



AND CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2017

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Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website at <http://www.energiaminerals.com/about-us/corporate-governance>.

CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to present this report on the past year's activities. It has been a year of transition for Energia Minerals and the Gorno Project largely because of the revised Resource Statement that was released to the market in early May. This was followed in late June by changes to the Board of Directors with the resignation of managing director Kim Robinson, appointment of chief financial officer Stephen Hills to the Board and my relocation to Italy to take up the combined role of Chairman and CEO.

The Resource Statement led us to defer the Definitive Feasibility Study and re-evaluate the options for optimal development of the project on a timely basis, whilst being mindful of the significant potential to build on the resource inventory from the untested extensions of the Colonna Zorzone deposit and the regional zinc endowment. Both activities are yielding positive results although we have more work to do in the short to medium term in order to optimise the project accordingly.

The revised Resource Statement followed an extensive in-fill drilling program from the Gorno decline. Based on the available data, it was expected that results from the holes drilled at depth from the end of the exploration decline would confirm this area to be a large and higher-grade portion of the Colonna Zorzone Deposit. However, the results defined this as a smaller area of (on average) lower grade when compared to the initial resource model. Some of the holes drilled from the bottom of the decline failed to intersect the orebody because of the acuteness of the angle of the drilling. As a result, the updated May 2017 Resource estimate was lower in grade and tonnes than the 2016 maiden resource, albeit with a significantly greater percentage of resource tonnes classified in the higher confidence Indicated Resource category.

Fortunately, the Colonna Zorzone Deposit remains open to the east, north and south with existing underground access to the eastern (Pian Bracca) and northern (Piazzole) zones. These zones include repeated exposed mineralisation and are now being evaluated and ranked to determine the most cost effective priorities to be able to build on the resource inventory for Colonna Zorzone.

In addition to Colonna Zorzone, we have recently identified significant mineralisation in Colonna Fontanone and Mt Arera. These two mineralised zones are proximate to Colonna Zorzone, are potentially extensive and have returned assay results of up to >50% Zn+Pb¹ from recent sampling, thereby presenting further resource expansion targets to be evaluated in future.

In the year ahead, we will continue to pursue cost-effective strategies to build on the resource inventory and complete the studies to underpin project funding. As we continue to expand our understanding of Gorno's potential, we are in parallel dialogue with project financiers, with the intention of securing their support for the preferred development option.

We intend to bring Gorno into production during this period of structural change in supply/demand fundamentals for the zinc industry that is beginning to show a positive effect on the underlying commodity prices. The zinc price is now trading at its highest levels in 10 years and the outlook remains very positive.

In addition to the Gorno Zinc Project, the Company also has applications over the Salafossa and Predil former zinc mines in northern Italy, as well as base metals exploration acreage in the Paterson region, Western Australia, and the McArthur River region, Northern Territory, which also have substantial potential.

¹ Refer to the Operations Report for full details.

As I reflect on what has been a year of transition for Energia, the fundamentals for Gorno remain strong. I am optimistic that Energia will regain market support moving into 2018 by better demonstrating the intrinsic value of Gorno, gaining new support from European-based investors with the benefit of more favourable commodity and financial market conditions.

In closing, I would like to thank all shareholders, employees, contractors as well as the local communities and regulatory authorities for their continued support.

Yours sincerely

A handwritten signature in black ink, appearing to be 'A. Burns', with a stylized, flowing script.

Alexander Burns
Executive Chairman/Chief Executive Officer

27 September 2017

OPERATIONS REPORT

NORTHERN ITALIAN PROJECTS



Figure 1: Location of Italian Project Area

Gorno Zinc Project, Italy

Energia has ten granted base metal Exploration Licences and six Exploration Licence applications in the base metal rich Lombardia region of northern Italy (see Figure 1).

The Lombardia Region has a long history of mining extending back over 2,500 years to the Celtic period and the Gorno licences cover a number of partly inter-connected zinc-lead mines that were exploited up until the early 1980's.

Investigation of historical records has established that the Gorno licence areas contains more than 230km of underground workings and recorded historical production of over 800,000 tonnes of zinc metal contained in very high quality zinc concentrates (55-57% Zn for sulphide concentrates and 38-40% Zn for oxide concentrates) from ore averaging 14.5% Zn+Pb over a production life of 102 years from 1883 to 1985. The concentrating plant closed in 1985, with significant unmined ore remaining and operations have been dormant since then.

Energia initially established an in-country presence in Northern Italy in early 2015, and has since made significant progress in securing permitting for work, understanding the regulatory environments and requirements, and creating a rapport with stakeholders and the community.

During the last financial year, Energia has advanced the Gorno Project by completing substantial works including completion of the exploration decline and the diamond drilling programme for the purposes of estimating a revised JORC resource, and technical studies including a detailed metallurgy report, plant and process flowsheet design and environmental studies.

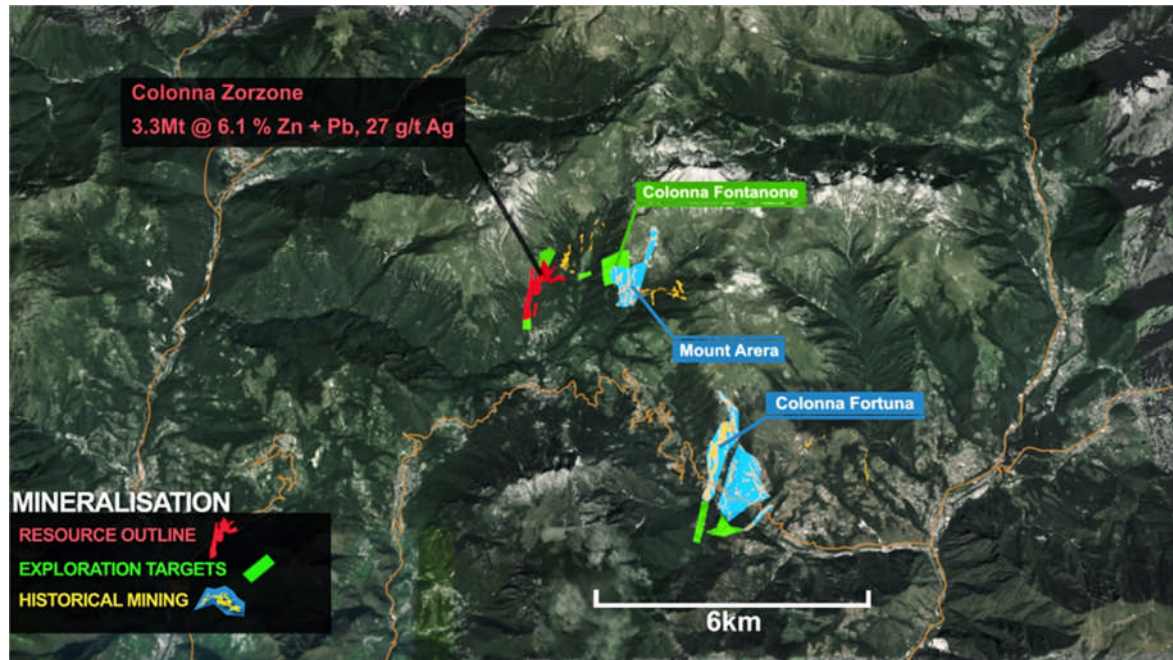


Figure 2: Location of Colonna Zorzone Resource

Exploration Drilling

Diamond drilling at the Gorno Zinc Project on the Colonna Zorzone deposit commenced 15 June 2015, and was completed on 14 April 2017.

During the financial year, a total of 71 diamond drill holes were drilled for a total of 9,419m at Colonna Zorzone. This drilling was focused on providing data to upgrade the Inferred component of the maiden Mineral Resource (March 2016) to an Indicated classification and increase the level of geological knowledge in the Mineral Resource.

Of the 71 holes drilled, 3 were abandoned, and 47 returned significant mineralised intercepts.

Mineral Resource Statement

An updated **Indicated and Inferred Mineral Resource** estimate of **3.3Mt grading 4.8%Zn, 1.3%Pb and 27g/t Ag** for the Colonna Zorzone Deposit was announced to the Australian Securities Exchange (ASX) on 3 May 2017. The Mineral Resource Estimate (refer Table 1) was prepared by Jorvik Resources Pty Ltd and completed in accordance with the requirements of the JORC Code (2012).

Table 1: May 2017 Mineral Resource Estimate

May 2017 OK Estimate							
Reported using a 1% Zinc cut-off grade							
Subdivided by JORC Code 2012 Resource Categories using ROUNDED figures							
Category	Tonnes (Mt)	Total Zinc		Total Lead		Silver	
		Grade (%)	Metal (Kt)	Grade (%)	Metal (Kt)	Grade (ppm)	Metal (Moz)
Indicated	2.0	4.9	97	1.3	26	31	2.0
Inferred	1.4	4.6	62	1.2	17	21	0.9
Indicated + Inferred	3.3	4.8	160	1.3	42	27	2.9

This represents an increase of more than 100% in the resource tonnes classified in the higher-confidence Indicated category, to 2Mt grading 4.9% Zn, 1.3% Pb and 31g/t Ag (at a 1% zinc cut-off).

The diamond drilling program has confirmed that there is significant potential to expand the resource further down-plunge to the south for 1,500m over a vertical extent of approximately 500 metres, while recent exploration work has demonstrated the potential for resource extensions both up-plunge to the north and to the east.

The resource calculation incorporated the results of the in-fill drilling program completed up to the cut-off date of 31 March 2017. Results from the final eight diamond drill holes completed during the April 2017 (GDD149–156) were not included because they were received after the resource cut-off date.

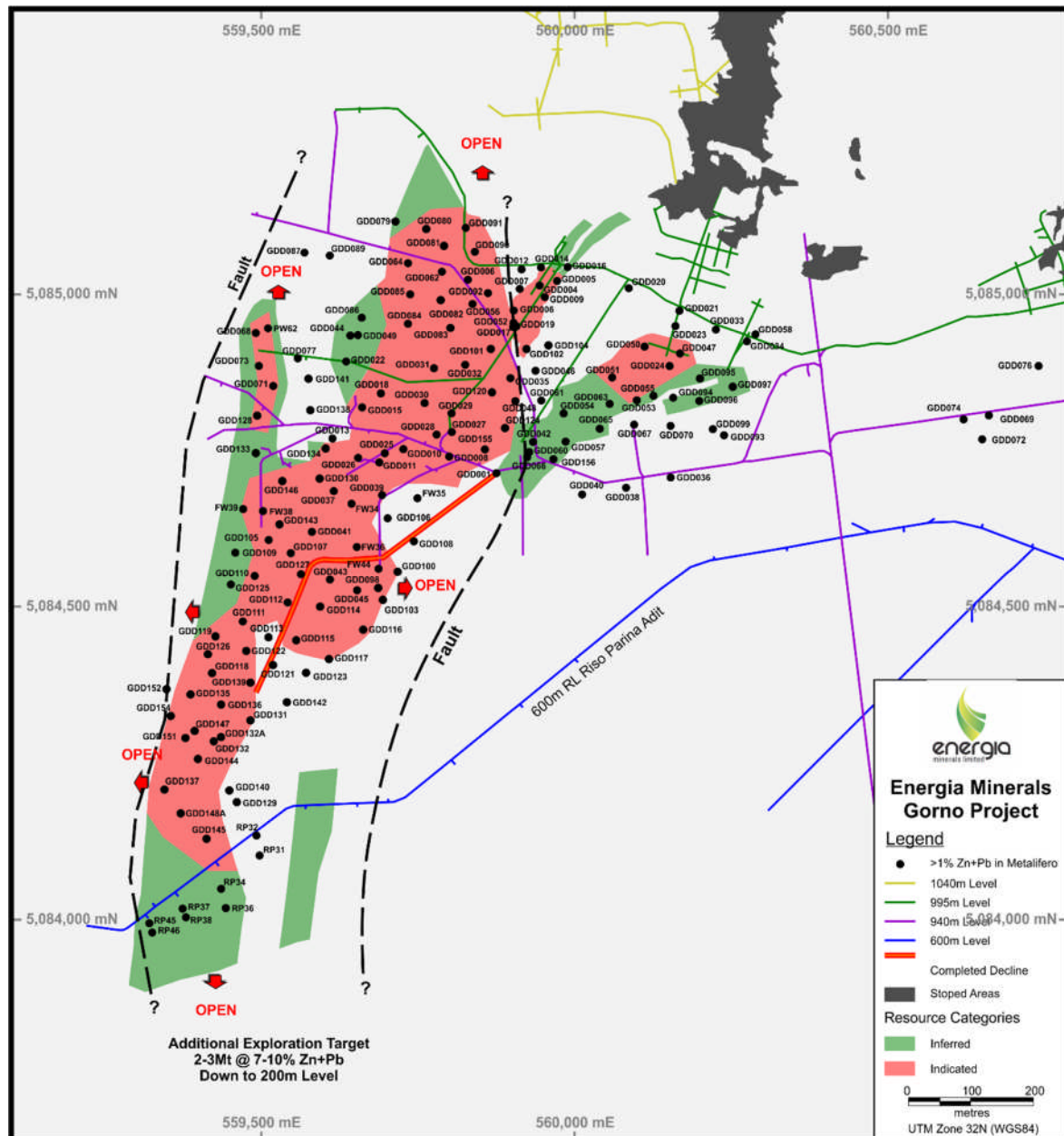


Figure 3: Gorno Zinc Project Resources Outline & Drilling Completed

Diamond Drilling Results Post Revised Resource Estimate

Strong assay results were returned from three of the final eight diamond holes of the underground drilling program. The results are of higher grade and thickness than predicted by resource modelling and will be incorporated in any future revision of the Colonna Zorzone Resource estimate.

Five holes drilled from the end of the decline failed to reach the targeted down-plunge extent near the 600RL, either as a result of difficult geometry or excessive deviation while drilling. Management is assessing various options to continue testing the apparently higher-grade down-plunge extent of Colonna Zorzone below the 600RL, though no further drilling is planned at this stage.

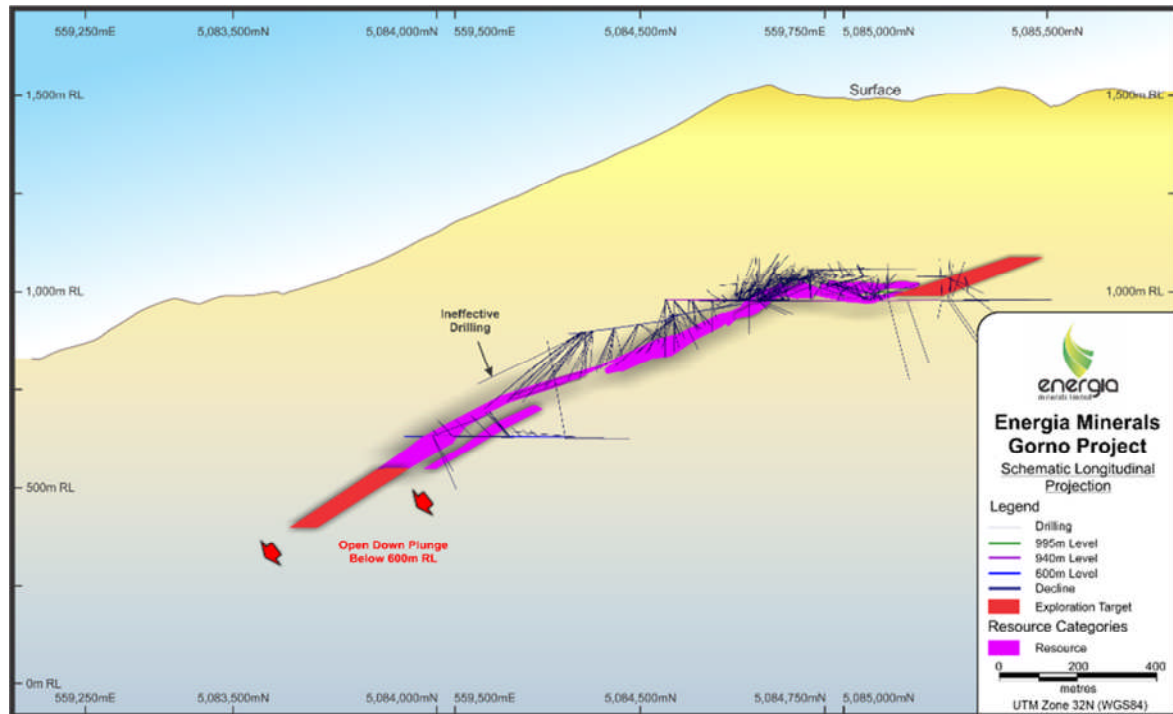


Figure 4: Cross Section of Existing Resource

Cautionary Note: Exploration Targets as mentioned are part of a larger Exploration Target of 7-11 million tonnes grading 7-10% Zn+Pb and is exclusive of the Colonna Zorzone Mineral Resource, these are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if future exploration will result in the estimation of a Mineral Resource. The detail of this Exploration Target was released to ASX by the Company on 16 March 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement. All material assumptions and technical parameters underpinning the Exploration Target in that previous announcement continue to apply and have not materially changed.

Regional Exploration Program

Following completion of the resource drilling, Energia has begun a low-cost program of sampling, mapping and structural interpretation to investigate Gorno's extensive regional exploration potential.

