

# ASX Announcement

26 June 2017

## CORPORATE UPDATE

- **New Board of Directors:**
  - **Executive Chairman Alexander Burns assumes CEO role**
  - **Stephen Hills joins Board as Finance Director**
- **Strategic update including new regional exploration results from Gorno**
- **\$3.132 million non-renounceable rights issue to fund revised strategy**

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**Board of Directors**

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

**Company Secretary**  
Jamie Ames

Energia Minerals Ltd (ASX: EMX) “the Company” or “Energia”) advises that Executive Chairman Alexander Burns has today been appointed Chief Executive Officer of the Company following the resignation of Kim Robinson.

Mr Burns is now based in Bergamo, northern Italy, where he will direct work on the Company’s nearby Gorno Zinc Project.

“I would like to thank Kim for his commitment to Energia over the past five years and wish him well with future endeavours,” Mr Burns said.

As part of the management change, which is effective immediately, Chief Financial Officer Stephen Hills joins Energia’s board as Finance Director. Mr Burns and Mr Hills will carry out their increased responsibilities with no changes to their remuneration packages (refer to Schedule 1 attached).

## LEADERSHIP

Mr Burns became a substantial shareholder in Energia in 2014 and assumed the executive chairmanship soon thereafter. He is Energia’s largest shareholder with an ~23% stake. Mr Burns was formerly the Managing Director of ASX-listed iron ore company Sphere Minerals Ltd, which he helped grow from a market capitalisation of under \$2 million to more than \$500 million at the time of its acquisition by Xstrata PLC in late 2010. He is also the former chairman of ASX-listed gold and base metals explorer Shield Mining Ltd, which was acquired by Gryphon Minerals Ltd in a \$26 million scrip deal in 2010.

Stephen Hills joined Energia as Chief Financial Officer in March 2017 and today is appointed to the board as Finance Director. Mr Hills, a Chartered Accountant with extensive experience in senior finance roles in public companies listed on the ASX and the TSX, is a former Finance Director of Congo-based copper miner Tiger Resources Ltd and former CFO and Company Secretary of Mirabela Nickel Ltd. Mr Hills will head Energia’s corporate office in Perth and will continue to work closely with Mr Burns and the team in Italy.

## STRATEGY

Mr Burns recently relocated to Bergamo, northern Italy, to directly oversee the Company's activities at its flagship asset, the Gorno Zinc Project.

Subsequent meetings held with Energia's staff, contractors, local communities and regional authorities have reaffirmed continued strong commitment to the Company and to the development of Gorno.

In addition, recent meetings with major off-takers in London and Switzerland have reconfirmed the strong industry interest in the high-grade and low-impurity zinc and lead concentrates that Gorno has the potential to produce.

Following the latest Resource Estimate reported in accordance with the JORC code, an evaluation commenced on the exploration potential at the Colonna Zorzone deposit. This work is currently in progress and includes a review of the substantial historical data, and observable geology outside the current resource extents, that was not able to be taken into consideration in the updated Resource Estimate.

In addition, the Resource Estimate did not include three drill holes with assays that arrived after the cut-off date. These holes encountered higher grades and greater widths than predicted by the resource modelling.

The information above is explained in more detail in a separate ASX announcement today titled **"Final assay results received from Colonna Zorzone resource drilling program"**.

Work also commenced over the last month to investigate Gorno's extensive regional exploration potential. This work, conducted by Energia's geologists, has led to the identification of the **"Colonna Fontanone"** prospect to the east of Zorzone and highlighted the rich zinc mineralisation prevalent in the "Mt Arera" area that lies above it and was mined historically. A summary of the exploration work completed thus far is included in the ASX announcement today titled **"Regional exploration results from Gorno"**.

Energia is now pursuing two parallel streams of evaluation for the development of Gorno as follows:

1. a revised project scope based on the ongoing evaluation of the regional zinc endowment; and
2. the ongoing study of production options for a starter-project based on the existing resource.

Energia's corporate strategy has now been redefined with priorities established for expenditure to:

- better define the existing Gorno resource from available data, including a full evaluation of the Colonna Zorzone deposit and its extensions to the north and east, and down-plunge to the south;
- conduct additional metallurgical variability testwork aimed at enhancing process plant recoveries;
- build on the database knowledge of the various regional targets, including Colonna Fontanone;
- explore commercial opportunities with strategic investors and/or partners to assist the Company in accelerating Gorno's development on a scale commensurate with the regional zinc endowment; and
- evaluate the potential of Salafossa and Predil, which were also historic zinc mines in northern Italy.



## FUNDING

In order to pursue this strategy, the Energia board has decided to undertake a 2-for-5 non-renounceable rights issue to raise up to approximately \$3.1 million. The issue price is 1¢ per share, representing a 37.5% discount to Energia's closing share price on the ASX of \$0.016 on Friday, 23 June 2017 and a 35.1% discount to the 10 day VWAP (on the 10 trading days prior to the date of this announcement).

The record date for the rights issue is 29 June 2017. Full details about the rights issue will be provided in a separate announcement released today.

Alexander Burns has indicated to the Company that he intends to take up his entitlement in full in respect of the shares he owns and/or controls, and entities in which Non-Executive Director Marcello Cardaci has a disclosed interest or association have also confirmed that they intend to take up their entitlement in full. Together, these entitlements represent approximately \$929,847 or 29.6% of the rights issue amount.

