

## High grade zinc at Gorno, plus silver

Over good mining widths

### Recommendation

**Strong BUY, High Risk**

### Price

**4.6c**

### Risked, NPV based valuation

**11.5c**

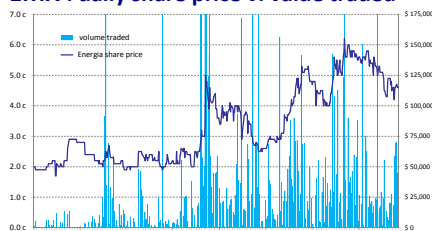
Commodity : **Zinc**

- **EMX announced assays from its first diamond core hole drilled at its Gorno project. Assays included :**
  - **8.5m grading 13.6% zinc plus 3.4% lead, within 13.2m of 10.9% zinc plus 2.8% lead and 53g/t silver**
  - **Within this, 2 stunning intersections were reported of 0.8m of 52.7% Zn + Pb and 0.7m of 55.2% Zn + Pb**
- **Later assay results included 4.0m @ 32.3% Zn, 7.9% Pb and 74g/t Ag and 9m grading 17.7% Zn + Pb**
- **Refurbishment of the Gorno mine is progressing, in line with target to re-start production in 2017**
- **The Executive Chairman bought 6.1m EMX on market in August.**

### Snapshot

Last Price	4.6c
Market Cap	\$28m
Cash on hand (30 June 2015)	\$4.1m
Shares on Issue	609m
52 Week High	6.5c
52 Week Low	2.4c
1 month / 6 month VWAP	4.6c / 5.1c

### EMX : daily share price v. value traded



EMX sold its Carley Bore uranium project to Paladin Resource in June 2015 for 45m PDN plus \$1.6m cash.

On 18 June 2014, EMX announced that it had purchased Mining Leases at Gorno.

Gorno has an Exploration Target of 6Mt – 10Mt at 7% - 10% zinc plus lead. Gorno has been mined previously, and the mine is fully developed for a quick re-start, subject to a processing plant being constructed.

EMX has applications over uranium at ValVedello and Novazza, and over zinc at Perdil and Salafossa.

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### EMX high grade assays from drilling at Gorno

In August, EMX announced assay results from its first assay results from the first 2 holes drilled at Gorno. For the first hole, within an overall intersection of 13.2m grading 10.9% zinc, 2.8% lead and 53g/t silver, there was a higher grade section with 13.6% Zn, 3.4% Pb and 59g/t Ag.

Within this intersection, 2 small but very high grade intervals, of 0.8m at 52.7% Zn + Pb and 0.7m at 55.2% Zn + Pb, were reported.

Last week, EMX reported further assays from the next 5 holes. In Beer & Co's view, 3 of the holes encountered economic mineralisation, and a fourth encountered marginal mineralisation. Best results included :

- 9.0 m grading 13.4% Zn, 4.2% Pb , 75g/t Ag; and
- 4.0 m grading 32.3% Zn, 7.9% Pb, 74g/t Ag.

### Impact

Beer & Co's valuation is based on a mining inventory of 8.0Mt grading 6.1% Zn, 1.2% Pb and 4g/t Ag.

EMX is working on its feasibility study and we expect that the Reserve announced will be similar in zinc and lead grades, but with much higher silver

### EMX share price and the Zinc Price

The EMX share price rose to over 6c following the divestment of Carley Bore and has since softened with the zinc price as LME zinc stocks have increased. A rise in LME zinc stocks had been expected by Beer & Co.

### Valuation and Recommendation

Beer & Co's valuation has increased to 11.5c/share as we reduced our Long Run AUD-USD rate from 0.750 to 0.700.

We believe there is significant upside potential to our valuation from the results of the drilling at Gorno, especially from silver.

Beer & Co affirms our Strong BUY, High Risk, recommendation on EMX.

This report was produced by Beer & Co Research, an independent research and advisory firm.

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# Drilling at Gorno

## Gorno Development

EMX is progressing its feasibility study on Gorno

EMX is progressing its feasibility study on Gorno. In its activities report for the June quarter, EMX stated that access had been established to its two target levels.

With the funds raised from the sale of Carley Bore, EMX decided to expand the extent of the under-ground refurbishment and the amount of diamond drilling.

## Drilling

Figure 1 shows a section of core from the first diamond core hole drilled into Gorno.

It shows massive sulphides; the brown is sphalerite ((Zn,Fe)S), the ore of zinc, while the black is galena (PbS), the ore of lead. It shows a rich, high grade intersection.

