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**The following is an *Inside Briefing* interview with
Energia Minerals Managing Director, Mr Kim Robinson**

In this interview, Kim Robinson provides an update on European-focused zinc developer Energia Minerals Limited (ASX: EMX – market capitalisation ~\$20.7 million – 609 million shares on issue).

Highlights of this interview include:

- An explanation of the current resource development drilling program at Energia's flagship Gorno Zinc Project in northern Italy, the key objectives of the drilling and the likely timing of a maiden JORC 2012 resource estimate;
- An overview of the extensive infrastructure already in place at Gorno and how Energia is successfully leveraging off this infrastructure to advance its exploration and development strategy, including its plans to undertake a Scoping Study early next year; and
- The key attributes of Gorno as a potentially unique, high-grade and low cost development with potential for expansion which is being positioned to take advantage of a forecast turnaround in zinc prices as several major global operations shut down over the next 24 months.

Inside Briefing: Energia is undertaking an extensive underground diamond drilling program at its flagship Gorno Zinc Project in northern Italy, with a total of 22 holes for over 1000m completed to the end of the September Quarter. What are the objectives of this drilling, where is it focused and what have the results told you so far?

Kim Robinson: Since the September Quarterly Report, we've carried out additional drilling so we've now completed in excess of 30 holes for more than 1500m of underground diamond drilling. The key objective of the current phase of drilling is to define a JORC Indicated Resource in the upper levels of the Colonna Zorzone deposit before progressing to test the deeper portion of the orebody, which will be drilled from a new Exploration Decline anticipated to commence in December.

Colonna Zorzone is an unmined portion of the overall Gorno Zinc Project, which was mined historically by Italian multinational ENI until the late 1970s. ENI mined the Colonna Fortuna deposit and they partially developed Colonna Zorzone in preparation for mining before changing their focus away from base metals and ceasing production at Gorno in the mid-1980s, at the behest of the Italian Government.

The results of the drilling so far have been extremely encouraging. We've found that the grades in this part of the Colonna Zorzone deposit are higher than we anticipated from the historical records, and that the mineralization is very predictable. We have also discovered a new zone about 300m to the east of the known deposit, where a recent hole, GDD0024, intersected 21.7m grading 8.1% zinc, 2.2% lead and 51g/t silver, including a high-grade zone of 4.6m grading 25.9% zinc, 7.0% lead and 156g/t silver. We don't yet know how big this newly discovered zone could be or whether it joins up with the main Colonna Zorzone deposit and this will obviously be a key focus for our ongoing exploration drilling.

Inside Briefing: The Company has previously published an Exploration Target of 5-8 million tonnes for the Colonna Zorzone deposit as part of its overall Exploration Target of 6-10 million tonnes for the Gorno region. When do you expect to announce a maiden resource for Gorno and how long do you expect it will take to convert the entire Exploration Target to JORC 2012 compliant resources? What are the key characteristics of the mineralization at Gorno?

[Relevant background to all the Exploration Targets contained in this briefing is included in the notes on page 7 of this release. An Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource].

Kim Robinson: Our current focus is to define JORC 2012 resources within the upper levels of the Colonna Zorzone deposit down to the 550RL level. Our Exploration Target to this level is 3-5 million tonnes grading 7-10% zinc plus lead with another 2-3 million tonnes below this. Diamond drilling is already well advanced between the 900RL and the 990RL and we are on track to calculate an initial Indicated and Inferred JORC 2012 resource by the end of the first quarter of 2016.

The new Exploration Decline (refer figure attached) which is expected to commence in December will enable us to establish drilling platforms to target the lower portion of this 3-5 million tonne Exploration Target, some 400 vertical metres below the current area of activity. This second phase of resource drilling could be underway as early as late December/early January, subject to the progress of the Exploration Decline. So, on this basis we will have a Phase 1 Indicated and Inferred Resource ready during the first quarter of 2016 to feed into a Scoping Study to be completed by the end of the quarter with a Phase 2 resource upgrade to follow in the second quarter.