Company geologists have accessed areas of significant mineralisation using existing access to historical development drives and at surface to collect samples and carry out other work. This is the first stage of testing the regional components of the Exploration Targets beyond the current Colonna Zorzone resource envelope.

Sample locations of these occurrences of significant mineralisation include some associated with Colonna Zorzone and some newly identified panels.

Two types of samples were collected:

- Face samples along the Riso Parina Drive; and
- Grab samples from historical near-surface workings on Mt Arera where the oxide material was mined and sulphide material dumped as waste.

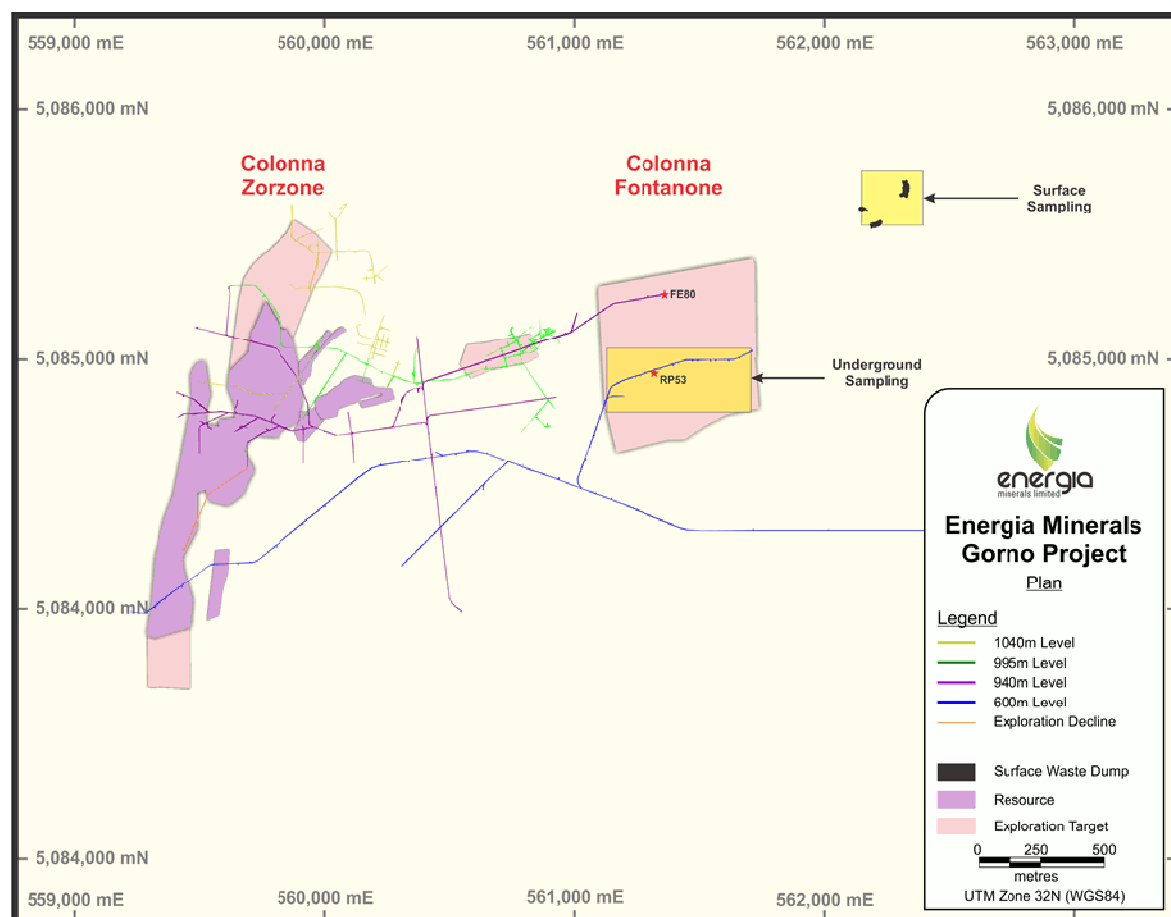


Figure 5: Sampling Locations

Underground Sampling

Underground face sampling results from visible mineralisation on the Riso Parina Drive on the 600RL provide support for the grade of previously released historical drill holes in the area. In addition, assay data for two further historical holes was located and digitised for RP53, and FE80. Locally, RP53 confirms the down-plunge extent of mineralisation previously noted, some 50m up dip, and FE80 is interpreted to confirm that the mineralised system continues up plunge in the region to the 940 level at least (some 500m up plunge). This newly identified target has been labelled “**Colonna Fontanone**”.

Based on the continuity of mineralisation along the drive (along strike), both in mineralisation in view and noted in drill holes, the continuity and thickness appear to increase in the eastern part of the drive. This suggests that further work should focus further to the east of tested extents of the Metallifero, both at the 600 and 940 levels.

It should be noted that these historical intercepts and recent face samples serve only to show the potential and continuity of the mineralised horizon away from the current resource at Colonna Zorzone. These results will be used to assist in further planning to further test the mineralisation in this region.

Surface Sampling

Surface grab sampling was undertaken on Mt Arera of visibly mineralised material from waste dumps of historical mining, where the previous miners were extracting oxide material and dumping sulphides on the surface as waste. Importantly, the sample assay results show the potential for near-surface mineralisation in the upper structural repeat of the Metallifero Limestone.

Importantly, these samples show the potential for near-surface mineralisation in the upper structural repeat of the Metallifero Limestone. Colonna Zorzone, and the face samples discussed above, are located in the lower structural repeat. Investigations on the down-dip potential and other near-surface mineralisation in the region are ongoing.

Technical Studies and Project Configuration Options

Energia continues to focus on Gorno being re-established as a reliable producer of high-quality zinc and lead concentrates in Western Europe. Since the release of the updated resource for Colonna Zorzone and on the basis of the encouraging regional exploration success, the Company is now pursuing two parallel streams to underpin Gorno's development consisting of a revised project scope based on the ongoing evaluation of the regional zinc endowment, and the ongoing study of production options for a starter-project based on the existing resource.

Utilising the extensive and high-quality work already completed as part of the original plan for a processing plant based at Gorno, current work streams include:

- the development of a detailed mine plan and schedule which will incorporate all available data, including the existing resource and the other, newly identified mineralisation to the north and east of Colonna Zorzone;
- a metallurgical variability test work program to provide a higher level of confidence in expected metal recoveries; and
- a re-assessment of the processing plant design and location.

In parallel with the ongoing regional exploration work, and with input from potential off-take partners, the above information will be used to determine the optimal project configuration.

Safety and Environment

No Occupational Health and Safety (OHS) incidents were recorded during the period.

Environmental activities required for both a VIA (an Environmental Impact Assessment) and an AIA (an Integrated Environmental Authorisation) are ongoing as part of the approvals process.

Salafossa and Predil Zinc Projects, Italy

Energia has Exploration Licence applications for covering two historically large Mississippi Valley Style producers (both have similar Zn:Pb ratios to Gorno). These Exploration Licences, if granted, will offer significant additional growth opportunities alongside the Company's flagship Gorno Zinc Project. The two applications cover the historical zinc mines of Predil and Salafossa in the far north-east of Italy, close to the borders of Slovenia and Austria respectively and approximately 400km by road from Gorno (see Figure 1).

The Predil mine (previously known as Raibl), has a long production history dating back to the eleventh century and was prematurely closed in 1991 by ENI as part of the Italian government's strategy for ENI to limit its activities to oil and gas. Predil (see Figure 1) is estimated to have produced **30Mt of ore grading 5.0% zinc and 1.2% lead (1.9Mt of contained Zn+Pb)** and, at the time of its closure, was producing approximately 50,000 tonnes of zinc and lead concentrates annually which were transported to Gorno to be treated through the Ponte Nossa Refinery which still operates today. The Predil deposit remains open at depth.

Energia has also applied for an Exploration Licence covering the **Salafossa Mine**, which is located to the north of the town of San Pietro Di Cadore and within 7km of the Austrian border. Salafossa was discovered in 1959 and was mined by Societa Mineraria e Metallurgica di Pertusola SpA from 1964 until its closure in 1986. Salafossa produced **10.95Mt of sulphide ore grading 5.0% zinc and 1.0% lead** at an average production rate of approximately 500,000 tonnes per annum over 22 years. Salafossa production was from a single flat-lying deposit with dimensions of 750m by 200m and up to 30m wide which facilitated mining by low cost, large scale open stoping.

Energia is planning to commence digitising data for Predil and Salafossa stored in regional and state archives.

No work was carried out on either Salafossa or Predil during the year pending the granting of the exploration licences.

Novazza and Val Vedello Uranium Projects, Italy

Energia's two existing uranium Exploration Licence applications, at Val Vedello and Novazza (see Figure 1) in the Lombardia region of Italy, both cover previously identified significant uranium mineralisation with substantial underground development but no recorded ore mining other than underground bulk sampling for pilot plant testwork.

No work was carried out on either Novazza or Val Vedello during the year pending the granting of the licences.

AUSTRALIAN PROJECTS

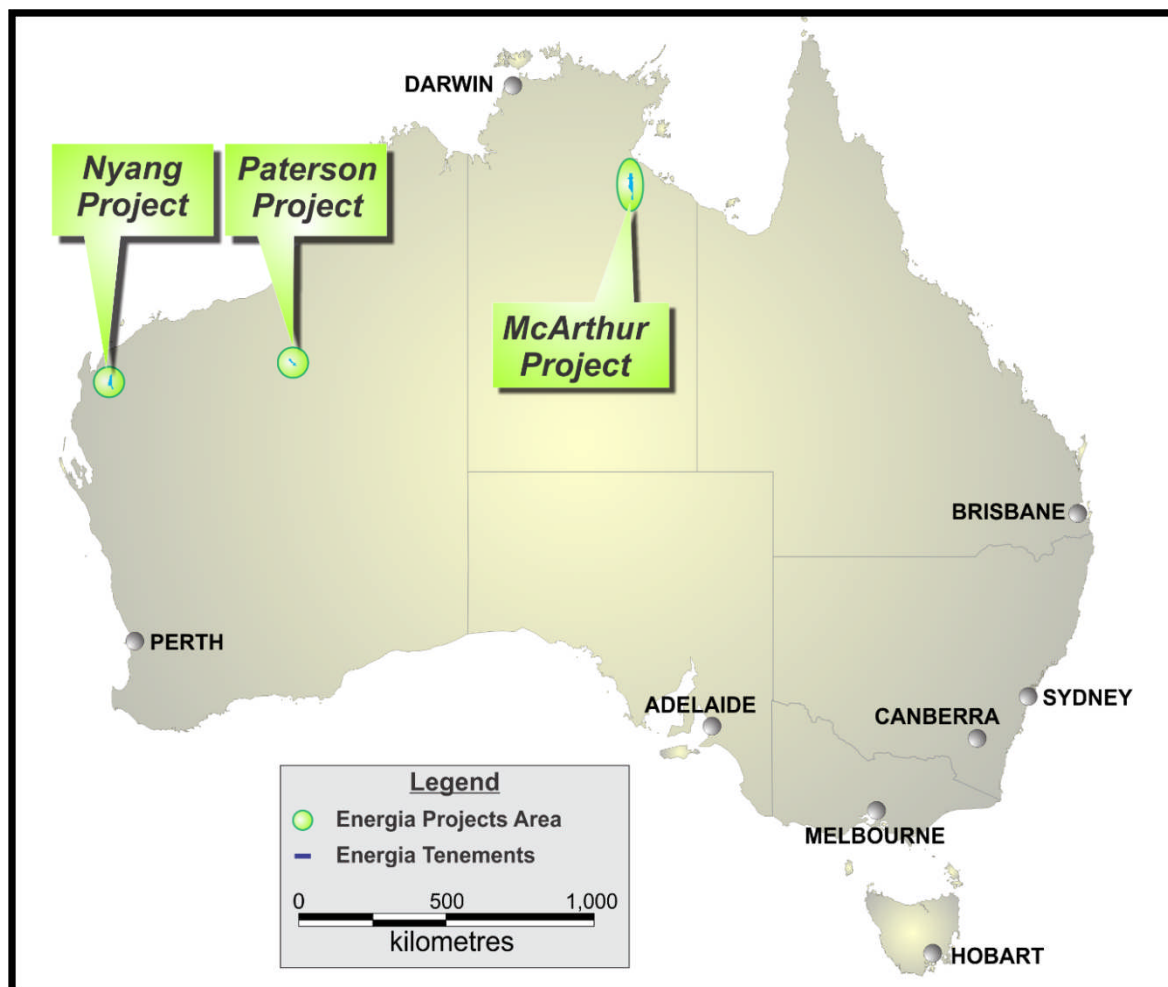


Figure 6: Location of Australian Project Areas

Nyang Project (Western Australia)

During the period, Energia entered into a Confidential Deed of Settlement and Release with Cauldron Energy Ltd ("Cauldron")(ASX:CXU) to settle the Forfeiture and Exemption Proceedings regarding Cauldron's Exploration Licences E08/2160 and E08/2161. These licences were located between Paladin Energy Ltd's Carley Bore uranium deposit and Cauldron's Bennett Well uranium deposit. Cauldron has surrendered both licences and Energia has applied for E08/2923 covering the most prospective parts of the surrendered property (see Figure 8).

Energia's tenement application encompasses a 40-50km strike length of the eastern margin of the Carnarvon Basin, including the interpreted oxidation/reduction (Redox) front within the Birdrong Sandstone. This Redox front hosts the three known ISR (In Situ Recovery) uranium deposits (Manyingee, Bennett Well and Carley Bore) within the Carnarvon Basin. The application covers most of the estimated 150km strike length of the Redox horizon between the Manyingee and Carley Bore deposits that remains largely untested.

The tenement holding E08/2735, located to the west of E08/2923 and covering a deeper section of the Carnarvon Basin, has been surrendered.

Paterson Project (Western Australia)

Following an in-depth review of historical data, Energia has rationalised its tenement holding in the Paterson province. The Paterson Project now comprises two granted tenements (E45/4534 and E45/4543) covering 219km². The two tenements cover highly prospective parts of the Broadhurst Formation, and include the Eva Well prospect. These tenements are shown in Figure 7. During July 2017 a Heritage Survey was completed to clear access for camping to facilitate on-ground exploration works proposed for later next year.

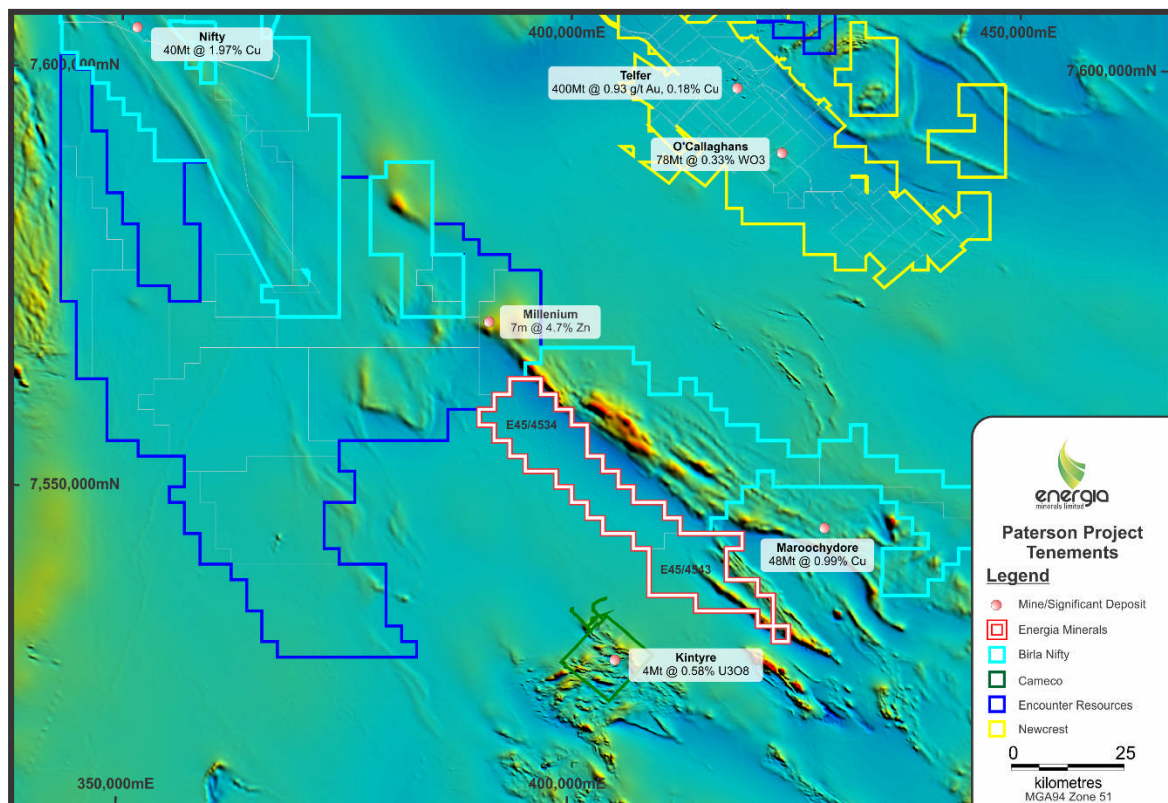


Figure 7: Location of Paterson Project Tenements, Western Australia

Nabberu Project (Western Australia)

Following a review of historical data, the Nabberu tenements (E69/3445, and E69/3446) were relinquished during the period.

