Getty Oil Development Company Ltd for gold. In late 1984 he joined Western United Mining Services Pty Ltd as geological manager later becoming managing director. Since 1989 he has been a principal geologist in the consulting firm Continental Resource Management Pty Ltd. He has 35 years extensive experience in exploration, assessment and development of gold, base metals and heavy minerals in Australia, Africa, Southeast Asia and countries of the former Soviet Union.

J.J.G. (John) Doepel is a principal geologist at CRM with more than 30 years experience as a geologist in the mineral industry. Mr Doepel has explored for a wide variety of metals and minerals including uranium and participated in many resource estimations. He holds a Bachelor of Science with Honours and a Graduate Diploma in Forensic Science from The University of Western Australia and a Diploma of Teaching from Curtin University. He is a Member of the Geological Society of Australia and of the Australasian Institute of Mining and Metallurgy.

No member or employee of CRM is, or is intended to be a director, officer or other direct employee of Energia. No member or employee of CRM has, or has had, any share holding, or the right to subscribe for securities, or the right to nominate persons to subscribe for securities in Energia. CRM has charged fees at a commercial rate for the preparation of this report, the payment of which is neither contingent upon the conclusions of the report nor on the success of the proposed listing of Energia on the Australian Securities Exchange operated by ASX Limited.

CRM has given and has not at the time of lodgement of the Prospectus withdrawn its consent to the issue of the Prospectus with this report included in the form and context in which it appears.

Yours sincerely

Continental Resource Management Pty Ltd

**J M Chisholm** BSc(Hons), PhD, FAusIMM
Principal


Figure 1 Project locations

## SUMMARY


### Introduction

Energia has assembled mineral tenements in a number of different prospective areas. Three of the project areas are located in Western Australia (WA), two in South Australia, three in the Northern Territory (NT), one that is either side of the NT-Queensland border, and one in Italy. All of the project areas are prospective for uranium, although the Gawler Project is also prospective for polymetallic iron oxide-copper-gold (IOCG) mineralisation and the Italian project area contains tenements that are prospective for Pb-Zn-Ag-F-Ba and U-polymetallic mineralisation.

Energia has negotiated an Assets Sale and Purchase Agreement with Carbon Energy Limited to acquire a portfolio of tenements in Australia and Italy, the areas of which are at variable stages of exploration. A second Assets Sale and Purchase Agreement has been negotiated with Skryne Hill Pty Ltd to acquire the Onslow tenements.

The Nyang Project in the Carnarvon Basin of WA is the most advanced project, with uranium mineralisation already outlined over an area of about 3km$^2$ within a palaeochannel at the Carley Bore Prospect.

The locations of the Australian projects are shown on Figure 1, and those of the Italian tenements on Figure 22.

### Tenements

The Energia tenement package is comprised of 30 tenements totalling approximately 5,504km$^2$ within nine projects located in five geographic areas within Australia together with the Lombardia Project in Northern Italy (Table 1).

Table 1 Project summary

| Project | No of tenements | Area (km²) |
|---|---|---|
| **Western Australia** | | |
| Nyang | 3 | 1,211 |
| Onslow | 3 | 448 |
| Table Top | 1 | 194 |
| **South Australia** | | |
| Gawler | 6 | 1,420 |
| Curnamona | 2 | 204 |
| **Queensland** | | |
| Westmoreland | 2 | 567 |
| **Northern Territory** | | |
| Westmoreland | 1 | 372 |
| McArthur | 1 | 537 |
| Amadeus | 1 | 243 |
| Ngalia | 1 | 269 |
| **Italy** | | |
| Lombardia | 9 | 39 |
| **Totals** | **30** | **5,504** |

## Projects

*Carnarvon Basin Projects*

Energia has two uranium projects in the Carnarvon Basin in the northwest of Western Australia, the Nyang and Onslow Projects. Both are prospective for sandstone hosted redox boundary uranium mineralisation within palaeochannels that drain from the Proterozoic basement to the east of the basin. Carbon Energy Limited has already located and drilled a significant deposit of uranium mineralisation at Energia's Carley Bore Prospect within the Nyang project area.

Two uranium deposits are present elsewhere in the district within the same geological formation: Paladin Energy Ltd's (Paladin) Manyingee Deposit and Cauldron Energy Ltd's (Cauldron) Bennet Well Deposit, which are reported to contain 24Mlb and 4.8Mlb of $U_3O_8$ respectively.

*Table Top Project*

The Table Top Project is located to the northwest of the large 77Mlb Kintyre uranium deposit in central northern Western Australia. The project area contains Neoproterozoic sandstone that unconformably overlies basement rocks. The mineralisation at Kintyre is related to a major northwest trending structure. A number of similarly trending structures cut the sandstone in the project area and may host uranium mineralisation within fractures in the sandstone or the underlying basement rocks.

Five electromagnetic (EM) conductors have been identified within the tenement and are potential drill targets.

*Gawler Project*

Six granted tenements are held in the northern Gawler Craton of South Australia, including two along the Olympic Dam trend and four along interpreted parallel structures to the northeast under substantially less cover. The primary targets are uranium-bearing IOCG deposits similar to the giant Olympic Dam Cu-Au-Ag-U deposit.

Interpretation of detailed ground gravity survey data has enabled several targets to be prioritised, and these are being modelled by geophysical consultants as a prelude to selecting drill targets. Secondary targets include sandstone-hosted U deposits similar to the Honeymoon and Beverley deposits.

*Curnamona Project*

Two granted tenements in the northern part of the Curnamona Craton are prospective for sandstone-hosted uranium. The tenements lie between the major Honeymoon and Beverley deposits. There is also potential for Cu-Au deposits in the Proterozoic basement as illustrated by nearby systems like Portia and White Dam.

*Westmoreland and McArthur Projects*

The Westmoreland Project is comprised of two applications in Queensland and one in the Northern Territory. They cover similar stratigraphy to that of the nearby Westmoreland Deposit that contains 52Mlb of $U_3O_8$. A number of targets have been defined on the basis of geophysical anomalies associated with basement lineaments or the major unconformity that is present above it.

The McArthur Project to the northwest, also contains prospective Proterozoic stratigraphy.

*Alice Springs Projects*

The Alice Springs projects consist of two tenements located in the Ngalia and Amadeus Basins in the southern part of the Northern Territory that are prospective for sandstone-hosted uranium mineralisation. No work has been carried out on them.

*Lombardia Projects*

The Lombardia Projects are situated in the southern margin of the Italian Alps. They comprise two tenements that are prospective for uranium and polymetallics and seven that are prospective for Pb-Zn-Ag-F-Ba mineralisation.

The Novazza tenement contains a previously explored deposit in which previous work has outlined high-grade uranium mineralisation and the Gorno tenements contain Pb-Zn mines.

## CARNARVON BASIN PROJECTS

### Introduction

Energia has two uranium projects in the Carnarvon Basin in the northwest of Western Australia (Figure 2), the Nyang and Onslow Projects. Both projects are prospective for sandstone hosted redox boundary uranium mineralisation within palaeochannels that drain from the Proterozoic basement to the east of the basin. Work by Carbon Energy Limited has already located and drilled a significant deposit of uranium mineralisation at its Carley Bore Prospect within the Nyang project area.

The Nyang Project comprises three granted Exploration Licences (ELs), for a total area of over 1,200km$^2$, along the eastern margin of the Carnarvon Basin. The project is located about 960km north of Perth and 200km northeast of the coastal town of Carnarvon. It covers over 80km, north to south, of ground that is highly prospective for palaeochannel hosted uranium mineralisation.

Two uranium deposits are present within the same geological formation to the north: Paladin Energy Ltd's (Paladin) Manyingee Deposit and Cauldron Energy Ltd's (Cauldron) Bennet Well Deposit (Figure 2). The uranium mineralisation at Energia's Carley Bore Prospect, at Manyingee, and at Bennet Well is mainly hosted within palaeochannels of the Cretaceous Birdrong Sandstone.

The Onslow Project comprises two granted ELs and one EL application. It covers an area of about 450km$^2$ and is situated 50km southeast of the coastal town of Onslow. The project area contains Birdrong Sandstone and is prospective for uranium mineralisation.

### Tenements

The Nyang Project is comprised of three granted ELs held 100% by Carbon Energy Limited. Tenement details are given in Table 2.

Table 2 Nyang Project - Tenement summary

| Tenement | Grant Date | Expiry Date | Area (km$^2$ / blocks) | Annual Rent ($) | Annual Expenditure ($) |
|---|---|---|---|---|---|
| E08/1644 | 22-Dec-06 | 21-Dec-11 | 470.6 / 149 | 16,964 | 149,000 |
| E08/1645 | 22-Dec-06 | 21-Dec-11 | 476.0 / 151 | 17,191 | 151,000 |
| E08/1646 | 22-Dec-06 | 21-Dec-11 | 264.3 / 84 | 9,563 | 84,000 |
| | | **Totals** | **1210.9 / 384** | **43,718** | **384,000** |

The Nyang Project tenements are subject to Native Title Applications from the Gnulli, Budina, and Thudgari People and a clearance for exploration has been obtained from these people for the area surrounding Carley Bore. Details of the determinations and of the clearance are given elsewhere in this Prospectus.

The Onslow Project is comprised of two granted ELs and one EL application that are registered in the name of Skryne Hill Pty Ltd (Skryne Hill). They are subject to a Sale Agreement with Energia, whereby Energia will purchase a 100% interest in the tenements upon listing. Details of the agreement are given elsewhere within the Prospectus. Tenement details are given in Table 3 and their locations are shown on Figure 2.

Table 3 Onslow Project - Tenement summary

| Tenement | Grant Date | Expiry Date | Area (km$^2$ / blocks) | Annual Rent ($) | Annual Expenditure ($) |
|---|---|---|---|---|---|
| E08/1499 | 9-June-06 | 8-June-11 | 111.5 / 35 | 6,199 | 52,500 |
| E08/1500 | 9-June-06 | 8-June-11 | 228.8 / 70 | 12,397 | 105,000 |
| E08/1946 | Pending | N/A | 108.2 / 34 | 3,519 | N/A |
| | | **Totals** | **448.5 / 139** | **22,115** | **157,500** |

The Onslow Project tenements are subject to Native Title Claim from the Thalanyji People and an Alternative Exploration and Heritage Agreement was made between the claimant group and the tenement applicant. Details of the claim and of the agreement are given elsewhere in this Prospectus.

### Geological Setting

The projects are located along the northeastern margin of the Phanerozoic Carnarvon Basin, where the basin sediments unconformably overlie Proterozoic basement of the Gascoyne Province. The basement consists of granites, gneisses, and schists. The Carnarvon Basin contains a Palaeozoic succession below a relatively thin cover of Cretaceous and Cainozoic sediments. The Proterozoic granites in the area are enriched in leachable uranium, and groundwater from Cretaceous and Cainozoic strata of the eastern shelf of the Carnarvon Basin contains dissolved uranium from the granites that is, and has been, available for deposition in reducing environments.

The main host unit for uranium mineralisation throughout the region is the Cretaceous Birdrong Sandstone. It is locally thickened in palaeochannels that incise into Devonian limestones, sandstones, and mudstones or into the Proterozoic basement. Uranium mineralisation is associated with redox boundaries within permeable units. The boundaries are marked visually by a colour change from chemically reduced grey sediments that in places are pyritic, to oxidised sediments that are brown to white. Some uranium mineralisation associated with such redox boundaries is also known as roll-front mineralisation.

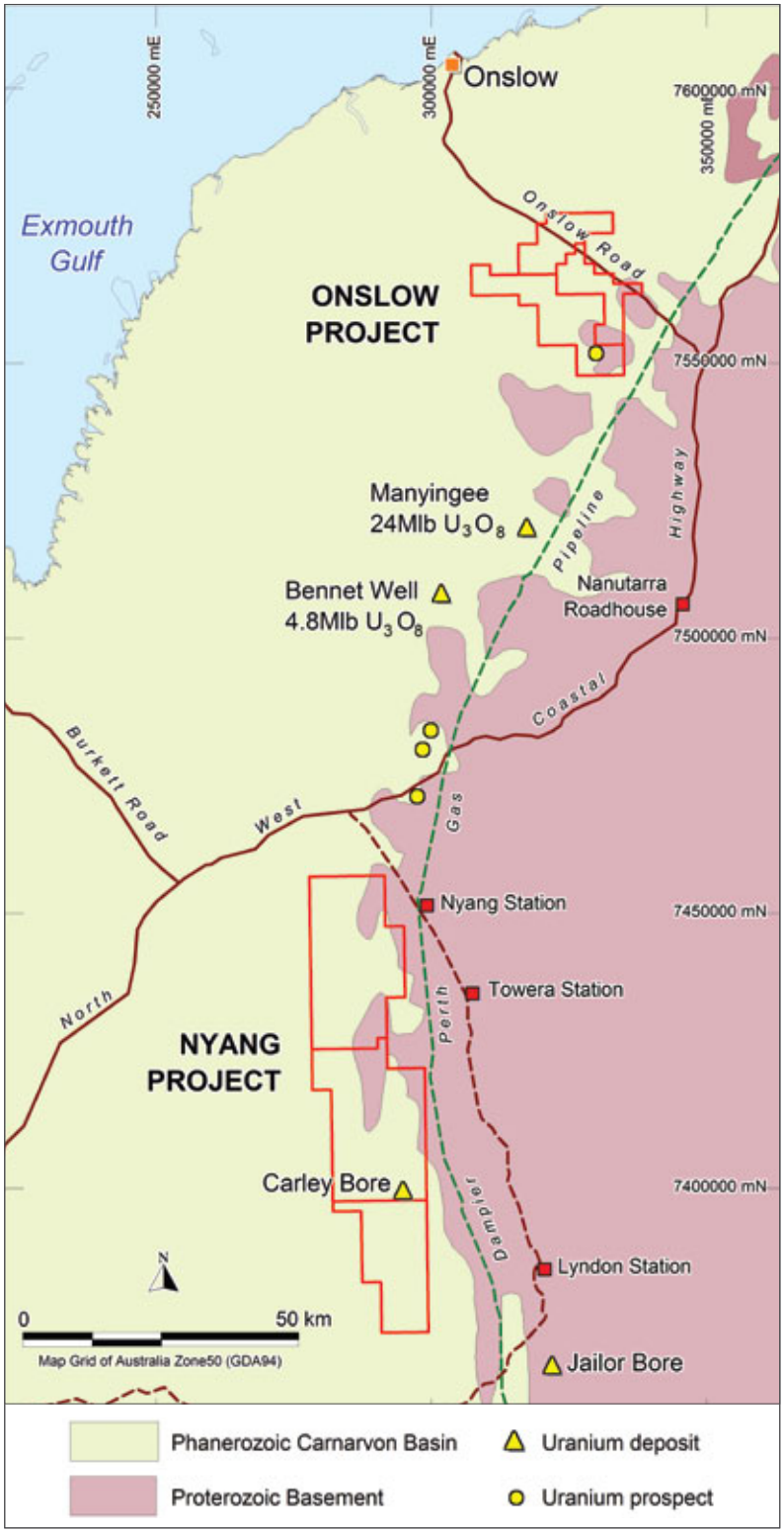


Figure 2 Carnarvon Basin Projects - Regional geological setting

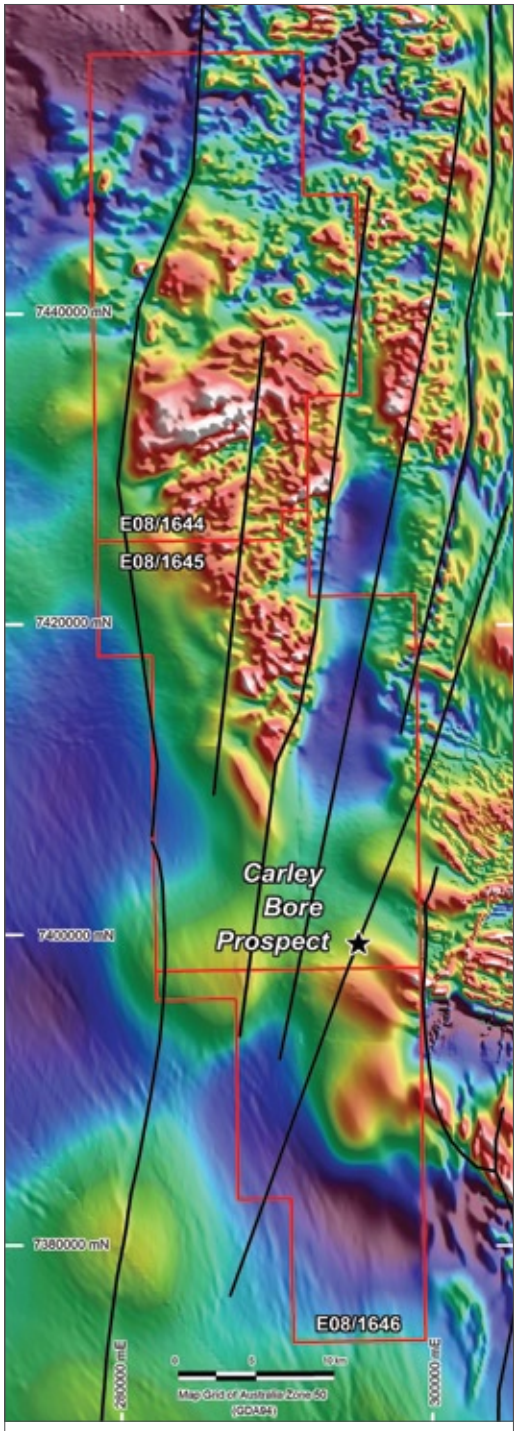


Image of Total Magnetic Intensity NE shading showing interpreted faults

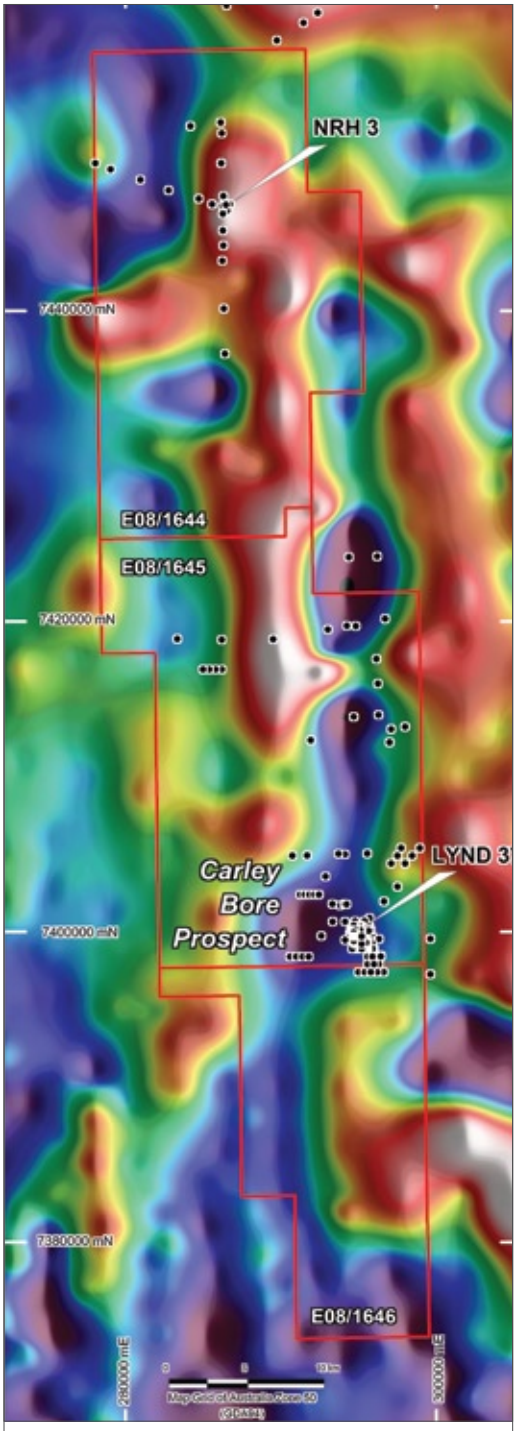


Image of Total Bouger Gravity first veritcal derivative showing all drillholes

Figure 3 Nyang Project – Aeromagnetic and regional gravity images

**Nyang Project**

*Access*

Access to the area is via the sealed North West Coastal Highway from Carnarvon for 135km, then along a well graded unsealed road for 156km to the Lyndon Homestead. Access within the tenements is by pastoral property tracks over flat grass and scrubland. The Dampier to Perth Gas Pipeline passes a few kilometres to the east of the project area.

*Project Geology*

Within the project area, block faulting along the eastern margin of the Carnarvon Basin has formed a graben of younger sediments trending north from the Carley Bore area. The graben can be seen on aeromagnetic and gravity images of the project area (Figure 3). A detailed gravity survey over the graben has outlined a Cretaceous palaeochannel within it (Figure 5).

The stratigraphic succession within the project area is, from surface to basement (i.e. top to bottom):

| | |
|---|---|
| Quaternary | |
| | Alluvium, colluvium, and sand |
| Tertiary | |
| | Laterite, silcrete, and calcrete |
| Cretaceous | |
| | Gearle Siltstone |
| | Windalia Radiolarite |
| | Muderong Shale |
| | Birdrong Sandstone |
| | Unnamed green clay formation |
| Devonian | |
| | Dolomite, limestone, sandstone, and mudstone |
| Proterozoic | |
| | Granite, gneiss, and schist. |

The Birdrong Sandstone is an aquifer that sits between two impermeable formations, the overlying Muderong Shale and un-named underlying green clay. At the Carley Bore Prospect the Birdrong Formation is from 10m to 65m thick, with its top being at a depth of from 25m to 75m and its base at depths between 50m, on the flanks of the channel, and 110m, in its centre.

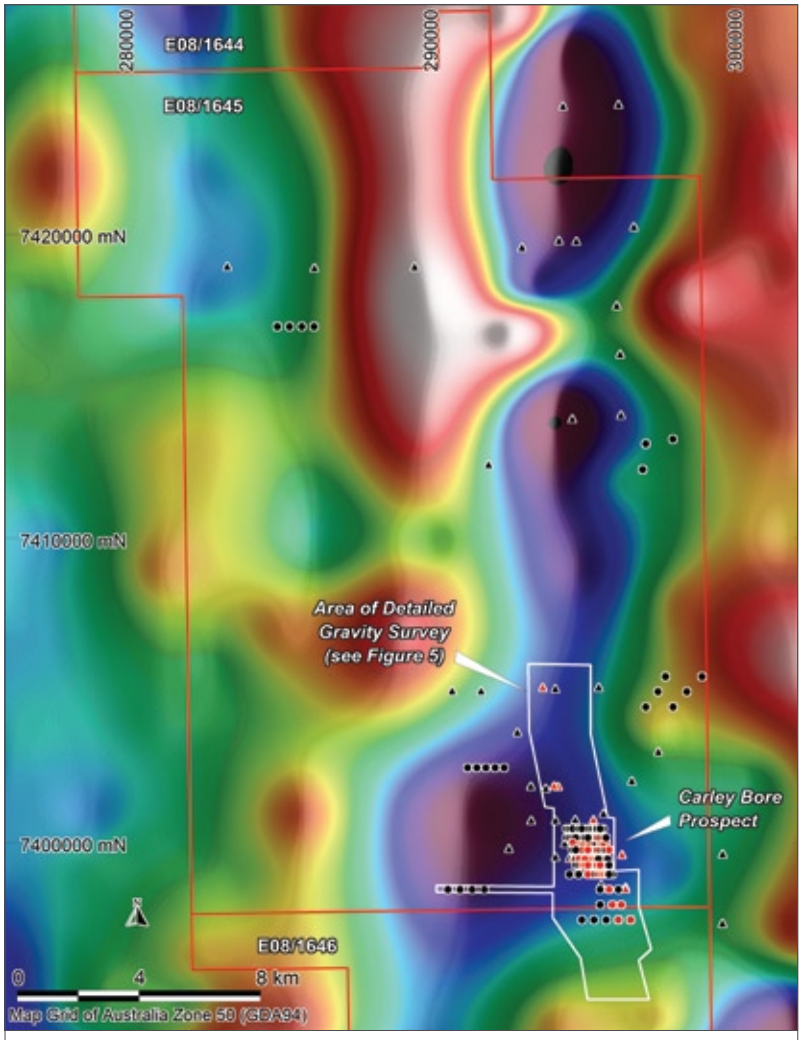


Image of Total Bouger Gravity Regional Survey first derivative showing anomalous (red & barren (black) drillholes

*Circles, - holes drilled by Carbon Energy Limited.*

*Triangles, - holes drilled by Minatome.*

Figure 4 Nyang Project – Drill-hole locations

### Previous Exploration

Minatome Australia Pty Ltd (Minatome), later in joint venture agreement with Urangesellschaft Australia Ltd and Aquitaine Aust Minerals Ltd, explored the area from 1978 to 1982. Total Mining Australia Pty Ltd continued this exploration until 1984. The main aim of the exploration programmes was to define the extent of the Birdrong Sandstone and to locate redox boundaries within it, with which roll-front mineralisation might be associated.

Exploration included the interpretation of regional aeromagnetics, a gravity survey, and the drilling of a total of 49 rotary mud holes in the area of Energia's tenements. Twelve holes were drilled in the northern part of E08/1645 and 37 holes within its southern portion. Analysis was primarily by downhole radiometric logging. The drilling located mineralisation in the vicinity of Carley Bore over a distance of 7km (Figures 3 and 4), with a best intersection of 0.9m @ 2,360ppm $U_3O_8$ in hole LYND37, at 295 470E 7 399 490N.

CRA Exploration Pty Ltd (CRAE) explored the area of E08/1644 from 1978 to 1981 as part of its Yanrey Uranium Project. It carried out a ground gravity traverse and drilled 21 holes within the current tenement (Figure 3). Mineralisation was intersected only in hole NRH3 at 286 540E 7 446 565N (2m @ 90ppm $U_3O_8$ from a depth of 18m). Most of the holes intersected marine sediments down dip from the redox boundary. The holes were widely spaced, however, and they may have missed prospective palaeochannels.

### Current Exploration

Initial work by Carbon Energy Limited focussed upon the selection of target areas for reconnaissance drilling. Work included a review of the previous exploration, and of regional aeromagnetic, radiometric, and gravity data. Bore-water analysis was also carried out. Two areas were selected for early testing, the Carley Bore area and another in the northwest of E08/1645. Airborne EM surveys were flown over these areas to identify the locations of palaeochannels within them.

Fifty-five vertical aircore holes were then drilled in late 2007 for a total of 3,887m. Their locations are also shown on Figure 4. Drill samples were analysed chemically. The best results were obtained from the Carley Bore Prospect, where mineralised intersections containing >100ppm $U_3O_8$ were obtained over a length of 3km and a width of 1km. The mineralisation is spatially related to redox boundaries within the sediments, with the majority being within the Birdrong Sandstone. Downhole geophysics was carried out within a number of the holes to help define boundaries of mineralisation and lithology.

Exploration in 2008 was concentrated at, and along strike from, the Carley Bore Prospect. A detailed gravity survey was carried out, which outlined a north-south gravity low that is coincident with the Birdrong Sandstone palaeochannel. The gravity low extends for a distance of 6km to the north and at least 4km to the south of Carley Bore (Figure 5).

A further 64 aircore holes were drilled at the Carley Bore Prospect in 2008 for a total of 5,224m. The drilling confirmed the presence of mineralisation associated with oxidation within the palaeochannel and its margins. Figure 6 displays drill-hole locations from the two rounds of drilling at the prospect, with analytical results in terms of the metal content of the intersections (ppm $U_3O_8$ multiplied by length of intersection).

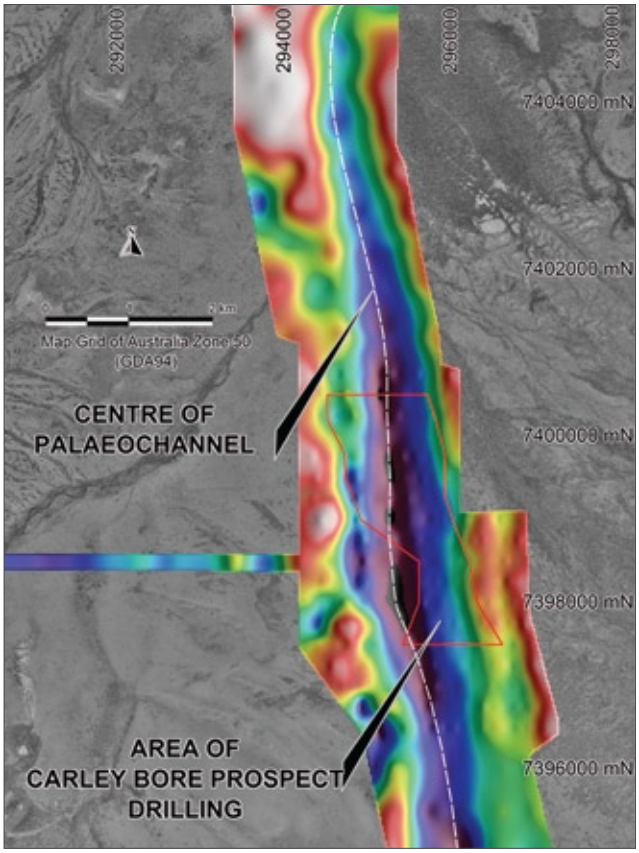


Figure 5 Residual gravity image from detailed ground survey - Showing palaeochannel and area of Carley Bore drilling

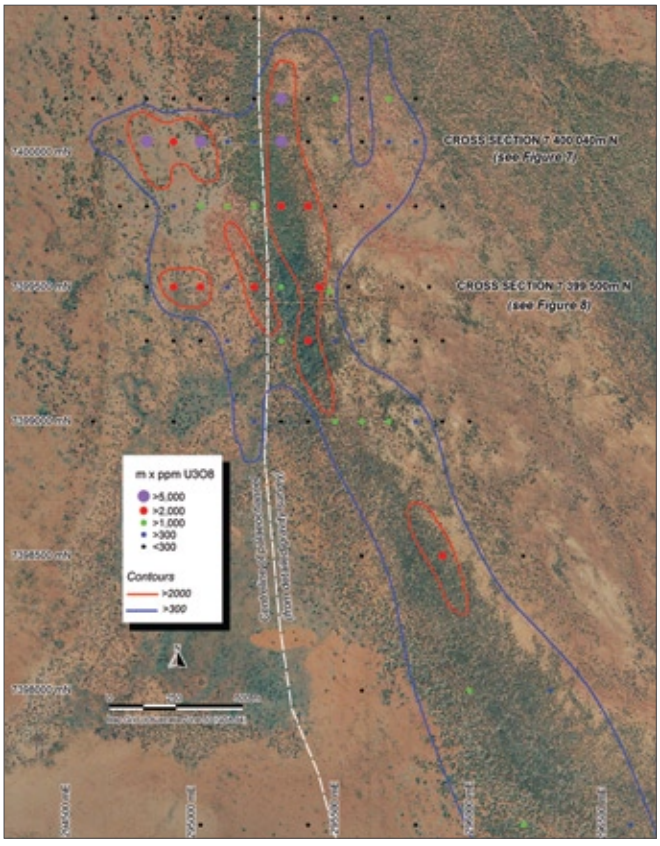


Figure 6 Carley Bore Prospect – Drill results

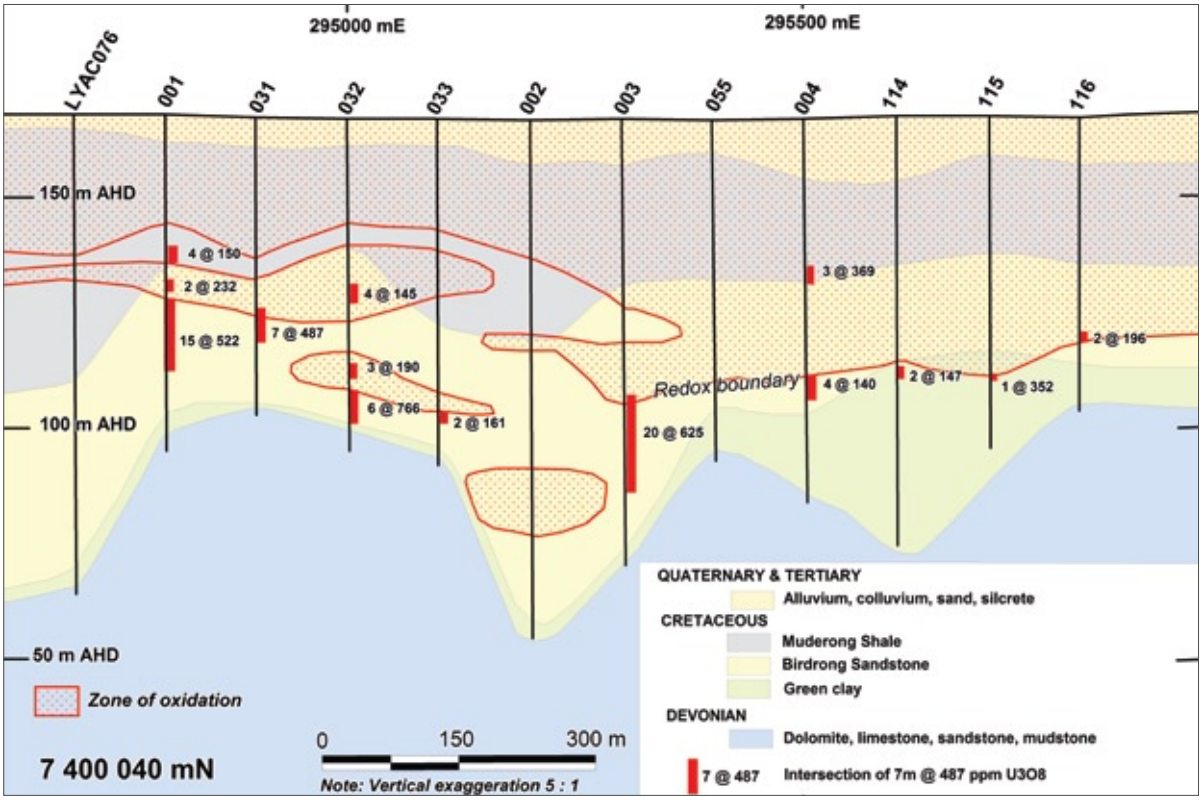


Figure 7 Drill section 7 400 040N

A selection of significant intersections from the two programmes is listed in Table 4.

