ASX Announcement

8 October 2014

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Kim Robinson
Managing Director
Max Cozijn
Finance Director
Marcello Cardaci
Non-Executive Director

Company Secretary
Max Cozijn

Energia to embark on major zinc exploration program as shareholders approve $8.15m funding package

Key Points

- **Shareholder approval received for A$6M placement of 240M shares at 2.5c to clients of Euroz Securities Limited (Euroz).**
- **Energia to now proceed with a 1-for-6 rights issue to raise a further A$2.15M which, subject to final documentation, will be underwritten by Euroz.**
- **Approval of the placement clears the way for commencement of a major exploration and pre-development program at the Gorno Zinc Project, Northern Italy.**

Energia Minerals Ltd (**ASX: EMX** or "Energia") is pleased to announce that it has received shareholder approval to place A$6 million of the recently announced A$8.15 million funding package for its flagship **Gorno Zinc Project** in Italy, clearing the way for exploration and pre-development activities which are anticipated to commence within six weeks.

At a General Meeting yesterday, Energia shareholders approved the initial A$6 million placement of 240 million shares at 2.5 cents per share, which forms the centrepiece of the A$8.15 million funding package. The shares will be placed with sophisticated and professional clients of Euroz.

These commitments include entities associated with prominent Perth-based resource investor Mr Alexander Burns, who will become a cornerstone investor in Energia by subscribing for 100 million shares under the placement resulting in a post-placement shareholding of approximately 19.31%.

The shares issued under this placement will be allotted on 8 October 2014.

Following the receipt of shareholder approval, Energia will now proceed with the second component of the funding package, a 1-for-6 non-renounceable rights issue to raise approximately A$2.15 million, at the same price issue price of 2.5 cents per share. The rights issue will be underwritten by Euroz and sub-underwritten by entities associated with Mr Burns and Mr Robinson, subject to final documentation.

The final terms and structure of the rights issue will be announced on 15 October, following completion of a binding underwriting agreement with Euroz. The record date for the rights issue is 21 October 2014, enabling those entities that are participating in the placement to also participate in the Rights Issue.

Use of Funds

The funding package will enable Energia to fast-track resource definition and embark on a Feasibility Study for the Gorno Project, putting the Company in a strong position in achieving its aim of becoming a significant ASX-listed zinc company over the next few years.

Gorno was mined by ENI until the early-1980s, when mining ceased due to a Government directive to ENI to focus on its oil and gas operations, not because of any financial or resource-related issues. The project, which produced 6 million tonnes historically at an average grade of 14.5% Zn + Pb, has well-developed underground mine infrastructure.

Should the impending resource definition program and Feasibility Study determine the project to be commercially viable, the cost and time involved in bringing Gorno back into production will be relatively low compared to other projects, mainly comprising the cost of installing a new mill.

Key upcoming activities include a planned €3.3 million exploration program including 355m of Additional underground development and 4,400m of underground diamond drilling. This is designed to convert the current Exploration Target for the Gorno deposit of 6-10Mt grading 7-10% Zn + Pb into a JORC 2012 compliant Mineral Resource. As a cautionary note, this Exploration Target is conceptual in nature and has yet to be fully drill tested. There has been insufficient exploration (i.e. drill testing) to define a mineral resource estimate which could be reported in accordance with the JORC 2012 code and it is uncertain if future exploration will result in the determination of a mineral resource within the project.

Contracts for the underground diamond drilling and development program are currently being negotiated, with activities expected to commence at site within six weeks.

Board Changes

Following receipt of shareholder approval for the placement, Mr Burns has been appointed as Executive Chairman of Energia effective from the close of a Board meeting held on 7 October 2014, while Mr Marcello Cardaci has joined the Board as a Non-Executive Director as from the same date.

The Company's current non-executive Chairman, Mr Tony Iannello, and non-executive Director Mr Ian Walker both stepped down from the close of the Board meeting held on 7 October 2014.

The Energia Board now comprises Alexander Burns as Executive Chairman, Kim Robinson as Managing Director Max Cozijn as executive director & Company Secretary and Marcello Cardaci as non-executive Director.

It is proposed that Mr Burns will be employed on a three year fixed term Executive Service Agreement, with a base salary of $300,000 pa (inclusive of superannuation) with termination without cause being subject to 1 months' notice in addition to a severance payment of 6 months.

Management Comment

Energia's Managing Director, Mr Kim Robinson, said the receipt of shareholder approval for the $8 million funding package marked the beginning of an exciting new chapter in the Company's history.

"The completion of this transaction sees the introduction of a significant new cornerstone investor group, led by our new Executive Chairman, Alexander Burns, and the recapitalisation of Energia to pursue the evaluation, financing and development of what we see as a premier high-grade zinc project at Gorno," Mr Robinson said.

"The ratification of this placement ensures that Energia has sufficient funding to implement a major exploration and pre-development program at Gorno in the coming months," he said. "This will include the re-establishment of the underground infrastructure in the Panel 7 area, accompanied by an underground diamond drilling program to establish a JORC resource at Gorno as the foundation for a Feasibility Study.

"This project is poised to capitalise on the favourable supply/demand fundamentals for zinc as the market moves further into deficit with the imminent closure of several major zinc mines worldwide," Mr Robinson said.

"On behalf of the Board, I would also like to express our sincere thanks to Tony Iannello and Ian Walker for their substantial contribution to Energia and for their hard work and dedication over a number of years since the Company's inception. We wish them both well for the future."

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