McArthur River Project (Northern Territory)

No work was carried out during the period. The Project encompasses three tenements totalling 1,245km² as shown in Figure 9. One tenement (EL31045) is granted. The grant of the remaining two is pending the outcome of discussions with Traditional Owners. It is anticipated that a meeting will be held with the Northern Land Council in early 2018 to progress these discussions. The westerly dipping Barney Creek formation at Pacifico Mineral Ltd's Four Mile Prospect, which is host to lead-zinc mineralisation elsewhere in the MacArthur Basin, is interpreted to pass into Energia's ground at around 250m depth.

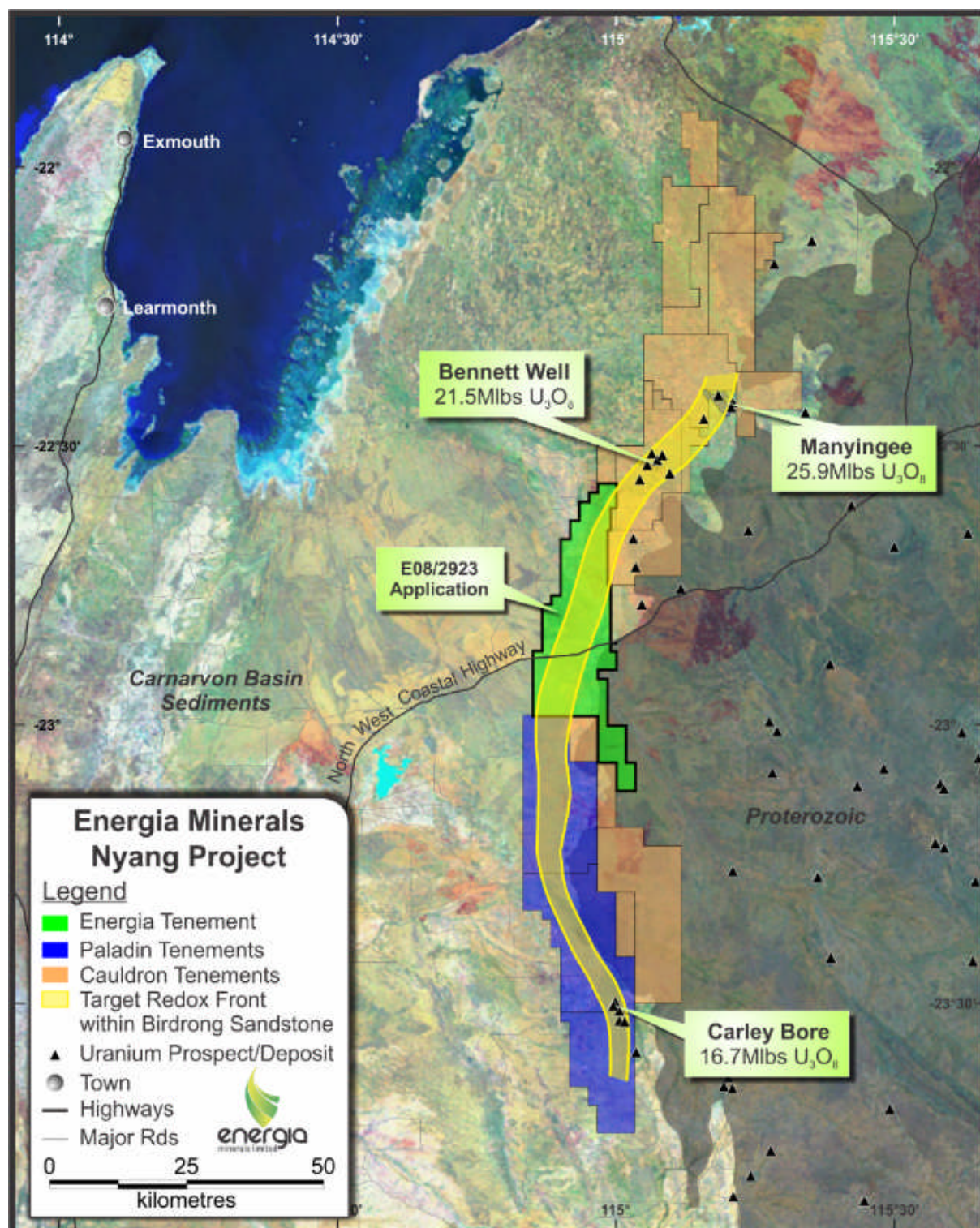


Figure 8: Location of the Nyang Project in the Carnarvon Basin, Western Australia

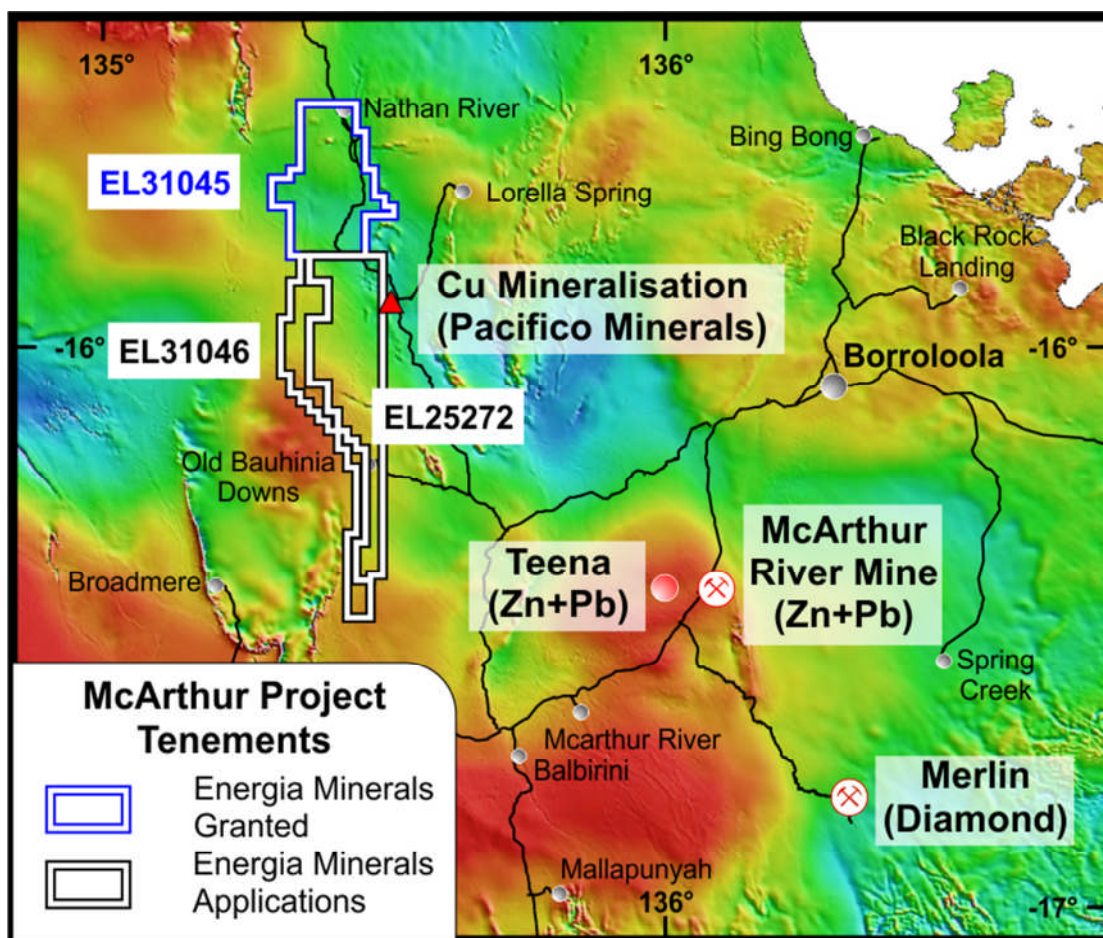


Figure 9: Northern Territory - McArthur River Project

COMPETENT PERSON STATEMENTS

Information in this Annual Report that relates to Exploration Targets and Exploration Results is based on information prepared by Mr David Andreazza who is a Competent Person and Member of the Australian Institute of Geoscientists. Mr Andreazza is a full-time employee of Energia Minerals Limited. Mr Andreazza has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Andreazza consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.

The information in this Annual Report that relates to Mineral Resources is based on, and fairly represents, the Mineral Resources and information and supporting documentation extracted from the report, which was prepared by Mr James Ridley as Competent Person in compliance with the JORC Code (2012 edition) and released to ASX by the Company on 3 May 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates in that previous release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

FORWARD-LOOKING STATEMENT

Certain statements made in this Annual Report, contain or comprise certain forward-looking statements regarding Energia Minerals Limited's exploration operations, economic performance and financial condition. Although Energia believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices, exchange rates and business and operational risk management. Energia undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

DIRECTORS' REPORT

The directors submit their report for Energia Minerals Limited and its controlled entities, ("Energia" or "the Group") for the year ended 30 June 2017.

DIRECTORS

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Alexander Burns – Executive Chairman and Chief Executive Office (appointed 7 October 2014)

MBA

Mr Burns was Managing Director of Sphere Minerals Limited from 1998 – 2010. During this period, the company acquired and evaluated iron ore properties in Mauritania, West Africa. Sphere was subsequently taken over by Xstrata PLC in November 2010 for \$514 million. Mr Burns was also a non-executive Chairman of Shield Mining Limited (Shield), which was spun out of Sphere in 2006. Shield was a gold and base metals exploration company active in Mauritania and was taken over by Gryphon Minerals Limited in mid-2010.

During the past three years, Mr Burns has not served as a director of any other listed companies.

Mr Stephen Hills – Finance Director (appointed 26 June 2017)

B.Com B. Compt (Hons) CA

Mr Hills was appointed to the board after having initially joined the Group on 1 March 2017 as Chief Financial Officer. He has extensive experience in senior finance roles in public companies listed on the ASX and TSX, the past fourteen years of which have been with mining companies with gold, nickel and copper producing assets. Before joining Energia he was with the Democratic Republic of Congo based copper producer Tiger Resources Limited from 2010, where he was involved with the financing, commissioning and operations of the Kipoi copper project in Katanga province. Prior to this, he was Chief Financial Officer and Company Secretary of Mirabela Nickel Limited from 2006, where he was involved in the company's listing on the TSX and subsequent capital raisings and the initial syndicated project financing completed in 2009 for the Santa Rita nickel mine in Brazil. From 2003 he was the Chief Financial Officer of Botswana-based gold producer Gallery Gold Limited, and since the early 1990's was Chief Financial Officer of Scientific Services Limited which provided laboratory services to the resources sector.

Mr Hills is a Chartered Accountant and has a B.Com from the University of Natal and a B.Compt (Hons) from the University of South Africa.

During the past three years, Mr Hills has also served as a director of the following listed companies:

Tiger Resources Limited – appointed 21 February 2013 and resigned 25 May 2016

Mr Marcello Cardaci – Non-executive Director (appointed 7 October 2014)

BJuris, LLB, B.Com

Mr Cardaci is a partner of Gilbert & Tobin's Corporate Advisory Group. Mr Cardaci advises on a range of corporate and commercial matters including public and private equity fund raisings and public and private mergers, acquisitions and divestment. Mr Cardaci also regularly advises on issues relating to *Corporations Act* and *Australian Securities Exchange Listing Rules*. He has cross-border experience, having advised on numerous overseas transactions including capital raisings, takeovers, schemes of arrangements and the structuring of acquisitions and joint ventures in numerous countries. Mr Cardaci has also lectured in the securities law course conducted by the *Securities Institute of Australia* and is a past committee member of the State Branch of the *Australian Mining and Petroleum Law Association Limited*.

Mr Cardaci is the Chairman of the Remuneration Committee, Nomination Committee and Audit & Risk Committee when the full board meets in its capacity as these committees.

During the past three years, Mr Cardaci has also served as a director of the following listed companies:

- Manhattan Corporation Limited* – appointed December 2006, and
- Style Limited - appointed May 2013 and resigned 10 August 2015.

** denotes current directorship*

Mr Kim Robinson - Managing Director (appointed 30 April 2012, resigned 26 June 2017)

BSc (Geology)

Mr Robinson has over 40 years' experience in mineral exploration and mining having graduated from the University of Western Australia in 1973 with a degree in Geology.

His experience is extensive including 10 years as Executive Chairman of Forrestania Gold NL. During his time at Forrestania, Mr Robinson played a key role in the discovery and development of the Bounty Gold Mine, the development of the Mt McClure Gold Mine and the discovery of the Maggie Hays and Emily Ann nickel sulphide deposits. Mr Robinson was also a Non-executive Director of Jubilee Mines NL in the period leading up to the discovery and development of the Cosmos Nickel Mine.

Mr Robinson was a founding Director of Kagara Ltd (in liquidation) where he held the position of Executive Chairman for a period of 12 years until February 2011. During this time he oversaw the development of Kagara's North Queensland base metal operations, the listing of Mungana Goldmines Ltd on the ASX and the acquisition and development of the high-grade Lounge Lizard nickel deposit in Western Australia.

During the past three years Mr Robinson has also served as a director of the following listed companies:

- Kagara Ltd (in liquidation)* - appointed September 1992; and
- Apex Minerals Ltd (in liquidation)* - appointed April 2006.

** denotes current directorship*

Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the directors in the shares and options of Energia were:

	Number of Ordinary Shares		No. of Options Over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
A Burns	-	251,724,730	-	-
S Hills	-	-	6,000,000	-
M D Cardaci	-	73,722,061	-	-

COMPANY SECRETARY

Jamie M Armes - appointed 1 July 2015

BBus, CA

Mr Armes is a Chartered Accountant with a Bachelor of Business from the University of Tasmania. He has over 20 years' experience within the accounting profession and the administration of public listed companies in the mining and exploration industry.

PRINCIPAL ACTIVITIES

The principal activity of the entities within the Group during the year was the exploration of a suite of tenements located throughout Italy and Australia.

REVIEW OF OPERATIONS

Operating Review, Business Strategy and Prospects

The Group's operations, business strategies and prospects are discussed in detail in the *Operations Report* attached to this *Directors' Report* on page 3.

Operating Results for the Year

The consolidated net loss after tax of the Group from continuing operations for the year was \$10,715,180 (2016: \$7,944,426).

Exploration expenditure for the year was \$8,000,228 (2016: \$7,096,694). The increase in exploration expenditure is due an increase in exploration activities and studies undertaken on the Gorno Zinc Project. Further information about these activities is discussed in the *Operations Report* attached to this *Directors' Report* on page 3.

The Group disposed of its remaining investment in Paladin Energy Ltd during the year to realise proceeds of \$3,502,684. The disposal resulted in a net realised loss of \$303,059 (2016: net gain \$426,967). These proceeds assisted in funding the Group's exploration activities.

Administration expenditure for the year was \$1,755,883 (2016: \$1,990,002).

Capital Structure

As at the date of this report, the Group had 1,096,238,436 (2016: 609,020,979) fully paid ordinary shares on issue and 30,750,000 (2016: 39,750,000) unlisted options over ordinary shares.

On 14 October 2016, the Group issued 174,006,515 ordinary fully paid shares at \$0.035 each for cash under a 2 for 7 non-renounceable underwritten rights issue to raise approximately \$6.1 million (before costs).

Other than detailed above, no other share issues were undertaken during the year ended 30 June 2017.

Unlisted Options

On 1 March 2017, 6,000,000 unlisted options were granted to an employee under the *2015 Employee Incentive Plan*.

Additional details regarding the options granted during the year and the terms of options on issue are provided in Note 25 of the consolidated financial statements.

Cash on Hand

Cash on hand at 30 June 2017 was \$647,710 (2016: \$2,494,771).

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Group to execute current anticipated exploration activities requires the Group to raise additional capital. Additional information is provided in Note 2 of the consolidated financial statements.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company other than those detailed elsewhere in this Review of Operations.

Significant Events after the Balance Date

Non-Renounceable Rights Issue

On 4 August 2017, the Group issued 313,210,982 ordinary fully paid shares at \$0.01 each for cash under a 2 for 5 non-renounceable rights issue to raise approximately \$3.132 million (before costs).

Apart from the above, there has not been any significant event that has occurred after balance date that has not been brought to account in the 30 June 2017 Annual Report.

Likely Developments and Expected Result

For the year ended 30 June 2017, the Group will continue to undertake mineral exploration to advance the status of its projects, with a primary focus on the advancement and development of the Gorno Zinc Project in Italy.

Environmental Regulation and Performance

The Group holds exploration tenements issued by the relevant regulatory authorities in which the Group operates, being the various states of Australia and Italy. The conditions attaching to these tenements and/or the relevant legislation in those jurisdictions impose obligations on the Group in relation to the environmental management of its operations on the tenements. There have been no known breaches of the Group's environmental obligations to which it is subject.

SHARE OPTIONS

Unissued Shares - Options

As at the date of this report, there were 30,750,000 unissued ordinary shares under option (30,750,000 at balance date). Refer to Note 25 of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any issue of shares by the Group or any related body corporate.

Shares Issued as a Result of the Exercise of Options

During and since the end of the financial year, no ordinary shares were issued as the result of the exercise of options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS' AND OFFICERS

The Group has entered into a Deed of Access, Insurance and Indemnity (Deed) with each Director and the Company Secretary (Officers). Under the Deed, the Group indemnifies the Officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the Officers in connection with the Officers being an officer of the Group, the employment of the Officer with the Group or a breach by the Group of its obligations under the Deed.