Table 4 Carley Bore Prospect -Significant intersections

| Hole | Northing* | Easting* | Depth from (m) | Intersection (m @ ppm $U_3O_8$) |
|---|---|---|---|---|
| LYAC001 | 7400040 | 294800 | 40 | 15 @ 522 |
| LYAC003 | 7400040 | 295300 | 60 | 20 @ 625 |
| including | | | 61 | 7 @ 1397 |
| LYAC007 | 7399500 | 295200 | 80 | 7 @ 569 |
| LYAC008 | 7399500 | 295440 | 68 | 6 @ 513 |
| LYAC031 | 7400040 | 294900 | 42 | 7 @ 487 |
| LYAC032 | 7400040 | 295000 | 59 | 6 @ 766 |
| LYAC072 | 7400200 | 295300 | 49 | 8 @ 701 |
| LYAC083 | 7399800 | 295300 | 77 | 4 @ 377 |
| and | | | 84 | 8 @ 338 |
| LYAC084 | 7399800 | 295400 | 66 | 4 @ 839 |
| LYAC089 | 7399500 | 294900 | 35 | 12 @ 185 |
| LYAC099 | 7399300 | 295400 | 61 | 13 @ 278 |

* GDA94 Zone 50 coordinates

The drilling has defined an extensive zone of plus 100ppm $U_3O_8$ mineralisation, within which lies a core zone of greater than 500ppm $U_3O_8$. The mineralisation is open to the south. Figures 7 and 8 are drill-hole cross-sections that show the stratigraphy, redox boundaries, and intersections of >100ppm $U_3O_8$.

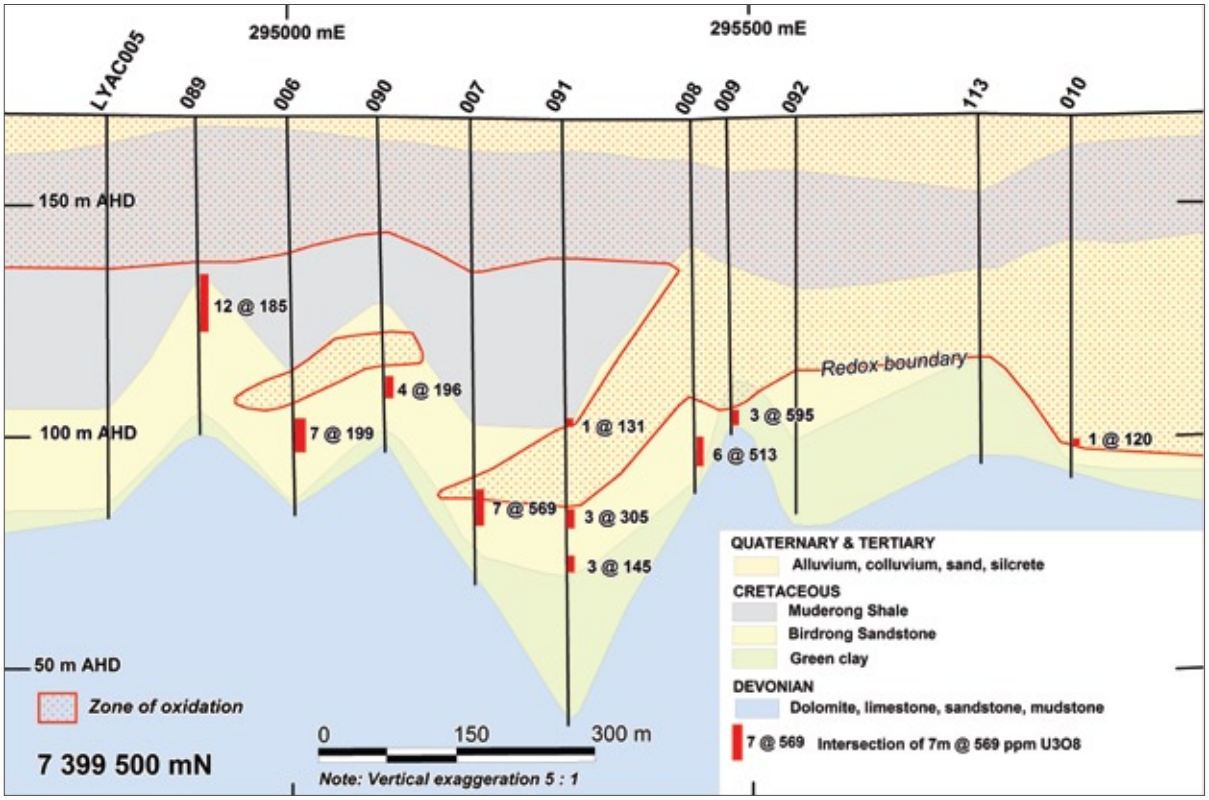


Figure 8 Drill section 7 399 500N

*Exploration Potential*

The full strike length of the project area is prospective for sandstone hosted redox boundary uranium mineralisation. This style of mineralisation has been found in a number of locations in the region within palaeochannel units of the Birdrong Sandstone along the eastern margin of the Carnarvon Basin.

Within Cauldron's tenements to the north of Energia's Nyang Project, nine palaeochannels have been identified over a north-south length of about 65km. The Manyingee and Bennet Well Deposits are present within two of these channels and preliminary drilling has located uranium mineralisation within another three channels. The stratigraphy, palaeogeography, depositional environment, and weathering history of the Nyang project area is similar to that of Cauldron's project area and it is likely that the 80km strike length of Energia's project area also contains a number of similar, but as yet undiscovered, palaeochannels with good potential to host uranium mineralisation.

The size and tenor of potential mineralisation within the project area can be gauged from those of the reported resources for the nearby Manyingee and Bennet Well Deposits elsewhere in the Canarvon Basin. Paladin's Manyingee Deposit, at a cut-off grade of 300ppm $U_3O_8$, has an Indicated Resource of 7.9Mt @ 1,000ppm $U_3O_8$ and an Inferred Resource of 5.5Mt @ 500ppm $U_3O_8$, for a total of 10,890t (24Mlb) contained $U_3O_8$. Cauldron's Bennet Well Deposit, at a cut-off grade of 150ppm $eU_3O_8$, has an Inferred Resource of 7.3Mt @ 300ppm $eU_3O_8$ for 2,200t (4.8Mlb) of contained $eU_3O_8$.

The mineralisation discovered to date by Carbon Energy Limited at Carley Bore extends over a length of 3km and a width of up to 1km. By comparison, the Bennet Well resource is within an area of 1.2km$^2$ and mineralisation within the Manyingee Deposit extends over a length of 6km and a width of up to 1.5km. The palaeochannel that is well defined by the ground gravity survey extends at least 5.5km to the north and 2.5km to the south of the known mineralisation at Carley Bore and is prospective for uranium mineralisation along its length, as are other sandstone bearing palaeochannels in the region. The Minatome drilling intersected mineralisation in four holes to the north of the area of Energia's Carley Bore Prospect drilling and interpretation of the regional gravity image indicates that the palaeochannel may extend for a further 17km to the north within E08/1645 and also to the south within E08/1646 (Figure 3).

*Proposed Exploration and Budget*

For the first year of exploration, Energia proposes to carry out further drilling at the Carley Bore Prospect to enable an initial resource to be estimated. To this end it intends to drill both rotary-mud and diamond core holes for confirmation of grade and for samples for testwork. It also proposes to carry out infill and extensional aircore drilling. To progress towards the completion of a feasibility study for in-situ leach mining of the Carley Bore Prospect, Energia proposes to also carry out hydrometallurgical testwork and a hydrological study. Reconnaissance ground gravity traverses across the tenements are also proposed in order to locate other palaeochannels.

In the second year of exploration it is proposed to use ground gravity surveys to define the palaeochannels, after which aircore drilling across and along them would be carried out to locate redox boundaries and mineralisation.

Energia's proposed budget for the first two years is presented in Table 5.

Table 5 Nyang Project - Proposed expenditure over two years

| | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
|---|---|---|---|---|
| Activity | Year 1 ($) | Year 2 ($) | Year 1 ($) | Year 2 ($) |
| Drilling | 350,000 | 180,000 | 670,000 | 380,000 |
| Assaying | 105,000 | 58,000 | 170,000 | 95,000 |
| Geophysical surveys and interpretation | 80,000 | 50,000 | 110,000 | 80,500 |
| Field supplies and equipment | 40,000 | 26,600 | 69,000 | 43,800 |
| Travel and accommodation | 28,800 | 17,500 | 38,000 | 28,700 |
| Exploration staff and contractors | 122,000 | 130,000 | 205,000 | 160,000 |
| Land access/Heritage/Native title costs | 24,000 | 19,400 | 35,000 | 27,500 |
| Tenement costs | 88,000 | 88,000 | 88,000 | 88,000 |
| **Totals** | **837,800** | **569,500** | **1,385,000** | **903,500** |

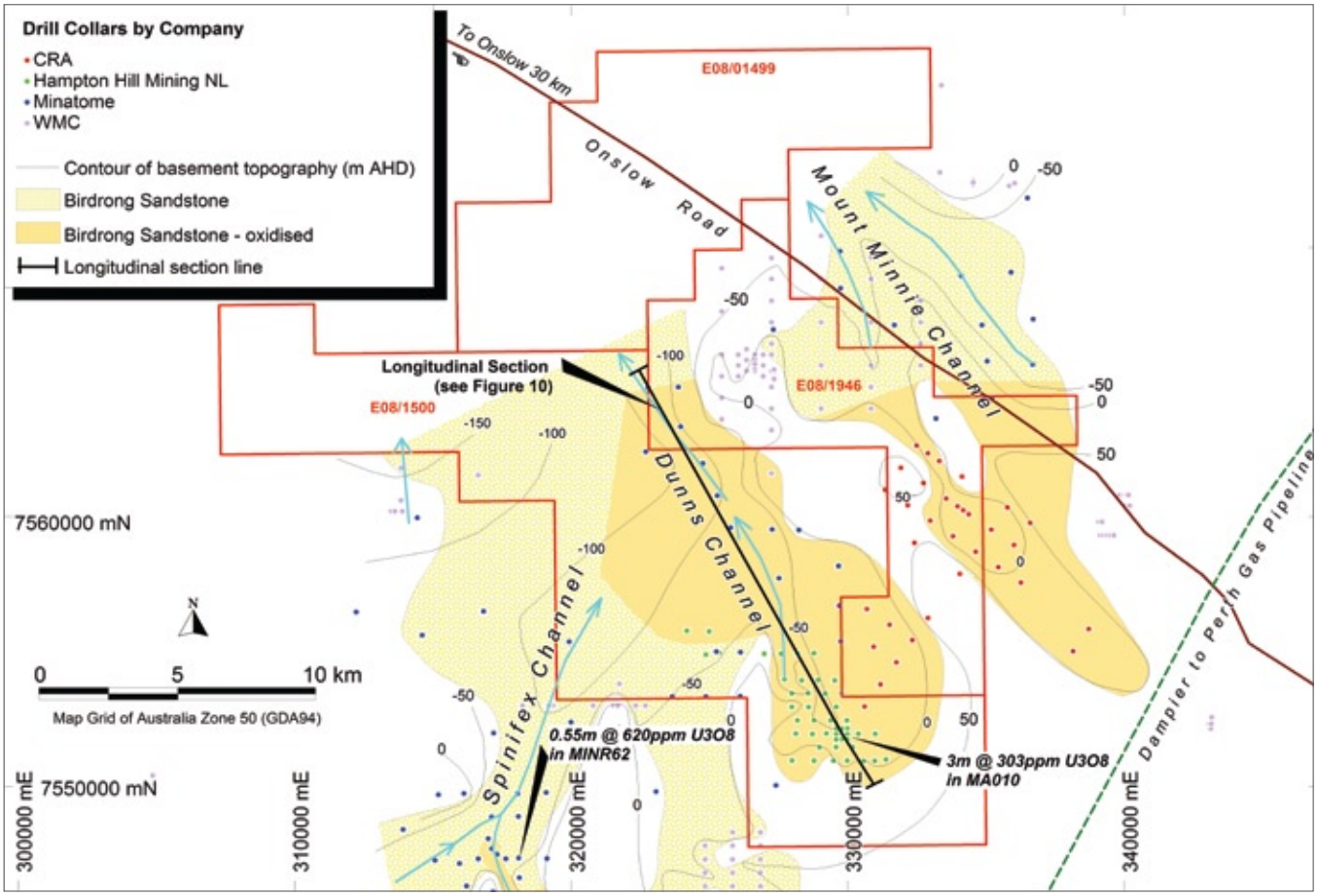


Figure 9 Onslow Project – Distribution of Birdrong Sandstone and drill-hole locations

**Onslow Project**

*Access*

Access to the area is via the North West Coastal Highway from Carnarvon or Karratha and then by the sealed Onslow Road, which passes through the project area (Figure 2). Access within the tenements is by pastoral property tracks over flat sandplain and scrubland. The area drains towards the northwest, with the plain having an elevation of about 75m in the southeast of the tenement area and about 20m in the northwest. The Dampier to Perth Gas Pipeline is a few kilometres to the southeast of the tenement.

*Project Geology*

Proterozoic basement is close to the surface in the southeast of the project area. A Cretaceous succession, including Birdrong Sandstone, overlies it in the central portion of the area, with thicker palaeochannels being present that drain to the north-northwest (Figure 9). The Cretaceous succession thickens to the northwest.

The stratigraphic succession within the project area is, from surface to basement (top to bottom):

| |
|---|
| Quaternary |
| Sand, alluvium, and colluvium |
| Tertiary |
| Calcrete, ferricrete, and silcrete |
| Cretaceous |
| Windalia Radiolarite |
| Muderong Shale |
| Birdrong Sandstone |
| Proterozoic |
| Granite, gneiss, and schist. |

Lithological variants within the Birdrong Sandstone are quartz sands, arkosic sandstone, carbonaceous siltstone and claystone, and, in channels, a basal conglomeratic unit. Both pyrite within the sands and the carbonaceous units are reducing agents and could act as traps for uranium carried in oxidising water flowing through the permeable unit.

*Previous Exploration*

Minatome explored the region for uranium from 1972 to 1982. It carried out a regional gravity survey with stations on a 1km grid. It also drilled seventeen holes within the area of the Onslow Project and located palaeochannels in the project area. The channels drain towards the north-northwest (Figure 9). Its only significant intersections of uranium mineralisation were within the Spinifex Channel to the south of the present project area.

CRAE explored the area from 1978 to 1980 and drilled 24 holes within the eastern section of the project area. No anomalous radioactivity was detected.

WMC Resources Ltd also carried out a regional gravity survey, with stations on a 1km grid, and a 200m line-spaced aeromagnetic survey. It drilled 50 holes within the current tenements between 1994 and 1997. Its exploration was for gold and base metal mineralisation in the basement Ashburton Formation.

*Current Exploration*

Hampton Hill Mining NL (Hampton Hill) entered into a joint venture with Skryne Hill in 2007 to explore E08/1499 and E08/1500. It carried out re-interpretations of the historical gravity and aeromagnetic surveys. It also carried out an airborne HOISTEM survey, at 2km line-spacing, over E08/1499 and E08/1500, which assisted in defining the channel structures and basement topography.

During 2007 Hampton Hill drilled 46 aircore holes in the south of the current project area to test channel features, interpreted from the airborne EM survey flown the previous year. The drilling returned a best intersection of 3m @ 303ppm $U_3O_8$ in MA010 at 329 794E 7 551 997N from a depth of 69m. The intersection was within the Dunns Channel (Figures 9 and 10).

*Exploration Potential*

The sandstone units within the palaeochannels are prospective hosts for redox boundary uranium mineralisation. Minatome's drilling within the vicinity of Dunns Channel outlined an extensive area in which incomplete oxidation of the Birdrong Sandstone has occurred (Figures 9 and 10). The area is prospective over a length of at least 14km and a width of the order of 5km. Drilling within this area is very widely spaced, with more than a kilometre between holes and the area further west is completely untested. Minor mineralisation has already been intersected and carefully targeted drilling can be expected to yield more intersections.

*Proposed Exploration and Budget*

For the first year of exploration Energia proposes to carry out ground gravity traverses across the tenements in order to accurately define the position of the palaeochannels. This is to be followed by scout drilling. In the second year of exploration it is proposed to further drill-test the palaeochannels to locate redox boundaries and mineralisation. Energia's proposed budget for the first two years is presented in Table 6.

Table 6 Onslow Project - Proposed expenditure over two years

| | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
|---|---|---|---|---|
| Activity | Year 1 ($) | Year 2 ($) | Year 1 ($) | Year 2 ($) |
| Drilling | 50,000 | 75,000 | 75,000 | 98,000 |
| Assaying | 15,000 | 21,000 | 23,000 | 32,500 |
| Geophysical surveys and interpretation | 18,000 | 23,000 | 21,600 | 36,000 |
| Field supplies and equipment | 7,800 | 8,8000 | 15,000 | 18,000 |
| Travel and accommodation | 5,000 | 5,000 | 15,000 | 15,000 |
| Exploration staff and contractors | 42,000 | 33,000 | 60,000 | 75,000 |
| Land access/Heritage/Native title costs | 3,500 | 5,500 | 10,400 | 9,200 |
| Tenement costs | 18,700 | 18,700 | 20,000 | 26,300 |
| **Totals** | **160,000** | **190,000** | **240,000** | **310,000** |

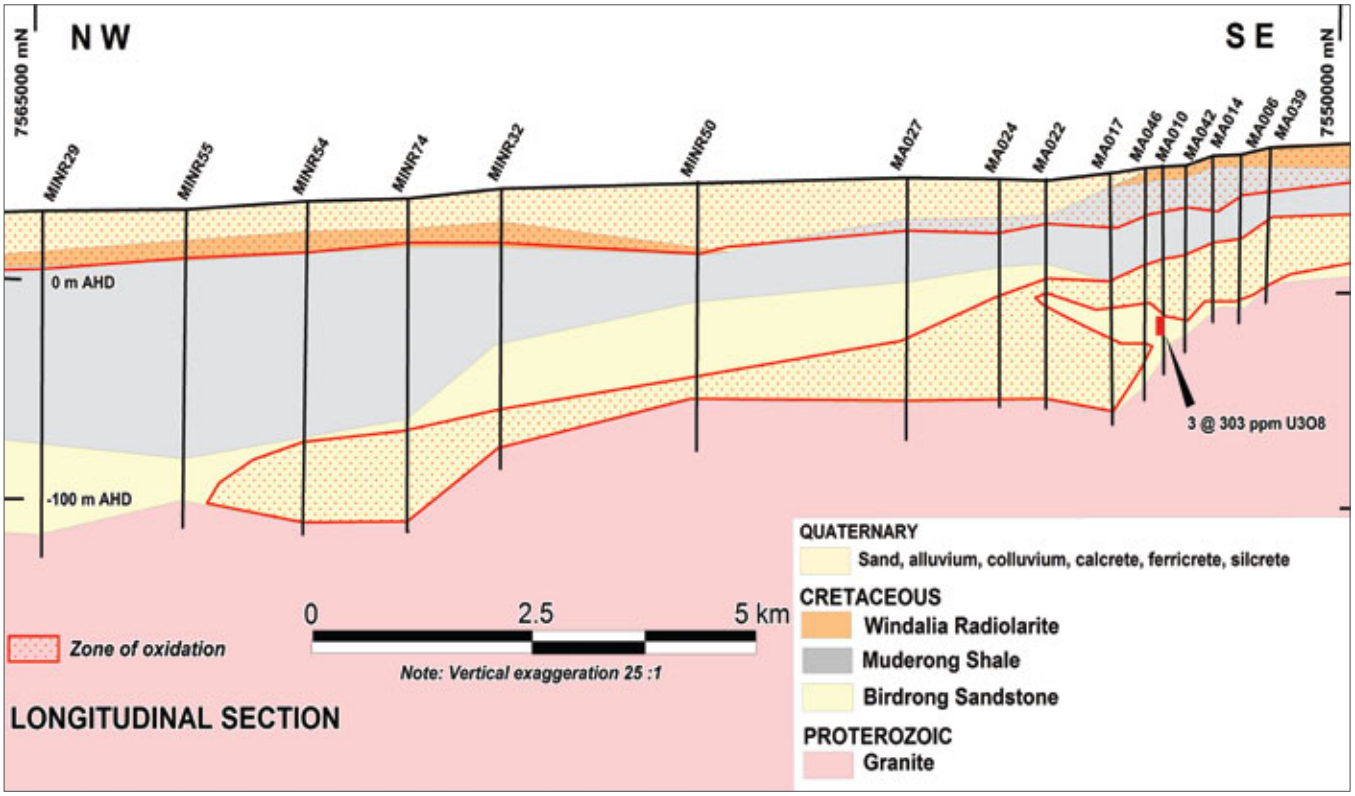


Figure 10 Longtitudinal section along Dunns Channel

## TABLE TOP PROJECT

### Introduction

The Table Top Project is located in the Paterson Province of central northern Western Australia. The southern boundary of the tenement is located some 15km northwest of the large 77Mlb Kintyre uranium deposit, held by Cameco-Mitsubishi. The Kintyre deposit, which was discovered by CRAE (now part of Rio Tinto Limited) in 1985, was sold in August 2008 to Cameco-Mitsubishi for US$495M.

### Tenements

The project is comprised of a single Exploration Licence application (E45/2886) of 61 blocks (194km$^2$) applied for in the name of Carbon Energy Limited. The area, which is located to the north of the Rudall River National Park, is on Martu Native Title determined land.

### Geological Setting

E45/2886 is predominantly underlain by the Coolbro Sandstone, the basal unit of the Yeneena Basin that is part of the Neoproterozoic Centralian Superbasin. The Yeneena Basin is host, at higher stratigraphic levels to the large Telfer Cu-Au deposit (located some 55km to the northeast) and to the Nifty Cu deposit (some 60km to the northwest). The Yeneena Basin unconformably overlies the Rudall Complex, which hosts the Kintyre Deposit.

### Previous Exploration

Given its proximity to Kintyre, there have been a number of previous explorers that have held tenements over the area covered by E45/2886, although little ground based exploration was completed. CRAE explored the area for gold during the period 1980 to 1981 prior to the discovery of the Kintyre uranium deposit and continued to hold the ground until 1987. It located several gold anomalies in both rock chips and stream sediments but these could not be substantiated by later explorers. Uranerz Australia Pty Ltd and Idemitsu Minerals Australia Pty Ltd explored the area during the period 1988 to 1994 as part of a large regional exploration programme.

### Exploration Potential

The Table Top Project is located close to the Kintyre Deposit, which is a major, undeveloped resource containing 77Mlbs of $U_3O_8$ at an average grade of 0.15% $U_3O_8$. The Kintyre Deposit is a basement-hosted deposit of the unconformity-associated type and considered to be geologically similar to many of the deposits in the Alligator Rivers region in the Northern Territory. It comprises mainly pitchblende veining and fractures with hematite alteration in chloritised schists within the Rudall Metamorphics. The mineralisation is within a major northwest trending shear zone which post-dates the Coolbro Sandstone and there is the possibility of uranium mineralisation occurring within fractures in the Coolbro Sandstone and the underlying basement rocks within the Tabletop tenement. This is supported by the occurrence of U-Cu mineralisation within the Coolbro Sandstone at Sunday Creek and Mt Spears located about 30km and 50km respectively to the east of the Kintyre Deposit.

Carbon Energy Limited acquired airborne EM data over the area that had been commissioned by Geoscience Australia as part of a large 33,400km$^2$ regional survey. Preliminary interpretation of the data identified five potential bedrock anomalies which delineate conductors located within the Tabletop tenement (Figure 11) These anomalies have been interpreted as possible steeply dipping bedrock conductors that may represent potential graphitic zones capable of hosting uranium mineralisation.

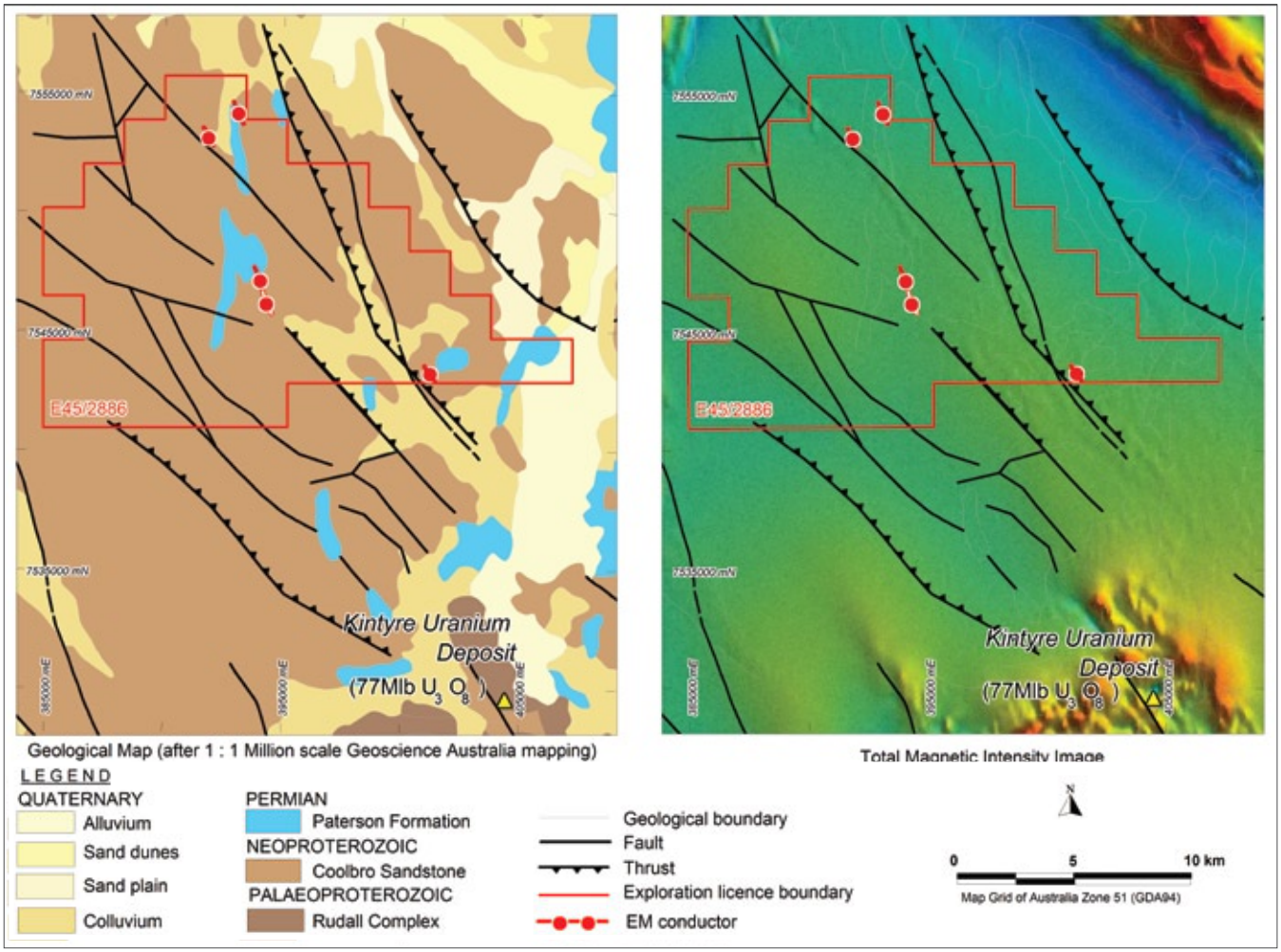


Figure 11 Table Top Project - Location of EM conductors

### Proposed Exploration and Budget

Energia propose to complete a more detailed interpretation of the airborne EM data followed by ground based time domain EM surveys. The ground surveys will provide better definition of the targets for modelling and preparing a drilling programme. Energia's proposed budget for the first two years is presented in Table 7.

Table 7 Table Top Project - Proposed expenditure over two years

| | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
|---|---|---|---|---|
| Activity | Year 1 ($) | Year 2 ($) | Year 1 ($) | Year 2 ($) |
| Drilling | 0 | 26,000 | 0 | 48,000 |
| Assaying | 2,000 | 7,000 | 2,000 | 15,000 |
| Geophysical surveys and interpretation | 12,000 | 4,000 | 20,000 | 13,800 |
| Field supplies and equipment | 1,700 | 3,700 | 4,300 | 7,200 |
| Travel and accommodation | 1,700 | 3,000 | 2,700 | 4,600 |
| Exploration staff and contractors | 16,400 | 18,000 | 28,000 | 41,000 |
| Land access/Heritage/Native title costs | 5,200 | 2,300 | 12,000 | 4,400 |
| Tenement costs | 16,000 | 16,000 | 16,000 | 16,000 |
| **Totals** | **55,000** | **80,000** | **85,000** | **150,000** |

## SOUTH AUSTRALIAN PROJECTS

### Introduction

Energia currently has two project areas within South Australia. The Gawler Project is comprised of six granted Exploration Licences totalling 1,420km$^2$, located in the northern Gawler Craton. The Curnamona Project is comprised of two granted Exploration Licences totalling 204km$^2$ located in the Frome Basin. The tenement locations are shown on Figure 12 and their details are summarised in Table 8.

Within the Gawler Project the primary targets are uranium-bearing IOCG deposits similar to the giant Olympic Dam Cu-Au-Ag-U deposit. Secondary targets include sandstone-hosted U deposits similar to the Honeymoon and Beverley deposits. The target type priorities are reversed within the Curnamona Project.

Table 8 South Australian Projects - Tenement summary

| Project & Tenement | Tenement | Grant Date[1] | Area (km$^2$) | Annual Rent ($) | Exploration Expenditure[2] ($) |
|---|---|---|---|---|---|
| Gawler Project | | | | | |
| Lake Eyre 1 | EL 3650 | 13-Nov-06 | 243 | 1,474 | 180,000 |
| Blyth Creek | EL 3680 | 02-Jan-07 | 369 | 3,050 | 160,000 |
| Balta Baltana | EL 3682 | 02-Jan-07 | 348 | 2,140 | 195,000 |
| Hidden Swamp | EL 3683 | 02-Jan-07 | 145 | 1,102 | 135,000 |
| Lake Eyre 2 | EL 3957 | 22-Oct-07 | 220 | 3,426 | 145,000 |
| West Lake Eyre | EL 3958 | 22-Oct-07 | 94.5 | 1,089 | 85,000 |
| Curnamona Project | | | | | |
| Lake Milyera | EL 4035 | 23-Jan-08 | 152 | 1,155 | 90,000 |
| Coombs Springs | EL 3651 | 13-Nov-06 | 52 | 495 | 115,000 |
| **Totals** | | | **1623** | **13,931** | **1,105,000** |

Note 1: See Solicitor's Report for licence details
Note 2. In South Australia the expenditure commitment is for the term of the licence.
Note 3: Areas for EL3650, 3957 and 3958 shown post 25% reduction made as part of renewal applications pending but not yet enacted.
Note 4: ELs 3682 and 3683 are within the Woomera Prohibited Area. See Solicitors Report for details.