The Colonna Zorzone deposit has a shallow southerly plunge (averaging around 25 degrees) and averages 5m in width with a high-grade core of mineralisation extending over a 200m strike length within a broader lower grade envelope with a known down-plunge extent of at least 1.5km, as shown in the attached figure. It's an Alpine-style MVT (Mississippi Valley Type) deposit, although it should be noted that the grade is considerably higher than typical MVT zinc deposits.

Inside Briefing: Can you explain the various components of the underground infrastructure already in place at Gorno and how the Company is leveraging off this existing development? How much additional development is required to provide access for drilling and, ultimately, bring the deposit into production?

Kim Robinson: ENI completed over 230km of underground development at Gorno, mostly in the Colonna Fortuna area which they mined or developed down to the 370RL level. However, as I said earlier they put a significant amount of development into the Colonna Zorzone deposit to ready it for mining, and this included an area where they delineated a significant tonnage of mineralization and even developed several strike drives within ore with exposed massive zinc sulphides visible in the faces.

So, there is a large amount of infrastructure and data available for the project as a whole which gives us an enormous advantage in terms of the speed and cost involved in delineating resources and reserves. The only major piece of additional development that is required prior to a decision to mine is the Exploration Decline I mentioned earlier, to provide access for defining the lower portion of the deposit down to the 550RL level, which is where the western extremity of the existing 12km long Riso Parino adit is located and which would probably be used for rail ore haulage out of a future mine.

The Exploration Decline should be completed within 2-3 months allowing us to drill out the rest of the deposit. In addressing further capital requirements beyond this, we still have to undertake economic studies to determine the overall development parameters of the project. However, it's fair to say that we don't anticipate that a great deal of further pre-development mine capital will be required to bring the deposit into production, apart from a production decline between the 940RL level and the 550RL level.

Inside Briefing: You've indicated that a Scoping Study will be completed at Gorno in the first quarter of 2016. What scale of operation do you envisage at Gorno and what is your overall timetable for completing a Feasibility Study and moving the project into production?

Kim Robinson: It's not possible under the JORC and ASX rules to talk specifically about production targets. However, suffice to say that the Scoping Study to be undertaken next year will be based on a relatively small-scale but high-grade operation. As we know from our experience with developing other base metal operations in Australia, a relatively modest "starter" operation processing around 400-600ktpa a year can still be quite a significant producer of zinc and lead concentrates at these sorts of grades.

Because of our intimate knowledge of the ore body and its long production history and its long established metallurgical performance, the Scoping Study will be undertaken to a high level of detail and accuracy, allowing us to move pretty much straight into a final Feasibility Study. I don't want to be too prescriptive about timeframes at this point, because it will obviously depend on the state of the market and zinc prices. However, collectively as a management group we have extensive experience in the zinc industry and I can say with confidence that high quality operations of this scale can be brought on stream relatively quickly in response to improving market conditions – certainly within two and a half years from start to finish, with around a six month construction timeframe for the Concentrator, subject of course to prevailing market conditions, the zinc price and regulatory approvals.

Inside Briefing: Can you describe the operating conditions in northern Italy and any obstacles or challenges that the Company faces in terms of environmental permitting or community relations? Where would you envisage processing the ore and where and how would zinc concentrate be delivered to customers?

Kim Robinson: We have been operating in Italy now for three years and I'd have to say we've found the experience overall to be a very good one. The approvals process, although laborious, works well and we have made a lot of progress in a relatively short space of time. For example, in the 12 months or so since we started looking seriously at developing the Colonna Zorzone deposit, we have secured the approvals to commence a major underground drilling program and to commence underground blasting and development. Overall, we have found the permitting process to be quite friendly and certainly no more onerous than it is in Australia.

In terms of community, we have a number of highly qualified local people working for us as employees and contractors. The area has a rich mining history and heritage and I think it's fair to say there is overwhelming enthusiasm and support for us to re-open this historical mine, creating economic opportunities and benefits for the whole region. This support stems both from the local community itself and from the regulatory authorities, with whom we have built up a high degree of trust and a strong, open working relationship.

In summary, I believe we already have gone a long way to establishing a licence to operate in this part of northern Italy and we don't anticipate any major hurdles or issues moving forward. We are accepted and welcomed by the local communities and I believe we have already done a lot of the hard work required to become a part of the fabric of society in this part of the world.