Also, pursuant to the Deed, the Group must insure the Officers against liability and provide access to all board papers relevant to defending any claim brought against the Officers in their capacity as officers of the Group.

During, or since the financial year, the Group has paid premiums in respect of a contract insuring all the directors, company secretary, executives and employees of Energia against legal costs incurred in defending proceedings for conduct other than:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*; as permitted by section 199B of the *Corporations Act 2001*.

In accordance with a confidentiality clause under the insurance policy the amount of premium paid to insurers has not been disclosed. This is permitted under Section 300(9) of the *Corporations Act 2001*.

AUDITOR INDEPENDENCE AND NON AUDIT SERVICES

The independence declaration from our auditors, Crowe Horwath Perth, for the year ended 30 June 2017 has been received and is attached to this report on page 26.

INDEMNIFICATION OF AUDITORS

No payment has been made to indemnify Crowe Horwath Perth during or since the financial year.

NON AUDIT SERVICES

The Group's auditors, Crowe Horwath Perth, provided no non-audit services during the year ended 30 June 2017 (2016: nil).

DIRECTORS' MEETINGS

During the financial year, 12 meetings of directors, including committees of directors, were held and the number of meetings attended by each director was as follows:

	Director's Meetings				Meeting of Committees			
			Audit & Risk Committee		Remuneration		Nomination	
	No. Eligible to Attend	No. Attended	No. Eligible to Attend	No. Attended	No. Eligible to Attend	No. Attended	No. Eligible to Attend	No. Attended
Alexander Burns	10	10	2	2	-	-	-	-
Stephen Hills	1	1	-	-	-	-	-	-
Marcello Cardaci	10	10	2	2	-	-	-	-
Kim Robinson	9	9	2	2	-	-	-	-

COMMITTEE MEMBERSHIP

The role of the Audit and Risk, Remuneration and Nomination Committees is carried out by the full board. The directors consider that no efficiencies or benefits would be gained by establishing separate committees. Whilst the board has not established separate committees, it has adopted charters which describe the role, composition, functions and responsibilities of the full board when acting in its capacity as the Audit and Risk, Remuneration and Nomination Committees. Reference to committee meetings in the table above refers to separate meetings convened by the full board to specifically deal with the business of that committee in accordance with the charters of the Audit and Risk, Remuneration and Nomination Committees.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

DIVIDENDS

No dividends have been paid or declared during the financial year and the directors do not recommend the payment of a dividend.

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2017 outlines the remuneration arrangements in place for directors and executives of the Parent and the Group, in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Parent and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes three executives of the parent company.

For the purposes of this report, the term "executive" includes the Executive Chairman and Chief Executive Officer, Managing Director, Finance Director, senior executives of the Parent and the Group and the term "director" refers to non-executive directors only.

Details of KMP of the Parent and Group are set out below:

Key Management Personnel

Non-executive Director

Mr M Cardaci Appointed 7 October 2014

Executive Directors

Mr A Burns Executive Chairman and Chief Executive Officer- appointed 7 October 2014, appointed CEO 26 June 2017

Mr K Robinson Managing Director - appointed 30 April 2012 resigned 26 June 2017

Mr S Hills Finance Director - appointed 26 June 2017, appointed as Chief Financial Officer 1 March 2017

Executives

Mr G Collins Director of Operations, Italy - appointed 14 January 2015

Mr D Andreazza Manager of Exploration - appointed 1 May 2013

Mr J Armes Company Secretary and Group Accountant - appointed 1 July 2015

Remuneration Policy

The *Remuneration Policy* of Energia has been developed by the Remuneration Committee in accordance with the *Remuneration Committee Charter*. The full Board currently performs the function of the Remuneration Committee. The *Remuneration Committee Charter* is set out on the Group's website at www.energiaminerals.com.

Emoluments of directors and executives are reviewed on an annual basis and are set by reference to employment market conditions, payments made by other companies of similar size and industry, and by reference to the skills and experience of the directors and executives.

KMP and related parties of KMP are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

There were no changes to KMP between the reporting date and the date the financial report was authorised for issue.

Engagement of Remuneration Consultants

The Remuneration Committee may at times seek external remuneration advice. No remuneration consultant was engaged during the year ended 30 June 2017 to provide remuneration recommendations in relation to KMP.

Non-executive Directors

The Group's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not directly linked to individual performance. Given the Group is at an early stage of development and the financial restrictions placed on it, the Group may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. The grant of options is designed to conserve cash reserves, recognise efforts and to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Group.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting. The maximum amount of non-executive fees payable is currently set at \$250,000 per annum.

Executives

Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

Executive pay and reward consists of a base salary and incentives. Long-term incentives may include options over unissued ordinary shares granted at the discretion of the Board and where applicable, subject to obtaining the relevant shareholder 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 service conditions.

Company Performance, Shareholder Wealth, Director and Executive Remuneration

The *Remuneration Policy* aims to align the objectives of shareholders and the Group with that of directors and executives through the issue of options over unissued shares. The granting of options is not subject to specific performance criteria, however, when granting options, the terms of the options are designed to provide an incentive that will contribute to increasing shareholder wealth. This is undertaken by determining an exercise price that exceeds the underlying share price at the date of grant and through vesting conditions that require a period of continuous employment. Remuneration of KMP is not dependent on company performance as the nature of the Group's operations are exploration, and therefore, not currently profit generating.

The following table shows the net profit/(loss) from continuing and discontinued operations and dividends for the last three years for the listed entity, as well as share prices at the end of the respective financial years:

	2015	2016	2017
	\$	\$	\$
Net profit/(loss)	(4,618,121)	401,242	(10,715,180)
Share price at year end	\$0.055	\$0.043	\$0.012
Dividends paid	Nil	Nil	Nil

Non-executive Director Remuneration

Fixed Remuneration

The aggregate remuneration paid to non-executive directors will not exceed the maximum amount in aggregate of \$250,000 per annum. The Constitution of Energia and the *ASX Listing Rules* specify that the non-executive director fee pool shall be determined from time to time by a general meeting of shareholders. The board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders.

The amount of aggregate remuneration sought to be approved by shareholders, and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review as well as the additional time commitment of director's who serve on one or more sub-committees. Non-executive directors do not currently receive additional remuneration for their membership of subsidiary boards or committees.

In order to conserve the cash reserves of the Group, effective from 1 April 2017, Mr Cardaci agreed to defer the payment of his director's fees until such time as the cash position of the Group improves.

Non-executive directors are encouraged by the board to hold shares in Energia.

The remuneration of non-executive directors for the period ending 30 June 2017 is detailed on page 23 of this report.

Variable Remuneration – Short-term Incentives

Non-executive directors do not receive performance based bonuses.

Variable Remuneration – Long-term Incentives

The Group has no contractual obligation to provide long-term incentives to non-executive directors.

Executive Remuneration

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for company and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals of the Group; and
- ensure total remuneration is competitive by market standards.

Executive remuneration comprises of four components:

- base pay and benefits;
- short-term incentives;
- other remuneration such as statutory superannuation and social security contributions; and
- long-term incentives through equity based compensation.

Base pay and benefits

Base pay is structured as a remuneration package that may be delivered as a combination of cash and salary sacrifice superannuation at the executives' discretion.

Base pay is reviewed annually to ensure the executives' pay is competitive with comparable positions of responsibility. This review may utilise external advisors to provide information on industry benchmarks. There is no guaranteed base pay increases included in any executive contracts.

Executives based in Perth receive car parking benefits. As an Italian based executive, Mr Collins is provided with benefits customary with expatriate arrangements, including a motor vehicle, expatriate medical insurance, return airfares to Australia and tax equalisation assistance. In addition, the Company also meets all employer and employee social security obligations arising as a result of working in Italy.

Effective from 1 April 2017, Mr Burns and Mr Robinson agreed to defer the payment of their remuneration until such time as the cash position of the Group improves.

Upon the resignation of Mr Robinson on 26 June 2017, it was agreed that the deferred remuneration and accrued annual leave entitlements would be paid following the completion of the non-renounceable rights issue announced by the Group on 26 June 2017. The total payment to be made under this agreement was limited to \$100,000.

Variable Remuneration – Short-term Incentives

At this time, any incentive paid to executives is at the absolute discretion of the Remuneration Committee and the Group has no contractual commitments to provide these incentives to executives. The Group's Policy permits the payment of short-term incentives to executives.

No short-term incentive bonuses were paid to Executives during the year ended 30 June 2017 (2016: Nil).

Variable Remuneration – Long-term Incentives

The Group has an *Employee Incentive Plan* (EIP) as a means of providing long-term incentives to all employees and key management personnel, other than non-executive directors. In accordance with the provisions of the plan, as approved by shareholders at the annual general meeting held 18 November 2015, at its discretion the Board may grant incentives under the plan for no consideration and determine the terms on which the incentives are granted. Where incentives are granted with vesting conditions, unless the Board determines otherwise, unvested incentives are forfeited when the holder ceases to be employed by the Group. Any options granted under the EIP carry neither rights to dividends nor voting rights and may be exercised at any time from the date of vesting to the date of their expiry.

On 1 March 2017, 6,000,000 options were granted to Mr Hills under the *EIP*. These options were granted for no consideration and hold no voting or dividend rights and are not transferrable without Board approval. Some of the options are subject to vesting conditions, whereby if the employee resigns prior to the vesting date the options are forfeited.

Mr Robinson forfeited 3,000,000 options in accordance with the terms of the *EIP* upon resignation on 26 June 2017.

The grant of options to KMP's is not subject to performance conditions as the nature of the Group's operations are loss making during mineral exploration. The Group has no contractual obligation to provide long-term incentives to key management personnel.

Contracts with Key Management Personnel

Alexander Burns – Executive Chairman and Chief Executive Officer

Mr Burns is employed under an Executive Service Agreement which commenced 7 October 2014 and expires 6 October 2017. Under the terms of the present agreement, Mr Burns receives fixed remuneration of \$175,000 per annum, inclusive of superannuation, reviewed annually on or before 30 June each year. For the period 1 July 2016 to 26 June 2017, Mr Burns was employed on a part time basis. Upon his appointment as Chief Executive Officer on 26 June 2017 reverted to a full time basis, however, there was no change to existing remuneration arrangements.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	1 month	6 months' salary together with 2 weeks' salary for each completed year of service	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	3 months	None	Unvested awards forfeited
Termination by the effluxion of time	None	None	Not Applicable

Stephen Hills – Finance Director

Mr Hills is employed under an Executive Service Agreement which commenced 1 March 2017 and expires on 29 February 2020.

Under the terms of the agreement, Mr Hills receives fixed remuneration of \$265,000 per annum, inclusive of superannuation, reviewed annually on or before 30 June each year but not before 30 June 2017.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	1 month	3 months' salary together with 2 weeks' salary for each completed year of service	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	3 months	None	Unvested awards forfeited
Termination by the effluxion of time	None	None	Not Applicable

Kim Robinson – Managing Director

Mr Robinson was employed under an Executive Service Agreement which commenced 30 April 2012. On 31 July 2015, an amendment was executed extending the agreement for an additional three years, expiring 29 April 2018. Under the terms of the amended agreement, Mr Robinson received fixed remuneration of \$350,000 per annum, inclusive of superannuation, reviewed annually on or before 30 June each year.

Mr Robinson resigned as Managing Director on 26 June 2017 and it was agreed that the remuneration owing to from 1 April 2017 to Mr Robinson together with his accrued annual leave entitlements would be paid within following the completion of the non-renounceable rights issue announced by the Group on 26 June 2017. The total payment to be made under this agreement was limited to \$100,000.

Upon resignation, Mr Robinson forfeited 3,000,000 options exercisable at \$0.24 per share in accordance with the terms of the *2015 Employee Incentive Plan*.

Graeme Collins – Director of Operations, Italy

Mr Collins is employed under an Executive Services Agreement which commenced 14 January 2015 and expires 13 January 2018. Under the terms of the agreement, Mr Collins receives fixed remuneration of \$300,000 inclusive of superannuation per annum. Remuneration is reviewed annually.

Mr Collins is currently based in Italy on a secondment basis. As is customary with expatriate arrangements, Mr Collins is provided with benefits including, motor vehicle, expatriate medical insurance, return airfares to Australia and tax equalisation assistance. In addition, the Company also meets all employer and employee social security obligations arising as a result of working in Italy.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	1 month	6 months' salary together with 2 weeks' salary for each completed year of service	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	3 months	None	Unvested awards forfeited
Termination by the effluxion of time	None	None	Not applicable

David Andreazza – Manager of Exploration

Mr Andreazza is currently employed under a rolling agreement which commenced 26 June 2012. Under the terms of the agreement, Mr Andreazza receives a fixed remuneration of \$150,000 inclusive of superannuation per annum, reviewed annually. Prior to 1 August 2016, Mr Andreazza received a fixed remuneration of \$200,000 per annum, inclusive of superannuation.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	45 days	None	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	45 days	None	Unvested awards forfeited

Apart from termination benefits under statute (such as unpaid annual leave or long service leave) or as mentioned above, there are no retirement benefits for executives.

Jamie Armes – Group Accountant and Company Secretary

Mr Armes is employed under an Executive Service Agreement which commenced 1 July 2015 and expires 30 June 2018. Under the terms of the agreement, Mr Armes receives fixed remuneration of \$180,000 per annum, inclusive of superannuation, reviewed annually on or before 30 June each year.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	1 month	3 months' salary together with 2 weeks' salary for each completed year of service	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	3 months	None	Unvested awards forfeited
Termination by the effluxion of time	6 months	None	Not Applicable

Remuneration for the year ended 30 June 2017 and 30 June 2016

	Short Term		Non	Post	Share Based		
	Salary & Fees	Italian Social	Monetary	Employment	Payment	Termination	Total
	\$	\$	(iv)(v)	Super-	Options	Payment	\$
			\$	annuation	\$	\$	
				\$			
Non-executive Directors							
Mr M Cardaci ⁽ⁱ⁾ (Non-Executive Director - appointed 7 October 2014)							
2017	54,795	-	-	5,205	-	-	60,000
2016	54,795	-	-	5,205	-	-	60,000
Total Non-Executive Director							
2017	54,795	-	-	5,205	-	-	60,000
2016	54,795	-	-	5,205	-	-	60,000
Executive Directors							
Mr A Burns ⁽ⁱⁱ⁾ (Executive Chairman - appointed 7 October 2014, Chief Executive Officer - appointed 26 June 2017)							
2017	159,817	-	1,182	15,183	-	-	176,182
2016	159,817	-	6,692	15,183	-	-	181,692
Mr K Robinson ⁽ⁱⁱⁱ⁾ (Managing Director - resigned 26 June 2017)							
2017	332,136	-	651	30,364	3,085	-	366,236
2016	327,245	-	4,190	31,088	39,837	-	402,360
Mr S Hills (Finance Director - appointed as 26 June 2017, Chief Financial Officer - appointed 1 March 2017)							
2017	80,670	-	257	7,664	30,347	-	118,938
2016	-	-	-	-	-	-	-
Mr M Cozijn (Finance Director - resigned as 30 June 2016)							
2017	-	-	-	-	-	-	-
2016	130,698	-	4,190	11,077	10,731	49,927	206,623
Total Executive Directors							
2017	572,623	-	2,090	53,211	33,432	-	661,356
2016	617,760	-	15,072	57,348	50,568	49,927	790,675
Other Key Management Personnel							
Mr G Collins (Director of Operations, Italy – appointed 14 January 2015)							
2017	273,973	156,100	101,212	26,027	8,018	-	565,330
2016	273,973	146,622	69,977	26,027	33,264	-	549,863
Mr D Andreazza (Manager of Exploration)							
2017	144,013	-	803	13,681	-	-	158,497
2016	183,066	-	3,805	17,391	7,046	-	211,308
Mr J Armes (Company Secretary) – appointed 1 July 2015							
2017	164,384	-	867	15,616	3,889	-	184,756
2016	164,384	-	4,190	15,616	24,669	-	208,859
Total Other Key Management Personnel							
2017	582,370	156,100	102,882	55,324	11,907	-	908,583
2016	621,423	146,622	77,972	59,034	64,979	-	970,030
TOTAL							
2017	1,209,788	156,100	104,972	113,740	45,339	-	1,629,939
2016	1,293,978	146,622	93,044	121,587	115,547	49,927	1,820,705

- (i) Effective from 1 April 2017, Mr Cardaci has agreed to defer the payment of his remuneration until such time as the cash position of the Group improves. Included in the above table for the year ended 30 June 2017 is a deferred amount of \$13,698 fees and \$1,299 superannuation.
- (ii) Effective from 1 April 2017, Mr Burns has agreed to defer the payment of his remuneration until such time as the cash position of the Group improves. Included in the above table for the year ended 30 June 2017 is a deferred amount of \$39,954 salary and \$3,795 superannuation.
- (iii) Mr Robinson resigned as Managing Director on 26 June 2017. From 1 April 2017, Mr Robinson's remuneration was being deferred. Upon resignation it was agreed that the remuneration deferred by Mr Robinson together his accrued annual leave entitlements would become payable following the completion of the non-renounceable rights issue announced by the Group on 26 June 2017. Included in the above table for the year ended 30 June 2017 is a deferred amount of \$79,908 salary, \$12,502 accrued annual leave entitlements and \$7,590 superannuation. Any share based payment expense previously recognised on options that were forfeited as a consequence of resignation has been reversed.
- (iv) Non-monetary benefits for Perth based executives and KMP represents the fringe benefits tax associated with the provision of car parking.
- (v) Non-monetary benefits for Mr Collins includes expatriate costs associated with his secondment to Italy including housing, motor vehicle, expatriate medical insurance, return airfares to Australia and tax equalisation assistance and associated fringe benefits tax.