"As a board, we are confident in Gorno's untapped potential and Energia's ability to monetise what is a significant, high quality, historical zinc project in the heart of western Europe," Mr Burns said.

"The zinc market is forecast to be in deficit through to at least 2019 and LME stockpiles are at 12-year lows. Gorno is well positioned to capitalise on this zinc deficit."

"I wish to thank all shareholders for their continued support of the board's efforts to realise value from the company's flagship Gorno project, in particular, as well as the broader strategic portfolio of zinc and base metals exploration projects in Italy and Australia."



**Alexander Burns**  
**Executive Chairman/ Chief Executive Officer**

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### **About Energia Minerals Limited**

Energia Minerals Ltd (ASX: EMX) is an exploration and development company with a portfolio of projects in Italy and Australia covering 3,372km<sup>2</sup> across 18 granted tenements and 13 under application.

All tenements and applications are 100% owned, with no third party royalties other than a 1% NSR royalty payable to Berghem Mines & Tech SRL in respect of any zinc production from the Gorno Zinc Project.

Gorno is a brownfields zinc project in a historic, mining-friendly jurisdiction in northern Italy. Energia's development targets at Gorno have been zinc deposits that were discovered by ENI. Gorno was mined by ENI until the early 1980s when mining ceased because of a Government directive to ENI to focus on its oil and gas operations, not because of any financial or resource-related issues. The Gorno project, which produced 6 million tonnes historically at an average grade of 14.5% Zn, has well-developed underground mine infrastructure. More than 230km of underground workings were developed across the Gorno licences.

For further information on the company please go to [www.energiaminerals.com](http://www.energiaminerals.com) or email [info@energiaminerals.com](mailto:info@energiaminerals.com)



## Schedule 1

### Material Terms of the Executive Service Agreements of Alexander Burns and Stephen Hills

| Key Terms            | Alexander Burns   | Stephen Hills  |
|----------------------|---|--|
| Term                 | Existing three year contract from 7 October 2014 to 7 October 2017, subject to termination as described below.                              | Existing three year contract from 1 March 2017 to 1 March 2020, subject to termination as described below.   |
| Fixed remuneration   | \$175,000 per annum, including 9.5% superannuation, reviewed annually.  | \$265,000 per annum, including 9.5% superannuation, reviewed annually but not before 30 June 2018.   |
| Short term incentive | None  | None   |
| Long term incentive  | None  | Mr Hills retains his existing 6 million options issued under the 2015 Employee Incentive Plan on 1 March 2017. Unvested options are forfeited upon resignation or termination. |
| Termination          | <b>Employer initiated termination</b><br>1 months' notice in writing. A payment in lieu of notice may be made at the Company's discretion.  | <b>Employer initiated termination</b><br>1 months' notice in writing. A payment in lieu of notice may be made at the Company's discretion.                                     |
|                      | <b>Termination for serious misconduct</b><br>Termination will occur without notice.   | <b>Termination for serious misconduct</b><br>Termination will occur without notice.  |
|                      | <b>Executive initiated termination</b><br>3 months' notice in writing. A payment in lieu of notice may be made at the Company's discretion. | <b>Executive initiated termination</b><br>3 months' notice in writing. A payment in lieu of notice may be made at the Company's discretion.                                    |
|                      | <b>Termination by the effluxion of time</b><br>No notice is required.   | <b>Termination by the effluxion of time</b><br>No notice is required.  |



## Schedule 1

### Material Terms of the Executive Service Agreements of Alexander Burns and Stephen Hills

| Key Terms               | Alexander Burns   | Stephen Hills   |
|-------------------------|---|---|
| Termination (Continued) | <p><b>Severance Payment</b></p> <p>On an employer initiated termination, for any reason other than serious misconduct, Mr Burns is entitled to a severance payment of 6 months' salary together with 2 weeks' salary for each completed year of service. In the event that the severance payment exceeds the amount payable under the Corporations Act 2001 and the ASX Listing Rules and shareholder approval is not obtained, the maximum benefit is capped at the amount payable without the need for shareholder approval under the Corporations Act 2001 and the ASX Listing Rules. No severance payment is payable on termination by the effluxion of time.</p> | <p><b>Severance Payment</b></p> <p>On an employer initiated termination, for any reason other than serious misconduct, Mr Hills is entitled to a severance payment of 3 months' salary together with 2 weeks' salary for each completed year of service. In the event that the severance payment exceeds the amount payable under the Corporations Act 2001 and the ASX Listing Rules and shareholder approval is not obtained, the maximum benefit is capped at the amount payable without the need for shareholder approval under the Corporations Act 2001 and the ASX Listing Rules. No severance payment is payable on termination by the effluxion of time.</p> |
| Long Service Leave      | <p>The executive will be entitled to 40 days long service leave after each 7 years of continuous service. Pro-rata is payable after the initial 7 years of continuous employment.</p>   | <p>The executive will be entitled to 40 days long service leave after each 7 years of continuous service. Pro-rata is payable after the initial 7 years of continuous employment.</p>   |
| Non-competition         | <p>From the termination date, (unless by the effluxion of time) Mr Burns will be subject to various non-competition obligations.</p>  | <p>From the termination date, (unless by the effluxion of time) Mr Hills will be subject to various non-competition obligations.</p>  |