Figure 12 Location plan of the South Australian Projects

### Native Title

All six tenements of the North Gawler Craton Project are covered by a Native Title Claim (SAD6025/98) by the Arabunna Peoples Native Title Claim. One of these tenements (EL3683) is also covered by a claim by the Kokatha Native Title Claim (SAD6013/98). Only the northern part of the two tenements in the Curdamona project is covered by a native title claim by the Adnyamathanha No.1 claim (SAD6001/98). An Indigenous Land Use agreement (ILUA) is registered between the State of South Australia and the Arabunna Native title people (Arabunna ILUA) that affects ELs 3680, 3682, 3957 and 3958. Details of these matters are given in the Solicitor's report elsewhere in this Prospectus.

### Gawler Project

The Hidden Swamp and Balta Baltana tenements are located to the northwest of the Olympic Dam deposit within a structural trend which includes the recent discoveries at Carrapateena and Prominent Hill. The other four tenements are located along an interpreted parallel corridor situated some 120km to the northeast (Figure 13).

*Geological Setting*

The Gawler Project tenements are located over alluvium covered rocks of the Stuart Shelf portion of the Gawler Craton. The exploration targets are coincident magnetic and gravity anomalies within the Proterozoic basement rocks similar to the large Olympic Dam Deposit, which in addition to copper and gold contains in excess of 5 billion pounds of $U_3O_8$.

*Balta Baltana (EL3682)*

The Balta Baltana tenement is located 200km northwest of Olympic Dam and 60km north of Prominent Hill. It is located in a zone of subdued and linear magnetic responses but the area is adjacent to the large high-intensity magnetic zone that contains Prominent Hill, and several other iron-rich alteration systems such as the Cairn Hill Fe-Cu-Au prospect (Figure 12).

Ground gravity by Carbon Energy Limited has been carried out over selected target areas, and geophysical modelling will be undertaken to refine cover depths and confirm the optimum drill test.

*Lake Eyre tenements (EL 3650, 3957 and 3958)*

These three tenements are located on the northeastern margin of the Gawler Craton (Figure 14), where there is limited basement exposure. Surface geology is dominated by units of the Mesozoic Eromanga Basin (a sub-unit of the Great Artesian Basin) together with younger alluvium, aeolian sands and salt lake-derived kopai. The tenements are immediately northeast of the exposed area of Neoproterozoic sediments, which overlie the older Proterozoic metamorphics that contain numerous but small Cu shows.

The underlying Mesoproterozoic sequences are prospective for IOCG deposits, but an unknown factor is the thickness of possible Neoproterozoic sediments which may exceed 600m. The aeromagnetic images show a high degree of detail however, and in the absence of any drill hole to basement in the area, the depth to the crystalline basement may be significantly less 600m.

Three target areas (LE1, LE2 & LE4) based on regional aeromagnetics and regional gravity surveys were covered by detailed ground gravity (Figure 14) which showed coincident or near coincident magnetic and gravity anomalies.

*Blyth Creek (EL3680)*

The Blyth Creek tenement is located some 80km northwest of the Lake Eyre tenements in a similar geological setting, although the existence of scattered outcrops of Peake Metamorphics to the southeast and south of the tenement as well as to the west indicates that cover thickness may be substantially less than is the case at Lake Eyre.

A semi-detailed gravity survey was completed in 2007 by Carbon Energy Limited as part of a joint initiative with PIRSA, to extend detailed coverage over the Northern Olympic Domain. Priority targets have been selected on the basis of magnetic and some semi-detailed gravity interpretations and on the basis of structural interpretation. These targets have not yet been tested. Of particular interest is target BC4 characterised by a linear gravity high trending north at a high angle to the dominant east-northeast structural trend of the basement (Figure 15). The gravity high corresponds with a structural break evident on the aeromagnetics. Cover in this area is interpreted to be less than 200m and may well be less than 50m given that there is outcrop of metamorphic basement within 8km to the east, south and southwest.

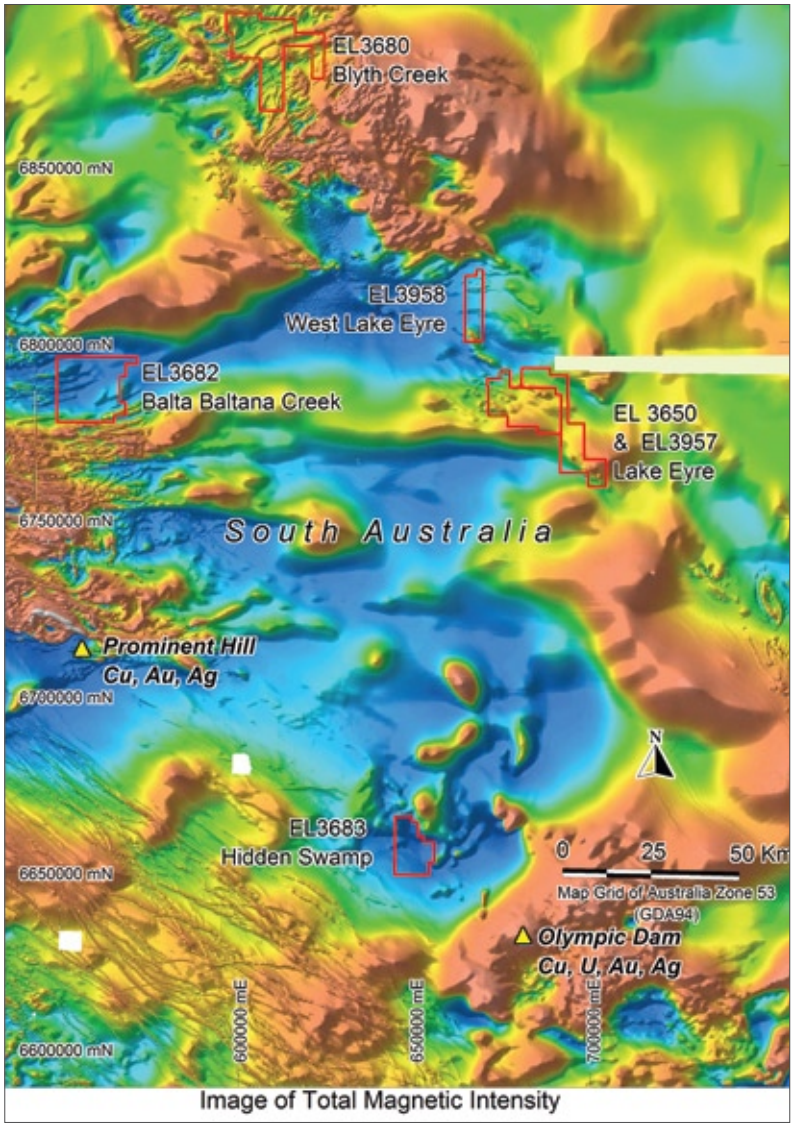


Figure 13 Aeromagnetic setting of the Gawler Craton Projects

This tenement also has significant potential for sandstone-hosted uranium deposits, as palaeochannels of several ages are known on its eastern side. Occurrences of carnotite in sediments of unknown age have been reported by previous explorers along the eastern side of the Peake and Denison Range.

*Hidden Swamp (EL 3683)*

This tenement is located just 40km to the northwest of Olympic Dam along a structural trend. Although the tenement covers an area of low magnetic intensity, a ground gravity survey by Carbon Energy Limited revealed several targets (Figure 16) that are coincident with some low order magnetic anomalies. Proposed exploration will involve further gravity infill for drill target definition as the depth to prospective basement is perhaps in the order of 800 metres.

**Curnamona Project**

The Curnamona Project consists of two contiguous Exploration Licences (EL3651 and EL4035), with a total area of 204km$^2$, located near the northern margin of the Curnamona Craton and immediately southeast of Lake Frome (Figure 17).

The tenements are located in the Frome Embayment, which is an area where Tertiary and younger sediments of the Great Artesian Basin host several major uranium deposits including the Honeymoon, Beverley and Four Mile Well Deposits as well as numerous occurrences and prospects. The Curnamona tenements are prospective for roll front type uranium mineralisation.

The major Billeroo Palaeochannel is interpreted to trend into the Energia tenements from the south and southeast, and known uranium mineralisation occurs within this channel at Gould's Dam some 35km to the south. There may also be potential for basement-hosted Cu-Au deposits, given the presence of the Portia and White Dam prospects, located respectively some 45km and 115km to the southeast.

Previous exploration within the tenement area was focussed on testing post-Mesozoic sediments for roll-front U mineralisation. Although the work demonstrated the presence of suitable lithologies, it did not yield any anomalous assays.

**South Australian Projects - Proposed Exploration and Budget**

On the Gawler Project the proposed exploration of the tenements will include some infill gravity surveys to more closely define targets for drill testing for the Olympic Dam style of mineralisation. Elsewhere on the tenements, gravity surveys will be used to locate buried palaeochannels that can be tested by scout drilling for uranium mineralisation.

On the Curnamona Project, Energia propose to complete a series of close-spaced gravity traverses to locate palaeochannels for drill testing and to assess the potential for coincident magnetic-gravity anomalies at economically feasible depths within the basement.

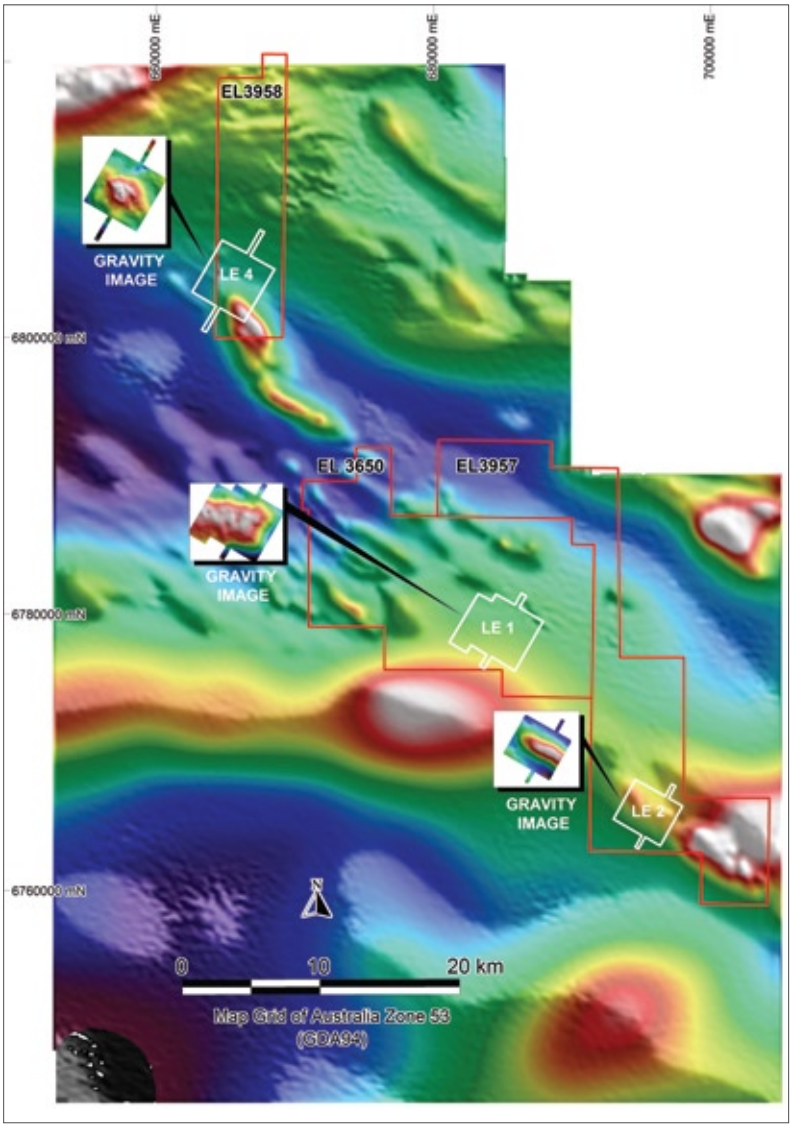


Figure 14 Lake Eyre tenements – Location of gravity anomalies

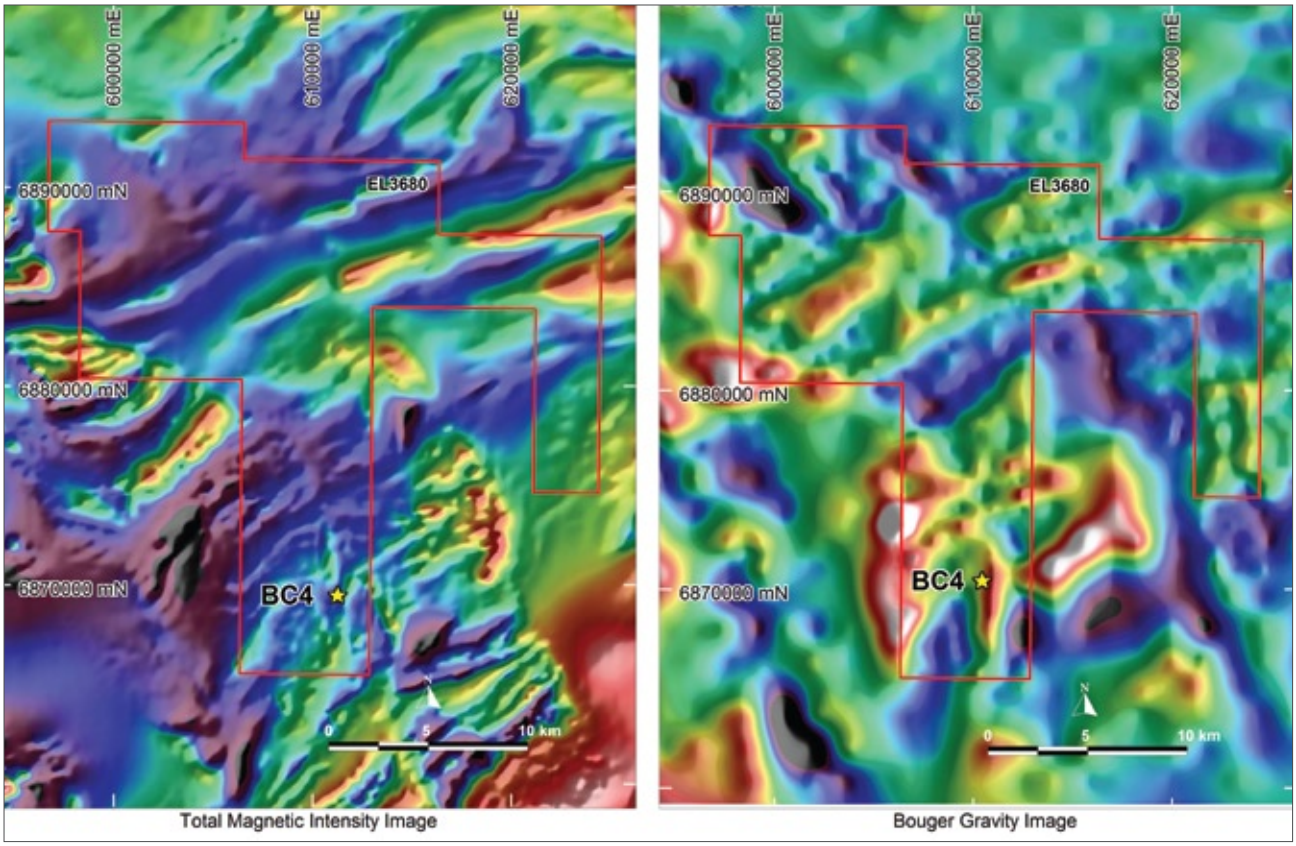


Figure 15 Blyth Creek geophysics

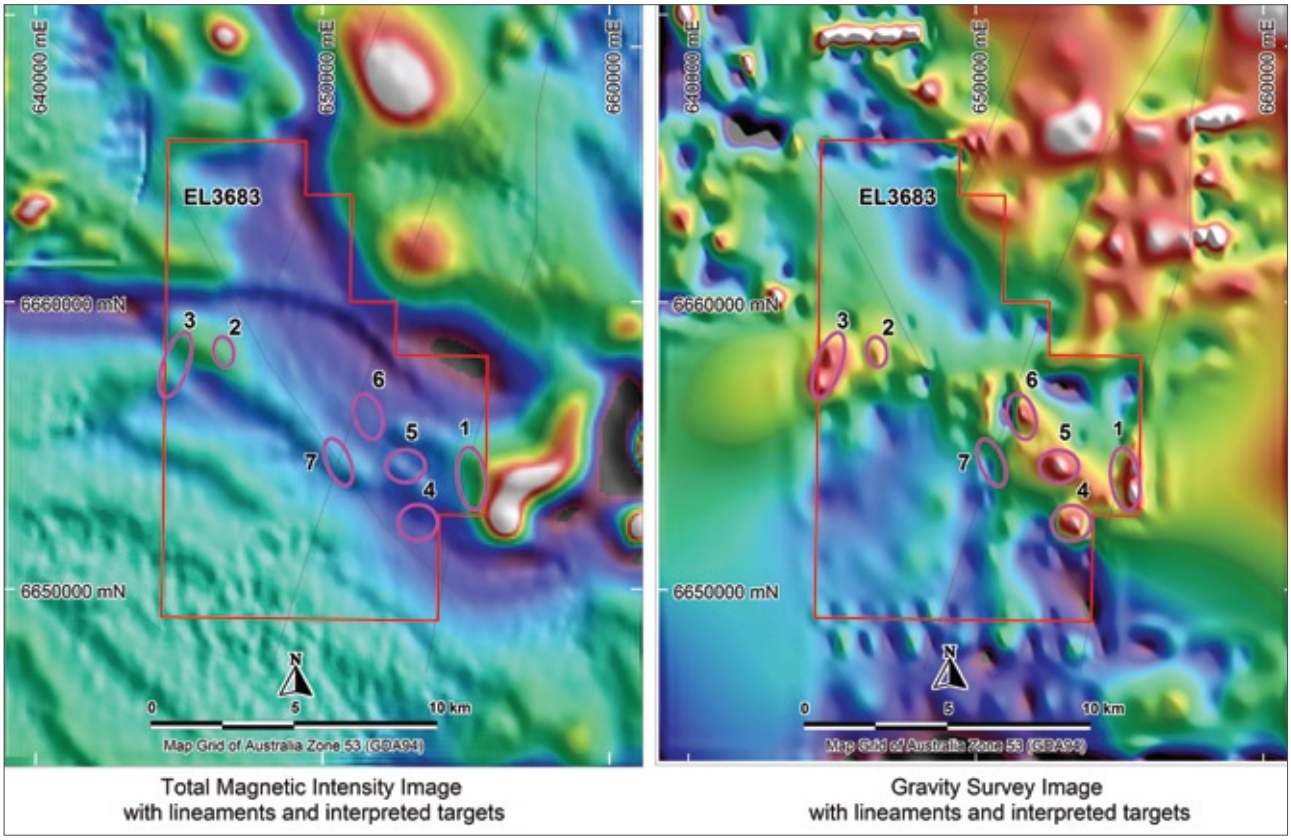


Figure 16 Hidden Swamp geophysical targets

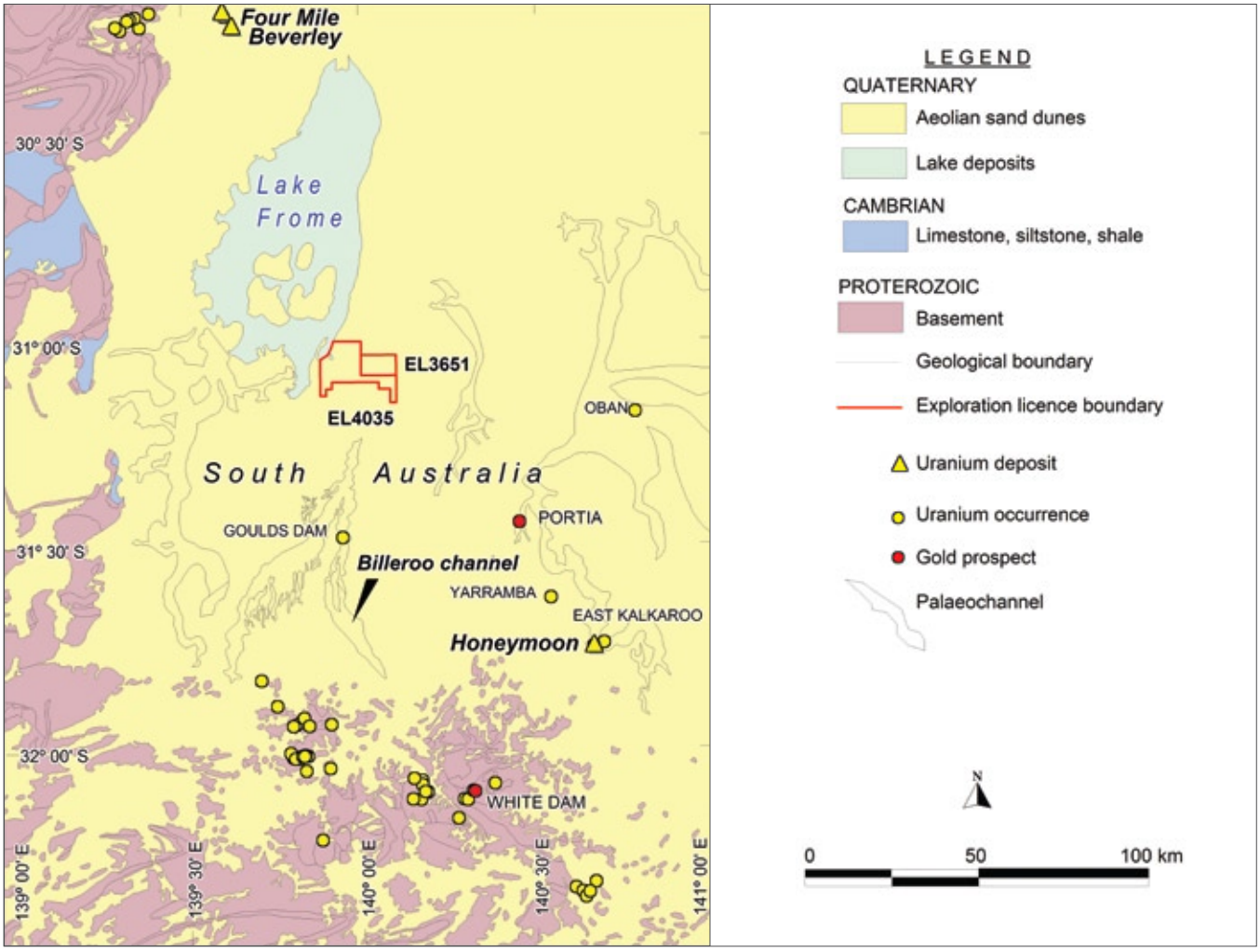


Figure 17 Geological setting of the Curnamona Project

Energia's proposed budget for the first two years of its South Australian projects is given in Table 9.

Table 9 South Australian Projects - Proposed expenditure over two years

| | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
|---|---|---|---|---|
| Activity | Year 1 ($) | Year 2 ($) | Year 1 ($) | Year 2 ($) |
| Drilling | 150,000 | 190,000 | 250,000 | 320,000 |
| Assaying | 57,000 | 60,000 | 80,000 | 90,000 |
| Geophysical surveys and interpretation | 48,000 | 60,000 | 60,000 | 105,000 |
| Field supplies and equipment | 19,000 | 24,000 | 35,000 | 38,000 |
| Travel and accommodation | 15,000 | 16,600 | 25,000 | 28,000 |
| Exploration staff and contractors | 75,000 | 74,000 | 150,000 | 110,000 |
| Land access/Heritage/Native title costs | 15,500 | 13,000 | 25,000 | 28,000 |
| Tenement costs | 14,000 | 14,000 | 14,000 | 14,500 |
| **Totals** | **393,500** | **451,600** | **639,000** | **733,500** |


Figure 18 Westmoreland and McArthur Projects - Location plan

## WESTMORELAND AND MCARTHUR PROJECTS

### Introduction

The Westmoreland Project is comprised of two Exploration Permits for Minerals (EPM) applications in Queensland and one EL application in the Northern Territory (Figure 18). The three applications covering an area of 1,476km$^2$ are prospective for uranium. The two EPM applications are located in far north-western Queensland some 50km east of the Northern Territory border. EL25269 is located 54km at its closest edge west of the Queensland border.

The McArthur Project contains a single EL application located 250km to the northwest of the Queensland border.

The project tenements are located within a belt of Proterozoic rocks that contain a number of major uranium deposits including the large Ranger and Jabiluka deposits in the Alligator Rivers area of Arnhemland (NT), and the Westmoreland deposits located in the southeastern McArthur Basin near the Murhpy Inlier (Qld). The current Queensland government is opposed to uranium mining, but the Northern Territory government is not.

### Tenements

Two tenement applications EMP15489 and 15491 totalling 567km$^2$ are located in the far northwest of Queensland adjacent to the Northern Territory border. The Northern Territory applications are located variably 100km to the west (EL25269) and 350km to the northwest (EL25272) of the Queensland tenements.

### Native Title

The two Queensland tenements are covered by a Native Title claim (QUD66/05) lodged by the Gangalidda and Garawa People. In accordance with the Aboriginal Land Rights (NT) Act, consent to negotiate with the relevant Land Council (NLC) is required in the case of the two Northern Territory applications, and has been given in both cases.

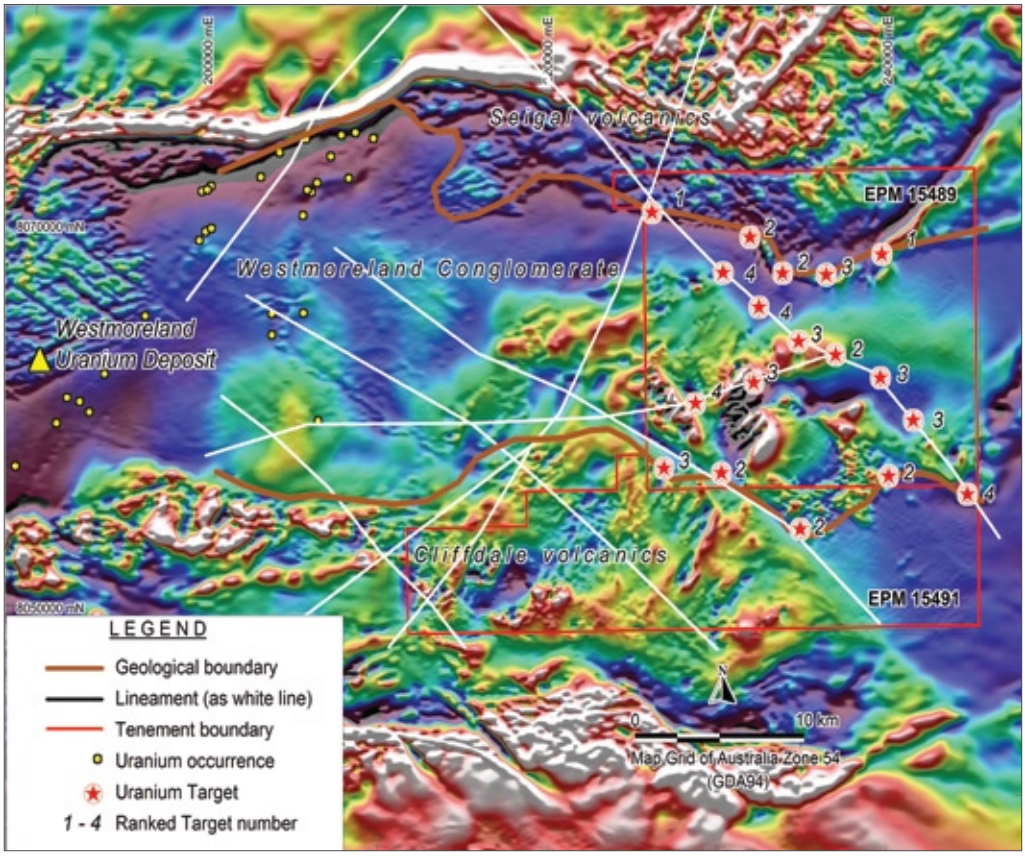


Figure 19 Westmoreland Project - Location of interpreted targets

Table 10 Westmoreland and McArthur Projects - Tenement summary

| Project | Tenement | Grant date | Area ($km^2$) | Rent | Annual Expenditure |
|---|---|---|---|---|---|
| Westmoreland - Qld | EPM 15489 | Application | 328 | - | - |
| Westmoreland - Qld | EPM 15491 | Application | 239 | - | - |
| Westmoreland - NT | EL 25269 | Application | 372 | - | - |
| McArthur - NT | EL 25272 | Application | 537 | - | - |
| **Total** | | | **1,476** | | |

**Westmoreland Project**

*Geological Setting*

The three tenements closest to the Northern Territory - Queensland border straddle the unconformable contact between the Paleoproterozoic Murphy Inlier and the Early Mesoproterozoic Westmoreland Conglomerate (the basal unit of the McArthur Basin) in an area where they are concealed by recent flood plain sediments.

The largest uranium deposit in the district is the Westmoreland Deposit in which uranium mineralisation occurs as both flat-lying tabular lenses in indurated sandstone units associated with altered mafic dykes, and in steep zones along dyke margins and dyke-filled faults. The mineralisation is generally hosted by indurated sandstones, associated with chlorite and later hematite alteration.

In some cases the mineralisation is accompanied by gold and anomalous PGM (platinum group metals) values.

The main age of mineralisation in the Westmoreland area is interpreted to be approximately 1,650Ma, post-dating the age of the host sediments by some 100My. Even though the bulk of known mineralisation at Westmoreland is well above the unconformity, there are parallels with the world-class unconformity-associated deposits beneath similar aged conglomerates in the Alligator Rivers region of the Northern Territory (Jabiluka, Koongarra, etc).

The Energia tenements encompass the eastward strike continuation of the prospective host unit together with the potentially prospective unconformity and basement. Both tenements are essentially flat and featureless, lying within the floodplain area to the northeast of low ranges. The southern EL is inferred to be underlain predominantly by basement whereas the northern tenement is dominated by the prospective Westmoreland conglomerate under shallow alluvial and colluvial cover.

*Previous exploration*

Uranium mineralisation in the region was first discovered in the district in 1955 and since that time, numerous occurrences have been located, extending to the west over some 100km into the Northern Territory.

Several companies have actively explored the tenements previously, applying a range of techniques to explore for a number of different commodities and mineralisation styles. The period from 1968 to 1975 and from 1997 to 2000 saw the bulk of previous exploration activity in the immediate area of interest. The bulk of exploration activity has been directed towards locating hydrothermal uranium mineralisation, although there has also been some interest in sediment-hosted base metal mineralisation as well as some limited work on mesothermal Au mineralisation.

The largest uranium deposit discovered to date within the Westmoreland region is the Westmoreland Deposit, now held by Laramide Resources Ltd, which contains 51.9Mlb of $U_3O_8$ comprising Indicated Resources of 15.9Mlb of $U_3O_8$ at 0.083% and Inferred Resources of 36Mlb of $U_3O_8$ at 0.089% at a 0.02% cut-off.

*Exploration Potential*

Carbon Energy Limited has compiled previous work, flown a detailed aeromagnetic/radiometric survey (in collaboration with a larger survey by the Queensland Department of Minerals and Energy) and has used this data in an interpretation and targeting exercise.

Based upon the review of previous work and the recently compiled geophysics data, eighteen targets have been defined by Energia for follow-up exploration on the Westmoreland applications. These targets reflect various known and inferred mineralisation controls and settings and are shown on Figure 19.

*Proposed Exploration*

The proposed exploration will focus on the definition of drilling targets using detailed ground geophysical methods followed by reconnaissance RAB and RC drilling.