No director or senior executive appointed during the period received a payment before they started to hold the position, as part of the consideration for them agreeing to hold the position. The premium paid for Directors and Officers liability insurance is not included in the above remuneration table.

Additional Disclosures Relating to Options and Shares

This section sets out additional disclosures required under the *Corporations Act 2001*.

Options awarded, vested and lapsed during the year (Consolidated)

The following table discloses the share options granted to key management personnel as remuneration during the year ended 30 June 2017 as well as the number of options that vested during the year. Share options do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

	Options Awarded During the Year No.	Award Date	Fair Value per Option \$	Exercise Price of Option Granted \$	Expiry Date	Vesting Date	Vested During Year No.
Mr S Hills	2,000,000	1 Mar 17	\$0.01169	\$0.10	28 Feb 22	1 Mar 17	2,000,000
	2,000,000	1 Mar 17	\$0.00774	\$0.15	28 Feb 22	1 Mar 18	-
	2,000,000	1 Mar 17	\$0.00592	\$0.20	28 Feb 22	1 Mar 19	-
Mr K Robinson	-	1 Dec 15	\$0.00592	\$0.18	18 Nov 20	18 Nov 16	3,000,000
Mr J Armes	-	6 Jul 15	\$0.01852	\$0.18	30 Jun 20	1 Jul 16	500,000

The following table summarises the value of options granted to key management personnel as part of their remuneration:

	Value of Options Granted During the Year ⁽ⁱ⁾ \$
Mr S Hills	49,857

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards. For the details on the valuation of the options, including models and assumptions used, please refer to Note 25.

The following table summarises the number and value of options that lapsed through forfeiture or expiry during the financial year. These options were originally granted to key management personnel as part of their remuneration:

	Year of Grant	Lapsed During Year No.	Value of Options Lapsed During the Year \$
Mr K Robinson	2012	12,000,000	170,440
Mr K Robinson	2015	3,000,000	14,084

There were no alterations to the term and conditions of options awarded as remuneration since their award date. No options were exercised by key management personnel during the financial year ended 30 June 2017.

Option holdings of key management personnel

The number of options over ordinary shares held by each KMP of the Group both directly and indirectly during the financial year is as follows:

	Balance at 1 Jul 16	Granted as remuner- ation	Options Expired	Net Change Other	Balance at 30 Jun 17	Vested at 30 June 2017		
30 June 2017						Total	Exercisable	Not Exercisable
Directors								
Mr S Hills	-	6,000,000	-	-	6,000,000	6,000,000	2,000,000	4,000,000
Mr K Robinson ⁽ⁱ⁾	21,000,000	-	(12,000,000)	(3,000,000)	6,000,000	6,000,000	6,000,000	-
Executives								
Mr G Collins	6,000,000	-	-	-	6,000,000	6,000,000	6,000,000	-
Mr D Andreazza	6,000,000	-	-	-	6,000,000	6,000,000	6,000,000	-
Mr J Armes	1,500,000	-	-	-	1,500,000	1,500,000	1,000,000	500,000
Total	34,500,000	6,000,000	(12,000,000)	(3,000,000)	25,500,000	25,500,000	21,000,000	4,500,000

(i) Resigned 26 June 2017. Upon resignation, Mr Robinson forfeited 3,000,000 options exercisable at \$0.24 per share in accordance with the terms of the 2015 Employee Incentive Plan.

Shareholdings of key management personnel

Ordinary shares held in Energia Minerals Limited directly and indirectly

30 June 2017	Balance at 1 Jul 16	Granted as remuneration	Issued on exercise of options	Net Change Other [#]	Balance at 30 Jun 17
Directors					
Mr A Burns	139,847,071	-	-	39,956,307	179,803,378
Mr S Hills	-	-	-	-	-
Mr M Cardaci	25,333,334	-	-	27,325,281	52,658,615
Executives					
Mr G Collins	290,000	-	-	82,858	372,858
Mr D Andreazza	-	-	-	-	-
Mr J Armes	-	-	-	-	-
Total	165,470,405	-	-	67,364,446	232,834,851

[#] All equity transactions with KMP classified as Net Change Other have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arms-length.

Other transactions and balances with key management personnel and their related parties

Purchases

Mr Cardaci is a partner in Gilbert + Tobin Lawyers. During the year, Gilbert + Tobin provided legal services to the Group of \$14,412 (2016: \$7,146). The balance owing to Gilbert + Tobin as at 30 June 2017 was \$4,757 (2016: Nil).

These costs have not been included in directors' remuneration as these fees were not paid for services provided by Mr Cardaci. All transactions were entered into on normal commercial terms.

All services provided by companies associated with key management personnel were provided on normal commercial terms.

There have been no other transactions involving equity instruments other than those described in the tables above.

END OF REMUNERATION REPORT

This Director's Report is signed in accordance with a resolution of the directors.



Alexander Burns
Executive Chairman/Chief Executive Officer
27 September 2017

AUDITOR'S INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Energia Minerals Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

CROWE HORWATH PERTH

CYRUS PATELL

Partner

Signed at Perth, 27 September 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated	
		2017	2016
		\$	\$
Revenue	3	29,881	72,655
Other income	4	-	3,117
Administrative expenditure		(1,755,883)	(1,990,002)
Exploration expenditure		(8,000,228)	(7,096,694)
Marketing expenditure		(123,100)	(136,584)
Unrealised (losses)/gains on financial assets at fair value through profit or loss		(16,558)	638,840
Net realised (losses)/gains on financial assets at fair value through profit or loss		(303,059)	426,967
Net gain on sale of available-for-sale financial assets		-	32,031
Unrealised foreign exchange (loss)/gain		(88,053)	106,853
Other losses – net	5	(2,194)	(1,609)
Other expenses	6(a)	(1,253)	-
Operating loss		(10,260,447)	(7,944,426)
Finance expenses	7	(454,733)	-
Loss from continuing operations before income tax		(10,715,180)	(7,944,426)
Income tax expense	9	-	-
Loss from continuing operations after income tax		(10,715,180)	(7,944,426)
Discontinued Operations			
Profit from discontinued operations after tax	8	-	8,345,668
Net (loss)/profit for the year		(10,715,180)	401,242
Other comprehensive income			
<i>Items that may be re-classified to profit or loss</i>			
Exchange differences on translation of foreign operations		49,140	39,104
Comprehensive income for the year, net of tax		49,140	39,104
Total comprehensive (loss)/profit for the year		(10,666,040)	440,346
Earnings/(loss) per share	31		
From continuing and discontinued operations:			
Basic earnings/(loss) per share (cents)		(1.46)	0.07
Diluted earnings/(loss) per share (cents)		(1.46)	0.07
From continuing operations:			
Basic earnings/(loss) per share (cents)		(1.46)	(1.28)
Diluted earnings/(loss) per share (cents)		(1.46)	(1.28)
From discontinued operations:			
Basic earnings/(loss) per share (cents)		-	1.35
Diluted earnings/(loss) per share (cents)		-	1.35

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

	Note	Consolidated	
		2017	2016
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	10	647,710	2,494,771
Other financial assets	13	67,555	3,805,743
Receivables	11	276,065	412,153
Total Current Assets		991,330	6,712,667
Non- Current Assets			
Restricted cash	12	68,834	68,834
Other financial assets	13	-	59,986
Receivables	11	1,137,496	845,349
Plant & equipment	14	205,972	234,432
Exploration and evaluation expenditure	15	444,479	446,543
Total Non-Current Assets		1,856,781	1,655,144
TOTAL ASSETS		2,848,111	8,367,811
LIABILITIES			
Current Liabilities			
Trade and other payables	16	882,493	1,522,230
Borrowings	17	63,447	109,273
Employee benefit liabilities	18	239,709	210,296
Provisions	19	200,597	156,745
Total Current Liabilities		1,386,246	1,998,544
Non-Current Liabilities			
Borrowings	17	-	63,743
Employee benefit liabilities	18	51,783	55,581
Total Non-Current Liabilities		51,783	119,324
TOTAL LIABILITIES		1,438,029	2,117,868
NET ASSETS		1,410,082	6,249,943
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	21	32,523,439	26,750,592
Accumulated losses		(32,103,121)	(21,387,941)
Reserves	21	989,764	887,292
TOTAL EQUITY		1,410,082	6,249,943

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Parent				
	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Share Based Payment Reserve \$	Total \$
As at 1 July 2015	26,750,592	(21,789,183)	982	687,177	5,649,568
Profit for the period	-	401,242	-	-	401,242
Other comprehensive income	-	-	39,104	-	39,104
Total comprehensive income for the period	-	401,242	39,104	-	440,346
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	160,029	160,029
At 30 June 2016	26,750,592	(21,387,941)	40,086	847,206	6,249,943
As at 1 July 2016	26,750,592	(21,387,941)	40,086	847,206	6,249,943
Loss for the period	-	(10,715,180)	-	-	(10,715,180)
Other comprehensive income	-	-	49,140	-	49,140
Total comprehensive income for the period	-	(10,715,180)	49,140	-	(10,666,040)
Transactions with owners in their capacity as owners:					
Shares issued	6,090,228				6,090,228
Transaction costs on share issue	(317,381)				(317,381)
Share based payments	-	-	-	53,332	53,332
At 30 June 2017	32,523,439	(32,103,121)	89,226	900,538	1,410,082

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

	Note	Consolidated	
		2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		69,273	993,680
Payment to suppliers and employees (inclusive of GST)		(11,012,400)	(9,759,450)
Interest received		30,800	52,248
Research and development incentive received		-	262,666
Net cash flows used in operating activities	24	(10,912,327)	(8,450,856)
Cash flows from investing activities			
Payments for security bonds		-	(2,131)
Proceeds from the disposal of exploration assets		-	1,600,000
Payments to acquire financial assets		(24,127)	(24,127)
Net proceeds from the disposal of financial assets		3,502,684	5,406,234
Purchase of plant and equipment		(26,059)	(167,139)
Net cash flows from investing activities		3,452,498	6,812,837
Cash flows from financing activities			
Repayment of borrowings		(105,388)	(111,977)
Proceeds from issue of shares		6,090,229	-
Transaction costs on issue of shares		(308,404)	-
Net cash flows from/(used in) financing activities		5,676,437	(111,977)
Net decrease in cash and cash equivalents		(1,783,392)	(1,749,996)
Net foreign exchange difference		(63,669)	135,139
Cash and cash equivalents at beginning of period		2,494,771	4,109,628
Cash and cash equivalents at end of period	10	647,710	2,494,771

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Energia Minerals Limited (Energia or the Group) comprises of Energia Minerals Limited and its controlled entities for the year ended 30 June 2017. The financial report was authorised for issue in accordance with a resolution of the directors on 27 September 2017.

Energia (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group is a for profit entity for financial reporting purposes under *Australian Accounting Standards*.

The nature of the operations and principal activities of the Group are described in the *Directors' Report*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with *Australian Accounting Standards*, *Australian Accounting Interpretations*, other authoritative pronouncements of the *Australian Accounting Standards Board* (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events, and conditions. Compliance with *Australian Accounting Standards* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical cost and where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax from continuing operations for the year ended 30 June 2017 of \$10,715,180 (2016: \$7,944,426) and recorded net cash outflows from operating activities of \$10,912,327 (2016: \$8,450,856). At 30 June 2017, the Group had Cash on Hand of \$647,710 (30 June 2016: \$2,494,771).

Subsequent to year end, the Company has completed a pro-rata, non-renounceable rights issue raising proceeds of approximately \$3.132 million before costs.

In addition to the above amount raised post 30 June 2017, based on the Group's cash flow forecast the directors are aware that the Group will require additional capital in the next 12 months to undertake its business activities and to continue to progress its exploration interests. The directors are confident that the Group will be able to raise additional funds through the issue of new equity and/or debt capital.

Should the Group be unable to raise additional funds through the avenues mentioned above in order to meet its contracted and forecast expenditure there is inherent uncertainty that the Company will continue as a going concern and therefore whether the Company will be able to realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in this financial report. The Directors acknowledge that there may be a risk that equity markets may not be favourably disposed when equity raisings are required to be undertaken and that this may impact on the Group's ability to fund its planned and minimal expenditure commitments and may accordingly cast doubt over the Group's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Energia Minerals Limited at the end of the reporting period (the Group). A controlled entity is any entity over which Energia has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. The control exists when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 27 to the financial statements.

In preparing the consolidated financial statements, all inter-company balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent.

Where a company prepares consolidated financial statements, the sections of the *Corporations Act 2001* which required that a company also prepare and present parent company financial statements have been repealed. The primary statements and notes should contain only consolidated results. The disclosures required under the *Corporations Act 2001* have been included within Note 29 to the accounts in respect of the parent entity and all the information has been calculated in accordance with *Australian Accounting Standards*.

(b) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Income Tax (Cont'd)**

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(c) Other Taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) and Italian Value Added Tax (VAT) except:

- when the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- receivables and payables, which are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost as indicated less, where applicable any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and comprehensive income during the financial period in which they are incurred.

The depreciable amount of plant and equipment is depreciated on a diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Field equipment	15% to 50%
Motor vehicles	12.5%
Office equipment	15% to 75%
Office furniture	30%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Plant and Equipment (Cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(e) Exploration Expenditure

Exploration, evaluation and development expenditure is written off as incurred. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Foreign Currency Transactions and Balances

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Foreign Currency Transactions and Balances (Cont'd)

Group Companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into the profit or loss in the period in which the operation is disposed of.

(i) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(j) Equity Settled Compensation

The Group undertakes equity-settled share-based payments. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using either the Binomial or Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Upon the exercise of awards, the balance of the share based payments reserve relating to those awards is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(l) 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.

(m) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Financial Instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument classified "at fair value through profit or loss" in which case transaction costs are expensed to the statement of profit and loss and other comprehensive income. Financial instruments are classified and measured as set out below.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

Classification and subsequent measurement**(i) 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.

(ii) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the profit and loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(p) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being paid within 45 days of recognition of the liability.

(r) Fair Value Measurement

The Group measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(t) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates

(i) Impairment of capitalised exploration and evaluation expenditure

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment indicator exists as outlined under AASB 6, the recoverable amount of the asset is determined. The future recoverability of capitalised exploration expenditure is dependent on a number of factors and will ultimately depend on whether the expenditure is recouped through exploitation or sale. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(ii) Share based payments

The Group measures the cost of equity settled transactions with employees and suppliers by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of unlisted options is determined by using either a Black-Scholes or Binomial model. The assumptions (volatility, dividend yield and risk free rate) used are detailed in Note 25.

(iii) Italian Value Added Tax Receivable

The Italian value added tax receivable ("VAT") represents the VAT that is recoverable from the Italian Agency of Revenue. The Group expects to recover a proportion of this receivable through offsetting various Italian employee taxes and social security contributions. In addition to offsetting, the receivable is also anticipated to be recovered through a refund process that is estimated to take approximately 2 to 5 years. The future recoverability of the VAT receivable is dependent on the Group continuing to be entitled to this offsetting arrangement and the refund request satisfying the Italian Agency of Revenue's requirements. To the extent that the VAT receivable is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(iv) Provision for rehabilitation

Rehabilitation costs are a normal consequence of mineral exploration and mining, and the majority of this expenditure is incurred on ceasing exploration activities or the end of the mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs, and the estimated future level of inflation. The ultimate cost of rehabilitation is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements or the emergence of new restoration techniques.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(t) Critical Accounting Estimates and Judgments (Cont'd)****Key Judgments*****Capitalisation of exploration and evaluation expenditure***

Under AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group has the option to expense exploration and evaluation expenditure as incurred, or to capitalise such expenditure (provided certain conditions are satisfied). The Group has elected to expense exploration and evaluation expenditure until such time as activities in an area have reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. However, costs associated with the acquisition of exploration tenements are initially capitalised.

(u) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the *Australian Accounting Standards Board* (AASB) that are mandatory for the current reporting period.

The adoption of these *Accounting Standards and Interpretations* did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending *Accounting Standards or Interpretations* that are not yet mandatory have not been early adopted.

(v) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended *Accounting Standards and Interpretations*, most relevant to the consolidated entity, are set out below:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (OCI). For financial liabilities, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New impairment requirements will use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and make an assessment of the effect over the next 12 months.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) New Accounting Standards and Interpretations not yet mandatory or early adopted (Cont'd)

stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 and make an assessment of the effect over the next 12 months.

AASB 16 Leases

AASB 16 supersedes:

- AASB 117 Leases
- Interpretation 4 Determining whether an Arrangement contains a Lease
- SIC-15 Operating Leases—Incentives
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The Group will adopt this standard from 1 July 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16. The impact of adoption is yet to be fully assessed by Group, however, based on the current leases maintained by the Group as at 30 June 2017 the adoption of AASB 16 would not have a material impact on the financial position of the Group.