Inside Briefing: Why is Gorno an attractive development proposition in the zinc space? What are the advantages or disadvantages of the project from the perspective of access to labour, costs, logistics and infrastructure and proximity to key markets?

Kim Robinson: Without wishing to sound glib, Gorno ticks just about every box for us as a development proposition in the zinc space. Firstly, it couldn't be a better time to be developing a new high-grade zinc mine. The zinc price is currently at historically low levels, which is dampening the enthusiasm for new mines being brought into production, more than 50 per cent of global production is under water, and there's virtually no new supply anywhere in the world coming on stream. In fact, several major mines are in the process of shutting down.

Secondly, as a project it couldn't really be any better. It's a known deposit at an excellent grade with a long production history and a track record of producing an exceptional quality concentrate with attractive by-products and low contaminant levels which we expect will be in high demand by smelters. Because it is a developed underground mine, it will have a very modest capital cost (essentially only requiring construction of a concentrator, which, for an operation of this size, should only cost around A\$60-70 million). It is well located with respect to infrastructure with a skilled local labour force with mining experience. It is close to key markets and has good transport logistics. And we're developing it at a time when costs are going down rather than up around the world, but particularly in Europe.

The biggest challenge to date has been the approvals process in Italy; however as I said earlier we are confident that we have that in hand with both ourselves and the regulators collaboratively working off the same page.

Inside Briefing: What is Energia's assessment of the outlook for zinc? Why in your view is there such a huge disconnect between the medium-term market forecasts and the current spot price?

Kim Robinson: We have never changed our view on zinc. And, based on our reading of the latest market research, neither have most of the investment banks and commodity forecasters. The fact of the matter is that three major mines, Century, Lisheen and Skorpion will cease production as a result of resource exhaustion over the next 24 months with more suspensions based on economics to follow with some of these never to reopen. Now, it's true that there is a lag effect before the impact of these closures flows through as mines often keep going for as long as possible by treating low-grade stockpiles, or eking out an existence based on remnant reserves, but a substantial reduction in supply is inevitable.

We are continuing to see a steady decline in zinc stockpiles, and this will accelerate as these major operations finally drop out of the market. That means that zinc – unlike most other commodities – is not going to be in a position of oversupply. There is little doubt that, as with all commodities, demand is dropping, mainly because of China's transition to a lower growth, consumption-driven economy. But unlike most other commodities, we expect that this will be outweighed by the drop in supply. We've seen this happen before in zinc and, while there is currently a massive disconnect between the consensus forecasts and the spot price, we could see that gap close very quickly in coming years.

There are also some other factors on the horizon which I don't believe many market commentators and forecasters are taking enough notice of. One of these is the Silk Road initiative in China, which should see around US\$3 trillion injected into credit facilitation, with a significant proportion of this going into infrastructure spending. This could boost demand for raw materials and particularly critical steel-making ingredients such as zinc.

The fact that we've seen the zinc price react quite quickly to news of supply shut-downs, as it did with Glencore's recent announcements, shows that the market is getting increasingly nervous about the supply side of the equation. These price jumps could be significantly exaggerated once supply tightens further, particularly if demand remains steady or stages even a slight recovery.

Inside Briefing: The Company has secured other zinc assets in Northern Italy. Can you briefly outline these projects and explain your broader development and growth strategy beyond Gorno?

Kim Robinson: We have applied for permits covering some very interesting zinc assets in northern Italy outside of Gorno, including the historical zinc mines of Predil and Salafossa, located close to the borders of Slovenia and Austria. The Predil mine in particular was a large historical producer with a very long production history dating back to the 11th century and, like Gorno, was operated by ENI until its premature closure in 1991.

While these mines offer some exciting opportunities, the approvals process to have them granted is likely to be quite protracted. So, our strategy with them is to evaluate the large amount of historical data associated with them, including their extensive production records, and progress the permitting process while we continue to focus on Gorno. There is no doubt that they fit very well with our broader strategy, which is to become a significant base metals house – and they ensure that our development and growth pipeline outside of Gorno is very well stocked.