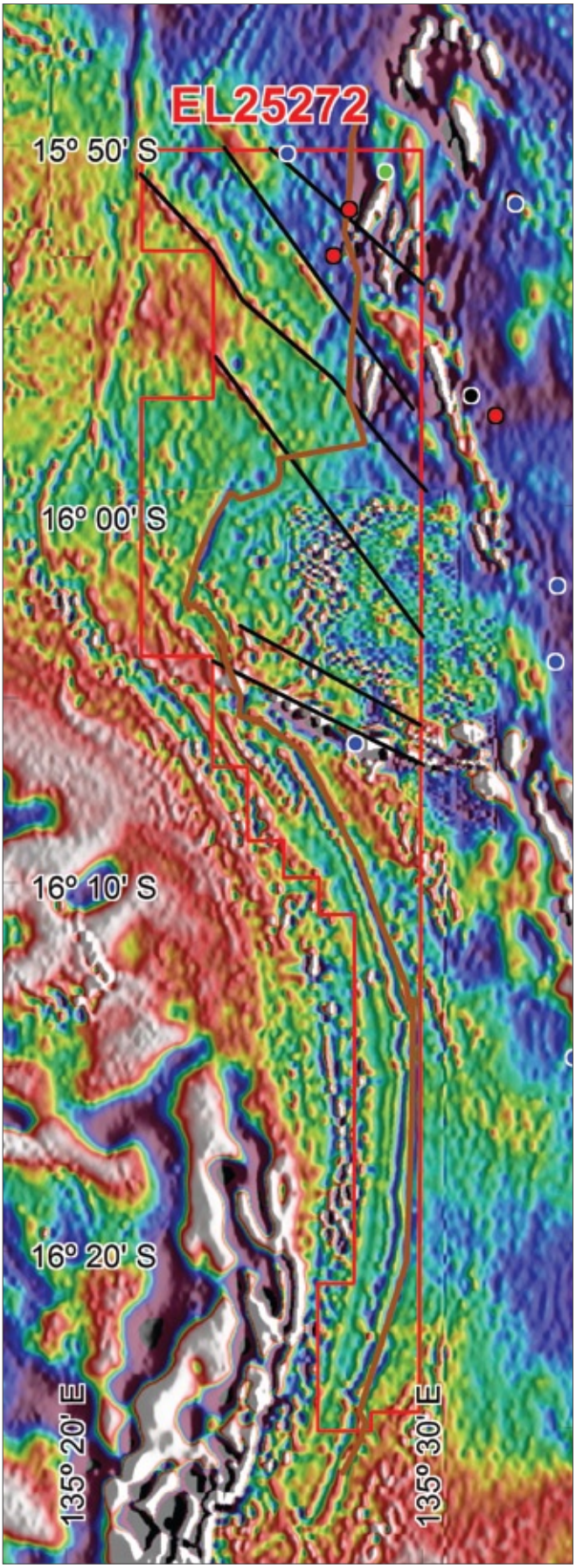


Figure 20 McArthur Project - Geophysical setting

### McArthur Project

The McArthur Project consists of a single Exploration Licence application of 537km$^2$ located along the southwestern edge of the Proterozoic McArthur Basin. The tenement covers a 64km strike length of an unconformable interface between underlying Paleoproterozoic basement and the overlying Mesoproterozoic sediments. Stratigraphic unconformities of this type have the possibility of hosting uranium mineralisation.

The tenement area has previously been explored for diamonds and base metals during the 1990s and has been included in large regional surveys for these commodities. There is no record of any previous uranium exploration having taken place within the tenement.

Following the grant of the tenement, the proposed exploration will include data compilation, reconnaissance gravity surveys and scout drilling.

### Northern Territory and Queensland Projects –Proposed Budget

Energia has proposed a single budget for all of the Northern Territory projects encompassing the McArthur Project, and the Westmoreland Project tenement that is within the Northern Territory (Table 11). As noted below, the Alice Springs Projects are in moratorium and hence no exploration work is contemplated.

Table 11 Northern Territory Projects - Proposed expenditure over two years

| | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
|---|---|---|---|---|
| Activity | Year 1 ($) | Year 2 ($) | Year 1 ($) | Year 2 ($) |
| Drilling | 0 | 45,000 | 0 | 60,000 |
| Assaying | 3,200 | 15,000 | 6,000 | 20,000 |
| Geophysical surveys and interpretation | 20,000 | 12,000 | 24,300 | 22,000 |
| Field supplies and equipment | 4,300 | 10,000 | 23,000 | 18,000 |
| Travel and accommodation | 6,000 | 4,000 | 16,000 | 12,800 |
| Exploration staff and contractors | 30,000 | 30,000 | 42,500 | 55,000 |
| Land access/Heritage/Native title costs | 14,000 | 5,800 | 21,000 | 17,000 |
| Tenement costs | 11,200 | 11,200 | 11,200 | 11,200 |
| **Totals** | **88,700** | **133,000** | **144,000** | **216,000** |

A separate budget has been proposed for the two Westmoreland tenements located in Queensland (Table 12).

Table 12 Westmoreland Project - Proposed expenditure over two years

| | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
|---|---|---|---|---|
| Activity | Year 1 ($) | Year 2 ($) | Year 1 ($) | Year 2 ($) |
| Drilling | 0 | 40,000 | 0 | 65,000 |
| Assaying | 8,000 | 12,000 | 8,000 | 21,000 |
| Geophysical surveys and interpretation | 7,100 | 10,500 | 18,000 | 15,000 |
| Field supplies and equipment | 2,000 | 5,400 | 3,600 | 9,100 |
| Travel and accommodation | 1,400 | 4,200 | 2,400 | 5,900 |
| Exploration staff and contractors | 13,400 | 29,500 | 24,000 | 57,000 |
| Land access/Heritage/Native title costs | 2,500 | 3,800 | 6,000 | 5,000 |
| Tenement costs | 10,000 | 11,000 | 10,000 | 11,000 |
| **Totals** | **44,400** | **116,400** | **72,000** | **189,000** |

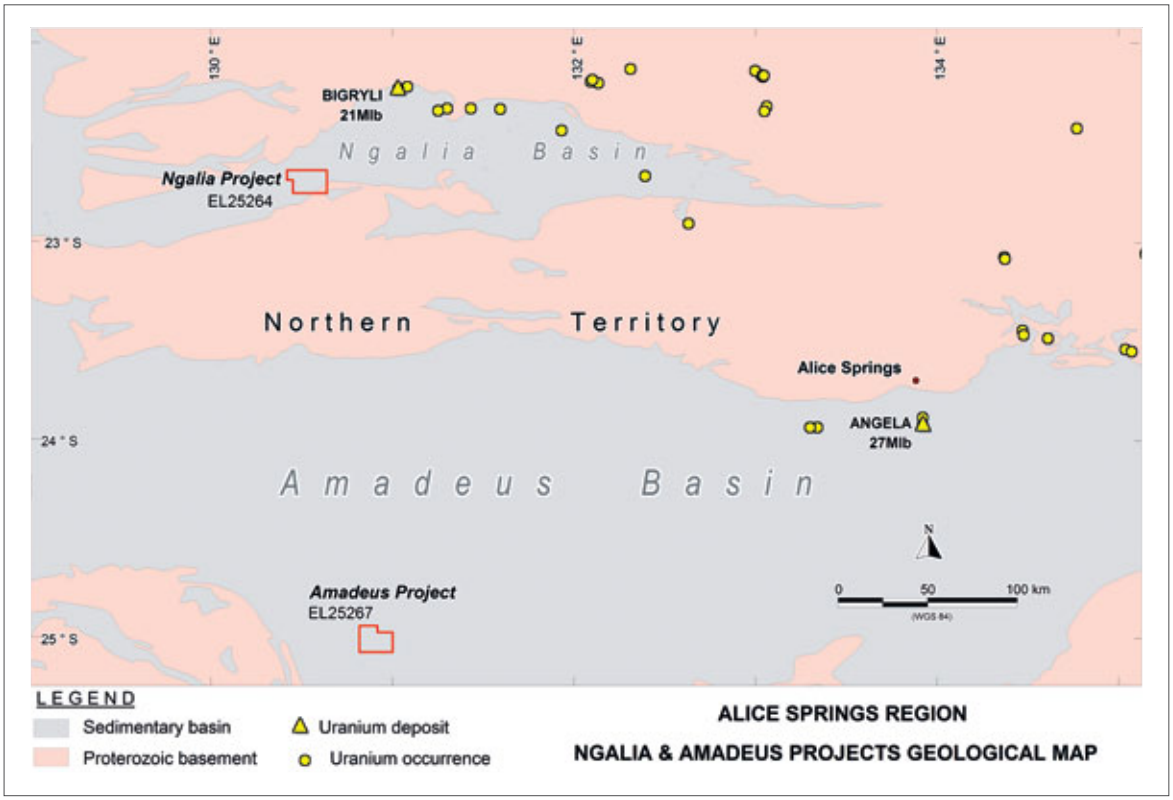


Figure 21 Ngalia and Amadeus Projects - Location plan

## ALICE SPRINGS PROJECTS

### Introduction

The Alice Springs Projects consist of two Exploration Licence applications located in the Ngalia and Amadeus Basins in the southern part of the Northern Territory that are prospective for sandstone-hosted uranium mineralisation. The Ngalia and Amadeus tenements are located 350km northwest and 330km southwest respectively from Alice Springs. There has been very little recorded previous exploration in the area of the two tenements, with part of the Ngalia tenement explored during the period 1972 to 1976.

*Tenements*

Both the Ngalia EL application of 269.1km$^2$ and the Amadeus EL application of 242.8km$^2$ were applied for in the name of Carbon Energy Limited. In accordance with the Aboriginal Land Rights (NT) Act, consent to negotiate with the relevant Land Council is required, and was given in both cases. However, both applications are subject to five-year moratoriums imposed by the Central Land Council (CLC). As a consequence, no ground-based exploration activities are contemplated.

*Geological Setting of the Ngalia Basin*

The Ngalia Basin, which extends across the southern part of the Northern Territory, contains a stratigraphic sequence composed by continental and shallow-marine sediments ranging in age from Neoproterozoic to Carboniferous. The Ngalia Basin unconformably overlies a Paleoproterozoic assemblage of high-grade metamorphics, forming the basement Arunta Complex.

The Ngalia Basin succession comprises basal Neoproterozoic continental and fluvioglacial sediments that are unconformably overlain by Cambrian and Ordovician sediments, which are in turn overlain by Devonian to Carboniferous fluvial sediments which were deposited following uplift during the Alice Springs Orogeny. Uranium mineralisation occurs within the Devonian to Carboniferous Mount Eclipse Sandstone, which is a medium to coarse-grained arkosic sandstone containing conglomerate lenses and carbonaceous material.

*Geological Setting of the Amadeus Basin*

A similar geological setting is found in the Amadeus Basin, where the Neoproterozoic basement is comprised of shelf, lagoonal and continental fluvio-glacial sediments and minor volcanics. The basement rocks are unconformably overlain by Cambrian sediments, which are in turn unconformably overlain by Late Cambrian to Ordovician marine sediments. In some parts of the basin there is a further succession of continental Devonian to Carboniferous sediments. Uranium mineralisation occurs within sandstones of the Late Devonian Undandita Member, such as at the Angela Deposit.

*Exploration Potential*

There is potential for sandstone-type uranium deposits similar to the 21Mlb Bigrlyi Deposit and the 27Mlb Angela Deposit, which are located in similar stratigraphic positions respectively 65km northeast of the Ngalia Project and 325km northeast of the Amadeus Project (Figure 21). These deposits occur along the margins of the basins, within sandstones that include some carbonaceous detritus. These sandstones have acted as pathways for U and V-rich solutions from the surrounding highlands of the Arunta Complex and the U minerals were precipitated in the reducing environment generated by the presence of carbonaceous matter and pyrite in the sandstone.

*Proposed Exploration and Budget*

In consequence of the 5 year moratorium imposed on both applications in the Alice Springs Projects, no exploration activity is contemplated and no specific budget allocation has been made.

## LOMBARDIA PROJECTS, ITALY

### Introduction

Energia has seven granted licenses and applications for a further two exploration permits totalling 39km² in the Bergamo Province of the Lombardia Region, northern Italy. The three projects areas (Novazza, Gorno and Val Camonica) are located between 60 and 90km northeast of Milan. The region is located in the western part of the Italian Alps (also known as the Orobic Alps) some 20-40 km south of the Swiss border.

In ancient times, Italy was a source for a wide range of metallic and non-metallic materials, principally mercury, lead, zinc silver, antimony, fluorite, barite, iron and pyrite. Metallic mining activity decreased markedly in the 1970s and 1980s but in recent years there has been an increase in exploration activity with a number of Canadian companies exploring for gold and base metals. The Energia tenements and application areas are prospective for zinc, lead and uranium.

Although recent political changes appear to be improving with the acceptance of nuclear power at the national level within Italy it is still possible that there may be significant local opposition to any proposals for uranium exploration and future potential mine development.

The geology of Northern Italy is part of the Alpine Orogenic Belt, which in turn is part of the trans-global Alpine-Himalayan Orogenic System. This system extends from northwestern Italy east through Eastern Europe into Asia. Parts of this system are heavily endowed with world class mineral deposits such as the Tethyan Eurasian Metallogenic Belt.

*Tenements*

The Lombardia Projects include seven granted tenements and two applications totalling 39km², as shown in Table 13. Further details are given in the Lawyer's Report on Italian Tenements elsewhere in the Prospectus.

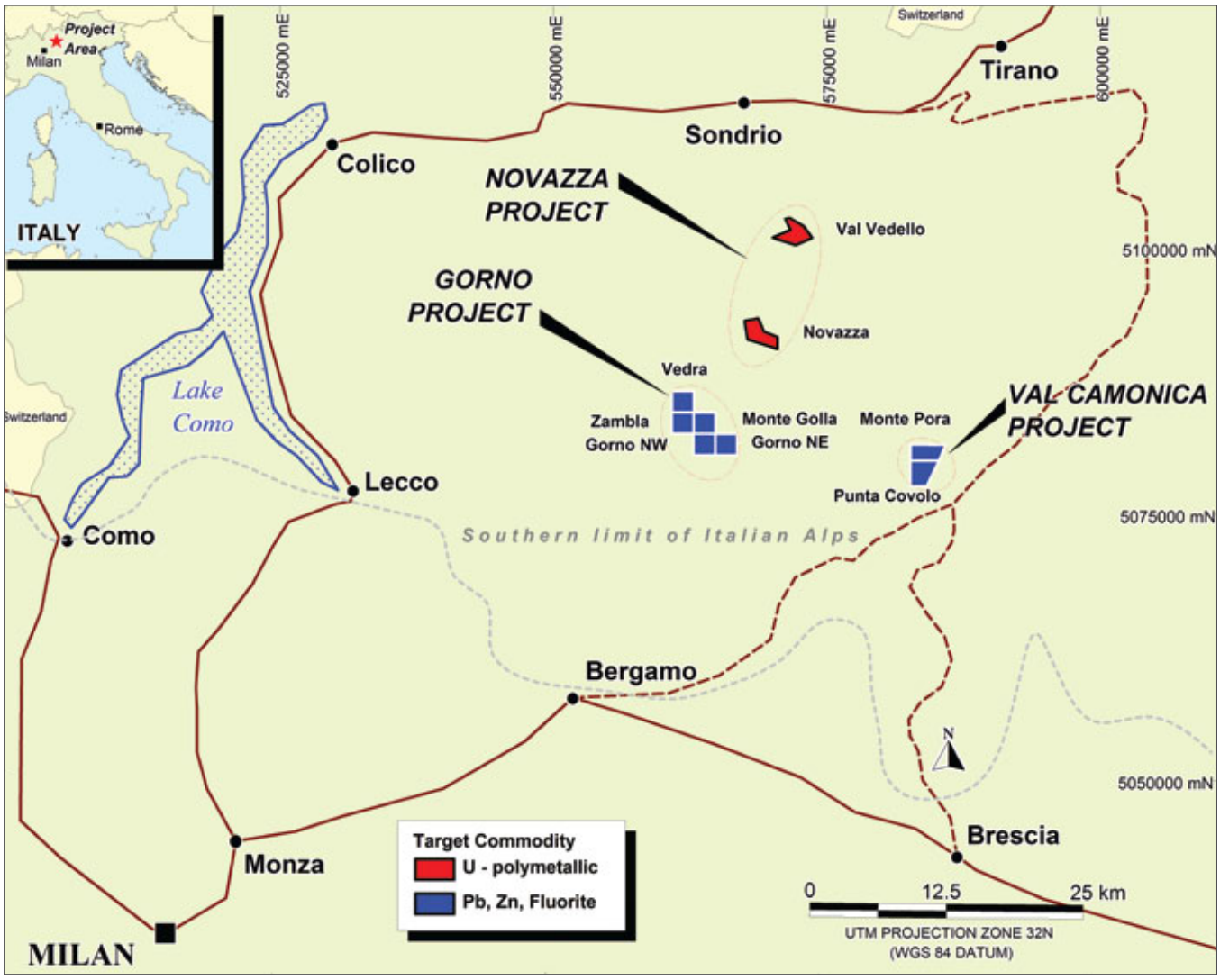


Figure 22 Lombardia Projects - Location plan

Table 13 Lombardia Projects - Tenement summary

| Tenement | Grant date | Area ($km^2$) | Rent |
|---|---|---|---|
| Novazza U – polymetallic Project | | | |
| Val Vedello | Application | 5.0 | - |
| Novazza | Application | 5.0 | - |
| | | | |
| Val Camonica Pb-Zn-Fluorite Project | | | |
| Monte Pora * | 5 Mar 2008 | 4.0 | $2,960 |
| Punta Covolo * | 5 Mar 2008 | 5.0 | $3,340 |
| Gorno Pb-Zn-Fluorite Project | | | |
| Vedra | 5 Mar 2008 | 4.0 | $2,705 |
| Zambla | 5 Mar 2008 | 4.0 | $2,705 |
| Monte Golla | 5 Mar 2008 | 4.0 | $2,705 |
| Gorno NW | 5 Mar 2008 | 4.0 | $2,705 |
| Gorno NE | 5 Mar 2008 | 4.0 | $2,705 |
| **Totals** | | **39.0** | **$19,825** |

* Note Notification of grant has been received for the two Val Camonica tenements and rates have been paid. However, licence documents have not yet been received.

**Regional geological setting**

The prospective areas in northern Italy are within Palaeozoic and Mesozoic sequences that are preserved as tectonic slices in the younger Cenozoic-Recent orogenic event that formed the Southern Alps during continental collision of Africa and Europe.

Mineralisation at both Novazza and Val Vedello is hosted in Permian volcanics and volcanogenic sediments that originally developed in fault-bounded extensional basins over metamorphic basement. By contrast, the deposits in the Gorno leases and the occurrences at Val Camonica are hosted in later mid-Triassic sediments that formed a widespread platform and shelf sequence dominated by carbonates with lesser terrigenous sediments and rare but numerous distal volcanic units. Local correlations throughout the region are hampered by numerous younger thrust faults.

*Gorno and Val Camonica Pb-Zn-Fluorite Projects*

The tenements of the Gorno and Val Camonica Projects are located within a Triassic sequence of limestone, dolomite and shale. This type of Pb-Zn mineralisation is known as Mississippi Valley Type (MVT) or Alpine-type (APT) and numerous occurrences are known within the Central Alps and the adjacent European Platform of South Germany. The Gorno tenements contain known Pb-Zn occurrences, some of which have been mined as late as the 1970s.

*Novazza U-polymetallic Project*

Although base metal sulphide mineralisation has been known in the region since ancient times, uranium was first discovered in the region the 1960s. Exploration during the period 1975 to 1979, by Italian company Agip S.p.A, included more than 100 surface and underground diamond drill-holes for approximately 2,000m, as well as underground mining development by way of crosscuts and drives totalling over 6,000m. The work was extensive enough to allow pre-JORC historical tonnage and grade estimations to be completed. Based on this work, an Exploration Target of between 2.5 - 3Mlbs of $U_3O_8$ of between 0.1 and 0.2% $U_3O_8$ is inferred to be present. It should be noted that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource on the property and it is uncertain if further exploration will result in discovery of a Mineral Resource on the property.

Mineralisation at Novazza remains open along strike and at depth. It comprises pitchblende associated with massive sulphides (predominantly sphalerite with, in order of decreasing abundance, pyrite, arsenopyrite, marcasite, galena, Pb-Mo sulphide, tetrahedite, and chalcopyrite. It is hosted by an ignimbritic layer within the Permian Collio Formation, which consist of alternations of more or less intensely reworked pyroclastic material, terrigenous sediments, and rhyolitic ignimbrites (Figure 23). The mineralisation is interpreted to be volcanogenic in origin. It is likely that this style of mineralisation will be responsive to a range of ground based geophysical techniques and it is significant that a number of other, less well-investigated uranium occurrences are known in the area.

**Proposed Exploration and Budget**

The proposed exploration of the Lombardia Projects will initially include data compilation of the geological setting, previous exploration and mining data, together with geological mapping and sampling for metallurgical testwork material. Energia's proposed budget for the Lombardia Projects is presented in Table 14.

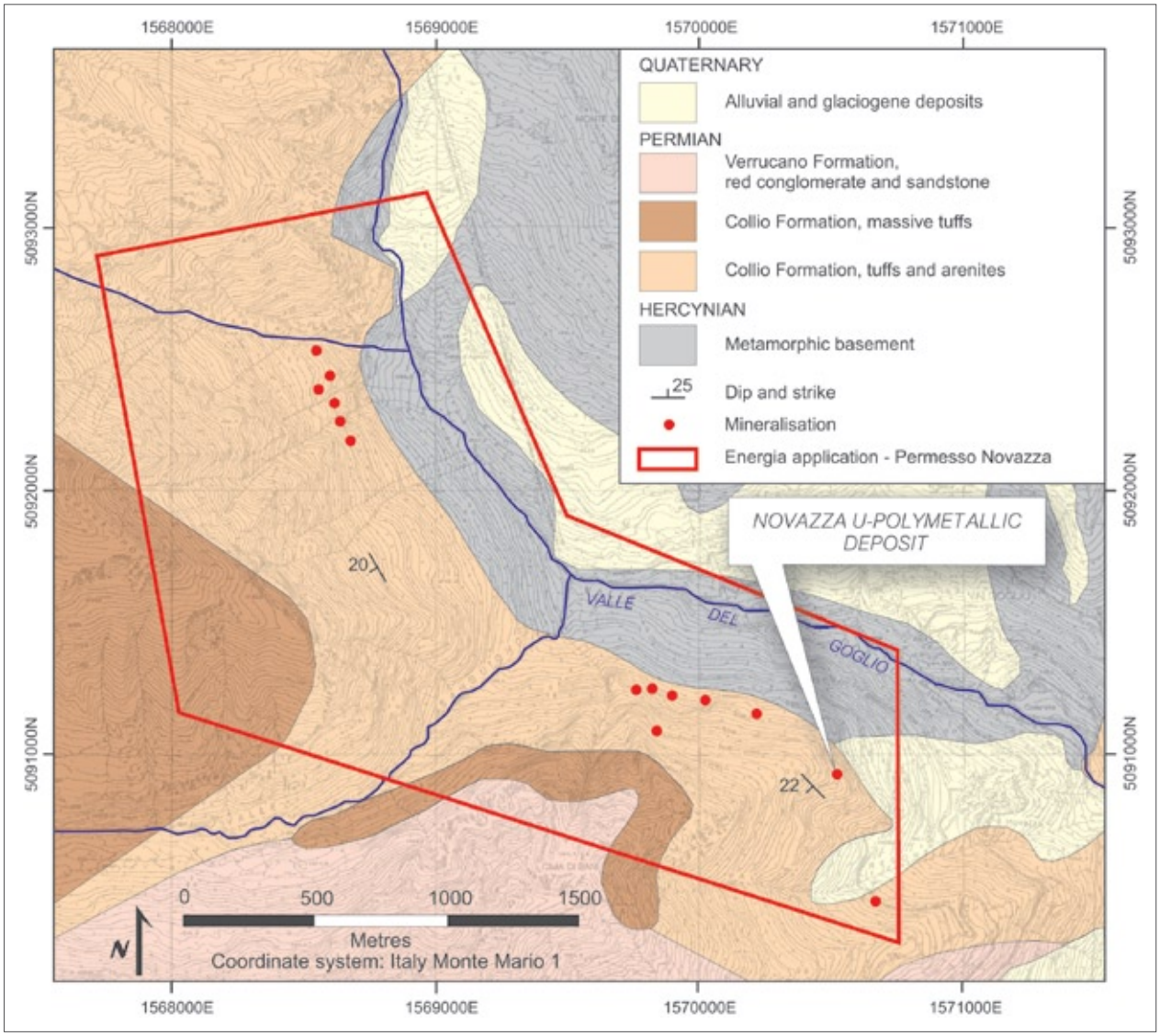


Figure 23 Novazza Tenement – Geological map

Table 14 Lombardia Projects - Proposed expenditure over two years

| | Minimum Subscription ($5 million) | | Full Subscription ($7.5 million) | |
|---|---|---|---|---|
| Activity | Year 1 ($) | Year 2 ($) | Year 1 ($) | Year 2 ($) |
| Drilling | 0 | 0 | 0 | 0 |
| Assaying | 5,000 | 13,500 | 14,000 | 25,000 |
| Geophysical surveys and interpretation | 5,000 | 22,000 | 15,000 | 42,000 |
| Field supplies and equipment | 4,000 | 9,000 | 9,200 | 15,000 |
| Travel and accommodation | 10,000 | 12,000 | 18,000 | 30,000 |
| Exploration staff and contractors | 31,600 | 38,000 | 45,500 | 64,000 |
| Land access | 1,000 | 7,000 | 3,300 | 5,000 |
| Tenement costs | 21,000 | 26,000 | 21,000 | 26,000 |
| **Totals** | **77,600** | **127,500** | **126,000** | **207,000** |

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## GLOSSARY OF GEOLOGICAL AND TECHNICAL TERMS

**Aeromagnetic survey:** A geophysical survey method conducted from an aircraft that measures the magnetic intensities of the rock units below

**Ag:** The chemical symbol for the metallic element silver

**Aircore:** A method of drilling by which a sample, often of unconsolidated material, is passed up the inner tube of a drill stem

**Alluvial:** Result of waterborne process

**Alluvium:** Sediment deposited by river or stream in relatively recent time

**Alteration:** Change in mineralogical composition of a rock; commonly caused by hydrothermal solutions

**Anomaly:** An area highlighted by a geochemical or geophysical survey as possessing greater than background metal values or physical characteristics

**Aquifer:** Porous rock formation through which water may flow

**Arenite:** Sedimentary rock composed of sand sized fragments

**Arkose:** A sandstone in which 25% or more of the grains are feldspar

**Arsenopyrite:** A sulphide mineral; composed of iron,arsenic, and sulphur; (FeAsS)

**Au:** The chemical symbol for the metallic element gold

**Ba:** The chemical symbol for the element barium

**Barite:** A mineral composed of barium sulphate; often indicative of alteration

**Basement:** A series of older rocks, generally igneous and metamorphic with complex structure, that is overlain unconformably by younger less folded sediments

**Base metal:** A relatively common metallic element; especially copper, lead, zinc, or nickel

**Basin:** A general term for an originally depressed area that has been filled with sedimentary rocks

**Bedrock:** Solid rock underlying surficial deposits

**Cainozoic:** An era of geological time, from the beginning of the Tertiary Period (about 65 million years ago) to the present

**Calcrete:** A cemented surficial rock in which the cement is calcium carbonate

**Cambrian:** The period of geological time between about 490 and 545 million years ago

**Carbonaceous:** Rocks containing organically derived carbon

**Carbonate:** A mineral compound containing the radical CO3 anion; especially calcium carbonate (calcite)

**Carboniferous:** The period of geological time between about 300 and 360 million years ago

**Carnotite:** A secondary mineral containing uranium, vanadium, and potassium; with 50% $U_3O_8$

**Chalcopyrite:** A sulphide mineral; composed of copper, iron, and sulphur; (CuFeS2)

**Chemical sediment:** A sedimentary rock formed by the crystallisation of chemicals from a body of water

**Chlorite:** A pale-green platy hydrous silicate mineral related to mica

**Colluvium:** Relatively recent, surficial, sheet-form deposits emplaced by sheet wash or gravity

**Complex:** Group of igneous and or metamorphic rocks

**Conductor:** A conductive rock unit

**Conglomerate:** A sedimentary rock containing rounded to sub-angular granules, pebbles, cobbles, and / or boulders set in a finer grained matrix

**Craton:** A part of the Earth's crust that has been stable and undeformed, except perhaps by faulting, for a long period of time

**Cretaceous:** The final period of the Mesozoic Era; from about 135 to 65 million years ago

**Crosscut:** Horizontal underground opening; normally oriented at right angles to the primary direction of the lodes

**Cu:** The chemical symbol for the metallic element copper

**Detritus:** Material produced by the disintegration and weathering of rocks, which has then been moved from its site of origin

**Devonian:** The period of geological time between about 360 and 410 million years ago

**Diamond drilling :** Method of obtaining cylindrical core of rock by drilling with a diamond-set or diamond-impregnated bit

**Dip:** The angle that a rock unit or structure makes with the horizontal

**Dolomite :** The mineral CaMg(CO3)2, or the rock composed of the mineral

**Dyke:** A tabular igneous intrusion that cuts across the intruded rocks

**EM:** Electromagnetic; a geophysical exploration method

**e$U_3O_8$:** "Equivalent concentration of uranium oxide"; inferred from radiometric reading

**Exploration Target:** A term used in Clause 18 of the JORC Code (2004 Edition) to reflect a statement concerning a mineral occurrence for which insufficient information is available for an estimation of a Mineral Resource or Ore Reserve.