	Consolidated	
	2017	2016
	\$	\$
3. REVENUE		
Interest received	29,881	52,655
Other revenue	-	20,000
	29,881	72,655
	Consolidated	
	2017	2016
	\$	\$
4. OTHER INCOME		
Realised foreign exchange gain	-	3,117
	-	3,117
	Consolidated	
	2017	2016
	\$	\$
5. OTHER LOSSES-NET		
Loss on disposal of plant & equipment	2,194	1,609
	2,194	1,609
	Consolidated	
	2017	2016
	\$	\$
6. EXPENSES		
(a) Other Expenses		
Realised foreign exchange loss	1,253	-
(b) Depreciation, impairment and amortisation		
Depreciation of plant and equipment	49,151	46,194
(c) Rental expense on operating leases		
Minimum lease payments – operating leases	164,425	183,714
(d) Employee benefits expense		
Wages, salaries and directors fees	1,824,073	1,822,948
Superannuation contribution expense	136,379	149,118
Italian social security contributions	263,881	205,934
Share based payment expense	53,332	160,029
Termination Payment	-	49,927
Movement in provision for annual leave	6,576	66,595
Movement in provision for long service leave	(3,797)	30,594
Other employee benefits expense	102,483	117,227
	2,382,927	2,602,372

Effective from 1 April 2017, Mr Burns, Executive Chairman and Chief Executive Officer, Mr Robinson the former Managing Director and Mr Cardaci, non-executive director, agreed to defer the payment of their remuneration until such time as the cash position of the Group improves. Included in the employee benefits detailed above is \$158,746 owing to the directors as at 30 June 2017 (2016: nil).

		Consolidated	
	Note	2017	2016
		\$	\$
7. FINANCE EXPENSES			
Charges on discounting long term Italian VAT receivable	11(c)	454,733	-
		454,733	-

8. DISCONTINUED OPERATION
(a) Description

On 7 August 2015, the Group disposed of the Carley Bore Project located in Western Australia and reported this operation as a discontinued operation for the year ending 30 June 2016. Revenues and expenses, gains and losses relating to the discontinued operation have been eliminated from the profit or loss from the Group's continuing operations and are shown as a single line item on the face of the Statement of Profit or Loss and Other Comprehensive Income.

Financial information relating to the discontinued operation is set out below:

	Consolidated	
	2017	2016
	\$	\$
(b) Financial performance and cash flow information		
Other income	-	89,087
Exploration expenditure	-	(35,995)
Gain on disposal of exploration assets	-	8,292,576
Profit from discontinued operations before tax	-	8,345,668
Income tax expense	-	-
Profit from discontinued operations after tax	-	8,345,668
Net cash inflow/(outflow) from ordinary activities	-	215,659
Net cash inflow from investing activities	-	1,600,000
Net increase/(decrease) in cash generated from discontinued operations	-	1,815,659

	Consolidated	
	2017	2016
	\$	\$
9. INCOME TAX EXPENSE		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before income tax	(10,715,180)	(7,944,426)
Tax refundable at the statutory income tax rate – 30% (2016: 30%)	(3,214,554)	(2,383,328)
Non-deductible expenses		
Share based payments	16,000	48,009
Other non-deductible expenses/(non-assessable income)	241,580	(274,219)
Gains from sale of assets	-	3,218,544
Government grants exempted from tax	-	(26,726)
Section 40-880 deduction	(28,342)	(26,447)
Effect of different tax rates	480,435	158,586
Under/(Over) provision in prior year	-	(34,269)
Tax losses not previously recognised	-	(2,662,895)
Deferred tax assets not recognised	2,504,881	1,982,745
Income tax expense	-	-

The Group has tax losses for which no deferred tax asset is recognised arising in Australia of \$8,502,732 (2016: \$6,477,988) and Italy of \$15,164,254 (2016: \$7,968,424). These tax losses are available for offset against future taxable profits of the Group subject to continuing to meet the relevant statutory tests. The Italian income tax rate is currently 24% (2016: 27.5%).

	Consolidated	
	2017	2016
	\$	\$
10. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	647,710	1,216,566
Short-term bank deposits	-	1,278,205
	647,710	2,494,771

The effective interest rate on cash and cash equivalents was 0.36% (2016: 1.12%). Short-term deposits mature every 7 to 30 days.

		Consolidated	
		2017	2016
	Note	\$	\$
11. RECEIVABLES			
Current			
Trade receivables	11(a)	5,686	9,713
Prepayments		53,421	40,303
Security deposits	11(b)	13,313	8,917
Italian value added tax receivable	11(c)	203,645	353,220
		276,065	412,153
Non-current			
Italian value added tax receivable	11(c)	1,136,753	840,145
Security deposits	11(b)	743	5,204
		1,137,496	845,349

11. RECEIVABLES (CONT'D)

- (a) Current trade receivables are non-interest bearing and generally on 30 to 90 day terms. There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full. Due to the short-term nature of trade receivables, their carrying value is assumed to approximate their fair value.
- (b) Security Deposits represent payments made as guarantees under operating leases that the Group has entered into.
- (c) The Italian value added tax receivable (VAT) represents the VAT that is recoverable from the Italian Agency of Revenue. The Group is currently recovering a proportion of this receivable through offsetting various Italian employee taxes and social security contributions. The current receivable amount is estimated to be recovered through this offsetting mechanism within the next 12 months.

The non-current VAT receivable amount is estimated to be recovered through the offsetting mechanism beyond the next 12 months and through a refund process that is estimated to take 2 to 5 years. The non-current VAT receivable has been discounted from the expected date of receipt using a discount rate of 10.12%. The discount rate is based on the Italian government bond rate plus a market risk premium considered reasonable for Italy.

	Consolidated	
	2017	2016
	\$	\$

12. RESTRICTED CASH
Non-current

Restricted cash	68,834	68,834
	68,834	68,834

Restricted cash represents term deposits held with various financial institutions as security for bank guarantees issued to landlords in relation to operating lease commitments associated with the office premises, and as security for credit card facilities. Refer to Note 23 for further details. The funds receive interest at fixed rates and have an average maturity of 12 months.

	Note	Consolidated	
		2017	2016
		\$	\$

13. OTHER FINANCIAL ASSETS
Current

Financial assets at fair value through profit & loss

Shares in listed entities	13(a)	67,555	3,805,743
		67,555	3,805,743

Non-Current

Financial assets at fair value through profit & loss

Shares in listed entities	13(b)	-	57,586
Options in listed entities	13(b)	-	2,400
		-	59,986
Total other financial assets		67,555	3,865,729

13. OTHER FINANCIAL ASSETS (CONT'D)
(a) Movement in the carrying amount of the current shares in listed entities

	Consolidated	
	2017 \$	2016 \$
Brought forward	3,805,743	-
Shares in listed entity received as consideration	-	8,100,000
Reclassification from non-current financial assets	59,986	-
Gain/(Loss) on fair value of financial assets through profit & loss	(16,558)	685,011
Purchase of equity instruments	24,127	-
Disposal of shares in listed entity	(3,805,743)	(4,979,268)
	67,555	3,805,743

On 7 August 2015, the Group received 45 million ordinary fully paid shares in Paladin Energy Ltd as part consideration from the sale of the Carley Bore Project and associated plant and equipment. During the year ended 30 June 2017, the Group disposed of its remaining investment in Paladin Energy Ltd.

At 30 June 2017, current financial assets at fair value through profit and loss consists of 8,444,330 listed ordinary shares in Marindi Metals Limited.

(b) Movement in the carrying amount of non-current financial assets at fair value through profit and loss

	Consolidated	
	2017 \$	2016 \$
Brought forward	59,986	-
Shares in listed entity received as consideration	-	82,030
Purchase of equity instruments	-	24,127
Reclassification to current financial assets	(59,986)	-
Loss on fair value of financial assets through profit & loss	-	(46,171)
	-	59,986

Refer to Note 20 for further information on fair value measurement.

	Consolidated	
	2017	2016
	\$	\$
14. PLANT AND EQUIPMENT		
Field equipment		
At cost	175,978	168,853
Accumulated depreciation	(84,355)	(71,859)
	91,623	96,994
Motor vehicles		
At cost	65,255	65,558
Accumulated depreciation	(10,403)	(2,604)
	54,852	62,954
Office equipment		
At cost	154,247	149,934
Accumulated depreciation	(103,341)	(85,982)
	50,906	63,952
Office furniture		
At cost	60,922	60,075
Accumulated depreciation	(52,331)	(49,543)
	8,591	10,532
Total plant and equipment	205,972	234,432

	Field Equipment \$	Motor Vehicles \$	Office Equipment \$	Office Furniture \$	Total \$
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(a) Movements in carrying amount

Balance at 30 June 2015	73,737	4,834	48,765	14,160	141,496
Additions	62,385	60,522	40,168	-	163,075
Disposals	(23,673)	-	(1,609)	-	(25,282)
Depreciation expense	(16,084)	(2,647)	(23,698)	(3,765)	(46,194)
Exchange differences	629	245	326	137	1,337
Balance at 30 June 2016	96,994	62,954	63,952	10,532	234,432

Additions	12,347	-	10,965	863	24,175
Disposals	(72)	-	(2,123)	-	(2,195)
Depreciation expense	(17,019)	(7,598)	(21,756)	(2,777)	(49,150)
Exchange differences	(627)	(504)	(132)	(27)	(1,290)
Balance at 30 June 2017	91,623	54,852	50,906	8,591	205,972

		Consolidated	
		2017	2016
	Note	\$	\$

15. EXPLORATION AND EVALUATION EXPENDITURE
Costs carried forward in respect of:

Exploration and evaluation – at cost

 Balance at beginning of the year **446,543** 1,818,593

Carrying value of tenements sold 15(a) - (1,383,750)

 Foreign exchange adjustment on translation **(2,064)** 11,700

Total exploration and evaluation expenditure **444,479** 446,543

The recoverability of the carrying amount of exploration assets is dependent on the successful exploration and development or sale of the respective areas of interest.

- (a) On 7 August 2015, the Group disposed of the Carley Bore Project. The carrying value of the tenements sold represents the value previously recognised in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.

		Consolidated	
		2017	2016
	Note	\$	\$

16. TRADE AND OTHER PAYABLES

Current

 Trade payables 16(a) **882,493** 1,522,230

882,493 1,522,230

- (a) Trade payables and other payables are non-interest bearing and are normally settled within 45 days. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

		Consolidated	
		2017	2016
	Note	\$	\$

17. BORROWINGS
Current

 Unsecured loan 17(a) **63,448** 109,273

63,448 109,273

Non-current

Unsecured loan 17(a) - 63,743

- 63,743

- (a) On 2 February 2015, the Group acquired the Monica Mining Concession within our Gorno tenement holding from Bergem Mines & Tech SRL. The cash consideration payable of €219,600 is repayable over 36 months in equal instalments. The loan is unsecured and interest free.

	Consolidated	
	2017	2016
	\$	\$
18. EMPLOYEE BENEFIT LIABILITIES		
Current		
Provision for annual leave	203,928	196,888
Provision for employee leaving indemnity	35,781	13,408
	239,709	210,296
Non-current		
Provision for long service leave	51,783	55,581
	51,783	55,581

A provision has been recognised for employee entitlements relating to annual leave, long service leave and Italian leaving entitlements accrued at balance date. The measurement and recognition criteria relating to employee benefits have been included in Note 2.

The number of employees at year end was 15 (2016: 14).

	Consolidated	
	2017	2016
	\$	\$
19. PROVISIONS		
Current		
Provision for restoration	200,597	156,745
	200,597	156,745

A provision has been recognised for the estimated cost of restoring the environmental disturbance that has occurred on the Gorno Project up to 30 June 2017. No discount has been applied to this provision as the restoration work is anticipated to be completed within 12 months.

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of financial instruments.

Other than the Italian value added tax receivable, the carrying value of financial assets and financial liabilities are considered to approximate their fair values. In particular, the fair value of cash, trade receivables and payables is considered to approximate their carrying amount due to their short-term maturity.

Set out below is a comparison, by class, of the carrying amount and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	30 June 2017		30 June 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial Assets				
Receivables - Italian VAT	1,413,561	1,881,067	1,257,502	1,257,502
Total	1,413,561	1,881,067	1,257,502	1,257,502

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONT'D)

Except for the investment in listed entities, no financial assets and financial liabilities are readily traded on organised markets in standardised form. The Group has no financial assets where carrying amount exceeds net fair values at balance date.

The Group has financial assets that are measured at fair value on a recurring basis at the end of each reporting period. The following table presents the Group financial assets recognised at fair value at 30 June 2017 and 30 June 2016 classified by the fair value hierarchy levels as prescribed under the accounting standards.

At 30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
<i>Financial assets at fair value through profit & loss</i>				
Listed equity securities	67,555	-	-	67,555
Total assets	67,555	-	-	67,555
At 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
<i>Financial assets at fair value through profit & loss</i>				
Unlisted equity securities	3,865,729	-	-	3,865,729
Total assets	3,865,729	-	-	3,865,729

Fair value measurement hierarchy

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2017.

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

There have been no transfers between the fair value hierarchy levels during the period. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of each reporting period.

		Consolidated	
		2017	2016
	Note	\$	\$
21. ISSUED CAPITAL AND RESERVES			
Issued Capital			
Ordinary shares fully paid	21(a)	32,523,439	26,750,592
		32,523,439	26,750,592

Ordinary shares

Effective 1 July 1998, the *Corporations* legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent entity does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

	Note	30 June 2017		30 June 2016	
		Number of Shares	\$	Number of Shares	\$

(a) Movements in ordinary shares on issue

At 1 July		609,020,979	26,750,592	609,020,979	26,750,592
Issued during the period	(i)	174,006,475	6,090,228	-	-
Transaction costs on issue of shares	(ii)	-	(317,381)	-	-
At 30 June		783,027,454	32,523,439	609,020,979	26,750,592

(i) On 14 October 2016, the Company issued 174,006,475 ordinary fully paid shares at \$0.035 each for cash on completion of a 2 for 5 non-renounceable underwritten rights issue.

(ii) Transaction costs associated with the issue of shares recognised in equity.

Nature and purpose of reserves

Share Based Payment Reserve

The share based payment reserve is used to record the value of equity benefits provided to employees, including key management personnel and external service providers as part of their remuneration.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

21. ISSUED CAPITAL AND RESERVES (CONT'D)
Foreign Currency Translation Reserve (Cont'd)

	Share Based Payment Reserve \$	Consolidated Foreign Currency Translation Reserve \$	Total \$
Movement in Reserves			
As at 1 July 2015	687,177	982	688,159
Recognition of options issued	161,019	-	161,019
Shares to be allotted in-lieu of directors fees	(990)	-	(990)
Movement for the year	-	39,104	39,104
Balance as at 30 June 2016	847,206	40,086	887,292
As at 1 July 2016	847,206	40,086	887,292
Recognition of options issued	60,729	-	60,729
Forfeiture of options	(7,397)	-	(7,397)
Movement for the year	-	49,140	49,140
Balance as at 30 June 2017	900,538	89,226	989,764

22. CAPITAL AND LEASING COMMITMENTS
(a) Operating Lease Commitments

The Group has entered into a number of non-cancellable operating leases for various buildings that it occupies. These leases have terms between 6 months and 6 years, with rent payable in advance. The leases in some instances permit subletting.

The Group has also entered into a commercial operating lease on a motor vehicle. The term remaining on this lease at 30 June 2017 was 14 months.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	
	2017 \$	2016 \$
Minimum lease payments payable		
Not later than 12 months	79,401	149,669
After one year but not more than five years	8,680	61,988
	88,081	211,657

(b) Exploration Expenditure Commitments

Ongoing exploration expenditure is required to maintain title to the Group's mineral exploration tenements. No provision has been made in the financial statements for these amounts as the amounts are expected to be fulfilled in the normal course of the operations of the Group.

22. CAPITAL AND LEASING COMMITMENTS (CONT'D)
(b) Exploration Expenditure Commitments (Cont'd)
Australia

The Group has certain statutory obligations to perform minimum exploration work on its tenements. The statutory expenditure requirement may be renegotiated with the relevant regulator, and expenditure commitments may be varied between tenements, or reduced subject to reduction of the exploration area and/or relinquishment of non-prospective tenements.

	Consolidated	
	2017	2016
	\$	\$
Minimum exploration expenditure commitments		
Not later than 12 months	103,640	620,700
After one year but not more than five years	422,925	2,185,135
	526,565	2,805,835

Italy

With respect to the Group's mineral property interests in Italy, no statutory expenditure commitments are specified by the mining legislation other than annual licence fees. However, as part of the licence application and renewal requirements, the Group submits budgeted exploration expenditure based on the work programs proposed. In assessing subsequent renewal applications the regulatory authorities review actual expenditure against the budgets previously submitted. The Group's budgeted expenditures for future periods are shown below. These amounts do not become legal obligations of the Group and actual expenditure may and does vary depending on the outcome of the actual exploration programs.

	Consolidated	
	2017	2016
	\$	\$
Exploration expenditure commitments		
Not later than 12 months	1,777,312	1,250,009
After one year but not more than five years	2,100,395	2,549,891
	3,877,707	3,799,900

23. CONTINGENT LIABILITIES
(a) Bank Guarantees

The National Australia Bank has provided unconditional bank guarantees of \$45,145 (2016: \$45,145) in relation to a property lease. The guarantee has been provided by way of fully utilised finance facility secured by fixed term cash deposit.