Inside Briefing: Energia also has a portfolio of uranium and base metal assets in Australia. What is the status of these projects and what plans do you have for them?

Kim Robinson: We have a very large and prospective ground position including two major exploration projects in the Paterson Province in WA, which is regarded as one of the exciting new frontiers for exploration in Australia. We also have a large portfolio of assets in the McArthur Basin in the Northern Territory, home to the world-class McArthur River zinc mine. We'd obviously like to progress these assets in our own right, as they offer some pretty attractive exploration opportunities but they are only under application and may take some time to proceed to grant.

We'll make a decision on how we move forward with these projects as soon as heritage agreements have been finalized and once we have weighed up the merits of joint ventures against the possibility of conducting some exploration under our own steam considering our ongoing commitments in Italy.

Energia reported cash and listed securities at the end of September valued at A\$11.8 million, including \$7.5 million of listed securities. What are the Company's funding requirements over the next 12 months?

Kim Robinson: The Company is well-funded with a strong cash position with shares in the uranium producer Paladin Resources with a combined value of around A\$12 million as we sit here today. This means we are fully-funded with adequate resources to carry out all of the work we need to do over the next 12 months, right through to a decision to mine.

Inside Briefing: In summary, how would you summarise the investment opportunity presented by Energia?

Kim Robinson: Energia has a number of investment characteristics which I think set it apart in the junior resource sector, not just in terms of the jurisdiction we are operating in within Italy, but also in terms of the quality and grade of our key asset, the commodity we are predominantly exposed to, and our very healthy liquid asset levels.

We are one of the very few pure zinc plays on the ASX. Following the recent takeover of Atherton Resources by a private equity group, the ranks of ASX-listed zinc developers has diminished even further. We have an advanced asset of exceptional grade and quality which was previously mined and offers the significant advantage of being located in a Tier-1 jurisdiction, close to infrastructure and markets. In addition, we are also well funded with cash and liquids of over \$11 million, giving us the capability to execute our programs and advance our key projects towards production – a privileged position indeed at the current phase of the resource cycle.

Finally, we punch well and truly above our weight in terms of the quality of our share register. We have an extremely strong group of backers – led by our Chairman and major shareholder Alex Burns, a prominent resource investor who has been extremely successful in creating value for shareholders in the past, most notably as the driving force behind Sphere Minerals, which was taken over by Xstrata in 2010 for \$514 million in cash. Alex and his cornerstone investor group have added a lot of value to the Company since they came on board last year; they are strong believers in the potential of our project, the soundness of our development strategy and our ability to turn Energia into a very successful mid-tier mining company.

The only thing working against us at the moment is the zinc price, but that will change as the current demand-supply cycle inevitably turns. So above all, Energia represents highly leveraged exposure to a turnaround in the zinc market with Gorno ideally positioned to meet the looming supply shortfall as it potentially comes on stream in around two to three years from now.

Inside Briefing: Thank-you Kim.

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Exploration Target

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this release relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context.

The Exploration Targets quoted in this Inside Briefing are conceptual in nature and yet to be fully drill tested. There has been insufficient exploration to estimate a Mineral Resource that could be reported in accordance with the JORC (2012) Code and it is uncertain if future exploration will result in a Mineral Resource Estimate being defined. Energia considers that the Colonna Zorzone Exploration Target, which is based on many historical percussion and diamond drill holes and the recent drilling above the 900 level as well as five historical diamond drill holes approximately 700m further down-plunge which average 5.6m grading 10.9% zinc plus lead, is very robust. The Exploration Target is largely based on 4 historical holes at the 940RL averaging 5.6m @ 8.6% Zn+Pb and 5 drill holes at the 600RL averaging 5.6m @ 10.9% Zn+Pb with no drilling as yet between the two levels.

Competent Person Statement

The information in this presentation that relates to Exploration Results is based on information compiled by Mr Kim Robinson, who is a full time employee of Energia Minerals Limited. Mr Robinson is a Member of the Australian Institute of Geoscientists. Mr Robinson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Robinson consents to the inclusion in this release of the matters based on their information in the form and context as it appears.