**F:** The chemical symbol for the element fluorine

**Fault:** A fracture in rock along which there has been relative displacement of the two sides

**Fe:** The chemical symbol for the metallic element iron

**Felsic:** Light coloured igneous rock; containing abundant potassium feldspar and quartz

**Fluorite:** A mineral, of composition calcium fluoride; CaF2

**Fluvial:** Produced by river or stream action

**Fluvioglacial:** Sediment deposited by a stream running from a glacier

**Formation:** A formal name for an, often sedimentary, rock unit

**Galena:** A sulphide mineral; composed of lead and sulphur (PbS)

**Geochemistry:** The study of the abundance of elements in rocks and soil by chemical methods

**Geophysics:** The study and measurement of the physical properties of rocks and geological formations

**Glaciogene:** Oof glacial origin

**Gneiss:** High-grade metamorphic rock composed of alternating bands respectively rich in light and dark coloured minerals

**Graben:** An elongate relatively depressed block of rocks that is bounded by faults on its long sides

**Grade:** Expression of relative quality of mineralisation (e.g. high-grade) or of numerical quality (e.g. 1.2% Ni)

**Granite:** A light coloured, relatively coarse-grained igneous rock formed at depth beneath the Earth's surface; comprises large sections of continental crust

**Graphitic:** A rock containing the carbonaceous mineral graphite

**Gravity survey:** A geophysical exploration method based on the detection of buried rock bodies of different density to those surrounding them

**Group:** A major rock stratigraphic unit comprised of two or more associated formations

**Hematite:** A blood-red iron oxide mineral

**Hercynian:** An orogenic event between about 380 and 280 million years ago

**HOISTEM:** A helicopter towed electromagnetic geophysical survey method

**Hydrothermal:** A mineral forming or altering geological process involving hot water-bearing fluids

**Ignimbrite:** Rock formed by the deposition and consolidation of ash flows and gas clouds

**Indicated Resource:** That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade, and mineralogy can be estimated with a reasonable level of confidence

**Inferred Resource:** That part of a Mineral Resource for which tonnage, grade, and mineral content can be estimated with a low level of confidence

**Inlier:** An area of older rocks surrounded by younger rocks

**IOCG:** "Iron oxide-copper-gold"; copper-gold sulphide mineralisation typically occurring with large concentrations of magnetite and hematite

**JORC Code:** The Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves

**Kopai:** A deposit of gypsum; calcium sulphate

**Laterite:** An iron oxide-rich rock formed near the Earth's surface by weathering processes

**Limestone:** A sedimentary rock composed principally of the mineral calcium carbonate

**Lineament:** A linear geological feature

**Lithology:** The characteristics of a rock; especially mineral content,, structure, grainsize, and classification

**m:** Metre

**Ma:** Million years ago; the time of formation of a rock unit

**Mafic:** A dark coloured igneous rock containing a significant percentage of ferromagnesian minerals

**Marcasite:** A variety of pyrite with a different crystal structure; "white iron pyrites"

**Mesoproterozoic:** The middle of the three Proterozoic eras; between about 1,000 and 1,600 million years ago

**Mesothermal:** A hydrothermal mineral deposit formed at considerable depth below the surface within the temperature range of 200o to 300oC

**Mesozoic:** The era of geological time between about 65 and 250 million years ago

**Metallogenic belt:** A belt of rocks containing metal deposits formed during a particular period

**Metamorphic:** A rock that has been altered by physical and chemical processes involving heat, pressure, and / or fluids

**Mineralisation:** The concentration of metals and their minerals within a body of rock

**Mlb:** Million pounds

**Mo:** The chemical symbol for the metallic element molybdenum

**Mt:** Million tonnes

**Mudstone:** A sedimentary rock composed predominantly of approximately equal proportions of clay and silt

**My:** Million years

**Neoproterozoic:** The youngest of the three Proterozoic eras; between about 545 and 1,000 million years ago

**Ordovician:** The period of geological time between about 435 and 490 million years ago

**Orogenic:** Relating to a regional scale earth deforming and metamorphosing event

**Outcrop:** An exposure of bedrock at the surface

**Oxidised:** A rock that has been exposed to air and water causing its minerals to change by the addition of oxygen (and perhaps carbon and water)

**Palaeochannel:** A buried stream channel containing stream sediments

**Palaeozoic:** The era of geological time from the end of the Proterozoic to the beginning of the Mesozoic; between about 580 and 250 million years ago

**Paleoproterozoic:** The oldest of the three Proterozoic eras; between about 1,600 and 2,500 million years ago

**Pb:** The chemical symbol for the metallic element lead

**Pelite:** A very fine-grained sedimentary rock composed of clay particles

**Permeable:** Having a texture that permits water to move through it

**Permian:** The period of geological time between about 250 and 300 million years ago

**PGM:** "Platinum Group Metals": platinum, palladium, osmium, iridium, rhodium and ruthenium; and their naturally occurring alloys

**Phanerozoic:** Geological time from about 545 million years ago

**Pitchblende:** A uranium oxide mineral

**Polymetallic:** Mineralisation containing a number of metals; especially both base and precious metals

**ppm:** Parts per million (106)

**Proterozoic:** The eon of geological time between about 545 and 2,500 millions years ago

**Pyrite:** A mineral composed of iron sulphide (FeS2); "fools gold"

**Pyroclastic:** Clastic rock material derived by explosive expulsion from a volcano

**Quartz:** A mineral composed of silicon and oxygen; forms as hard colourless crystals; a common component of sand

**Quaternary:** The period of geological time from about 2 million years ago to the present

**Radiolarite:** A rock composed of the siliceous skeletons of microscopic marine creatures

**Radiometric:** A geophysical survey exploration method that measures the radioactive properties of rock units

**Reconnaissance:** A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey

**Redox boundary:** The location within a set of rocks at which chemical conditions change or changed from oxidising to reducing

**Resource:** A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics, and continuity are known, estimated, or interpreted from specific geological evidence and knowledge

**Rhyolite:** Felsic volcanic rock; the extrusive equivalent of granite

**Roll-front:** The location in which uranium mineralisation is concentrated at the interface between oxidised and reduced rocks

**Rotary mud hole:** A type of open-hole drilling in which mud is pumped down the hole to prevent unconsolidated walls from collapsing

**Sandplain:** A flat area covered in sand

**Sandstone:** A sedimentary rock composed primarily of sand sized grains

**Schist:** A medium or coarse-grained metamorphic rock with a platy texture due to the sub-parallel orientation of micaceous minerals

**Secondary :** A mineral formed by near surface alteration (by weathering and hydrological processes) from pre-existing minerals; especially related to the enrichment of deposits of economic minerals

**Sediment:** Rock formed by the deposition of solids from water

**Shale:** A very fine-grained sedimentary formed by the lithification of layers of mud and clay

**Shear:** A set of fractures in rock that both distort (shear out) the rock, primarily in a ductile manner, and displace the rocks on its sides, as would a fault

**Silcrete:** A cemented surficial rock in which the cement is silica

**Siltstone:** A fine-grained sedimentary formed by the lithification of layers of silt

**Sphalerite:** The common sulphide mineral of zinc ((Zn,Fe)S)

**Stratigraphy:** The branch of geology to do with the formation, composition, sequence, and correlation of stratified rocks

**Stream sediment** Unconsolidated sediment at the base of a dry or flowing watercourse

**Strike:** The direction of the trace of a geological unit or structure on a horizontal surface

**Structural:** Pertaining to geological structure; including folds, faults, shears, cleavage, and joints; structures range from regional scale to microscopic

**Structure:** Fold, fault, shear, cleavage, joint, or lineation

**Sulphide:** A mineral compound containing sulphur and metal

**TEM:** "Transient electromagnetics"; a geophysical exploration survey method

**Terrigenous sediment:** Shallow marine sediment consisting of material erode from the land surface

**Tertiary:** The period of geological time between about 2 and 65 million years ago

**Tetrahedrite:** A sulphide mineral of containing copper, antimony, iron, sulphur, and varying amounts of zinc, silver, mercury, cobalt, nickel, and lead

**Topography:** The physical features of a region

**Tuff:** Compacted pyroclastic deposit of volcanic ash and dust

**U:** The chemical symbol for the metallic element uranium

**$U_3O_8$:** Uranium oxide

**Unconformity:** A time break between two sets of sedimentary rocks

**V:** The chemical symbol for the metallic element vanadium

**Vein:** A thin sheet-like body within older rock; often within fractures; commonly dominantly quartz

**Volcanic:** Descriptive of rocks originating from volcanic activity

**Volcanogenic:** Formed by processes directly connected with volcanism

**Weathering:** The processes by which rocks at or near the Earth's surface change in mineralogical and chemical composition due to the action of air, water, plants, and temperature changes

**Zn:** The chemical symbol for the metallic element zinc

# SECTION 6
# SOLICITOR'S REPORT ON TENEMENTS

Deacons

16 November 2009

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Dear Directors

**Solicitors' report on mining tenements – Energia Minerals NL**

**1. Introduction**

1.1 This report has been prepared for inclusion in the prospectus to be issued by Energia Minerals NL ABN 63 078 510 988 (to become Energia Minerals Limited) (Company) for the issue of up to 37,500,000 fully paid ordinary shares at $0.20 per share (Prospectus). The Company will seek admission to the Official List of the ASX Limited.

1.2 This report relates to the:

(1) exploration licences granted under the Mining Act 1978 (WA) (WA Mining Act) and the Mining Act 1971 (SA) (SA Mining Act) in which the Company intends to acquire a 100% legal and beneficial interest (Granted Tenements);

(2) exploration licences applied for under the WA Mining Act and the Mining Act 1980 (NT) (NT Mining Act) and the exploration permits applied for under the Mineral Resources Act 1989 (Qld) (Qld Mining Act) in which the Company intends to acquire a 100% legal and beneficial interest (Applications); and

(3) general native title and Aboriginal cultural heritage issues that are relevant to the Tenements.

1.3 In this report, the term "Tenements" means all Granted Tenements and Applications, and "Tenement" means any one of them.

1.4 We instructed that the Company has entered into:

(1) an "Assets sale and purchase agreement" with Carbon Energy Limited (Carbon Energy) dated 16 October 2009 (Carbon Energy Sale Agreement); and

(2) an "Asset sale and purchase agreement" with Skryne Hill Pty Ltd (Skryne Hill) dated 9 October 2009 (Skryne Hill Sale Agreement),

which provide for, amongst other things, the Company's acquisition of a 100% legal and beneficial interest in the Tenements and certain mineral prospecting permits in the Lombardy Region of Italy. Summaries of the Carbon Energy Sale Agreement and the Skryne Hill Sale Agreement are set out in section 9 of the Prospectus, which also forms part of this report. A report from Norton Rose (who are qualified to advise on Italian law) in respect of the Italian mineral prospecting permits is contained in the Prospectus. We note that the mineral prospecting permits referred to in the Norton Rose report are held on trust by Carbon Energy for the benefit of the Company in accordance with the Carbon Energy Sale Agreement.

1.5 Details of the Tenements as disclosed by our searches are identified in Annexure A to this report (Schedule of Tenements), which together with the Notes to the Schedule of Tenements set out at Annexure B (Notes) forms part of this report.

**2. Searches conducted**

2.1 Tenement searches

(1) Between 24 September 2009 and 29 September 2009 we conducted searches of the Tenements in the public registers maintained by the:

(a) Department of Mines and Petroleum in Western Australia (DMP), which is responsible for the administration of the WA Mining Act;

(b) Department of Primary Industries and Resources in South Australia (DPIR), which is responsible for the administration of the SA Mining Act;

(c) Department of Mines & Energy in Queensland (DME), which is responsible for the administration of the Qld Mining Act; and

(d) Department of Primary Industry, Fisheries and Mines in the Northern Territory (DPIFM), which is responsible for the administration of the NT Mining Act.

(2) We have not conducted searches of any other information relating to the Tenements that may be held by DMP, DPIR, DME and DPIFM.

2.2 Native title searches

On 25 September 2009 we conducted searches of the National Native Title Tribunal (NNTT) registers to determine if any native title applications, native title determinations or Indigenous Land Use Agreements exist in relation to the land the subject of the Tenements.

2.3 Aboriginal cultural heritage

On 25 September 2009 we:

(1) conducted searches of the Register of Aboriginal Sites administered by the Department of Indigenous Affairs in Western Australia (DIA);

(2) conducted searches of the Register of Aboriginal Sites and Objects administered by the Aboriginal Affairs and Reconciliation Division of the Department of Premier and Cabinet in South Australia (AARD);

(3) conducted searches of the Queensland Heritage Register administered by the Cultural Heritage Coordination Unit of the Department of Natural Resources and Water in Queensland (DNRW); and

(4) conducted searches of the Register of Sacred Sites administered by the Aboriginal Areas Protection Authority in the Northern Territory (AAPA).

2.4 Land tenure

We were not instructed to conduct any investigations in relation to the tenure history of the land the subject of the Tenements for the purpose of identifying land in relation to which native title may be extinguished.

**3. Results of searches**

3.1 We have summarised the results of the searches referred to above in the Schedule of Tenements and the Notes.

3.2 As a result of those searches, and subject to the statements set out in this report, we are satisfied that the information and particulars included in this report comprise an accurate statement of the status of the Tenements as at the date on which the searches were conducted and, other than as discussed in paragraph 3.5 below, the Granted Tenements are in good standing. Set out below is a summary of the key points.

3.3 Granted Tenements

Our searches of the public registers maintained by the DMP, DME, DPIR and DPIFM indicate that each of the Granted Tenements has been granted.

3.4 Applications

Our searches of the public registers maintained by the DMP, DME, DPIR and DPIFM indicate that each of the Applications has not been granted as at the date the searches were conducted.

3.5 Expenditure requirements

(1) Our searches of the public registers maintained by the DMP indicate that the expenditure commitments in respect of E08/1499 and E08/1500 for the expenditure year ended 8 June 2009 have not been complied with. The searches also indicate that an application was lodged on 7 August 2009 in respect of each of these Tenements requesting an exemption from compliance with these commitments (Exemption Applications).

(2) If the Exemption Applications are not granted, then E08/1499 and E08/1500 may be liable for forfeiture (either by the Minister for Mines and Petroleum, Western Australia or a third party) or a fine may be imposed in lieu of forfeiture.

3.6 Woomera Prohibited Area

(1) Our searches of the public registers maintained by the DPIR indicate that parts of EL 3682 and EL 3683 are located within the Woomera Prohibited Area (WPA). The WPA is an area in central South Australia which has been designated under the Defence Act 1903 (Cth) and the Defence Force Regulations 1952 (Cth) for use by the Commonwealth of Australia for the testing of war materials.

(2) Under Part VII of the Defence Force Regulations 1952 (Cth), the Director of the Woomera Test Range (Director) has authority, on behalf of the Commonwealth, to control all access to the WPA.

(3) The Company has provided us with copies of correspondence between the Director and Carbon Energy which indicates that the Director has declined Carbon Energy's request for access to the land the subject of EL 3683 on the basis that it is wholly situated in an area in which defence activities are actively conducted and where stringent security and safety procedures are in place.

(4) Carbon Energy and the Department of Defence were parties to an access deed dated 22 October 2008 under which Carbon Energy was granted access to the WPA, which expired on 21 October 2009. The Company has provided us with correspondence from the Director to Carbon Energy which indicates that the Department of Defence is agreeable to Carbon Energy's access arrangements being extended. The Company will, however, need to independently obtain the Director's permission if it wishes to conduct exploration activities on the parts of EL 3682 that are within the WPA.

3.7 Renewal of Tenements

(1) Our searches of the public registers maintained by the DPIR indicate that EL 3957, EL 3958, EL 3650 and EL 3651 are due for renewal in 2009 and that EL 3680, EL3682, EL 3683 and EL 4035 are due for renewal in 2010.

(2) Our searches indicate that Carbon Energy has lodged renewal applications for EL 3957, EL 3958, EL 3650 and EL 3651. We are instructed that Carbon Energy will be lodging renewal applications for EL 3680, EL3682, EL 3683 and EL 4035 in due course. A right of renewal applies, but only so the aggregate term of each licence does not exceed 5 years.

3.8 Native title

(1) Our searches of the NNTT indicate that there:

(a) are 7 native title claims in respect of the Tenements, all of which are registered on the register of native title claims maintained by the NNTT;

(b) are 3 native title determinations in respect of the Tenements; and

(c) is 1 Indigenous Land Use Agreement (ILUA) affecting the land the subject of EL 3680, EL 3682, EL 3957 and EL 3958.

(2) Additional information about these results is provided in section 5 and the Schedule of Tenements.

3.9 Aboriginal heritage

(1) Our searches of the registers maintained by the DIA, AARD, CHCU, DNRW and AAPA indicate that E08/1946, E08/1645, E45/2866, EL 3680, EL 3682, EL 3958, EL 25272, EL 25269, EL 25264 and EPM 15489 are affected by the existence of known Aboriginal cultural heritage sites.

(2) Details of the Company's obligations to protect these sites and any other significant Aboriginal sites and artefacts are provided in section 6 of this report.

**4. Mining operations**

4.1 Our searches of the public registers maintained by the DMP, DME, DPIR and DPIFM indicate that all of the Tenements comprise applications for or granted exploration licences and exploration permits.

4.2 Under the mining legislation referred to in paragraphs 1.2(1) and 1.2(2) above, commercial mining operations cannot be carried out pursuant to an exploration licence or permit and a mining lease or mineral lease (as the case may be under the relevant legislation) is required before such operations can be carried out. In most cases, any person can apply for a mining lease or mineral lease, but the holder of an exploration licence or permit over the relevant land will have a priority right.

4.3 An application for a mining lease or mineral lease will usually trigger the right to negotiate procedure which requires negotiations with persons claiming or holding native title over the relevant land. We discuss the right to negotiate procedure in more detail in section 5.2 below.

**5. Native title and Aboriginal land rights**

5.1 Overview

(1) The common law of Australia recognises a form of native title which, in circumstances where it has not been extinguished, reflects the rights of indigenous Australians to a limited form of possession of their traditional lands.

(2) Native title is governed by the Native Title Act 1993 (Cth) (NTA) which, amongst other things:

(a) provides for the recognition and protection of native title;

(b) provides a framework within which the Commonwealth and State governments can undertake 'future acts' which might have an impact on native title (such as the grant of a mining tenement); and

(c) provides native title holders and claimants with various procedural rights, including rights to negotiation, consultation and compensation.

(3) The NTA sets out the procedures which must be followed when lodging an application for a determination of native title. These procedures require the Federal Court to refer a native title claim to the native title registrar who must then apply the registration test set out in the NTA.

(4) If the native title registrar considers that a claim satisfies the registration test, the claim is entered on the register of native title claims maintained by the NNTT. Registered native title claimants then obtain certain negotiation and procedural rights such as the 'right to negotiate' (see paragraph 5.2 for more information regarding this).

(5) Except for E08/1499, E08/1946, EL 25264, EL 25267, EL 25269 and EL 25272, all of the Tenements are affected by registered or determined native title claims.

5.2 Right to negotiate

(1) A mining tenement can only be validly granted if the "future act" procedures of the NTA and any applicable State native title procedures are followed. The primary procedures are collectively known as the "right to negotiate" procedures.

(2) The right to negotiate involves a structured process under which the tenement applicant, the relevant State government and the native titleholders or claimants (Native Title Parties) must negotiate in good faith for six months, with a view to obtaining the agreement of the Native Title Parties to the grant of the tenement (which agreement may be given subject to certain conditions).

(3) If the Native Title Parties and the tenement applicant are unable to agree in relation to the grant of the mining tenement within six months, any party may seek a determination by an arbitral body (usually the NNTT). The NNTT may order that the tenement be granted, that the tenement be granted subject to certain conditions or that the tenement not be granted.

5.3 Native title claims – Western Australia and South Australia

(1) Our searches of the NNTT indicate that, except for E08/1499 and E08/1946, native title claims affect the land the subject of all WA Mining Act Tenements and SA Mining Act Tenements. The claims affecting these Tenements are identified in the Schedule of Tenements and the Notes.

(2) All of the SA Mining Act Tenements are Granted Tenements. Except for E08/1946 and E45/2866, all of the WA Mining Act Tenements are Granted Tenements. On 15 October 2009, the DMP informed us that:

(a) E08/1946 would be granted shortly as the land the subject of this application was not affected by any native title claims (which reflects the results of our searches of the NNTT); and

(b) E45/2886 will be granted once the tenement applicant and the Martu native title people negotiate the terms of a standard heritage protection agreement (see our comments at paragraph 5.3(4) below).

(3) In Western Australia, exploration licences may be granted on an expedited basis (by a process called the "expedited procedure") where the State considers that the applicant's proposed activities are not likely to interfere with any relevant Native Title Parties' community or social activities, or Aboriginal objects or sites of significance, or involve major disturbance to land or waters. A Native Title Party can lodge an objection against the State's use of the expedited procedure with the NNTT.

(4) Where the expedited procedure is applied, the tenement applicant may avoid having to comply with the right to negotiate procedures in Western Australia if they enter into a standard heritage protection agreement (SHA) with the Native Title Party in Western Australia. Such agreements establish protocols and procedures for the identification of any Aboriginal sites. In the absence of an SHA, the application will be processed under the NTA right to negotiate regime.

(5) We have sighted executed SHAs in respect of Granted Tenements E08/1644, E08/1499, E08/1500, E08/1645 and E08/1646. Please see section 9 of the Prospectus.

5.4 Native title claims and Aboriginal Land – Northern Territory

(1) The NTA does not apply to land that is held for the benefit of Aboriginal people (Aboriginal Land), including under the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) (ALRA). The ALRA ensures that all decisions regarding Aboriginal Land, including applications for mining tenements, must be made by traditional Aboriginal owners.

(2) Our searches of the DPIFM indicate that the NT Mining Act Tenements (all of which are Applications):

(a) do not encroach on any native title claim areas; and

(b) are located on Aboriginal Land subject to the ALRA, so the necessary ALRA processes will need to be complied with before these Applications can be granted. The status of these Applications under the ALRA is set out in the Schedule of Tenements.

(3) Before an application for an exploration licence can be processed under the ALRA, the Northern Territory Minister for Mines and Energy (NT Minister) must first give consent to the applicant to enter into negotiations with the relevant Land Council for its consent to the grant of the relevant exploration licence (section 137 of the NT Mining Act).

(4) Section 40 of the ALRA then provides that an exploration licence shall not be granted in respect of Aboriginal Land unless both the Northern Territory Minister for Mines and Energy (NT Minister) and the relevant Land Council have consented to the grant, and the applicant has negotiated an agreement with the Land Council setting out the terms and conditions to which the grant of the licence will be subject.

(5) Our searches of the register maintained by the DPIFM indicate that negotiations in relation to EL 25269 and EL 25272 have commenced. For EL 25269, the period for negotiations has been extended until 30 October 2010, and for EL 25272 the period for negotiations has been extended until 31 October 2011. If Ministerial consent has been granted but an agreement cannot be reached, conciliation and arbitration may be used to reach an agreement.

(6) Our searches also indicate that EL 25264 and EL 25267 have been "vetoed," which means that the traditional owners of the Aboriginal Land have refused to grant consent to the applications. Under section 48 of the ALRA, a refusal of consent to grant is a moratorium or suspension on further applications for consent over the proposed exploration licence area. Both moratoriums are for five years, and unless the Land Council applies to recommence negotiations, no further negotiations to discuss exploration activities can be held during this period.

(7) If, at the end of the moratorium period, the applicant wishes to resume negotiations, they will need to submit a new application(s) for consent to grant with the Land Council within 30 days of the moratorium period ending. We note that the moratorium period ends on 30 April 2013 for EL 25264 and on 30 October 2012 for EL 25267.

Native title claims – Queensland

(8) Our searches of the NNTT indicate that native title claims affect the land the subject of Applications EPM 15489 and EPM 15491. The claims affecting these Tenements are identified in the Schedule of Tenements.

(9) Similarly to Western Australia, South Australia and the Northern Territory, the State of Queensland may evoke the expedited procedure as an alternative to the right to negotiate procedures under the NTA where it considers that the applicant's proposed activities are not likely to interfere with any relevant Native Title Parties' community or social activities, or Aboriginal objects or sites of significance, or involve major disturbance to land or waters. A Native Title Party can lodge an objection against the State's use of the expedited procedure with the NNTT.

(10) Where an exploration permit is granted under the expedited procedure in Queensland, the State requires compliance with the Native Title Protection Conditions (NTP Conditions). The NTP Conditions identify:

(a) which Native Title Party or Parties the tenement holder must engage with;

(b) what the tenement holder and the Native Title Party must do before and during any exploration; and

(c) what occurs when timeframes specified in the NTP Conditions are not met.

(11) The searches provided to us by the DME indicate that the Queensland State government has issued a notice that it intends to grant EPM 15489 and EPM 15491 in accordance with the expedited procedure. We have also sighted a Native Title and Aboriginal Heritage Agreement in respect of these Applications. Please see section 9 of the Prospectus.

5.5 Compensation

(1) If a "future act" has occurred (e.g. the grant of a mining tenement), a right of compensation may exist to the extent that the future act impacts upon native title rights and interests. However, it is often the case that a native title agreement in relation to compensation is reached before the relevant future act is done.

(2) We note that we have not been provided with any compensation agreements in relation to the Tenements.

5.6 Indigenous Land Use Agreements

(1) An ILUA is a particular type of contractual agreement entered into under the NTA that can be used to validate acts that would otherwise have an impact on native title. For example, the grant of an exploration licence over land where native title may exist would ordinarily require compliance with the right to negotiate procedures under the NTA. An ILUA can be negotiated with the relevant native title parties to facilitate the grant of a tenement without the need to comply with the right to negotiate.

(2) An ILUA registered with the NNTT binds all the members of the relevant native title group for the area affected by the ILUA for the term of the agreement.

(3) Our searches of the NNTT indicate that there is one registered ILUA between the State of South Australia and the Arabunna native title people (Arabunna ILUA) affecting EL 3680, EL 3682, EL 3957 and EL 3958. The Arabunna ILUA provides for renewals and extensions of exploration licences subject to compliance with, amongst other things, conditions relating to the protection of Aboriginal sites and objects.

**6. Aboriginal cultural heritage legislation**

6.1 Our searches of the registers maintained by the DIA, AARD and AAPA (as specified in paragraph 2.3 above) indicate that E08/1946, E08/1645, E45/2886, EL 3680, EL 3682, EL 3958, EL 25272, EL 25269, EL 25267 and EPM 15489 are affected by the existence of known Aboriginal cultural heritage sites or objects.

6.2 Western Australia

(1) Aboriginal cultural heritage in Western Australia is protected under the Aboriginal Heritage Act 1972 (WA) (WA Heritage Act) regardless of whether or not a site is recorded in the official register and whether or not native title has been extinguished over that land.

(2) Under the WA Heritage Act, it an offence to alter or damage sacred, ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons. Further, the Minister's consent is required where any use of land is likely to result in the excavation or other alteration of or damage to an Aboriginal site or any objects on or under that site.

(3) Our searches of the register maintained by the DIA indicate that E08/1946, E08/1645 and E45/2886 are affected by the existence of known Aboriginal cultural heritage sites.

(4) If the Company proposes to carry out any activities on the Tenements granted under the WA Mining Act that may impact on Aboriginal cultural heritage, then it must ensure it complies with the WA Heritage Act. We also note that the Granted Tenements in Western Australia include a condition requiring the tenement holder to comply with the requirements of the WA Heritage Act.

6.3 South Australia

(1) Aboriginal cultural heritage in South Australia is protected under the Aboriginal Heritage Act 1988 (SA) (SA Heritage Act) regardless of whether or not a site is recorded in the official register and whether or not native title has been extinguished over that land.

(2) Under the SA Heritage Act, all Aboriginal sites, objects and remains in South Australia that are of significance to Aboriginal tradition, archaeology, anthropology and/or history are protected.

(3) The SA Heritage Act makes it an offence for any person to damage, disturb or interfere with Aboriginal sites or objects without authorisation from the Minister.

(4) Our searches of the register maintained by AARD indicate that EL 3680, EL 3682 and EL 3958 are each affected by the existence of known Aboriginal cultural heritage sites.

(5) If the Company proposes to carry out any activities on the Tenements granted under the SA Mining Act that may impact on Aboriginal cultural heritage then it must ensure it complies with the SA Heritage Act.

6.4 Northern Territory

(1) All significant Aboriginal cultural heritage in the Northern Territory is protected under the Northern Territory Aboriginal Sacred Sites Act 1989 (NT) (NT Heritage Act) regardless of whether or not a site is recorded in the official register and whether or not native title has been extinguished over that land.

(2) Under the NT Heritage Act, it is an offence to enter onto or to conduct works on sacred sites without an authorising certificate issued by the AAPA.

(3) Our searches of the register maintained by the AAPA indicate that EL 25272, EL 25269 and EL 25267 are each affected by the existence of known Aboriginal cultural heritage sites.

(4) If the Company proposes to carry out any activities on the Tenements granted under the NT Mining Act that may impact on Aboriginal cultural heritage then it must ensure it complies with the NT Heritage Act.

6.5 Queensland

(1) All significant Aboriginal cultural heritage in Queensland is protected under the Aboriginal Cultural Heritage Act 2003 (Qld) and/or the Torres Strait Islander Cultural Heritage Act 2003 (Qld) (Qld Heritage Acts) regardless of whether or not a site is recorded in the official register and whether or not native title has been extinguished over that land.

(2) Under the Qld Heritage Acts, a person has a duty of care to take all reasonable and practical measures to ensure their activities do not harm Aboriginal cultural heritage.

(3) Our searches of the register maintained by the DNRW indicate that EPM 15489 is affected by the existence of known Aboriginal cultural heritage sites.

(4) If the Company proposes to carry out any activities on the Queensland Tenements that may impact on Aboriginal cultural heritage then it must ensure it complies with the Qld Heritage Acts and the Cultural Heritage Duty of Care Guidelines issued by DNRW.

**7. Uranium mining in Australia**

7.1 We are instructed that the Company is primarily interested in the uranium potential of the Tenements. Set out below is a summary of the laws regulating uranium exploration and mining in Australia.

7.2 Commonwealth

(1) The day to day regulation of the Australian uranium industry is mainly a State/Territory government responsibility. However the Commonwealth government has a number of specific interests and responsibilities in relation to the regulation of uranium which are exercised through a number of key legislative and administrative arrangements.

(2) Atomic Energy Act 1953 (Cth)

Under section 36(1) of the Act, a person who discovers uranium anywhere in Australia must report that discovery to the Commonwealth Minister within one month of making the discovery.

(3) Environmental Protection and Biodiversity Conservation Act 1999 (Cth)

This Act, amongst other things, provides for the protection of the environment from 'nuclear actions', the protection of 'matters of national environmental significance', and requires the environmental assessment and approval of new uranium mines and significant expansions of existing mines.

(4) Nuclear Non-Proliferation (Safeguards) Act 1987 (Cth)

The aim of this Act is to ensure the physical security of nuclear materials and requires that a party seeking to mine uranium must obtain a permit from the Australian Safeguards and Non-Proliferation Office.

(5) Australian Radiation Protection and Nuclear Safety Act 1998 (Cth)

The purpose of this Act is to protect the health and safety of people, and to protect the environment, from the harmful effects of radiation.

(6) Customs (Prohibited Exports) Regulations 1958 (Cth)

Under these regulations, the export of uranium from Australia is prohibited unless the responsible Minister has granted permission in writing to do so. The grant of export permission is based on Australia's export policy, which is designed to only permit the export of uranium to countries that have signed the Nuclear Non-Proliferation Treaty and with which Australia has bilateral safeguard agreements.

7.3 Western Australia

Both exploration and mining of uranium are currently permitted in Western Australia. Government policy was previously that uranium mining was not permitted. This was effected by the inclusion of a condition on mining leases granted in Western Australia to the effect that mining of uranium is prohibited. However, following the election of the current Liberal government; the policy was changed on 17 November 2008 to permit both uranium exploration and mining.

7.4 South Australia

(1) Under the SA Mining Act, mining operations (other than exploratory operations) for the recovery of radioactive minerals in South Australia are prohibited unless the Minister has endorsed an authorisation to carry out mining operations specifically for the mining of uranium on the relevant mining lease. An authorisation to carry out mining operations for the recovery of a radioactive mineral may be granted upon such conditions as the Minister thinks fit and may be revoked upon breach of any condition. In addition, the Radiation Protection and Control Act 1982 (SA) provides that a person must not carry out operations for the mining or milling of radioactive ores, unless the operations are authorised by a licence.

(2) It is current South Australian government policy to allow both exploration and mining of uranium.

7.5 Queensland

(1) Under the Qld Mining Act, exploration and mining tenements can be granted in relation to all minerals, or minerals specified by the Minister. Our searches indicate that the Applications applied for under the Qld Mining Act have been applied for in relation to all minerals other than coal.

(2) However, current Queensland government policy is to allow exploration for uranium, but not uranium mining. This is effected under the Minister's power to refuse to grant a mining lease on public interest grounds under section 267(1)(b) of the Qld Mining Act. The Labour government was re-elected in March 2009 on the basis that its policy to prohibit uranium mining would continue for the whole of their next term. The policy is therefore likely to be in place until at least 2012.

7.6 Northern Territory

(1) Under the NT Mining Act, the Northern Territory must act on the advice of the Commonwealth Minister for the time being administering section 41 of the Atomic Energy Act 1953 (Cth), in relation to uranium. The Northern Territory is not permitted to act otherwise than in accordance with such advice (except with respect to decisions made about the granting of exploration licences).

(2) The Northern Territory (Self-Government) Regulations 1978 further provides that the Commonwealth Minister retains executive authority over the mining of uranium in the Northern Territory.

(3) At a practical level, uranium mines in the Northern Territory are regulated under working arrangements agreed by the Commonwealth and the Northern Territory whereby, subject to the decision-making powers reserved to the Commonwealth, the Northern Territory government is responsible for day to day regulation.

(4) It is current Commonwealth government policy to permit uranium mining and this policy is reflected in the Northern Territory policy.

**8. Scope of opinion**

This report:

(1) relates only to relevant laws of Western Australia, South Australia Queensland, the Northern Territory and the Commonwealth of Australia in force at the date of this report; and

(2) is strictly limited to the matters it deals with and does not extend by implication or otherwise to any other matter.

**9. Assumptions**

9.1 For the purpose of giving this report, we have assumed:

(1) that the information provided to us by the DMP, DPIR, DME, DPIFM, DIA, AARD, CHCU, AAPA and NNTT is correct and up to date as at the date it was received by us;

(2) the completeness, and conformity to originals, of all copies of documents submitted to us;

(3) that where a document has been submitted to us in draft form or as a pro forma document it will be signed or executed in that form; and

(4) the authenticity of all signatures, seals and dates, and of any stamp duty endorsement or marking.

9.2 The making of the above assumptions:

(1) indicates that we have assumed that each matter the subject of those assumptions is true, correct and complete in every particular;

(2) does not imply that we have made any enquiry to verify any assumption; and

(3) does not imply that we are not aware of any circumstances which might affect the correctness of the assumption.

No assumption specified is limited by reference to any other assumption.

**10. Consents**

Deacons consent to being named in the Prospectus as being responsible for the preparation of this report. Deacons have given, and have not before the lodgement of the Prospectus, withdrawn their consent to the issue of the Prospectus with the inclusion of this report.

Except for this report (including any document forming part of it) Deacons:

(1) have not in any way authorised or caused the issue of the Prospectus;

(2) have not been involved in the preparation of any part of the Prospectus;

(3) are not responsible for any matter included in or omitted from the Prospectus;

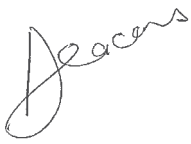
(4) make no representations or warranties (either express or implied) with respect to the completeness or accuracy of the information contained in the Prospectus; and

(5) disclaim liability to any person in respect of any statement included in or omitted from the Prospectus.

11. Disclosure of interest

Deacons will be paid fees for the preparation of this report and related matters. Other than in respect of these professional fees, Deacons and its partners have no interest in the promotion of the Company.