(b) Claims of Native Title and Cultural Heritage

Native title claims have been made with respect to areas within Australia which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Indigenous Heritage issues regarding certain areas in which the Group has an interest.

	Consolidated	
	2017	2016
	\$	\$
24. CASH FLOW INFORMATION		
(a) Reconciliation of cash flow from operations with (loss)/profit after tax		
Profit/(Loss) after tax	(10,715,180)	401,242
Non-cash flows in loss:		
Depreciation	49,151	46,194
Share based payments	53,332	160,029
Unrealised foreign exchange loss/(gain)	88,053	(106,853)
Loss on disposal of plant and equipment	2,194	1,609
Gain on disposal of exploration assets	-	(8,292,576)
Realised loss/(gain) on disposal of financial assets	303,059	(458,998)
Charges on discounting of Italian VAT receivable	454,733	-
Unrealised loss/(gain) on revaluation of financial assets	16,558	(638,840)
Changes in assets and liabilities		
Increase in trade receivables	(733,104)	(577,486)
Increase in prepayments	(12,667)	(9,071)
(Decrease)/increase in trade payables and accruals	(486,414)	745,110
Increase in provisions	67,958	278,784
Cash flow from operations	(10,912,327)	(8,450,856)

(b) Non-cash Financing & Investing Activities

No non-cash financing and investing activities were undertaken during the year ended 30 June 2017.

25. SHARE BASED PAYMENTS
(a) Recognised share based payment expense

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated	
	2017	2016
	\$	\$
Expense arising from equity-settled share based payment transactions	53,332	160,029
	53,332	160,029

(b) General terms of share-based payments
2015 Employee Incentive Plan

On 18 November 2015, the Company obtained shareholders' approval for the *2015 Employee Incentive Plan* (EIP). The EIP is established as a means of providing long-term incentives to all employees and key management personnel, other than non-executive directors. At its discretion, the Board may grant incentives under the plan for no consideration and determine the terms on which the incentives are granted. Where incentives are granted with vesting conditions, unless the Board determines otherwise, unvested incentives are forfeited when the holder ceases to be employed by the Group.

On 1 March 2017, 6,000,000 options were granted to Mr Hills under terms consistent with the *EIP*. The options were granted for no consideration and hold no voting or dividend rights and are not transferrable without Board approval. Some of the options are subject to vesting conditions, whereby if the recipient resigns prior to the vesting date the options are forfeited.

25. SHARE BASED PAYMENTS (CONT'D)

(b) General terms of share-based payments (Cont'd)

The following table illustrates the number and weighted average exercise prices of, and movements in share options during the year:

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	39,750,000	\$0.16	30,250,000	\$0.16
Granted during the year	6,000,000	\$0.15	15,750,000	\$0.18
Forfeited/lapsed during the year	(15,000,000)	\$0.21	(6,250,000)	\$0.23
Exercised during the year	-	-	-	-
Outstanding at the end of the year	30,750,000	\$0.13	39,750,000	\$0.16
Exercisable at the end of the year	25,250,000	\$0.21	27,750,000	\$0.14

The details of options outstanding as at 30 June 2017 are as follows:

Series No.	Number of options	Exercise price	Expiry date	Vesting date
14	2,000,000	\$0.05	30 April 2019	Vested
15	2,000,000	\$0.10	30 April 2019	Vested
16	2,000,000	\$0.15	30 April 2019	Vested
17	2,250,000	\$0.05	14 January 2020	Vested
18	2,250,000	\$0.10	14 January 2020	Vested
19	2,250,000	\$0.15	14 January 2020	Vested
20	1,250,000	\$0.12	30 June 2020	Vested
21	1,250,000	\$0.18	30 June 2020	Vested
22	1,250,000	\$0.24	30 June 2020	1 July 2017
23	4,000,000	\$0.12	18 November 2020	Vested
24	4,000,000	\$0.18	18 November 2020	Vested
25	250,000	\$0.24	18 November 2020	18 November 2017
26	2,000,000	\$0.10	28 February 2022	Vested
27	2,000,000	\$0.15	28 February 2022	1 March 2018
28	2,000,000	\$0.20	28 February 2022	1 March 2019
Total	30,750,000			

The options outstanding at 30 June 2017 had a weighted average exercise price of \$0.13 (2016: \$0.16) and a weighted average remaining contractual life of 3.1 years (2016: 2.9). Exercise prices range from \$0.05 to \$0.24 in respect of options outstanding at 30 June 2017 (2016: \$0.05 to \$0.24). The weighted average fair value of the options granted during the year was \$0.0083 (2016: \$0.0093). No options were exercised during the year.

25. SHARE BASED PAYMENTS (CONT'D)
(b) General terms of share-based payments (Cont'd)

The fair value of options issued during the year was calculated as at the date of grant using a Black & Scholes option pricing model. Expected volatility has been based on historical volatility as it is assumed that this is indicative of future volatility, however, this may not necessarily be the actual outcome. No allowance has been made for the effects of early exercise.

The following tables show the model inputs for the years ended 30 June 2017 and 30 June 2016:

Series No.	30 June 2017			30 June 2016					
	26	27	28	20	21	22	23	24	25
Exercise price	\$0.10	\$0.15	\$0.20	\$0.12	\$0.18	\$0.24	\$0.12	\$0.18	\$0.24
Share price	\$0.045	\$0.045	\$0.045	\$0.054	\$0.054	\$0.054	\$0.033	\$0.033	\$0.033
Expected volatility	52%	52%	52%	72%	72%	72%	64%	64%	64%
Option life (yrs)	5	5	5	4.98	4.98	4.98	4.97	4.97	4.97
Dividend yield	-	-	-	-	-	-	-	-	-
Risk free interest rate	2.28%	2.28%	2.28%	2.21%	2.21%	2.21%	2.30%	2.30%	2.30%

	Consolidated	
	2017	2016
	\$	\$

26. AUDITORS REMUNERATION

Amounts received or due and receivable by the auditor of the parent entity, Crowe Horwath Perth for:

– auditing or reviewing of financial reports	32,000	31,250
	32,000	31,250

27. RELATED PARTY DISCLOSURE
(a) Subsidiaries

The consolidated financial statements include the financial statements of Energia Minerals Limited and the subsidiaries listed in the following table:

	Country of Incorporation	Percentage Owned	
		2017	2016
		%	%
Nickelex Pty Ltd	Australia	100	100
Nabberu Resources Pty Ltd	Australia	100	100
Energia Minerals (Italia) Srl	Italy	100	100

(b) Key management personnel (KMP)

Disclosures relating to key management personnel set out in the *Remuneration Report* contained in the *Directors Report*.

27. RELATED PARTY DISCLOSURE (CONT'D)**(c) Compensation for key management personnel**

Refer to the *Remuneration Report* contained in the *Directors' Report* for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2017.

There were no changes to KMP between the reporting date and the date the financial report was authorised.

The total remuneration paid to KMP of the Energia and the Group during the year is as follows:

	Consolidated	
	2017	2016
	\$	\$
Short-term employee benefits	1,470,860	1,533,644
Post-employment benefits	113,740	121,587
Termination payments	-	49,927
Share based payments	45,339	115,547
Total compensation	1,629,939	1,820,705

28. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise primarily of receivables associated with Italian VAT and cash deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables. The financial instruments of the Group predominantly arise directly from its operations. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks.

Financial Risk Management Policies

The primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing identified risks. The Group uses different methods to manage the different types of risks to which it is exposed. These include monitoring exposure to currency risk and undertaking an assessment of market forecasts. The Group monitors liquidity risk through the preparation and monitoring of cash flow forecasts.

Capital Risk Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as undertaking operations in a manner that provide returns to shareholders and other stakeholders. The Group aims to maintain a capital structure that ensures the lowest cost of capital available to the entity and maximises returns for shareholders through minimising dilution.

In order to maintain or adjust the capital structure, the entity may, issue new shares, enter into joint ventures or sell assets. The entity does not have a defined share buy-back plan.

No dividends were paid in 2017 (2016: Nil).

Commodity Price Risk

The Group is exposed to commodity price risk. This risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for those commodities is affected.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

As the Group is yet to commence mining operations, therefore, it currently has no significant exposure to customer credit risk. The class of assets described as Receivables is considered to be the main source of

28. FINANCIAL RISK MANAGEMENT (CONT'D)
Credit Risk (Cont'd)

credit risk to the Group. Included in Receivables is Italian value added tax receivable (VAT) from acquisitions made in Italy by the Group. The Group expects to recover this receivable through offsetting various Italian employee taxes and social security contributions and a refund process that is anticipated to take approximately two to five years. Further information regarding Receivables is detailed at Note 11.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset in the Statement of Financial Position.

The credit risk in relation to cash balances with banks is managed through the assessment of the credit quality of the institution with whom the funds are deposited. Currently the Group only invests cash with counterparties assessed with high credit ratings. Funds are transferred to Italy to meet the working capital needs of the controlled entity Energia Minerals (Italia) Srl. The cash needs of the controlled entity's operations are monitored by the parent company and funds are advanced to the Italian operations as required.

The Directors believe this is the most efficient method of combining the monitoring and mitigation of potential credit risks arising out of holding cash assets in overseas jurisdictions, and the funding mechanisms required by the Group.

Interest Rate Risk

The Group's main exposure to the risks of changes in market interest rates relates primarily to the Group's cash deposits with a floating interest rate. These financial assets expose the Group to cash flow to a minimal interest rate risk. All other financial assets and liabilities in the form of receivables, payables and cash held in EURO currency are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk. The following tables set out the carrying amount by maturity and the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. In regard to its interest rate risk, the Group analyses its exposure with consideration given to renewals of existing positions and the mix of fixed and variable interest rates.

With no interest bearing debt at 30 June 2017 any movement in interest rates will not have a material impact on the Groups financial position.

	Weighted Average		Floating Interest		Fixed Interest	
	2017	2016	2017	2016	2017	2016
	%	%	\$	\$	\$	\$
Financial Assets						
Cash	0.36	1.12	378,006	333,444	-	1,278,205
Receivables			-	-	-	-
Restricted cash	2.57	2.92	-	-	68,834	68,834
Other financial assets			-	-	-	-
Total financial assets			378,006	333,444	68,834	1,347,039
Financial Liabilities						
Payables			-	-	-	-
Total financial liabilities			-	-	-	-
Net financial assets			378,006	333,444	68,834	1,347,039

28. FINANCIAL RISK MANAGEMENT (CONT'D)
Interest Rate Risk (Cont'd)

	Non-interest		Total	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial Assets				
Cash	269,704	883,122	647,710	2,494,771
Receivables	1,413,561	1,257,502	1,413,561	1,257,502
Restricted cash	-	-	68,834	68,834
Other financial assets	67,555	3,865,729	67,555	3,865,729
Total financial assets	1,750,820	6,006,353	2,197,660	7,686,836
Financial Liabilities				
Payables	882,493	1,522,230	882,493	1,522,230
Borrowings	63,447	173,016	63,447	173,016
Total financial liabilities	945,940	1,695,246	945,940	1,695,246
Net financial assets	804,880	4,311,107	1,251,720	5,991,590

Foreign Currency Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to currency risk on financial assets and liabilities held by the controlled entity in Italy. The Group's expenditure obligations in Italy are primarily in Euro and as a result the Group is exposed to fluctuations in the Euro to Australian dollar. These exposures are not subject to a hedging program. Exposure to negative currency fluctuations has been partially mitigated through the maintenance of a Euro denominated cash position.

The Group's is also exposed to foreign exchange risk arising from the translation of its foreign operations. The Group's investment in its overseas subsidiary is not hedged as it is considered to be long-term in nature.

The Groups financial instrument exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was as follows:

	2017			2016		
	EUR	AUD	Total	EUR	AUD	Total
Financial Assets						
Cash	269,275	378,435	647,710	882,657	1,612,114	2,494,771
Receivables	1,381,238	32,323	1,413,561	1,216,375	41,127	1,257,502
Restricted cash	-	68,834	68,834	-	68,834	68,834
Other financial assets	-	67,555	67,555	-	3,865,729	3,865,729
Total financial assets	1,650,513	547,147	2,197,660	2,099,032	5,587,804	7,686,836
Financial Liabilities						
Payables	552,450	330,043	882,493	1,287,598	234,632	1,522,230
Borrowings	63,447	-	63,447	173,016	-	173,016
Total financial liabilities	615,897	330,043	945,940	1,460,614	234,632	1,695,246
Net financial assets/(liabilities)	1,034,616	217,104	1,251,720	638,418	5,353,172	5,991,590

28. FINANCIAL RISK MANAGEMENT (CONT'D)**Sensitivity**

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the AUD to the EURO with all other variables held constant. The 10% sensitivity is based on management's estimate of reasonably possible changes over a financial year.

	2017		2016	
	Profit	Equity	Profit	Equity
	\$	\$	\$	
+10% increase in AUD:EUR	(17,386)	(69,629)	(58,705)	(42,766)
-10% decrease in AUD:EUR	17,386	69,629	58,705	42,766

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in liquid short term deposits. The Group's liquidity needs are currently met through cash and cash equivalents. Future liquidity needs can potentially be met through the equity raisings.

The following table details the Group's undiscounted financial liabilities according to their contractual maturities.

	Within 1 Year		1 to 5 Years		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	882,493	1,522,230	-	-	882,493	1,522,230
Borrowings	63,447	109,273	-	63,743	63,447	173,016
Total contracted outflows	945,940	1,631,503	-	63,743	945,940	1,695,246
Financial assets – cash flows realisable						
Cash and cash equivalents	647,710	2,494,771	-	-	647,710	2,494,771
Trade and other receivables	276,065	412,153	1,137,496	845,349	1,413,561	1,257,502
Other financial assets	67,555	3,805,743	-	59,986	67,555	3,865,729
Restricted cash	-	-	68,834	68,834	68,834	68,834
Total anticipated inflows	991,330	6,712,667	1,206,330	974,169	2,197,660	7,686,836
Net inflow/(outflow) on financial instruments	45,390	5,081,164	1,206,330	910,426	1,251,720	5,991,590

Financial assets pledged as collateral

Certain financial assets have been pledged as security for finance facilities associated with bank guarantees. The realisation of these financial assets into cash may be restricted and subject to terms and conditions attached to the relevant finance facilities. Refer to Note 12 for further details.

29. ADDITIONAL FINANCIAL INFORMATION OF THE PARENT ENTITY

Below are the additional disclosures for the parent entity, Energia Minerals Limited, required by *Regulation 2M.3.01* of the *Corporations Regulations 2001*:

FINANCIAL POSITION	Parent Entity	
	2017 \$	2016 \$
ASSETS		
Current Assets	693,137	6,335,226
Non-current Assets	17,849,412	8,711,312
TOTAL ASSETS	18,542,549	15,046,538
LIABILITIES		
Current Liabilities	481,241	400,967
Non-current Liabilities	51,783	55,581
TOTAL LIABILITIES	533,024	456,548
NET ASSETS	18,009,525	14,589,990
EQUITY		
Contributed equity	32,523,438	26,750,592
Accumulated losses	(15,414,451)	(13,007,808)
Share based payment reserve	900,538	847,206
TOTAL EQUITY	18,009,525	14,589,990
FINANCIAL PERFORMANCE		
Net profit/(loss) for the year	(2,406,643)	6,759,304
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(2,406,643)	6,759,304

Details of guarantees entered into by the parent entity in relation to debts of subsidiaries

Nickelex Pty Ltd

The parent entity has provided a letter of financial support to its subsidiary Nickelex Pty Ltd whereby the parent entity will not demand repayment of its intercompany loan of \$355,863 (2016: \$74,635) before 30 September 2018 and agrees to provide funding to Nickelex Pty Ltd for approved expenditures. As at 30 June 2017, other than the loan from Energia Minerals Ltd, Nickelex Pty Ltd had no known liabilities (2016: Nil).

Nabberu Resources Pty Ltd

The parent entity has provided a letter of financial support to its subsidiary Nabberu Resources Pty Ltd whereby the parent entity will not demand repayment of its intercompany loan of \$81,509 (2016: \$45,580) before 30 September 2018 and agrees to provide funding to Nabberu Resources Pty Ltd for approved expenditures. As at 30 June 2017, other than the loan from Energia Minerals Ltd, Nabberu Resources Pty Ltd had liabilities of \$158 (2016: Nil).

Details of any contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2017 (2016: nil).

Details of any contractual commitments for acquisition of property, plant and equipment

The parent entity has no commitments to purchase property, plant and equipment at 30 June 2017 (2016: nil).

30. EVENTS AFTER THE REPORTING PERIOD
Non-renounceable Rights Issue

On 4 August 2017, the Group issued 313,210,982 ordinary fully paid shares at \$0.01 each for cash under a 2 for 5 non-renounceable rights issue to raise approximately \$3.132 million (before costs).

Apart from the above, there has not been any significant event that has occurred after balance date that has not been brought to account in the 30 June 2017 Annual Report.

	Consolidated	
	2017	2016
	\$	\$
31. EARNINGS PER SHARE		
Net (loss)/profit used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	(10,715,180)	401,212
Loss used in the calculation of basic and diluted earnings per share from continuing operations	(10,715,180)	(7,944,426)
Profit used in the calculation of basic and diluted earnings per share from discontinued operations	-	8,345,668
	Number Shares	Number Shares
Weighted average number of ordinary shares on issue during the year used in calculating basic earnings per share	735,652,401	619,896,377
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares on issue during the year used in calculating dilutive earnings per share	735,652,401	619,896,377

All of the options outstanding have exercise prices greater than the average market price of ordinary shares during the reporting period and are therefore considered anti-dilutive.