Yours faithfully



Deacons

**ANNEXURE A**
**Schedule of Tenements**

| Tenement No. | Tenement type | Registered holder or applicant | Status | Grant date or application date | Term and expiry date | Standing | Native title claims, determinations and ILUA's | ALRA status |
|---|---|---|---|---|---|---|---|---|
| Western Australia | | | | | | | | |
| E08/1499 | Exploration Licence | Skryne Hill | Granted | 09/06/2006 | 5 years expiring on 08/06/2011 | Under expended by $36,450.00 for year ended 08/06/2009 | N/A | N/A |
| E08/1500 | Exploration Licence | Skryne Hill | Granted | 09/06/2006 | 5 years expiring on 08/06/2011 | Under expended by $32,500.00 for year ended 08/06/2009 | B3 | N/A |
| E09/1946 | Exploration Licence | Skryne Hill | Application | 22/12/2008 | N/A | N/A | N/A | N/A |
| E08/1644 | Exploration Licence | Carbon Energy | Granted | 22/12/2006 | 5 years expiring on 21/12/2011 | Good standing | A3 | N/A |
| E08/1645 | Exploration Licence | Carbon Energy | Granted | 22/12/2006 | 5 years expiring on 21/12/2011 | Good standing | A2 and A3 | N/A |
| E08/1646 | Exploration Licence | Carbon Energy | Granted | 22/12/2006 | 5 years expiring on 21/12/2011 | Good standing | A2, A3 and A4 | N/A |
| E45/2886 | Exploration Licence | Carbon Energy | Application | 24/03/2006 | N/A | N/A | B2 | N/A |
| South Australia | | | | | | | | |
| EL 3650 | Exploration Licence | Carbon Energy | Granted | 13/11/2006 | 3 years expiring on 12/11/2009 Renewal application has been lodged | Good standing | A7 | N/A |
| EL 3651 | Exploration Licence | Carbon Energy | Granted | 13/11/2006 | 3 years expiring on 12/11/2009 Renewal application has been lodged | Good standing | B1 | N/A |
| EL 3680 | Exploration Licence | Carbon Energy | Granted | 02/01/2007 | 3 years expiring on 01/01/2010 Renewal application has been lodged | Good standing | A7 and C1 | N/A |
| EL 3682 | Exploration Licence | Carbon Energy | Granted | 02/01/2007 | 3 years expiring on 01/01/2010 Renewal application has been lodged | Good standing | A7 and C1 | N/A |
| EL 3683 | Exploration Licence | Carbon Energy | Granted | 02/01/2007 | 3 years expiring on 01/01/2010 Renewal application has been lodged | Good standing | A5 and A6 | N/A |
| EL 3957 | Exploration Licence | Carbon Energy | Granted | 22/10/2007 | 2 years expiring on 21/10/2009 Renewal application has been lodged | Good standing | A7 and C1 | N/A |
| EL 3958 | Exploration Licence | Carbon Energy | Granted | 22/10/2007 | 2 years expiring on 21/10/2009 Renewal application has been lodged | Good standing | A7 and C1 | N/A |
| EL 4035 | Exploration Licence | Carbon Energy | Granted | 23/01/2008 | 2 years expiring on 22/01/2010 Renewal application has been lodged | Good standing | B1 | N/A |

| Tenement No. | Tenement type | Registered holder or applicant | Status | Grant date or application date | Term and expiry date | Standing | Native title claims, determinations and ILUA's | ALRA status |
|---|---|---|---|---|---|---|---|---|
| Queensland | | | | | | | | |
| EPM 15489 | Exploration Permit Proposal | Carbon Energy | Application | 16/03/2006 | N/A | N/A | A1 | N/A |
| EPM 15491 | Exploration Permit Proposal | Carbon Energy | Application | 16/03/2006 | N/A | N/A | A1 | N/A |
| Northern Territory | | | | | | | | |
| EL 25264 | Exploration Licence | Carbon Energy | Application | 03/04/2006 | N/A | N/A | N/A | Vetoed until 30/04/2013 |
| EL 25267 | Exploration Licence | Carbon Energy | Application | 03/04/2006 | N/A | N/A | N/A | Vetoed until 30/10/2012 |
| EL 25269 | Exploration Licence | Carbon Energy | Application | 03/04/2006 | N/A | N/A | N/A | Consent to extend negotiations to 31/10/2010 |
| EL 25272 | Exploration Licence | Carbon Energy | Application | 03/04/2006 | N/A | N/A | N/A | Consent to extend negotiations to 31/10/2011 |



**Notes to Tenements**

*Native title claims*

A1 Gangalidda & Garwa People #2, Federal Court No. QUD66/05, NNTT No. QC05/3 (accepted for registration)

A2 Clive Lyndon & Ors on behalf of the Budina People, Federal Court No: WAD131/04, NNTT No. WC04/5 (accepted for registration).

A3 Gnulli people, Federal Court No. WAD6161/98, NNTT No. WC97/28 (accepted for registration)

A4 Thudgari People, Federal Court No. WAD6212/98, NNTT No. WC97/95 (accepted for registration)

A5 Kokatha Uwankara Native Title Claim, Federal Court No. SAD90/09, NNTT No. SC09/1 (accepted for registration)

A6 Barngarla Native Title Claim, Federal Court No. SAD6011/98, NNTT No. SC96/4 (accepted for registration)

A7 Arabunna People, Federal Court No. SAD6025/98, NNTT No. SC98/2 (accepted for registration)

*Native title determinations*

B1 Adnyamathanha No. 1, Federal Court No. SAD6001/98 (determined on 30/03/2009)

B2 Martu People, Federal Court No. WAD6110/98 (determined on 27/09/2002)

B3 Thalanyji People, Federal Court No. WAD6113/98 (determined on 18/09/2008)

*ILUA's*

C1 Arabunna Area Minerals Exploration ILUA, NNTT No. SI2003/008 (registered on 13/10/2004)

# SECTION 6A
# LAWYER'S REPORT ON ITALIAN TENEMENTS

NORTON ROSE

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Ns. riferimento Email stefano.zappala@nortonrose.com

16 November 2009

The Directors
Energia Minerals NL
Unit A2 118 Railway Parade
WEST PERTH WA 6005

Dear Directors

**Lawyer's report on Italian tenements – Energia Minerals NL**

## 1. Introduction

1.1 This report has been prepared for inclusion in the prospectus to be issued by Energia Minerals NL ABN 63 078 510 988 (to become Energia Minerals Limited) (**Company**) for the purposes of compliance with Australian laws and the rules of ASX Limited (**Prospectus**).

1.2 This report relates to the mineral prospecting permits (**Permits**) and the applications for mineral prospecting permits (**Applications**) set out in Annexure A to this report (**Schedule of Permits and Applications**).

1.3 We are instructed that:

(1) each of the Permits has been granted by the Lombardy Regional Government and that each of the Applications has been submitted to the Lombardy Regional Government (**Region**);

(2) under an "Assets sale and purchase agreement" dated 16 October 2009 between the Company and Carbon Energy Limited ABN 56 057 552 137 (formerly Metex Resources Limited) (**Carbon Energy**) (which is governed by Australian law) (**Agreement**), the Company and Carbon Energy have agreed that the Company will acquire the Permits and any mineral prospecting permits granted as a result of the Applications from Carbon Energy; and

(3) the Permits and the Applications are part of the going concern being transferred under the Agreement, and the updating of the register kept by the Region to reflect the change of ownership (from Carbon Energy to the Company) in the Permits and any mineral prospecting permits granted as a result of the Applications is required.

## 2. Relevant laws

2.1 The relevant Italian laws applicable to the exploration for and mining of minerals in the Lombardy Region are Regio Decreto 1443/1927 (**Mineral Law**) as amended by D.P.R (Decree of the President of the Republic) No.382 18 April 1994. The Lombardy Regional Government has been delegated authority to administer the Mineral Law pursuant to Legislative Decree n. 112 of 31 March 1998.

## 3. Enquiries made

3.1 On 5 November 2009 we made verbal enquiries with the competent office of the Lombardy Regional Government (i.e. the Office of Development of Mining Activities, which is a section of the Directorate General of Environmental Quality, Lombardy Region (**Office**) in relation to the Permits and Applications.

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**4. Results of enquires**

4.1 Details of the Permits and Applications as disclosed by our enquiries with the Lombardy Regional Government are set out in Annexure A to this report (**Schedule of Permits and Applications**).

4.2 As a result of our enquires, and subject to the statements set out in this report, we are satisfied that the information and particulars included in this report comprise an accurate statement of the status of the Permits and Applications as at the date on which the enquiries were made. Set out below is a summary of the key points.

4.3 Permits have been granted

The results of our enquiries with the Office indicate that each of the Permits has been granted by formal Decree. Details of the Decree numbers for the relevant formal Decrees are set out in the Schedule of Permits and Applications.

The Company has informed us that:

(1) formal Decrees for all of the Permits (other than the "Monte Pora" and "Punta Covolo" Permits) have been received by Carbon Energy; and

(2) the formal Decrees for the "Monte Pora" and "Punta Covolo" Permits have not yet been received, but should be received shortly, as the initial annual fees for those Permits have been paid.

The Office has confirmed that formal Decrees for the "Monte Pora" and "Punta Covolo" Permits have been issued and sent by post on 27 October 2009 to the applicant (i.e. Metex Resources Limited (now Carbon Energy)).

4.4 Standing of Permits

The results of our enquiries with the Office indicate that each of the Permits:

(1) has been validly granted and is in full force and effect in accordance with the relevant Decree and the Mineral Law; and

(2) is in good standing (including that all fees have been paid and all work requirements have been complied with) and is not liable to forfeiture or suspension for any reason.

4.5 Renewal of Permits

The Decrees indicate that each of the Permits are due to expire on the date noted in the Schedule of Permits and Applications. The Office has confirmed that a request for renewal of a Permit may be filed at any time before the expiry date of the Permit.

4.6 Third party rights and environmental matters

The results of our enquiries with the Office indicate that the Office is not aware if any person holds any right over the land the subject of the Permits that is inconsistent with the exercise of rights under the Permits and that there are no environmental or other restrictions that affect the exercise of rights pursuant to the Permits. In this respect, we note that:

(1) the Permits are granted "without prejudice of third parties' rights"; and

(2) the Permits provide that further research activities aimed at a better definition of the potential of each Permit area will be subject to a screening procedure aimed at ascertaining whether an Environmental Impact Assessment is required, and an evaluation of the impact on the landscape, as the Permits are within a Site of Community Importance in accordance with EU legislation on the preservation of natural environment.

The Office has confirmed that no Environmental Impact Assessment procedure is required for the mere renewal of the Permits.

4.7 Applications have been validly submitted

Our enquiries with the Office indicate that each of the Applications has been submitted to the Office and that the Applications meet the requirements of the Mineral Law with respect to applications for mineral prospecting permits.

The Office has noted that the authorised mineral sought in respect of the Applications is uranium. We note that the issuance of a mineral prospecting permit which authorises uranium exploration is subject to a formal agreement with the National Government due to the strategic importance of uranium from a political perspective. We have not sighted any such agreements with the National Government in respect of the Applications as at the date of this report.

**5. Mining concessions**

Extraction of minerals without a mining concession is not permitted under the Mineral Law. An application for a mining concession is subject to a procedure similar to that which applies to applications for mineral prospecting permits.

In this respect, however, the Office noted that, as a practical matter, a mining concession is usually granted to the holder of a prospecting permit.

**6. Transfer of permits**

The Office has informed us that the transfer of a mineral prospecting permit which authorises prospecting for uranium requires authorisation from the Region (acting through the Office) in consultation with the National Government. This authorisation will be required for the transfer of the mineral prospecting permits granted as a result of the Applications, as the Applications are for permits which authorise prospecting for uranium.

The transfer of the Permits will require only a mere acknowledgement from the Region (assuming that the "Monte Pora" and/or "Punta Covolo" Permits are not authorised for uranium).

**7. Assumptions**

7.1 For the purpose of giving this report, we have assumed:

(1) that the information provided to us by the Company and the Office is correct and up to date as at the date it was received by us;

(2) the completeness, and conformity to originals, of all copies of documents submitted to us;

(3) that where a document has been submitted to us in draft form or as a pro forma document it will be signed or executed in that form; and

(4) the authenticity of all signatures, seals and dates, and of any stamp duty endorsement or marking.

7.2 The making of the above assumptions:

(1) indicates that we have assumed that each matter the subject of those assumptions is true, correct and complete in every particular;

(2) does not imply that we have made any enquiry to verify any assumption; and

(3) does not imply that we are not aware of any circumstances which might affect the correctness of the assumption.

No assumption specified is limited by reference to any other assumption.

**8. Consents**

Norton Rose studio legale consents to being named in this Prospectus as being responsible for the preparation of this report. Norton Rose studio legale has given, and has not before the lodgement of the Prospectus, withdrawn its consent to the issue of the Prospectus with the inclusion of this report.

Except for this report (including any document forming part of it) Norton Rose studio legale:

(1) has not in any way authorised or caused the issue of the Prospectus;

(2) has not been involved in the preparation of any part of the Prospectus;

(3) is not responsible for any matter included in or omitted from the Prospectus;

(4) makes no representations or warranties (either express or implied) with respect to the completeness or accuracy of the information contained in the Prospectus;

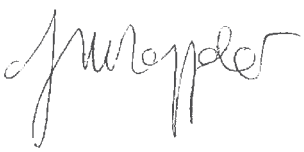
(5) disclaims liability to any person in respect of any statement included in or omitted from this Prospectus; and

(6) disclaims liability to any person in respect of any matters not governed under Italian law.

**9. Disclosure of interest**

Norton Rose studio legale will be paid fees for the preparation of this report and related matters. Other than in respect of these professional fees, Norton Rose LLP and its affiliates have no significant interest in the promotion of the Company.

Yours faithfully



Norton Rose studio legale

**ANNEXURE A**
**Schedule of Permits and Applications**

| Decree | Holder/applicant | Location | Project | Name | Status | Authorised minerals | Grant Date | Expiry Date | Area (km²) | Annual fees (Euro) |
|---|---|---|---|---|---|---|---|---|---|---|
| N/A | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Novazza | Novazza | Application | Uranium authorisation is sought | N/A | N/A | N/A | N/A |
| N/A | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Novazza | Val Vedello | Application | Uranium authorisation is sought | N/A | N/A | N/A | N/A |
| Decree 1633 | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Gorno | Gorno NE | **Granted** | Lead, copper, zinc, silver and associated metals | 22/02/2008 | 21/02/2010 | 4 | **€ 1,588.00** |
| Decree 1571 | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Gorno | Gorno NW | **Granted** | Lead, copper, zinc, silver and associated metals | 21/02/2008 | 20/02/2010 | 4 | **€ 1,588.00** |
| Decree 1629 | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Gorno | Monte Golla | **Granted** | Lead, copper, zinc, silver and associated metals | 22/02/2008 | 21/02/2010 | 4 | **€ 1,588.00** |
| Decree 1632 | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Gorno | Zambia | **Granted** | Lead, copper, zinc, silver and associated metals | 22/02/2008 | 21/02/2010 | 4 | **€ 1,588.00** |
| Decree 1630 | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Gorno | Vedra | **Granted** | Lead, copper, zinc, silver and associated metals | 22/02/2008 | 21/02/2010 | 4 | **€ 1,588.00** |
| Not available | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Val Camonica | Monte Pora | **Granted** | Not available | N/A | N/A | N/A | N/A |
| Not available | Metex Resources Limited (now Carbon Energy Limited) | Lombardia, Italy | Val Camonica | Punta Covolo | **Granted** | Not available | N/A | N/A | N/A | N/A |

# SECTION 7
# INVESTIGATING ACCOUNTANT'S REPORT

WHK Horwath

16 November 2009

The Directors
Energia Minerals NL
Unit A2 118 Railway Parade
WEST PERTH WA 6005

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT ON UNAUDITED PRO-FORMA HISTORICAL FINANCIAL INFORMATION

WHK Horwath Perth Audit Partnership ("WHK Horwath") has been engaged by Energia Minerals NL (formerly Metex Resources NL) ("Energia" or "the Company") to prepare this Investigating Accountant's Report ("Report") for inclusion in a Prospectus dated on or about 16 November 2009, to be issued by Energia in relation to the proposed issue of a minimum of 25,000,000 shares and a maximum of 37,500,000 shares at an Issue Price of $0.20 per share. Expressions defined in the Prospectus have the same meaning in this Report.

**Background Information**

Energia was incorporated on 12 May 1997 with a view to developing a mineral exploration and development Company within Australia.

On 9 July 2008, the Company changed its name from Windarra Minerals NL to Metex Resources NL and subsequently on 20 October 2009, the Company changed its name and status to Energia Minerals NL. For the year ended 30 June 2009, the Company did not trade.

At the date of this Prospectus the Company (Energia Minerals NL) is a "no liability" company. The proposed change of its company type to a "public" company limited by shares was gazetted on 6 November 2009 and is scheduled to occur on 6 December 2009.

**Scope**

WHK Horwath has been requested to prepare a report covering:

1. the historical financial information incorporating:
   a. the audited consolidated balance sheet as at 30 June 2009;
   b. the selected notes thereto; and
2. the unaudited pro-forma consolidated balance sheet as at 30 June 2009.

The above information is disclosed in Section 7A of the Prospectus.

**Audit of Historical Financial Information**

The directors of Energia are responsible for the preparation and fair presentation of the historical financial information and have presented it in an abbreviated form which does not include all the disclosures required by Australian Accounting Standards applicable to an annual financial report prepared in accordance with the Corporations Act 2001.

The Historical Financial Information has been extracted from the records of Energia, which were audited by WHK Horwath and on which an unqualified audit opinion was issued on 23 September 2009.

**Review of Pro Forma Consolidated Balance Sheet**

The pro forma consolidated balance sheet, as set out in Section 7A of the Prospectus, has been derived from the historical financial information after adjusting for the pro forma transactions described in Section 7A of the Prospectus.

*Total Financial Solutions*

Horwath

*Horwath refers to Horwath International Association, a Swiss verein. Each member of the Association is a separate and independent legal entity.*

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A WHK Group firm

The directors of Energia are responsible for the preparation and fair presentation of the pro forma consolidated balance sheet, including determining the pro forma transactions, and have presented it in an abbreviated form which does not include all the disclosures required by Australian Accounting Standards applicable to an annual financial report prepared in accordance with the Corporations Act 2001.

We have reviewed the pro forma consolidated balance sheet of Energia for the year ended 30 June 2009 in order to report whether anything has come to our attention which causes us to believe that the pro forma consolidated balance sheet, as set out in Section 7A of the Prospectus, does not present fairly the balance sheet of Energia as at 30 June 2009, on the basis of the pro forma transactions described in Section 7A of the Prospectus and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including Australian Accounting Interpretations), and accounting policies adopted by Energia and disclosed in Section 7A of the Prospectus.

Our review has been conducted in accordance with Auditing Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report. We performed the procedures and made enquiries which we, in our professional judgement, considered reasonable in the circumstances. The procedures and enquiries included:

- a review of the work papers, accounting records and other supporting documents;
- a review of the pro forma transactions adjusted against the historical financial information;
- enquiry of directors, senior management, consultants and others; and
- comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including Australian Accounting Interpretations), and the accounting policies adopted by Energia disclosed in Section 7A of the Prospectus.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the pro forma consolidated balance sheet.

**Conclusion**

Review Statement on pro forma consolidated balance sheet

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the pro forma consolidated balance sheet, as set out in Section 7A of the Prospectus, does not present fairly the balance sheet of Energia as at 30 June 2009, on the basis of the pro forma transactions described in Section 7A of the Prospectus and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including Australian Accounting Interpretations), and accounting policies adopted by Energia and disclosed in Section 7A of the Prospectus.

**Subsequent events**

Since 30 June 2009 and to the date of this Report, the Company has incurred costs associated with the production of this Prospectus and managing of the Company's assets.

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary business of Energia have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

**Responsibility**

WHK Horwath has consented to the inclusion of this Report in the Prospectus in the form and context in which it is so presented but has not authorised the issue of the Prospectus. Accordingly, WHK Horwath makes no representation regarding, and takes no responsibility for, any statements or material in, or omissions from, the Prospectus.

**Independence and Disclosure of Interest**

WHK Horwath does not have any interest in the outcome of this issue other than in our capacity as investigating accountants and acting as auditors of the Company, for which normal professional fees will be received. In our capacity as investigating accountants we have prepared this Report and participated in due diligence procedures.

The Company has agreed to indemnity and hold harmless WHK Horwath and its employees from any claims arising out of misstatements or omissions in any material or information supplied by the Company.

**General Advice Warning**

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation and needs.

Yours faithfully

WHK HORWATH PERTH AUDIT PARTNERSHIP

**CYRUS PATELL**

Principal

# SECTION 7A
# FINANCIAL INFORMATION

## INTRODUCTION

This Section sets out the Historical Financial Information and Pro Forma Financial Information. The basis for preparation and presentation is set out below.

The Financial information has been prepared by management and adopted by the Directors. The Directors are responsible for the inclusion of all Financial Information in the Prospectus. WHK Horwath has prepared an Investigating Accountant's Report in respect of the Historical and Pro Forma Financial Information. A copy of the report is set out in Section 7 of the Prospectus.

The Historical Financial Information and Pro Forma Financial Information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the significant accounting policies set out in Note 1 to the financial information. The Historical and Pro Forma Financial Information comprises financial information of the Company. The Historical and Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

## HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information for Energia set out on the following pages comprises:

- The audited consolidated Balance Sheet s at 30 June 2009; and
- Selected notes to the audited consolidated Balance Sheet.

The Historical Financial Information has been prepared on the basis detailed, and in accordance with the accounting policies set out in Note 1. The Historical Financial Information has been extracted from the audited financial information of Energia for the year ended 30 June 2009. Historical Financial Information does not include an Income Statement or Statement of Cash Flows. During the year ended 30 June 2009 the Company did not trade and therefore presentation of the Income Statement and Statement of Cash Flows is not considered appropriate.

## PRO FORMA FINANCIAL INFORMATION

The Pro Forma Financial Information set out on the following pages comprises:

- The unaudited Pro Forma consolidated Balance Sheet as at 30 June 2009; and
- Notes to the unaudited Pro Forma consolidated Balance Sheet.

The unaudited Pro Forma consolidated Balance Sheet has been derived from the audited consolidated Balance Sheet as at 30 June 2009 adjusted for the following transactions as if they had occurred at 30 June 2009:

- The issue of 37,500,000 Shares at an issue price of $0.20 per Share to raise up to $7,500,000 (full subscription) before expenses of the Offer, with a minimum of 25,000,000 Shares at an issue price of $0.20 per Share to raise $5,000,000 (minimum subscription) before expenses of the Offer. The minimum and maximum pro forma adjustments assume that the Offer is fully subscribed. All Shares issued pursuant to this Prospectus will be issued as fully paid and will rank equally in all respects with the Shares already on issue;
- Total costs expected to be incurred directly recognised in equity in connection with the preparation of the Prospectus of approximately $600,000 (full subscription) and $475,000 (minimum subscription). This amount includes fees payable for capital raising under an Agreement entered into between Southern Cross Equities Limited and the Company, of $250,000 cash (minimum subscription) and $375,000 cash (full subscription);
- The repayment of loans to Carbon Energy Limited of $53,052 out of the proceeds of the Offer;
- On 16 October 2009, Energia entered an Asset Sale and Purchase Agreement with Carbon Energy Limited. In consideration for Mining Information, Australian Mining tenements and applications, Italian Permits and Plant & Equipment, Energia will pay Carbon Energy Limited $41,174 in cash and issue 25 million fully paid ordinary shares in the capital of Energia. The cash component of the consideration is to be allocated to the Plant & Equipment and the shares are to be allocated to the Mining Information and the tenements/applications/ permits. The value ascribed to the shares is $2,500,000;
- On 9 October 2009, Energia entered an Asset Sale and Purchase Agreement with Skryne Hill Pty Ltd. In consideration for certain Tenements and Mining Information, Energia will pay Skryne Hill Pty Ltd $75,000 in cash and issue 3 million fully paid ordinary shares in the capital of Energia. The value ascribed to the shares is $600,000. One of the conditions precedent to the agreement is that Energia obtains official quotation on the Australian Securities Exchange (ASX);
- Carbon Energy Limited provides seed capital to Energia by subscribing to 4 million fully paid ordinary shares in Energia, raising $400,000;
- On 26 October 2009, the Company entered into an employment agreement with Ms Keren Paterson (Managing Director). The summarised terms and conditions are as follows:
  - Commencement date: 26 October 2009
  - Annual Salary: $225,000 plus 9% superannuation
  - 7,500,000 unlisted Options to be allotted with shareholder approval following listing on the ASX, as detailed further on in this section

Until the company obtains listing on the ASX, Ms Paterson is to receive a monthly salary of $10,000 (plus 9% superannuation). For the purposes of the unaudited pro-forma consolidated financial information at 30 June 2009, the amount of $21,800 represents Ms Paterson's salary and superannuation for the period since commencement to 31 December 2009, the anticipated date of listing of the Company on the ASX.

- On 30 October 2009, the Company entered into an employment agreement with Dr Leigh Bettenay (General Manager – Exploration & Development). The summarised terms and conditions are as follows:
  - Commencement date: first Monday following the successful listing of the Company
  - The Company will pay $20,000 cash for assisting the Company in its IPO process. This amount will be payable upon successful listing of the Company on the ASX
  - Annual Salary at 80% time allocation of $160,000 plus 9% superannuation
  - 1,500,000 unlisted Options to be allotted with shareholder approval following listing on the ASX, as detailed further on in this section

- On 4 Novber 2009, a consulting deed was entered into with Mr Marcello De Angelis. Mr De Angelis will receive $5,000/month for a 3 year term. This payment commences upon successful listing on the ASX and has therefore not been included in the unaudited consolidated proforma balance sheet.
- The incurring of additional operating costs from 1 July 2009 to 31 October 2009 of $100,000;
- Subsequent to the Company listing on the ASX and subject to shareholder approval, Directors and certain employees of the Company will be issued with the following number of unlisted options:

| | Options having $0.225 exercise price | Options having $0.25 exercise price | Options having $0.30 exercise price | Total Options to be issued with Shareholder approval |
|---|---|---|---|---|
| Directors | | | | |
| K Paterson | 2,500,000 | 2,500,000 | 2,500,000 | 7,500,000 |
| I Walker | 1,000,000 | 1,000,000 | 1,000,000 | 3,000,000 |
| M Cozijn | 1,000,000 | 1,000,000 | 1,000,000 | 3,000,000 |
| L Bettenay (Alternate to I Walker) | 500,000 | 500,000 | 500,000 | 1,500,000 |
| Employees | 300,000 | 350,000 | 5,350,000 | 6,000,000 |

Using a Black & Scholes option valuation model, the value of options are estimated as follows:

| | Options having $0.225 exercise price | Options having $0.25 exercise price | Options having $0.30 exercise price | Total Value of Options to be issued with Shareholder approval |
|---|---|---|---|---|
| Directors | | | | |
| K Paterson | 220,000 | 205,000 | 180,000 | 605,000 |
| I Walker | 88,000 | 82,000 | 72,000 | 242,000 |
| M Cozijn | 88,000 | 82,000 | 72,000 | 242,000 |
| L Bettenay (Alternate to I Walker) | 44,000 | 41,000 | 36,000 | 121,000 |
| Employees | 26,400 | 28,700 | 385,200 | 440,300 |
| **Total** | **$466,400** | **$438,700** | **$745,200** | **$1,650,300** |

The key assumptions used in determining the value of the options were:

| | Options having $0.225 exercise price | Options having $0.25 exercise price | Options having $0.30 exercise price |
|---|---|---|---|
| Share Price | 20 cents | 20 cents | 20 cents |
| Vesting Date | On grant date | 12 months after grant | 24 months after grant |
| Expiry | 5 years after grant | 4 years after vesting | 3 years after vesting |
| Annual interest rate | 3.5% | 3.5% | 3.5% |
| Volatility | 50% | 50% | 50% |

Given the issue of options is subject to shareholder approval, the value of the options has not been reflected in the unaudited pro-forma consolidated Balance Sheet at 30 June 2009. The values have been provided for illustrative purposes only and the actual inputs into the option valuation may well differ from those above, at the time of shareholder approval. Australian Accounting Standard *AASB 2 – Share Based Payments* would require these options to be valued at the date of shareholder approval. Consequently, any accounting treatment in relation to these options would only commence from the date shareholder approval was received.

# SECTION 7A
# FINANCIAL INFORMATION

## ENERGIA MINERALS NL BALANCE SHEETS

The unaudited Pro Forma consolidated Balance Sheet as at 30 June 2009 represents the audited Balance Sheet as at that date adjusted for the pro forma transactions discussed in this Prospectus. The Balance Sheets are to be read in conjunction with the notes set out in this section.

| | Notes | Audited Historical Financial Information 30 June 2009 $ | Unaudited Pro Forma Financial Information 30 June 2009 $ Minimum Subscription | Unaudited Pro Forma Financial Information 30 June 2009 $ Full Subscription |
|---|---|---|---|---|
| **CURRENT ASSETS** | | | | |
| Cash and cash equivalents | **2** | 1 | 4,613,975 | 6,988,975 |
| **TOTAL CURRENT ASSETS** | | **1** | **4,613,975** | **6,988,975** |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant & equipment | **3** | - | 41,174 | 41,174 |
| Exploration and evaluation expenditure | **4** | - | 3,175,000 | 3,175,000 |
| **TOTAL NON-CURRENT ASSETS** | | **-** | **3,216,174** | **3,216,174** |
| **TOTAL ASSETS** | | **1** | **7,830,149** | **10,205,149** |
| **NON-CURRENT LIABILITIES** | | | | |
| Other payables | **5** | 53,052 | - | - |
| **TOTAL NON-CURRENT LIABILITIES** | | **53,052** | **-** | **-** |
| **TOTAL LIABILITIES** | | **53,052** | **-** | **-** |
| **NET ASSETS (LIABILITIES)** | | **(53,051)** | **7,830,149** | **10,205,149** |
| **EQUITY** | | | | |
| Share capital | **6** | 1 | 8,025,001 | 10,400,001 |
| Accumulated losses | 7 | (53,052) | (194,852) | (194,852) |
| **TOTAL EQUITY** | | **(53,051)** | **7,830,149** | **10,205,149** |

## NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION

### 1. Significant accounting policies

The significant policies which have been adopted in the preparation of the Historical and Pro Forma Historical Financial Information (collectively referred to as the "financial information") are:

a. Statement of Compliance

The financial information has been prepared in accordance with the measurement requirements, but not the disclosure requirements, of the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standard Board (AASB), Australian Accounting Interpretations and the Corporations Act 2001.

b. Basis of Preparation

*Reporting Basis and Conventions*

The financial information has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

c. Principles of Consolidation

A controlled entity is any entity controlled by Energia Minerals NL. Control exists where Energia Minerals NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Energia Minerals NL to achieve the objectives of Energia Minerals NL.

All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

d. Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

e. Financial Instruments

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

*Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

*Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

*Impairment*

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

f. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

g. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

h. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

i. Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

j. Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

i. The expenditures are expected to be recouped through successful development and exploitation of the area of interest;

or

ii. Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

i. Sufficient data exists to determine technical feasibility and commercial viability; and

ii. Facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation assets to mining property and development assets within property, plant and equipment.

# SECTION 7A
# FINANCIAL INFORMATION (CONT'D)

## 2. Cash and Cash Equivalents

| | | Audited Historical Financial Information 30 June 2009 $ | Unaudited Pro Forma Financial Information 30 June 2009 $ | Unaudited Pro Forma Financial Information 30 June 2009 $ |
|---|---|---|---|---|
| | | | Minimum Subscription | Full Subscription |
| Cash at bank | | 1 | 4,613,975 | 6,988,975 |
| Adjustments arising in the preparation of the pro forma balance are summarised as follows: | | | | |
| Balance as at 30 June 2009 | | | 1 | 1 |
| Seed Capital | | | 400,000 | 400,000 |
| Proceeds from issue of 25,000,000 Shares pursuant to this Prospectus (minimum subscription) | | | 5,000,000 | - |
| Proceeds from issue of 37,500,000 Shares pursuant to this Prospectus (full subscription) | | | - | 7,500,000 |
| Payment of estimated costs of the Offer | | | (475,000) | (600,000) |
| Repayment of loan to Carbon Energy Limited | | | (53,052) | (53,052) |
| Payment to Skryne Hill Pty Ltd pursuant to Asset Sale and Purchase Agreement | | | (75,000) | (75,000) |
| Payment to Carbon Energy Ltd pursuant to Asset Sale and Purchase Agreement | | | (41,174) | (41,174) |
| Payments to Ms K Paterson & Mr L Bettenay | | | (41,800) | (41,800) |
| Payment of operating costs from 1 July 2009 to 31 October 2009 | | | (100,000) | (100,000) |
| Pro forma balance as at 30 June 2009 | | | 4,613,975 | 6,988,975 |

## 3. Property, Plant & Equipment

| | | | | |
|---|---|---|---|---|
| Property, plant & equipment | | - | 41,174 | 41,174 |
| Adjustments arising in the preparation of the pro forma balance are summarised as follows: | | | | |
| Balance at 30 June 2009 | | | - | - |
| Payment of cash to Carbon Energy Limited pursuant to Asset Sale and Purchase Agreement | | | 41,174 | 41,174 |
| Pro forma balance at 30 June 2009 | | | 41,174 | 41,174 |

**4. Exploration and evaluation expenditure**

| | Audited Historical Financial Information 30 June 2009 $ | Unaudited Pro Forma Financial Information 30 June 2009 $ | Unaudited Pro Forma Financial Information 30 June 2009 $ |
|---|---|---|---|
| | | Minimum Subscription | Full Subscription |
| Exploration and evaluation expenditure | - | 3,175,000 | 3,175,000 |
| Adjustments arising in the preparation of the pro forma balance are summarised as follows: | | | |
| Balance at 30 June 2009 | | - | - |
| Payment of cash to Skryne Hill Pty Ltd pursuant to Asset Sale and Share Purchase Agreement | | 75,000 | 75,000 |
| Issue of shares to Skryne Hill Pty Ltd pursuant to Asset Sale and Purchase Agreement | | 600,000 | 600,000 |
| Issue of shares to Carbon Energy Ltd pursuant to Asset Sale and Purchase Agreement | | 2,500,000 | 2,500,000 |
| Pro forma balance at 30 June 2009 | | 3,175,000 | 3,175,000 |

The ultimate recoupment of the costs carried forward of the areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective area of interest.

There may exist, on the exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people or areas subject to reserves. As a result, exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

**5. Non-Current Liabilities**

| | | | |
|---|---|---|---|
| Other payables | 53,052 | - | - |
| Adjustments arising in the preparation of the pro forma balance are summarised as follows: | | | |
| Balance at 30 June 2009 | | 53,052 | 53,052 |
| Repayment of Carbon Energy Limited loan upon successful ASX listing | | (53,052) | (53,052) |
| Pro forma balance at 30 June 2009 | | - | - |

# SECTION 7A
# FINANCIAL INFORMATION (CONT'D)

## 6. Share Capital

| | | Audited Historical Financial Information 30 June 2009 | Unaudited Pro Forma Financial Information 30 June 2009 | Unaudited Pro Forma Financial Information 30 June 2009 |
|---|---|---|---|---|
| | | $ | $ | $ |
| | | | Minimum Subscription | Full Subscription |
| **Fully paid ordinary Shares** | | **1** | **8,025,001** | **10,400,001** |
| Adjustments arising in the preparation of the pro forma balance are summarised as follows: | | | | |
| | Number | $ | Number | $ |
| Balance as at 30 June 2009 | 5 | 1 | 5 | 1 |
| Issue of Shares pursuant to this Prospectus (minimum subscription) | 25,000,000 | 5,000,000 | - | - |
| Issue of Shares pursuant to this Prospectus (full subscription) | - | - | 37,500,000 | 7,500,000 |
| Shares issued to Skryne Hill Pty Ltd | 3,000,000 | 600,000 | 3,000,000 | 600,000 |
| Shares issued to Carbon Energy Ltd | 25,000,000 | 2,500,000 | 25,000,000 | 2,500,000 |
| Shares issued to Carbon Energy Ltd as seed capital | 4,000,000 | 400,000 | 4,000,000 | 400,000 |
| Payment of estimated costs of the Offer | - | (475,000) | - | (600,000) |
| **Pro forma balance at 30 June 2009** | **57,000,005** | **8,025,001** | **69,500,005** | **10,400,001** |

Terms and Conditions of issued capital

a. Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

b. Escrow Period

In accordance with the Appendix 9B of the ASX Listing Rules, certain groups of shareholders and option holders are subject to escrow periods during which shares and/or options held by them will be treated as restricted securities.

## 7. Accumulated Losses

| | | | |
|---|---|---|---|
| Accumulated Losses | (53,052) | (194,852) | (194,852) |
| Adjustments arising in the preparation of the pro forma balance are summarised as follows: | | | |
| Balance at 30 June 2009 | | (53,052) | (53,052) |
| Payments to Ms K Paterson & Mr L Bettenay | | (41,800) | (41,800) |
| Operating activities from 1 July 2009 to 31 October 2009 | | (100,000) | (100,000) |
| **Pro forma balance at 30 June 2009** | | **(194,852)** | **(194,852)** |

## 8. Related Party Disclsoures

### a. Directors' interest in Shares

Directors and director related entities held directly, indirectly or beneficially, at 30 June 2009, the following equity interests in the Company:

Ordinary shares: 5

Directors and their related entities are not precluded from applying for Shares pursuant to the Prospectus.

### b. Directors' interest in Options

Upon successful listing on the ASX and subject to shareholder approval, Directors will hold directly, indirectly or beneficially, the following options in the share capital of the Company:

| | Options having $0.225 exercise price | Options having $0.25 exercise price | Options having $0.30 exercise price | Total Options to be issued with Shareholder approval |
|---|---|---|---|---|
| Directors | | | | |
| K Paterson | 2,500,000 | 2,500,000 | 2,500,000 | 7,500,000 |
| I Walker | 1,000,000 | 1,000,000 | 1,000,000 | 3,000,000 |
| M Cozijn | 1,000,000 | 1,000,000 | 1,000,000 | 3,000,000 |
| L Bettenay | | | | |
| (Alternate to I Walker) | 500,000 | 500,000 | 500,000 | 1,500,000 |

### c. Ultimate Parent Company

Energia is ultimately controlled by Carbon Energy Limited, a listed public company which is incorporated in Australia. At 30 June 2009, loans from Carbon Energy Limited totalled $53,052.

## 9. Controlled Entity

The controlled entity and percentage ownership interest at 30 June 2009 is as follows:

| | Country of Incorporation | Percentage Owned |
|---|---|---|
| Parent Entity: | | |
| Energia Minerals NL | Australia | - |
| Subsidiary: | | |
| Nickelex Pty Ltd | Australia | 100% |

# SECTION 8
# INVESTMENT RISKS

There are various risks, both specific to the Company and of a general nature, which may materially and adversely affect the future operating and financial performance and/or financial position of the Company and the value of Shares. Prospective investors should note that this list of risks is not exhaustive, as it is not possible to identify all risks.

The risks identified in this section have been separated into specific risks to Energia (described in Section 8.1), industry specific risks (described in Section 8.2) and general risks (described in Section 8.3) associated with investing in Shares. Identification of each risk was based on an assessment by the Directors of the probability of the risk occurring and the impact of the risk if it did occur. The assessment was based on the knowledge of the Directors as at the date of this Prospectus and there is no guarantee or assurance that the relative importance of the various risks will not change.

Prior to making an investment decision, prospective investors should read this Prospectus carefully and in full and consider the risks identified in this Section. Investors should have regard to their own investment objectives and financial circumstances and should consider seeking professional guidance from their accountant, stockbroker or other professional adviser before deciding whether to apply for Shares in the Offer.

A reference to financial performance in this Section includes a reference to the Company being able to achieve its financial performance overall. The financial performance of the Company is likely to affect the value and price of Shares.

## 8.1 Specific risks to Energia

In addition to the industry risks noted in Section 8.2 and the general risks noted in Section 8.3, investors should be aware of the specific risks in respect of an investment in the Company. These specific risks include but are not limited to those risks referred to below.

(1) Approval process

The approval processes for uranium mining are more rigorous than for the mining of other metals, as both Federal and State Government legislation must be satisfied in order to commence mining of uranium. There is a risk that, should economic deposits of uranium be discovered by the Company, the necessary government approvals may not be granted or may be significantly delayed.

(2) Government policy

Mining activity in Australia (and uranium mining in particular) is regulated by Federal and State governments. Complying with the relevant laws and regulations for exploration and mining in general and specifically for uranium may increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

In Western Australia, there is no legislation prohibiting uranium mining and the current State Government supports the development of uranium mining. However, a change of government may reverse the current position.

The Queensland State Government's policy currently opposes the mining of uranium but does not prevent exploration for uranium. While the Company is not prevented from exploring for and evaluating any uranium deposits in Queensland, the development of any uranium deposits is dependent upon a change in the Queensland Government's policy.

South Australia and the Northern Territory each allow the mining of uranium provided strict conditions are adhered to, and such mining requires both State or Territory (as applicable) and Federal approvals.

In relation to the Company's Projects in Italy, the Novazza applications have not been granted and the Company cannot guarantee if or when these applications will be granted.

Future changes in governments, regulations and policies affecting any of the areas in which the Company has Projects may have an adverse impact on the Company.

(3) Title and transfer

In relation to those of the Tenements that are exploration licences, some or all of these may be the subject of applications for extension in the future. If a Tenement is not extended, the Company may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that Tenement. In addition, the Company cannot guarantee that those Tenements that are currently applications will ultimately be granted in whole or in part. A number of the Tenements are applications and there is no guarantee that the Tenements which are currently applications will be granted. In addition, it should be noted that all of the Tenements constitute exploration tenure and the grant of mining tenure (which is also not guaranteed) is required before productive mining operations can take place. Investors should also refer to Sections 9.2 and 9.3 in relation to the transfer of the Tenements.

(4) Commodity price and demand, and exchange rates

The demand for, and price of, uranium is highly dependent upon a variety of factors, including international supply and demand, developments in alternative energy sources, actions taken by governments, global economic and political developments, exchange rates and the proper functioning of debt markets. In the event that the Company achieves exploration success leading to uranium production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company, including supply and demand fluctuations for uranium,

technological advances, forward-selling activities, debt markets and other macro-economic factors. Further, the international prices of various commodities, including uranium, are denominated in United States dollars, whereas the income and expenditure of the Company are, and will be taken into account, in Australian dollars. This exposes the Company to the fluctuations and volatility of the exchange rate between the United States dollar and the Australian dollar, as determined in international markets.

(5) Competitive power generation technologies

Nuclear power generation produces negligible carbon dioxide compared to power sourced from the burning of fossil fuels including coal, distillate and petroleum gas and is therefore a potentially important source of energy as the emphasis on carbon reduction increases.

However, the successful development of technologies to reduce the cost of, and improve the reliability of supply of power from alternate sources including tidal power, solar energy, wind farms, underground coal gasification and others could reduce the demand for uranium. Further, technologies are being developed to capture carbon emissions before the enter the atmosphere which, if proved commercial viable, could reduce demand for uranium.

(6) Export restrictions

There are no nuclear power stations operating within Australia as at the date of this Prospectus and therefore all material quantities of uranium produced from Australian mines is exported. Federal legislation currently restricts the export of uranium to countries which are signatories to the Nuclear Non-proliferation Treaty and have a bilateral nuclear safeguard agreement with Australia.

(7) Dependence on key personnel

The Company's success depends to a significant extent upon key management personnel, as well as other management and technical personnel, including those employed on a contractual basis. The loss of the services of certain personnel could adversely affect the Company and its activities.

**8.2 Industry risks**

(1) Exploration and mining risks

The future viability and profitability of the Company as an exploration company will depend upon a number of factors, including, but not limited to, the risks associated with:

(a) a lack of exploration success, including relinquishment (in whole or in part) of Tenements;

(b) failure to locate or identify mineral deposits;

(c) obtaining the grant of any Tenements that are applications, or the renewal of Tenements upon expiry of their current term;

(d) the cost of maintaining exploration and mining properties, which depends upon the Company having access to sufficient development capital; and

(e) failure to achieve predicted grades in exploration and mining; operational and technical difficulties in commissioning and operating plant and equipment;

(f) mechanical failure or plant break down;

(g) unanticipated metallurgical problems which may affect extraction costs;

(h) adverse weather conditions;

(i) industrial and environmental accidents or changes in environmental management requirements;

(j) industrial disputes;

(k) insolvency or other managerial failure by any of the operators, contractors or service providers used by the Company in its activities; and

(l) unexpected shortages or increases in the cost of consumables, spare parts, plant and equipment.

It should also be noted that any estimate of mineralisation is an expression of judgement based on knowledge, experience and industry practice. Historical calculations or estimates which were valid when those calculations or estimates were originally undertaken may alter significantly when new information or techniques become available. In addition, by their very nature, estimates regarding mineralisation are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to exploration, development and/or production plans which may, in turn, adversely affect the Company's operations.

(2) Native Title and land access

The Company's activities in Australia are subject to the Native Title Act 1993 and relevant State legislation, which are further discussed in the Solicitors' Report in Section 6. Native title and Aboriginal land rights may affect the Company's ability to: gain access to prospective exploration areas; to obtain mining titles; and may generally affect the Company's plans. Compensatory obligations may be necessary in relation to settling native title claims lodged over any of the Tenements in which the Company has an interest. The level of impact of these matters will depend, in part, upon the location and status of the Tenements which the Company currently or in the future may have an interest.

(3) Aboriginal sites of significance

Within Australia, Federal and State legislation allows for the protection of sites of significance to Aboriginal custom and tradition. The Company is also party to

# SECTION 8
# INVESTMENT RISKS (CONT'D)

heritage protection agreements in respect of some of the Tenements, which as discussed at Section 9.4. The Company is aware of its obligations in this respect and proposes to carry out 'clearance surveys' before conducting any exploration work that would disturb the surface of the land. The Tenements may contain some such sites of significance, which would need to be avoided during field programs. It is possible that areas containing mineralisation or an economic resource may also contain sacred sites, in which case they may remain unexploited.

(4) Health, safety and environmental risk

The Company's Projects are subject to Australian laws and regulations in relation to health, safety and environmental matters, which means there are potential liability and project risks in relation to those Projects. The Company proposes to operate fully in accordance with applicable laws and conduct its programs in a responsible manner with regard to people and the environment. In addition, the Company must comply fully with the environmental approval requirements attached to the Tenements, including express conditions for exploration licences as set out in the Solicitors' Report in Section 6. However, the Company may be:

(a) subject to potential liability related to the extraction of uranium by the Company; or

(b) prevented from mining for uranium due to the environmental impact of its activities on an area.

Any such developments could impact adversely on the Company and may affect the value or price of Shares.

(5) Additional funding

Exploration costs will reduce the Company's cash reserves. It is likely that the Company will have to seek additional capital through equity, debt or joint venture financing or sale to support the long-term exploration, evaluation and development of its Projects. The Company cannot provide any guarantees that such funding will be available to the Company on commercial terms at such time in the future as it may require.

**8.3 General investment risks**

(1) Investment in Shares

Applicants should be aware that there are risks associated with any investment in securities. The prices at which the Shares offered under this Prospectus trade may be above or below the Offer price and may fluctuate in response to a number of factors.

(2) Stock market fluctuations

Stock market fluctuations in Australia and other stock markets around the world may negatively impact the price at which Shares trade on ASX. Other factors that may influence the price of Shares (which may not relate to actual performance of Energia) include: the general global economic outlook, movements in commodity prices, exchange rate movements, interest rate movements, inflation and political developments. Neither the Company nor the Directors warrant the future performance of the Company or any return on investment in the Company.

(3) Liquidity and realisation risks

There can be no guarantee that an active market in Shares will develop or that the price of Shares will increase. There may be relatively few buyers, or relatively high numbers of sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

(4) General economic conditions

Australian and world economic conditions may negatively affect Energia's financial performance. Any protracted slow down in economic conditions or factors such as the level of production in any relevant economy, inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have a negative impact on the Company's costs and revenue. These changes could adversely affect the Company's operations. A prolonged deterioration in general economic conditions could be expected to have a material adverse impact on the Company's financial performance and the price of Shares traded on ASX.

(5) Speculative nature of investment

An investment in the Company should be viewed as speculative in nature. Prospective Shareholders should have the financial ability and willingness to accept the risks and possible lack of liquidity associated with an investment in a company of the type described in this Prospectus. The Shares are only suitable for investors who understand the potential risk of capital loss, for whom an investment in the Shares constitutes part of a diversified investment portfolio, and who fully understand and are willing to assume the risks involved in investing in the Company.

The value of any investment can go down as well as up and Shareholders may lose their entire investment in the Company.

The past performance of similar investments is not necessarily a guide to the future performance of the Company. Past performance data is also not necessarily a guide to the future. No representation is or can be made as to the future performance of the Company and there is no assurance that the Company will realise its aims.

(6) Competition

Energia will compete with other companies, including major mineral exploration and mining companies. Some of these companies have greater financial and other

resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also produce energy and other products on a world-wide basis. There can be no assurance that the Company can compete effectively with these companies.

(7) Policies and legislation

Any changes in government policies or legislation, including changes to the taxation system or changes affecting mining and exploration activities may affect the Company's future earnings, profitability and the relative attractiveness of investing in the Company.

(8) Accounting Standards

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Prospectus may impact adversely on the Company's reported financial performance.

(9) Force majeure

Force majeure describes events, including acts of God, fire, flood, earthquakes, war and strikes, beyond the control of a party claiming that any such event has occurred. To the extent that force majeure events occur, they may adversely affect the Company's financial performance, the value and price of Shares and its ability to operate.

(10) Acts of terrorism or an outbreak of international hostilities

Acts of terrorism or an outbreak of international hostilities may result in a reduction of demand for uranium (whether as a result of market forces or government policies), which in turn may affect the price of uranium traded globally. These factors, or an associated adverse change in sentiment with respect to the equity markets, could negatively impact on the value of an investment in the Company.

(11) Valuation of Tenements

There has been no valuation of the Company's Tenements or the Shares. The Company makes no representation as to the value of the Tenements or the Company's rights in respect of them. It is recommended that intending investors and their advisers make their own assessment as to the value of the Tenements or the Company's rights in respect of them.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Those factors, and others not specifically referred to in this Prospectus, may in the future materially affect the performance of the Company and the value of the Shares. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that an investment in the Company is speculative and consult their professional advisers before deciding whether to apply for Shares in the Company.

# SECTION 9
# MATERIAL AGREEMENTS

## 9.1 Summary of Material Contracts

Various contracts entered into by Energia may be material to the Offer or the operation of the business of Energia.

The Directors consider the material contracts summarised below are significant or material to the Company (Material Contracts).

The main provisions of the Material Contracts are summarised below. Each Material Contract appears in summary form only and these summaries do not purport to be complete and are qualified by the text of the contracts themselves. Some items may be defined in the Material Contracts but not defined in this Prospectus.

## 9.2 Asset Sale and Purchase Agreement dated 16 October 2009 between the Company and Carbon Energy (Carbon Energy Sale Agreement)

Under the Carbon Energy Sale Agreement, Carbon Energy agreed to sell and the Company agreed to purchase:

(1) exploration licences E08/1644, E08/1645, E08/1646 and exploration licence application E45/2886, in Western Australia;

(2) exploration licences EL 3650, EL 3680, EL 3682, EL 3683, EL 3957, EL 3958, EL 4035 and EL 3651 in South Australia;

(3) exploration permit applications EPM 15489 and EPM 15491 in Queensland;

(4) exploration licence applications EL 25269, EL 25272, EL 25264, EL 25267 in the Northern Territory; and

(5) the Italian prospecting permits known as "Gorno NE", "Gorno NW", "Monte Golla", "Zambia", "Vedra", "Monte Pora" and "Punta Covolo" and the Italian prospecting permit applications known as "Novazza", and "Val Vedello",

together with related mining information and certain plant and equipment.

The consideration payable by the Company to Carbon Energy under the Carbon Energy Sale Agreement was a cash payment of $41,174 (allocated to the plant and equipment) and the issue to Carbon Energy of 25 million Shares (allocated to all other assets the subject of the Carbon Energy Sale Agreement, including the relevant Tenements and mining information). The Carbon Energy Sale Agreement does not contain any conditions precedent to completion and accordingly, the cash payment will be made to Carbon Energy after listing, while the issue of Shares to Carbon Energy has occurred.

It should be noted that the transfer of an:

- exploration licence in Western Australia within the first year after its grant;
- exploration permit in Queensland; and
- exploration licence in South Australia or the Northern Territory,

requires the consent of the relevant State or Territory Minister.

The transfer of a prospecting permit in Italy similarly requires the consent of the regional government where that permit authorises prospecting for uranium.

Accordingly, the transfer of:

- any exploration licence granted as a result of exploration licence application E45/2886;
- any exploration permits granted as a result of the Queensland exploration permit applications;
- the South Australian exploration licences;
- the Northern Territory exploration licences and any exploration licences granted as a result of the Northern Territory exploration licence applications; and
- the prospecting permits granted as a result of the "Novazza" and "Val Vedello" Italian prospecting permit applications,

will require the consent of the relevant government authority. However, under the Carbon Energy Sale Agreement, to the extent permitted by law, Carbon Energy has agreed to hold the relevant Tenements on trust for the Company and to grant to the Company sole and exclusive possession of the Tenements pending transfer. As Western Australian exploration licences E08/1644, E08/1645 and E08/1646 were granted in 2006, Ministerial consent is not required to transfer those tenements to the Company

Under the agreement, Carbon Energy warrants to the Company that, among other things, the relevant tenements are in good standing and free from encumbrances.

## 9.3 Asset Sale and Purchase Agreement dated 9 October 2009 between the Company and Skryne Hill (Skryne Hill Sale Agreement)

Under the Skryne Hill Sale Agreement, Skryne Hill Skryne agrees to sell and the Company agrees to purchase Skryne Hill's interest in exploration licences E08/1499 and E08/1500 and exploration licence application E08/1946, in Western Australia, together with related mining information. Completion under the Skryne Hill Agreement is conditional on:

(1) the Company completing legal and technical due diligence investigations in respect of the tenements and being satisfied with the results of those investigations;

(2) any consent or approval that is required under the Mining Act to the transfer of E08/1499 and E08/1500 being granted; and

(3) satisfaction of all conditions imposed on the Company by the ASX to the admission of the Company to the Official List (other than completion occurring under the Skryne Hill Sale Agreement, which is expected to be a condition imposed by ASX to the Company's admission to the Official List).

The Company has notified Skryne Hill of the satisfactory completion of its legal and technical due diligence, and, as exploration licences E08/1499 and E08/1500 were granted in 2006, Ministerial consent is not required to transfer those tenements to the Company. It should be noted that the transfer of any exploration licence

granted as a result of exploration licence application E08/1946 will require Ministerial consent. However, under the Skryne Hill Sale Agreement, to the extent permitted by law, Skryne Hill has agreed to hold E08/1946 on trust for the Company and to grant to the Company sole and exclusive possession of E08/1946 pending transfer.

The consideration payable by the Company to Skryne Hill at completion under the Skryne Hill Sale Agreement is a cash payment of $75,000 and the issue to Skryne Hill of 3 million Shares upon ASX admitting the Company to the Official List as explained above.

Under the Skryne Hill Sale Agreement, Skryne Hill warrants to the Company that, among other things, the relevant tenements are free from encumbrances. Under the agreement, the Company also acknowledges that Skryne Hill has lodged applications for exemption from expenditure for the expenditure year ended on 8 June 2009 in respect of E08/1499 and E08/1500, and that at the date of the agreement, those applications have not been determined by the Western Australian Department of Mines and Petroleum. However, Skryne Hill warrants to the Company that the tenements are otherwise in good standing.

### 9.4 Heritage protection agreements

Carbon Energy has entered into heritage protection agreements with the Gnulli, Budina and Thudgari native title claimant groups in respect of exploration licences E08/1644, E08/1645 and E08/1646.

Carbon Energy has also reached agreement with the Gangalidda and Garawa peoples on the terms of a heritage protection agreement in respect of exploration permits EPM 15489 and EPM 15491. However, Carbon Energy has not yet received a signed copy of the agreement from the native title parties.

Skryne Hill has entered into a heritage protection agreement in respect of E08/1499 and E08/1500 with the Thalanyji native title claimants (Skryne Hill Heritage Protection Agreement).

The relevant agreements set out the terms on which Carbon Energy or Skryne Hill (as the case may be) may carry out exploration on the relevant tenements, and include, among other things, requirements for the carrying out of heritage surveys prior to exploration activities taking place. The heritage protection agreement in relation to EPM 15489 and EPM 15491 requires Carbon Energy to pay $1,300 per exploration permit per annum to the relevant claimants towards administration costs.

The Company intends to acquire the rights and assume the obligations of Carbon Energy and Skryne Hill respectively under:

(1) the heritage protection agreements in relation to E08/1644, E08/1646, EPM 15489 and EPM 15491; and

(2) the Skryne Hill Heritage Protection Agreement,

in due course and intends to execute appropriate deeds of assignment and assumption.

### 9.5 Agreement between the Company, Carbon Energy and Marcello de Angelis dated 4 November 2009

Under previous arrangements between Carbon Energy and Marcello de Angelis, Carbon Energy agreed to procure for Dr de Angelis a 5% interest in certain uranium prospective Tenements acquired by Carbon Energy as a result of Dr de Angelis' consultancy services (including the Tenements the subject of the Carbon Energy Sale Agreement).

In lieu of Dr de Angelis being granted a 5% interest in the relevant tenements, the Company has agreed to:

(1) issue 5 million Options to Dr de Angelis, with each Option entitling Dr de Angelis to subscribe for one Share at an exercise price of A$0.30 per Share; and

(2) retain Dr de Angelis to provide consultancy services to the Company for a minimum of 5 days per calendar month at a rate of A$1,000 per day (or A$5,000 per month), based on a minimum of 8 working hours per working day.

The agreement is conditional on the Company being admitted to the Official List and the Company's Shares being granted official quotation by ASX. Under the agreement, Dr de Angelis releases Carbon Energy from any obligations it may have under the previous consultancy arrangements between Carbon Energy and Dr de Angelis and Dr de Angelis also acknowledges (for the benefit of both the Company and Carbon Energy) that he is not entitled to an interest in the relevant tenements.

# SECTION 10
# ADDITIONAL INFORMATION

## 10.1 Registration and Company Background

The Company was registered in Queensland on 12 May 1997 under the name Windarra Minerals NL. On 9 July 2008 the Company changed its name to Metex Resources NL (remaining a public no liability company). On 20 October 2009, the Company resolved to change its name to Energia Minerals NL and the proposed change of its company type to a public company limited by shares was Gazetted on 6 November 2009 and is scheduled to occur on 6 December 2009, at which time the Company will become a public company limited by shares with the name Energia Minerals Limited.

Rights attaching to Shares

The rights attaching to Shares are detailed in the Constitution of Energia. The following is a summary of the material provisions of the Constitution and the privileges and restrictions attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. A copy of the full constitution of Energia may be inspected during normal business hours at the registered office of the Company.

(1) Voting

Subject to any restriction on voting imposed by the Listing Rules or any escrow agreement entered into between Energia and a Shareholder, every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has 1 vote on a show of hands and 1 vote on a poll for every Share held. A poll may be demanded by the chairperson of the meeting, any 5 Shareholders (or their proxy, attorney or representative) entitled to vote on the resolution, a Shareholder or Shareholders who together hold at least 5% of the votes that may be cast on the resolution on a poll, or who together hold voting shares paid up to a value of not less than 5% of the total sum paid up on all voting shares.

(2) General meetings

Each Shareholder is entitled to receive at least 28 days notice of and to attend general meetings of Energia and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

(3) Dividends

Dividends are payable out of Energia's profits and are declared by the Directors or by Energia in general meeting but only if the Directors have recommended a dividend and the dividend does not exceed the amount recommended by the Directors. Dividends declared will (subject to any special rights or restrictions attaching to a class of shares created under any arrangement as to dividend) be payable on Shares in accordance with the Corporations Act. Interest is not payable on Dividends.

(4) Transfer of shares

Subject to any restriction on transfer imposed by the Listing Rules or any escrow agreement entered into between Energia and a Shareholder, a Shareholder may transfer shares by a proper transfer effected in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors. The Directors may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the Constitution, the Listing Rules and the ACH Clearing Rules.

(5) Issue of Shares

The Directors may (subject to the restrictions on the Issue of Shares imposed by the Constitution of Energia, the Listing Rules and the Corporations Act) issue further Shares, or grant options, as the Directors see fit.

(6) Winding up

Subject to any special or preferential rights attaching to any class or classes of Shares, on a winding up of Energia a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders in kind the whole or any part of the property of Energia in proportion to the Shares held by them respectively. The liquidator may for that purpose set the value he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(7) Shareholder liability

Shares are not subject to any call for money by the Directors and will therefore not become liable for forfeiture.

(8) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three-quarters of the Shareholders present and voting at a general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(9) ASX Listing Rules

On admission to the Official List, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if a provision is required in the Constitution by the Listing Rules the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the Listing Rules, the Constitution will be treated as not containing that provision to the extent of the inconsistency.

(10) Directors

The number of directors of Energia is to be not less than 3 but no more than 9. The Company may in general meeting by resolution increase or reduce the number of Directors but the number must not be reduced below 3.

The Directors are entitled to be remunerated for their services as Directors and the total amount or value of the remuneration must not exceed the amount per annum determined by the Company at general meeting from time to time (which amount is currently fixed at $250,000 per annum). This amount does not include the remuneration payable to the Managing Director or any executive Director.

The Company may remunerate a Director in addition to the above amount (as determined by the Directors) if the Director performs additional or special duties for the Company at the request of the Directors.

A share qualification for Directors may be fixed by the Company in general meeting. Unless and until so fixed a Director is not required to hold any Share in the Company.

(11) Directors' indemnity

To the extent permitted by law, each Director and officer of Energia is entitled to be indemnified out of the property of Energia for every liability incurred by the person in that capacity and all legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity.

**10.2 Taxation**

The following taxation summary provides a general overview of the Australian tax implications to Australian resident and non-resident investors who acquire and hold the Shares under the Offer contained in this Prospectus. This summary is based on the tax laws of Australia as at the date of this Prospectus. The Australian tax laws are complex and the following is not intended to be a complete statement of the possible implications for investors.

The individual circumstances of each investor may affect the taxation implications of the investment of that investor. It is the responsibility of each Applicant to be satisfied as to the particular taxation treatment that applies to each investment. Persons who are considering making an investment in Energia should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances before investing.

The following discussion assumes that an investor will hold the Shares on capital account. A different treatment may apply if an investor holds the Shares on revenue account, for example share traders.

(1) Australian investors

(a) Capital gains tax

Australian income tax laws contain a capital gains tax (CGT) regime. Shareholders who hold Shares on capital account will be subject to the CGT regime on disposal of those Shares. For CGT purposes, a Share is generally acquired on the date the Share is issued or allotted. The cost base used to work out any capital gain or loss on Shares is generally the amount a shareholder pays to acquire the Shares plus any incidental costs of acquisition and non-capital costs of ownership incurred. Gains on the disposal of Shares held on capital account will be subject to CGT. A capital gain will arise where the proceeds received exceed the cost base of the Shares. Conversely, a capital loss will be incurred where the proceeds received on disposal are less than the cost base of the Shares. Capital losses made in the same or prior years can typically be offset against any capital gains. Any remaining net capital gain is included in assessable income and taxed. Where a net capital loss is incurred it may be carried forward indefinitely and offset against future capital gains subject to certain restrictions. Individuals, trusts and partnerships in certain circumstances may be entitled to a 50% discount on capital gains derived where they have held the Shares as a CGT asset for 12 months or more. Complying superannuation funds and life insurance companies holding the Shares as virtual pooled superannuation trust assets are entitled to a discount of 33.3% where they have held the Shares as a CGT asset for 12 months or more. Any discount would apply only after capital losses are first applied against the capital gain. Companies holding shares are not entitled to the discount.

(b) Stamp duty

Under current law, duty is only payable on an issue or transfer of shares where the company is either a landholder or land-rich under the relevant State legislation. As the Shares are being offered to the public, it is the view of the Company that no stamp duty will be payable. Once the Company has been listed, duty will only be payable on subsequent sales in very limited circumstances.

(c) Taxation on dividends

Dividends paid will be included in assessable income in the income year they are paid. Dividends may be franked or unfranked. Franked dividends have franking credits attached and reflect the Australian corporate tax paid on the profits out of which the dividends are paid. The dividends and any franking credits attached should be included in assessable income. Shareholders will be entitled to a tax offset equal to the franking credits received, provided the recipient is a "qualified person". In general terms, to be a qualified person two tests must be satisfied being the "holding period rule" and the "related payments rule". These rules will, in broad terms, be satisfied where Shareholders have held the Shares at risk for at least 45 continuous days (excluding the dates of acquisition and disposal). Special rules apply to trusts which receive franked dividends. It is recommended that further advice be obtained if Shares are to be held by a trust. Corporate shareholders may also be entitled to a franking credit in their franking account equal to the franking credit attached to the dividend paid. Such credit can be attached to dividends paid by the corporate shareholder to its shareholders. Certain types of taxpayers, including individuals and superannuation funds, are entitled to a refund of any excess franking credits. Unfranked dividends will be included in assessable income.

(2) Non-resident investors

(a) Capital Gains Tax

Under current legislation, foreign residents and trustees of foreign trusts will not be subject to Australian tax on any capital gains and will disregard capital losses incurred on the sale of any Australian assets, other than in specific circumstances.