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Energia Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

32. OPERATING SEGMENTS**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates predominantly in one business segment being mineral exploration and substantially all of the Group's resources are utilised for this purpose. The Group undertakes mineral exploration in Australia and Italy. The geographical segments are identified as:

- (i) Western Australia
- (ii) Italy
- (iii) Other

Basis of accounting for purposes of reporting by operating segments**(a) Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- interest received, and
- administration and other expenses not directly related to a specific segment.

32. OPERATING SEGMENTS (CONT'D)

(d) Segment Performance, Assets and Liabilities

30 June 2017	Western Australia \$	Italy \$	Other \$	Total \$
Revenue				
Total segment revenue	-	-	-	-
<i>Reconciliation of segment revenue to group revenue</i>				
Interest received				29,881
Other revenue				-
Total group revenue				29,881
Segment net profit/(loss) before tax	(487,063)	(8,354,643)	(31,277)	(8,872,983)
<i>Reconciliation of segment net profit/(loss) before tax</i>				
Amounts not included in segment loss but reviewed by board				
Unallocated items				
- Administration				(1,338,928)
- Marketing				(123,100)
- Other income/(expenses)				(380,169)
Net profit before tax				(10,715,180)
Segment assets	26,214	1,975,367	-	2,001,581
Segment asset increases/(decreases) for the period				
- Cash and cash equivalents	-	4,634	-	4,634
- Trade & other receivables	-	164,863	-	164,863
- Exploration and evaluation assets	-	-	-	-
- Plant & equipment	(5,444)	2	-	(5,442)
- Foreign exchange translation	-	(3,354)	-	(3,354)
	(5,444)	166,145	-	160,701
<i>Reconciliation of segment assets to group assets</i>				
Unallocated assets:				
- Cash and cash equivalents				636,772
- Financial assets				67,555
- Trade and other receivables				32,323
- Restricted cash				68,834
- Plant and equipment				41,046
Total group assets				2,848,111
Segment liabilities	10,476	913,655	-	924,131
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated liabilities:				
- Trade and other payables				310,759
- Provisions				203,139
Total group liabilities				1,438,029

32. OPERATING SEGMENTS (CONT'D)

(d) Segment Performance, Assets and Liabilities (Cont'd)

30 June 2016	Western Australia \$	Italy \$	Other \$	Total \$
Revenue				
Total segment revenue	-	-	-	-
<i>Reconciliation of segment revenue to group revenue</i>				
Interest received				52,650
Other revenue				20,000
Total group revenue				72,650
Segment net loss before tax	8,203,673	(7,242,630)	(156,804)	804,239
<i>Reconciliation of segment net loss before tax</i>				
Amounts not included in segment loss but reviewed by board				
Unallocated items				
- Administration				(1,537,999)
- Marketing				(136,584)
- Other income/(expenses)				1,271,586
Net profit before tax				401,242
Segment assets	31,658	1,809,222	-	1,840,880
<i>Segment asset increases/(decreases) for the period</i>				
- Cash and cash equivalents	-	(27,994)	-	(27,994)
- Trade & other receivables	(173,579)	907,001	-	733,422
- Exploration and evaluation assets	(1,383,751)	-	-	(1,383,751)
- Plant & equipment	(46,912)	112,470	-	65,558
- Foreign exchange translation	-	13,038	-	13,038
	(1,604,242)	1,004,515	-	(599,727)
<i>Reconciliation of segment assets to group assets</i>				
Unallocated assets:				
- Cash and cash equivalents				2,488,467
- Financial assets				3,865,729
- Trade and other receivables				41,127
- Restricted cash				68,834
- Plant and equipment				62,774
Total group assets				8,367,811
Segment liabilities	1,651	1,661,319	491	1,663,461
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated liabilities:				
- Trade and other payables				232,490
- Provisions				221,916
Total group liabilities				2,117,867

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Energia Minerals Limited, I state that:

1. In the opinion of the directors:
 - (a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date.
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
 - (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and
 - (c) The financial statements and notes comply with International Financial Reporting standards as set out in Note 2.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

On behalf of the board



Alexander Burns
Executive Chairman/Chief Executive Officer
27 September 2017



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGIA MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Energia Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How we addressed the Key Audit Matter
Recoverability and Classification of Italian VAT Credits Receivable	
Italian VAT credits receivable are a key audit matter due to: The VAT credits receivable represents 47% of the total assets of the Group at	Our procedures included, but were not limited to: Discussions with Management and review of advice obtained from the Group's Italian Tax Advisors (Management's



Key Audit Matter	How we addressed the Key Audit Matter
Recoverability and Classification of Italian VAT Credits Receivable	
30 June 2017, as outlined in Note 11 to the financial report. - The recognition and measurement of the asset requires significant management judgement, as outlined in Note 2 (t) (iii), which includes the method and timing of the recoverability of the credits. - The valuation of the amount receivable also involves significant estimation uncertainty in relation to the discount rate used in determining the present value of the VAT credits receivable.	Expert) to confirm the mechanism under which the outstanding amounts could be recovered under existing Italian taxation law. - Assessment of the skills, competence and objectivity of Management's Expert. - Reviewing and challenging management's assessment of the recoverability and classification of the VAT receivable by reference to historical patterns of recovery. - Reviewing and corroborating management's choice of discount rates used in determining the present value of the VAT credits receivable, with information sources external to the Group.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that for the year ended 30 June 2017, the Group incurred a net loss after tax from continuing operations of \$10,715,180 and net cash outflows from operating activities of \$10,912,327 and, as of that date, the Group had cash at bank of \$647,710. As stated in Note 2, these events or conditions, along with other matters set forth in Note 2, indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit and remain solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 25 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Energia Minerals Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads 'Crowe Horwath Perth'.

CROWE HORWATH PERTH

A handwritten signature in blue ink, likely belonging to Cyrus Patell.

CYRUS PATELL

Partner

Dated at Perth this 27th day of September 2017

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 27 September 2017.

(a) Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website at <http://www.energiaminerals.com/about-us/corporate-governance>.

(b) Distribution of Shareholders

The number of shareholders of ordinary shares, by size of holding are:			
Number of Shares		Fully Paid	
		Number of Holders	Number of Shares
1 -	1,000	30	2,583
1,001 -	5,000	19	69,771
5,001 -	10,000	91	886,874
10,001 -	100,000	508	22,200,092
100,001 -	and over	465	1,073,079,116
		1,113	1,096,238,436
The number of shareholders holding less than a marketable parcel of shares are:			
		408	6,817,467

(c) Twenty Largest Shareholders

The names of the twenty largest holders of ordinary shares are:			
		Fully Paid	
		Number	Percentage
1	ASIM Holdings Pty Ltd (ASLI A/C)	127,299,728	11.61%
2	Zero Nominees Pty Ltd	110,333,859	10.06%
3	RB SMSF Pty Ltd (Rose-Burns SMSF A/C)	88,875,001	8.11%
4	Burns Elizabeth + A S (Rose-Burns SMSF S/F A/C)	35,550,001	3.24%
5	Pollara Pty Ltd (Pollara A/C)	31,500,000	2.87%
6	Jetosea Pty Ltd	29,976,744	2.73%
7	J P Morgan Nominees Australia Ltd	28,926,311	2.64%
8	Caperi Pty Ltd	28,122,059	2.57%
9	SHL Pty Ltd (S H Lee Family A/C)	23,800,000	2.17%
10	BPM Cap Ltd	19,600,000	1.79%
11	Inkese Pty Ltd	18,901,878	1.72%
12	Robinson Kim & Jennifer (Kim Robinson S/F A/C)	17,192,137	1.57%
13	Malvasia Pty Ltd (Spyder S/F A/C)	14,100,002	1.29%
14	BSN Holdings Pty Ltd (BSN S/F A/C)	13,000,000	1.19%
15	Simore Pty Ltd	11,825,920	1.08%
16	Vetah Abdallah Abdel	11,000,000	1.00%
17	BNP Paribas Nominees Pty Ltd	10,840,477	0.99%
18	Dangoor Alfred C & V O	10,768,165	0.98%
19	Ng Samuel Kah Teck	10,379,323	0.95%
20	Ianello Delia (ADI InvA/C)	9,650,860	0.88%
		651,642,465	59.44%

(d) Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with <i>section 671B</i> of the <i>Corporations Act 2001</i> are:		
	Number	Percentage
Alexander Burns & Associates	251,724,730	22.96%
Gayle McGarry, Pollara Pty Ltd as trustee of the Pollara Trust, Malvasia Pty Ltd as trustee of the Spyder Super Fund and Caperi Pty Ltd as trustee of the Caperi Fund	73,722,061	6.73%
Westoz Funds Management	58,118,917	7.42%

Unquoted Equity Securities
(e) Distribution of Option Holders

The number of option holders, by size of holding, in each class of option are:

		Series Number														
Number of Options		14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100,001	over	1	1	1	2	2	2	2	2	2	3	3	1	1	1	1
		1	1	1	2	2	2	2	2	2	3	3	1	1	1	1

(f) Terms of Unquoted Options on Issue

Series No.	Number of Options	Exercise Price	Expiry Date	Vesting Date
14	2,000,000	\$0.05	30 April 2019	Vested
15	2,000,000	\$0.10	30 April 2019	Vested
16	2,000,000	\$0.15	30 April 2019	Vested
17	2,250,000	\$0.05	14 January 2020	Vested
18	2,250,000	\$0.10	14 January 2020	Vested
19	2,250,000	\$0.15	14 January 2020	Vested
20	1,250,000	\$0.12	30 June 2020	Vested
21	1,250,000	\$0.18	30 June 2020	Vested
22	1,250,000	\$0.24	30 June 2020	Vested
23	4,000,000	\$0.12	18 November 2020	Vested
24	4,000,000	\$0.18	18 November 2020	Vested
25	250,000	\$0.24	18 November 2020	18 November 2017
26	2,000,000	\$0.10	28 February 2022	Vested
27	2,000,000	\$0.15	28 February 2022	1 March 2018
28	2,000,000	\$0.20	28 February 2022	1 March 2019
	30,750,000			

Holders With More Than 20% of Each Option Series (Not acquired under an employee incentive scheme)

Option Series No.	Optionholder	Number of Options
20	Marcello de Angelis	750,000
21	Marcello de Angelis	750,000
22	Marcello de Angelis	750,000

(g) Voting Rights

All ordinary shares carry one vote per share. There are no voting rights attached to options in the Company. Voting rights will be attached to the unissued ordinary shares when options have been exercised.

(h) Securities Exchange Listing

Quotation has been granted for 1,096,238,436 ordinary shares of Energia Minerals Limited on all member exchanges of the *Australian Securities Exchange* and trade under the symbol EMX.

(i) Restricted Securities

The Company has no restricted securities.

(j) On Market Buy-back

There is no on-market buy-back currently being undertaken.

(k) Mineral Resource Statement

The Company's Inferred and Indicated Resources as at 3 May 2017 for the Gorno Project, Italy, reported in accordance with the *Joint Ore Reserves Committee (JORC 2012)* guidelines, are:

May 2017 OK Estimate Reported using various Zinc cut-off grades Subdivided by JORC Code 2012 Resource Categories using ROUNDED figures								
Category	Cut-off Grade (Zn %)	Tonnes (Mt)	Total Zinc		Total Lead		Silver	
			Grade (%)	Metal (Kt)	Grade (%)	Metal (Kt)	Grade (ppm)	Metal (Moz)
Indicated	1	2.0	4.9	97	1.3	26	31	2.0
	2	1.8	5.2	95	1.4	25	32	1.9
	3	1.5	5.8	87	1.5	23	35	1.7
	4	1.2	6.4	76	1.7	20	38	1.5
Inferred	1	1.4	4.6	62	1.2	17	21	0.9
	2	1.1	5.2	59	1.4	16	22	0.8
	3	0.9	5.9	54	1.6	15	25	0.7
	4	0.7	6.8	45	1.8	12	28	0.6
Indicated + Inferred	1	3.3	4.8	160	1.3	42	27	2.9
	2	3.0	5.2	154	1.4	41	28	2.7
	3	2.4	5.8	141	1.6	38	31	2.4
	4	1.9	6.5	121	1.7	32	34	2.0

As the resource estimation was completed in May 2017, no reviews have been completed, however, no material changes have occurred that would impact the estimation.

This Mineral Resource Statement is based on, and fairly represents, information and supporting documentation prepared by the Competent Persons.

Energia Minerals Resource Comparison 2016 to 2017

Comparison 2016 and 2017 OK Estimate Reported using a 1.0% Zinc cut-off grade Subdivided by JORC Code 2012 Resource Categories using ROUNDED figures							
Category/ Year	Tonnes (Mt)	Total Zinc		Total Lead		Silver	
		Grade (%)	Metal (Kt)	Grade (%)	Metal (Kt)	Grade (ppm)	Metal (Moz)
Indicated							
2016	1.0	7.0	68	1.9	19	29	0.9
2017	2.0	4.9	97	1.3	26	31	2.0
Inferred							
2016	2.9	5.8	170	1.5	44	23	2.2
2017	1.4	4.6	62	1.2	17	21	0.9
Total							
2016	3.9	6.1	238	1.6	63	25	3.1
2017	3.3	4.8	160	1.3	42	27	2.9

The change in the resources shown above was due to the conversion of part of the existing Inferred resources to the higher confidence category of Indicated. This conversion was enabled by an infill drilling program in that was completed in April 2017. The resource calculation incorporated the results of the infill drilling program completed up to the cut-off date of 31 March 2017. Results from the final eight diamond drill holes completed during the April were not included because they were received after the resource cut-off date. The decrease in the overall resource was due largely to a combination of factors including the application of a more refined and robust geological model which refined and constrained the mineralised envelopes and block model used in the previous resource estimate, and a decrease in the overall grade as a result of some lower grade intercepts.

Governance and Internal Controls on Resource Estimates:

Energia's policy for the completion of resource estimations is to engage an independent consultant with an exemplary industry reputation. This independent consultant is required to review any information Energia has provided for resource estimation purposes and is not to utilise any information that does not meet appropriate professional standards. This consultant is required to review Energia's field and data collection procedures and provide feedback to ensure Energia collects and interprets data using industry best practice.

Energia utilises extensive quality assurance and control procedures for all of its data collection and data compilation, and completes annual reviews of its database and any material assumptions made in interpretation and its resource estimates.

The Mineral Resources Statement contained in the 2017 Annual Report has been reviewed by a suitably qualified competent person as detailed in the Competent Person Statement.

Competent Person Statement:

Information in this Annual Report that relates to Exploration Results and Exploration Targets is based on information prepared by Mr David Andreazza, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Andreazza is a full-time employee of Energia Minerals Limited. Mr Andreazza has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Andreazza consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.

The information in this Annual Report that relates to Mineral Resources is based on, and fairly represents, the Mineral Resources and information and supporting documentation extracted from the report, which was prepared by Mr James Ridley as Competent Person in compliance with the JORC Code (2012 edition) and released to ASX by the Company on 3 May 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates in that previous release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

(I) Schedule of Mining Tenements

Western Australia	Area of Interest	Tenement	Entity's Interest	Comments
Yanrey - Emu Creek	Nyang	E08/2923	100%	Application
Moses Chair	Paterson	E45/4534	100%	Granted
Broadhurst Range	Paterson	E45/4543	100%	Granted
Northern Territory				
McArthur	McArthur River	EL25272	100%	Application
Nathan River	McArthur River	EL31045	100%	Granted
Bauhinia	McArthur River	EL31046	100%	Application
Italy				
Novazza	Novazza	N/A	100%	Application
Val Vedello	Val Vedello	N/A	100%	Application
Monica Mining Concession	Gorno	Decree 845	100%	Granted
Gorno NE	Gorno	Decree 3910	100%	Granted
Gorno NW	Gorno	Decree 3917	100%	Granted
Monte Golla	Gorno	Decree 3921	100%	Granted
Zambia	Gorno	Decree 3920	100%	Granted
Vedra	Gorno	Decree 5846	100%	Granted
Parina	Gorno	Decree 1995	100%	Granted
Parina Nord	Gorno	Decree 3366	100%	Granted
Riso	Gorno	Decree 3365	100%	Granted
Vedra Nord	Gorno	Decree 2872	100%	Granted
Zambla West	Gorno	Decree 2869	100%	Granted
Pano Orso	Gorno	N/A	100%	Application
Oltre Il Colle	Gorno	N/A	100%	Application
Zambla South	Gorno	N/A	100%	Application
Riso West	Gorno	N/A	100%	Application
Brembo	Gorno	N/A	100%	Application
Seiro	Gorno	N/A	100%	Application
Veneto	Predil	N/A	100%	Application
Trentino	Salafoffa	N/A	100%	Application

NB: All tenements granted except those shown as "Application".

CORPORATE DIRECTORY

Directors

Mr Alexander Burns	Executive Chairman/Chief Executive Officer
Mr Stephen Hills	Finance Director
Mr Marcello Cardaci	Non-executive Director

Company Secretary

Mr Jamie Armes

Registered Office and Principal Place of Business

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Auditors

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Stock Exchange Listing

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ASX Code: **EMX**

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