In broad terms, tax will only be payable where a CGT event arises (for example, a sale) in respect of a foreign resident's:

- "Taxable Australian real property" (which will include real property and certain mining assets);
- membership interests of 10% or more in an entity which has taxable Australian real property as its principal assets (known as "indirect real property interests");
- business assets of an Australian permanent establishment; or
- an option or right to acquire such assets.

The assets of the Company consist, principally, of mining tenements, accordingly any shares held in the Company by a non-resident will be regarded as an "indirect property interest" if that non-resident (and its associates) holds 10% or more of the shares in the Company. Where this is the case, the non-resident will be subject to the CGT regime in Australia and the implications are, in broad terms, similar to those applicable to residents as summarised in paragraph 1(a) above. These tax implications will, however, be subject to the provisions of any Double Tax Treaty which may be applicable.

Non-residents who hold less than 10% of the shares in the Company will not be subject to the CGT regime in Australia.

(b) Taxation of dividends

Dividends received by non resident Shareholders will not be subject to dividend withholding tax to the extent

# SECTION 10
# ADDITIONAL INFORMATION (CONT'D)

the dividend is franked. However, dividend withholding tax may apply to that part of the dividend that is unfranked. The rate of dividend withholding tax rate is 30%. However this may be reduced (usually to 15%) where Australia has a Double Taxation Agreement with the Country in which the shareholder is a resident. Non-resident investors should consult their own tax adviser for the taxation implications in their own domestic jurisdiction of this Offer.

(c) Stamp duty

No stamp duty will be payable by successful Applicants or bidders on the issue of Shares to successful Applicants. In addition, under current law, stamp duty would only be payable on any subsequent transfer of Shares if the landholder or land-rich provisions in the relevant State apply. Once the Company is listed, these provisions apply in only very limited circumstances.

(3) GST

Under current law, Goods and Services Tax is not payable on the issue or transfer of Shares.

(4) TFN and ABN

Applicants are not required to advise the Company of their TFN or, where relevant, ABN. However, if a TFN or ABN is advised to the Company and no exemption is applicable, tax is required to be deducted by the Company at the highest marginal rate (currently 45%) plus Medicare levy (currently 1.5%) from certain distributions.

No withholding requirement applies in respect of fully franked dividends paid by the Company in respect of the Shares.

(5) Investors should obtain their own advice

The summary set out above is a summary only and does not take into account any individual's personal circumstances. The individual circumstances of each investor may affect the taxation implications of the investment of that investor.

It is the responsibility of each Applicant to be satisfied as to the particular taxation treatment that applies to each investment. Persons who are considering making an investment in Energia should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances before investing.

### 10.3 Legal matters

(1) Material proceedings

To the knowledge of the Directors, Energia is not involved in any litigation. The Directors are not aware of any circumstances that might reasonably be expected to give rise to such litigation.

(2) Governing law

This Prospectus and the contracts that arise from the acceptance of Applications under this Prospectus are governed by the law of Western Australia and each Applicant submits to the exclusive jurisdiction of the courts of Western Australia and of the Commonwealth of Australia.

### 10.4 Key Employees & Directors

Energia has the following key employees:

- Keren Paterson (Managing Director); and
- Dr Leigh Bettenay (General Manager - Exploration and Development)

Letters of employment have been executed by the Company and each of these executives. It is intended that each letter agreement will be replaced by an Executive Service Agreement after quotation of Shares on ASX commences.

(1) Keren Paterson (Managing Director)

(a) Pursuant to a letter agreement between Ms Paterson and the Company dated 26 October 2009, Ms Paterson is employed by the Company as Managing Director, for a period of 3 years, which commenced on 26 October 2009.

(b) Ms Paterson will receive an annual salary of $225,000 plus 9% superannuation, which will be reviewed annually during her employment.

(c) In addition, subject to Shareholder approval being obtained (as explained in section 10.5), Ms Paterson was offered, as a term of her employment, the entitlement to receive a total of 7.5 million unlisted Options after commencement of quotation of Shares on ASX. Further details in relation to those Options are set out in section 10.5.

(d) Ms Paterson may resign by giving the Company 3 month's written notice of resignation. The Company may terminate Ms Paterson's on 1 month's written notice. Upon termination, Ms Paterson is entitled to be paid a lump sum equivalent to six months' remuneration, which will be increased by a further 2 weeks' remuneration for each 12 months that Ms Paterson has been employed by Energia.

(2) Dr Leigh Bettenay (General Manager – Exploration and Development)

(a) Pursuant to a letter agreement between Dr Bettenay and the Company dated 30 October 2009, Dr Bettenay is employed by the Company as General Manager Exploration and Development. Dr Bettenay will also act as an alternate Director (for Mr Ian Walker).

(b) Under the terms of his appointment, Dr Bettenay is employed on a part time basis, with a minimum number of working days per calendar year of 176 days (with 200 working days constituting 'full time' employment).

(c) Dr Bettenay will receive an annual salary of $160,000 plus 9% superannuation, which will be reviewed annually during his employment. Dr Bettenay will also be paid a one off payment of $20,000 for services provided to the Company in connection with its initial public offering and ASX listing.

(d) In addition, subject to Shareholder approval being obtained (as explained in section 10.5), Dr Bettenay was offered, as a term of his employment, the entitlement to receive a total of 1.5 million unlisted Options after commencement of quotation of Shares on ASX. Further details in relation to those Options are set out in section 10.5.

(e) Dr Bettenay may resign by giving the Company 3 month's written notice. The Company may terminate Dr Bettenay's employment on 1 month's written notice. Upon termination, Dr Bettenay is entitled to be paid a lump sum equivalent to three months' remuneration, which will be increased by a further 2 weeks' remuneration for each 12 months that Dr Bettenay has been employed by Energia.

### 10.5 Directors' interests

At the date of this Prospectus, none of the Directors has a relevant interest or voting power in Energia. However, Energia proposes to issue Options to the Directors (or companies and trusts associated with them), subject to completion of the Offer and the commencement of quotation of Shares on ASX. In addition, the issue of these Options to the Directors (or their nominated entities) will be subject to Energia Shareholder

approval for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11, which will be sought at a general meeting of Shareholders to be called after quotation of Shares on ASX commences. Details of the Options proposed to be issued are as follows:

| Director | Name of Shareholder | Nature of interest |
|---|---|---|
| Keren Paterson (*) | Keren Paterson or her nominee | 2,500,000 Options exercisable @ 22.5c per share expiring 5 years from Grant.<br>2,500,000 Options exercisable @ 25c per share vesting after 12 mths service and expiring 4 years from vesting.<br>2,500,000 Options exercisable @ 30c per share vesting after 24 mths service and expiring 3 years from vesting. |
| Ian Walker (*) | Ian W Walker as Trustee for the Elizabethan Trust | 1,000,000 Options exercisable @ 22.5c per share expiring 5 years from Grant.<br>1,000,000 Options exercisable @ 25c per share vesting after 12 mths service and expiring 4 years from vesting.<br>1,000,000 Options exercisable @ 30c per share vesting after 24 mths service and expiring 3 years from vesting. |
| Max Cozijn (*) | Diplomat Holdings Pty Ltd | 1,000,000 Options exercisable @ 22.5c per share expiring 5 years from Grant.<br>1,000,000 Options exercisable @ 25c per share vesting after 12 mths service and expiring 4 years from vesting.<br>1,000,000 Options exercisable @ 30c per share vesting after<br>24 mths service and expiring 3 years from vesting. |
| Leigh Bettenay (*) | Leigh Bettenay or his nominee | 500,000 Options exercisable @ 22.5c per share expiring 5 years from Grant.<br>500,000 Options exercisable @ 25c per share vesting after 12 mths service and expiring 4 years from vesting.<br>500,000 Options exercisable @ 30c per share vesting after 24 mths service and expiring 3 years from vesting. |

(*) Subject to obtaining shareholder approval following listing.

Nothing in this Prospectus will be taken to preclude Directors, officers, employees or advisers of Energia, from applying for Shares on the same terms and conditions as offered pursuant to this Prospectus.

### 10.6 Directors' remuneration

The Constitution provides that the Directors' remuneration must not exceed the maximum aggregate sum determined by the Company in general meeting. At present that sum is fixed at a maximum of $250,000, in aggregate, per annum, excluding payments to the Managing Director or the General Manager - Exploration and Development (who is an alternate Director). This maximum sum cannot be increased without Shareholders' approval by ordinary resolution at a general meeting.

(1) Payment of expenses

In addition to remuneration, Directors are entitled to receive travelling and other expenses reimbursement that they properly incur in attending Directors' meetings, attending any general meetings of the Company or in connection with the Company's business.

(2) Payment for extra services

Any Director called upon to perform extra services or undertake any executive or other work for the Company beyond his or her general duties, may be remunerated either by a fixed sum or a salary as determined by the Directors. This may be in addition to or in substitution for the Director's share in the usual remuneration provided.

(3) Effect of cessation of office

With the approval of the Company in general meeting the Directors may, upon a Director ceasing to hold office or at any time after a Director ceases to hold office whether by retirement or otherwise, pay to the former Director or any of the legal personal representatives or dependents of the former Director in the case of death a lump sum in respect of past services of the Director of an amount not exceeding the amount either permitted by the Corporations Act or the Listing Rules.

The Company may contract with any Director to secure payment of the lump sum to the Director, his or her legal personal representatives or dependants or any of them, unless prohibited by the Corporations Act or the Listing Rules.

(4) Payment of superannuation contributions

The Company will also pay the Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

(5) Financial benefit

A Director must ensure that the requirements of the Corporations Act are complied with in relation to any financial benefit given by the Company to the Director or to any other related party of the Director.

The Company must not make loans to Directors or provide guarantees or security for obligations undertaken by Directors except as may be permitted by the Corporations Act.

It is proposed that Director's fees to be paid by Energia upon admission to the Official List will be $20,000 per annum for each non-executive director, plus 9% compulsory superannuation.

# SECTION 10
# ADDITIONAL INFORMATION (CONT'D)

Other than their remuneration as executives of the Company, Ms Paterson and Dr Bettenay will not receive any further remuneration for acting as a Director and alternate Director (as applicable) of the Company. Further details of remuneration for executive Directors are set out in Section 10.4.

### 10.7 Deeds of Access and Indemnity

Energia may, to the extent permitted by law, indemnify each Director of Energia out of the property of Energia for liabilities incurred by the Director in their capacity as a Director and for all legal costs incurred in connection with proceedings in which the Director becomes involved because of that capacity. It is also intended that Deeds of Access and Indemnity will be executed by the Company and the Directors after the commencement of quotation of Shares on ASX.

### 10.8 Interests of Directors

Other than as set out in this Prospectus, no Director has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

(1) the promotion or formation of Energia;

(2) property acquired or proposed to be acquired in connection with its promotion or formation or the Offer under this Prospectus; or

(3) the Offer of Shares under this Prospectus.

Except as set out in this Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

(1) to induce him or her to become, or to qualify him or her as, a Director; or

(2) for services rendered by him or her in connection with the formation or promotion of Energia of the Offer of Shares under this Prospectus.

### 10.9 Interests of advisers and other named persons

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest, or has had any interest during the last 2 years, in the formation or promotion of Energia, or in property acquired or proposed to be acquired by Energia in connection with its formation or promotion, or the Offer; and
- no amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of Energia or the Offer.

Deacons has acted as Australian legal advisers to Energia in connection with the Offer and is entitled to receive approximately $80,000 (exclusive of GST) for these services. Deacons has also performed other legal services relating to restructuring tenements and general legal issues which have been charged on an hourly basis.

Norton Rose has performed legal due diligence in respect of the Italian Tenements in connection with the Offer and is entitled to receive approximately $10,000 (exclusive of GST) for these services.

WHK Horwath has acted as the investigating accountant to Energia in connection with the Offer and have prepared the Independent Accountant's Report. WHK Horwath are entitled to receive approximately $10,000 (exclusive of GST) for these services. WHK Horwath have also provided audit services to the Company during the previous 2 years and have received $3,000 for these services.

Continental Resources Management Pty Ltd has prepared the Independent Geologist's Report in section Section 5 and is entitled to receive approximately $40,000 (exclusive of GST) for these services. The Independent Geologist has not provided any other professional services to the Company during the previous 2 years.

Southern Cross Equities Limited (SCE) has acted as sponsoring broker to the Offer. SCE is entitled to receive 5% of the gross proceeds raised under the Offer for these services (exclusive of GST). SCE is also entitled to reimbursement of its out of pocket expenses in providing the services. SCE has not provided any other professional services to the Company during the previous 2 years.

Security Transfer Registrars Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

### 10.10 No other promoters

No person, except the persons referred to in section10, has any interest in the promotion or formation of Energia.

### 10.11 Directors' consents

Each Director of Energia has given, and not withdrawn as at the date of this Prospectus, their consent to the lodgement of this Prospectus.

### 10.12 Consents to be named

The following persons or firms have consented to being named in this Prospectus in the manner detailed below and have not withdrawn their consent as at the date of this Prospectus:

(1) Carbon Energy has given its consent (which has not been withdrawn as at the date of this Prospectus) to the issue of this Prospectus with the inclusion of references to Carbon Energy included in this Prospectus, in the form and context in which these are included.

(2) Deacons has given its consent (which has not been withdrawn as at the date of this Prospectus) to be named in this Prospectus and to the inclusion of references to Deacons included in this Prospectus, in the form and context in which these are included and to the inclusion of its Solicitor's Report on Tenement's in Section 6.

(3) Norton Rose has given its consent (which has not been withdrawn as at the date of this Prospectus) to be named in this Prospectus and to the inclusion of references to Norton Rose included in this Prospectus, in the form and context in which these are included and to the inclusion of its report in respect of the Italian Tenements in Section 6.

(4) WHK Horwath has given its consent (which has not been withdrawn as at the date of this Prospectus) to the issue of this Prospectus with the inclusion of references to WHK Horwath included in this Prospectus, in the form and context in which these are included and to the inclusion of its Investigating Accountant's Report in Section 7.

(5) Continental Resources Management Pty Ltd has given its consent (which has not been withdrawn as at the date of this Prospectus) to the issue of this Prospectus with the inclusion of references to Continental Resources Management Pty Ltd included in this Prospectus, in the form and context in which these are included and to the inclusion of its Independent Geologist's Report in Section 5.

(6) Southern Cross Equities Limited has given its consent (which has not been withdrawn as at the date of this Prospectus) to the issue of this Prospectus with the inclusion of references to Southern Cross Equities Limited included in this Prospectus, in the form and context in which these are included.

(7) Security Transfer Registrars Pty Ltd has given its consent (which has not be withdrawn as at the date of this Prospectus) to the issue of the Prospectus with the inclusion of references to Security Transfer Registrars Pty Ltd included in this Prospectus, in the form and context in which these are included.

### 10.13 Disclaimer of responsibility

Each of the persons named in Section 10.12:

(1) has not authorised or caused the issue of this Prospectus;

(2) does not make, or purport to make, any statement in this Prospectus other than, in the case of a person referred to under the heading "Consents to be named", a statement or a report included in this Prospectus with the consent of the party; and

(3) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than reference to its name and, in the case of a person referred to under the heading "Consents to be named", any statement or a report which has been included in this Prospectus with the consent of that party.

### 10.14 Expenses of the Offer

It is estimated that approximately $600,000 (maximum raising) and $475,000 (minimum raising) will be payable by Energia in respect of commissions, legal, accounting, corporate, advisory, expert's fees, printing, ASIC and ASX fees and other costs arising from this Prospectus and the Offer.

### 10.15 ASX admission and quotation

Energia will apply to ASX for admission to the Official List and quotation of the Shares on the ASX within 7 days of the date of this Prospectus.

### 10.16 Electronic prospectus

An electronic version of this Prospectus is available on the Company's website: www.energiaminerals.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus in Australia.

An Application Form may only be distributed if attached to or accompanied by a complete and unaltered copy of this Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus ought immediately request a paper copy of the Prospectus directly from the Company or the Broker.

### 10.17 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours free of charge at the registered office of Energia at Unit A2, 118 Railway Parade, West Perth 6005 for a period of not less than 12 months from the date of this Prospectus:

(1) Directors consents for the lodgement of this Prospectus;

(2) the Constitution; and

(3) the consents referred to in Section 10.12.; and

(4) the Material Agreements referred to in Section 9.

### 10.18 Directors' statement

The Directors' report that, in their opinion, after having made due inquiry:

(1) except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or prospects of Energia or any of the businesses to be acquired by the Company on completion of the Offer; and

(2) they have reasonable grounds to and do believe that this Prospectus contains no statements that are false or misleading and that there are no material omission from the Prospectus.

Each of the Directors has consented to the lodgement of this Prospectus with ASIC.

This Prospectus was signed on behalf of the directors of Energia by Ms Keren Paterson.

**Keren Paterson**

Managing Director
Energia Minerals Limited

# SECTION 11
# GLOSSARY OF TERMS

**$A or $** Australian Dollars.

**AASB** Australian Accounting Standards Board.

**ABN** Australian Business Number.

**ACH Clearing Rules** The clearing rules of the Australian Clearing House Pty Ltd.

**Accounting Standards** The accounting standards approved under the Corporations Act and the requirements of that act about the preparation and content of accounts and generally accepted and consistently applied principles and practices in Australia, except those inconsistent with the standards or requirements approved under the Corporations Act.

**ACN** Australian Company Number.

**AEM** Airborne electromagnetic geophysical survey.

**AFSL** Australian Financial Services Licence.

**Applicant** A person who applies for Shares in accordance with this Prospectus.

**Application** A valid application for Shares offered under this Prospectus.

**Application Form** A Priority Application From or a Public Application Form.

**Application Money** Money received from an Applicant in respect of an Application.

**ASIC** Australian Securities and Investments Commission.

**ASTC Settlement Rules** The operating rules of ASX Settlement and Transfer Corporation Pty Limited.

**ASX** ASX Limited or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the case requires.

**AWST** Australian Western Standard Time .

**Board** The board of directors of Energia from time to time.

**Broker to the Offer or Broker** Southern Cross Equities Limited ACN 071 935 441; AFSL 247 027.

**Butte** A flat topped hill with steep slopes.

**Carbon Energy Sale Agreement** Asset sale and purchase agreement between the Company and Carbon Energy dated 16 October 2009.

**Carbon Energy or CEL** Carbon Energy Limited ACN 057 552 137.

**Carbon Energy Shareholder** The holder of a Carbon Energy Share.

**Carbon Energy Shares** Fully paid ordinary shares in the capital of Carbon Energy.

**CHESS** Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASTC.

**Closing Date** 5.00PM AWST on15 December 2009 unless otherwise varied by the Company.

**CNX** ASX code for Carbon Energy Limited.

**Company** Energia Minerals NL (to become Energia Minerals Limited on 6 December 2009) ABN 63 078 510 988 and any of its subsidiaries, as the case requires.

**Constitution** The constitution of the Company adopted on 20 October 2009.

**Corporations Act** Corporations Act 2001 (Cth).

**Directors** The directors of Energia.

**EL** Exploration Licence.

**Eligible Carbon Energy Shareholders** A Carbon Energy Shareholder who is registered with an Australian address and who is registered as holding Carbon Energy Shares at the Record Date.

**EM** Electromagnetic geophysical survey.

**EMX** ASX code for Energia Minerals NL (to become Energia Minerals Limited on 6 December 2009).

**Energia, Energia Minerals or Company** Energia Minerals NL (to become Energia Minerals Limited on 6 December 2009)ABN 63 078 510 988 and any of its subsidiaries, as the case requires.

**Exposure Period** The period during which the Company cannot accept Applications as described in section 727(3) of the Corporations Act.

**Full Subscription** 37,500,000 Shares.

**FY** The financial year to 30 June in any year, eg FY02 means the financial year ended 30 June 2002.

**FY 2010** The financial year to 30 June 2010.

**GSWA** Geological Survey of Western Australia

**Holding Statements** Holding Statements for Shares under CHESS.

**HIN** Holder Identification Number.

**Independent Geologist** Continental Resources Management Pty Ltd ACN 009 336 929.

**Independent Geologist's Report** The report of the Independent Geologist as set out in section 5 of this Prospectus.

**Institutional Investor** An investor to whom offers or invitations in respect of Shares can be made without the need for a lodged disclosure document or other formality, being persons in Australia to whom offers or invitations in respect of Shares can be made without the need for a disclosure document under section 708 of the Corporations Act.

**Investigating Accountant** WHK Howarth Perth Audit Partnership ABN 96 844 819 235.

**Investigating Accountant's Report** The report of the Investigating Accountant as set out in Section 7 of this Prospectus.

**IOCG** Iron oxide copper-gold. A geological term for a class of mineral deposits typically containing this group of elements plus uranium and rare earths.

**IPO** Initial public offering.

**km** kilometres.

**km²** Square kilometres.

**Listing** The quotation of the Company's shares on the Official List.

**Listing Rules** The official listing rules of the ASX.

**m** metres.

**M** million.

**Ma** A chronological term representing millions of years before the present.

**Mesa** Flat topped plateau.

**Minimum Subscription** 25,000,000 Shares

**Mt** Million tonnes.

**NT** Northern Territory.

**Offer or Issue** The offer of 37,500,000 Shares under the Priority Offer and the Public Offer of either of them, as the context requires made pursuant to this Prospectus.

**Offer Period** The period between the Opening Date and the Closing Date.

**Offer Price or Issue Price** $0.20 per Share.

**Official List** The official list of the ASX.

**Opening Date** The date on which the Offer opens, being 24 November 2009 (unless varied by the Company in consultation with the Broker).

**ppm** Parts per million.

**Precambrian** An era of geological time spanning the Archaean and Proterozoic.

**Project or Project Area** The general term for the locality in which one or more tenements, licences or applications are situated.

**Prospectus** This Prospectus and any supplementary or replacement prospectuses, including this Prospectus in electronic format or a printed copy of the electronic Prospectus.

**Priority Offer** The priority offer of 30 million Shares to Eligible Carbon Energy Shareholders.

**Priority Application** A valid application to subscribe for Shares under the Priority Offer.

**Priority Application Form** An application form attached to or accompanying this Prospectus which relates to the Priority Offer.

**Public Application** A valid application to subscribe for Shares under the Public Offer.

**Public Application Form** An application form attached to or accompanying this Prospectus which relates to the Public Offer.

**Public Offer** The Offer to the public of 7,500,000 Shares and all Shares not taken up by Eligible Carbon Energy Shareholders under the Priority Offer.

**QLD** Queensland.

**Record Date** 5.00pm AWST on 26 November 2009, being the date on which Eligible Carbon Energy Shareholders will be determined

**Retail Investor** An investor who is not an Institutional Investor.

**SA** South Australia.

**Share Registry** Security Transfer Registrars Pty Ltd ACN 008 894 488.

**Shareholder** A holder of a Share.

**Shares or Fully Paid Shares** Fully paid ordinary shares in the capital of the Company.

**Skryne Hill** Skryne Hill Pty Ltd ACN 101 193 177.

**Skryne Hill Sale Agreement** Asset sale and purchase agreement between the Company and Skryne Hill dated 9 October 2009.

**Southern Cross Equities or SCE** Southern Cross Equities Limited ACN 071 935 441; AFSL 247 027.

**SRN** Shareholder reference number.

**T** tonnes.

**Tenements** The tenements referred to in the Solicitor's Report in Section 6.

**U** Uranium.

**$U_3O_8$** Uranium Oxide.

**UCG** Underground Coal Gasification.

**UN** United Nations.

**Vendors** In this case Skryne Hill Pty Ltd as sellers of the Onslow Project.

**WA** Western Australia.

**Yamatji Land and Sea Council** The native title representative body for the traditional owners of the Pilbara, Murchison and Gascoyne regions of Western Australia.

# SECTION 12
# APPLICATION FORMS

**Privacy disclosure statement**

By completing the Application Form accompanying this Prospectus, investors will be providing personal information to Energia (directly or via the Share Registry or Broker). The Privacy Act 1988 (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information Energia collects from investors on the Application Form is used to evaluate Applications for Shares and for successful Applications, to provide services and appropriate administration for investors. If Energia is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for our records, Energia will destroy or de-identify it.

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Broker, Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If an Applicant becomes a security holder, the Corporations Act requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

# APPLICATION FORM

PIN CHEQUE(S) HERE

This Application Form relates to an offer of up 37.5 million Shares at the Offer Price of $0.20 under a Prospectus dated 17 November 2009 and is important. This Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before completing this Application Form. Applications must be received by 5.00pm AWST on the Closing Date 15 December 2009 (or as otherwise varied). The Prospectus expires on the date which is 13 months after the date of the Prospectus.

| Broker Reference - Stamp Only | Broker Code | Advisor Code |
|---|---|---|
| | | |

energia minerals limited

ABN 63 078 510 988

**A Dollar value of Shares applied for**

A$

Applications must be for a minimum value of A$2,000 worth of Shares and in multiples of A$1,000 worth of Shares thereafter.

**YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.**

**B Complete your details below – refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

**C Enter your postal address – Include State and Postcode**

Unit | Street Number | Street Name or PO Box/Other Information

City/Suburb/Town | State | Postcode

**D CHESS participant**
**Holder Identification Number (HIN)**

X

Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer under the Prospectus will be held on the Issuer Sponsored subregister.

**E E Cheque details – Make your cheques, bank draft or money order payable to Energia Minerals NL - Offer Account**

| Name of drawer of cheque | Cheque No. | BSB No. | Account No. | Cheque Amount A$ |
|---|---|---|---|---|
| | | | | |

**F Contact telephone number (daytime/work/mobile)**

**Email address**

**Important Notice**

The Corporations Act 2001 prohibits any person from passing onto another person an Application Form in relation to the offer of Shares, unless the Application Form is attached to or accompanies a complete and unaltered copy of the Prospectus. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary or replacement prospectus. A paper copy of the Prospectus, any supplementary or replacement prospectus and the Application Form will be provided to you, at no charge, upon request by telephoning the Company on +61 (0) 8 9321 5000. Applications for Shares will only be accepted if made on an Application Form that is attached to or accompanies the Prospectus.

**Declarations and acknowledgments**

Before completing this Application Form the Applicant(s) should read the Prospectus to which this Application relates. I/we declare that by lodging this Application Form, I/we represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates, agree to be bound by the Constitution and the terms and conditions of the Offer (including the representations, warranties and agreements contained in the Prospectus) and I/we hereby apply for the number of Shares set out in this Application Form and agree to take such number of Shares or a lesser number of Shares.

I/we hereby authorise the Company to complete and execute any documents necessary to effect the allotment of any Shares. By lodging this Application Form, I/we declare that this Application Form is completed and lodged according to the Prospectus and that all statements made by me/us are complete and accurate. I/we represent and warrant that I/we am/are residents of, and located in, Australia. I/we declare that I/we am/are not in the United States and that I/we am/are not acting for the account or benefit of any person in the United States or a US Person or any other foreign person and will not offer or sell Shares in the United States to, or for the account of, a US Person.

## HOW TO COMPLETE THIS FORM

Please complete all relevant sections of the appropriate Application Form using **BLOCK LETTERS.**
These instructions are cross-referenced to each section of the Application Form.

A. Shares applied for

Enter the dollar value of Shares you wish to apply for. The Application must be for a minimum of A$2,000 worth of Shares and thereafter multiples of A$1,000 worth of Shares. You may be issued all of the Shares applied for, a lesser number of Shares or no Shares.

B. Applicant Name(s)

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or a company name. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable titles. Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in the CHESS system.

C. Postal address

Enter your postal address for all correspondence. All communications to you from the Company and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

D. CHESS

The Company will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX. In CHESS, the Company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings.

Together the 2 Subregisters will make up the Company's principle register of securities. The Company will not be issuing certificates to applicants in respect of securities allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold securities allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated an SRN.

E. Payment

Make your cheque, bank draft or money order payable to **Energia Minerals NL - Offer Account** in Australian currency and cross it Not Negotiable. Your cheque, bank draft or money order must be drawn on an Australian financial institution. Complete the details in the boxes provided. The total amount must agree with the amount shown in box A.

Cheques may be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid and may not be re-presented and may result in your Application being rejected, or the Company may treat you as having applied for as many Shares as the cleared funds will pay for. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash

F. Contact details

Please enter a contact telephone number, area code and email address in case we need to contact you in relation to your Application.

## LODGEMENT OF APPLICATION

Completed Application Forms with cheque(s), bank draft(s) or money order(s) should be returned as soon as practicable after the Offer opens and by no later than 5.00pm AWST on the Closing Date of 15 December 2009 or as otherwise varied or such other date as the Company, in consultation with the Broker determines:

| BY MAIL TO | BY HAND DELIVERY AT |
|---|---|
| Energia Minerals Limited - Share Offer<br>Security Transfer Registrars Pty Ltd<br>770 Canning Highway<br>Applecross, Western Australia 6153 | Energia Minerals Limited - Share Offer<br>Security Transfer Registrars Pty Ltd<br>770 Canning Highway<br>Applecross, Western Australia 6153 |

It is not necessary to sign or otherwise execute the Application Form.

### PRIVACY

Please refer to the section headed privacy disclosure statement on the page preceding these Application Forms for details about the collection, holding and use of your personal information, If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

### CORRECT FORMS OF REGISTRABLE TITLE(S)

Note that ONLY legal entitles may hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At leat one full given name and surname are required for each natural person. The name of the beneficial owner of any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

| Type of Investor | Correct form of registration | Incorrect form of registration |
|---|---|---|
| Individual<br>- Use given name(s) in full, not initials | Mr John David Smith | J D Smith |
| Joint<br>-Use given name(s) in full, not initials | Mr John David Smith & Mrs Mary Jane Smith | John David & Mary Jane Smith |
| Company<br>- Use full company name, not abbreviations | John Smith Pty Ltd | John Smith P/L John Smith Co |
| Trusts<br>- Use trustee(s) personal name(s).<br>- Do not use the name of the trust | Mr John David Smith <J D Smith Family A/C> | John Smith Family Trust |
| Deceased Estates<br>- Use executor(s) personal name(s)<br>- Do not use the name of the deceased | Mr David Andrew Smith <Est John David Smith A/C> | John Smith (deceased)<br>Estate of late John Smith |
| Minor (a person under 18)<br>- Use the name of the responsible adult with an appropriate designation | Mr John David Smith <David Andrew Smith A/C> | David Andrew Smith |
| Partnerships<br>- Use partners' personal name(s)<br>- Do not use the name of the partnership | Mr John David Smith & Mr David Andrew Smith | John Smith & Son |
| Clubs/Unincorporated Bodies<br>-Use office bearer(s)' personal name(s)<br>- Do not use the name of the club etc. | Mr John David Smith<br><Smith Investment A/C> | Smith Investment Club |
| Superannuation Funds<br>- Use the name of trustee of the fund<br>- Do not use the name of the fund | John Smith Pty Limited<br><J Smith Super Fund A/C> | John Smith Superannuation Fund |

# APPLICATION FORM

PIN CHEQUE(S) HERE

This Application Form relates to an offer of up 37.5 million Shares at the Offer Price of $0.20 under a Prospectus dated 17 November 2009 and is important. This Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before completing this Application Form. Applications must be received by 5.00pm AWST on the Closing Date 15 December 2009 (or as otherwise varied). The Prospectus expires on the date which is 13 months after the date of the Prospectus.

| Broker Reference - Stamp Only | Broker Code | Advisor Code |
|---|---|---|
| | | |

energia minerals limited

ABN 63 078 510 988

**A Dollar value of Shares applied for**

A$

Applications must be for a minimum value of A$2,000 worth of Shares and in multiples of A$1,000 worth of Shares thereafter.

**YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.**

**B Complete your details below – refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

**C Enter your postal address – Include State and Postcode**

Unit | Street Number | Street Name or PO Box/Other Information

City/Suburb/Town | State | Postcode

**D CHESS participant**
**Holder Identification Number (HIN)**

X

Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer under the Prospectus will be held on the Issuer Sponsored subregister.

**E E Cheque details – Make your cheques, bank draft or money order payable to Energia Minerals NL - Offer Account**

| Name of drawer of cheque | Cheque No. | BSB No. | Account No. | Cheque Amount A$ |
|---|---|---|---|---|
| | | | | |

**F Contact telephone number (daytime/work/mobile)**

**Email address**

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I/we hereby authorise the Company to complete and execute any documents necessary to effect the allotment of any Shares. By lodging this Application Form, I/we declare that this Application Form is completed and lodged according to the Prospectus and that all statements made by me/us are complete and accurate. I/we represent and warrant that I/we am/are residents of, and located in, Australia. I/we declare that I/we am/are not in the United States and that I/we am/are not acting for the account or benefit of any person in the United States or a US Person or any other foreign person and will not offer or sell Shares in the United States to, or for the account of, a US Person.

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minerals limited

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