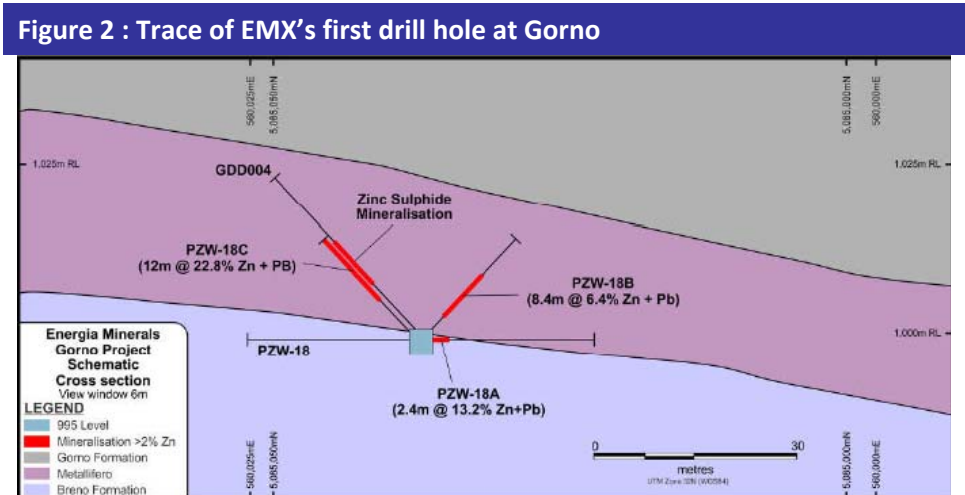
Recent drilling has shown significant mineralisation



Source : EMX ASX announcement, 15 July 2015

Figure 2 shows that the drill hole was designed to twin a hole, drilled by a percussion drill, by ENI when it operated the mine. The current Exploration Target is based on the historical records of this drilling.

The drill programme is testing some of the drilling previously carried out by ENI



Source : EMX ASX announcement, 15 July 2015

The first assays have shown very good grades over significant intercepts

Some reported intercepts have been well above the grades in the Exploration Target, while others have supported the grades used in this valuation.

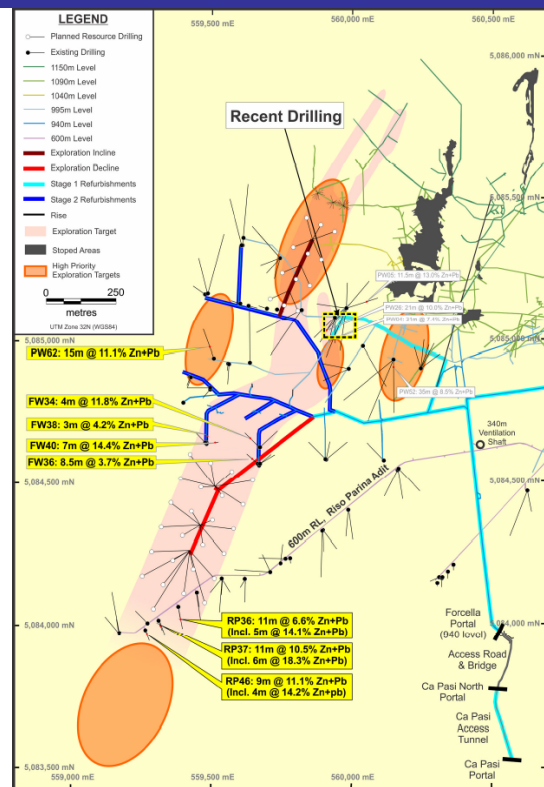
Figure 3 is a plan of the Gorno operations. It shows that the recently reported drill results are at the end of a part of the Gorno development that is being refurbished and is into an area that is included in the current Exploration Target, as shown in Figure 4.

The current drill programme is in the Colonna Fortuna area. Results from this programme include :

- 13.2m at 10.9% Zn, 2.8% Pb and 53g/t Ag
  - Including 8.5m at 13.6% Zn + 3.4% Pb
  - within which there was 0.8m at 52.7% Zn + Pb and 0.7m at 55.2% Zn + Pb
- 9.0m at 13.5% Zn, 4.2% Pb and 75g/t Ag;
- 4.0m at 32.3% Zn, 7.9% Pb and 74g/t Ag.

In addition, EMX reported an intercept of 10.4m at about the Target grade while the other holes reported good widths at grades near Target.

Figure 3 : Plan of Gorno



Source : EMX ASX announcement, 3 August 2015

Figure 4 : Gorno Exploration Target

	Volume range		Grade range		
Panel 7	5Mt	8Mt	7%	10%	Zn + Pb
Colonna Fortuna	1Mt	2Mt	6%	7%	Zn + Pb
<b>TOTAL</b>	<b>6Mt</b>	<b>10Mt</b>	<b>7%</b>	<b>10%</b>	<b>Zn + Pb</b>

Source : EMX ASX announcement, 23 July 2014

Figure 3 also shows a number of prospective areas, which have had, at most, minimal drilling.

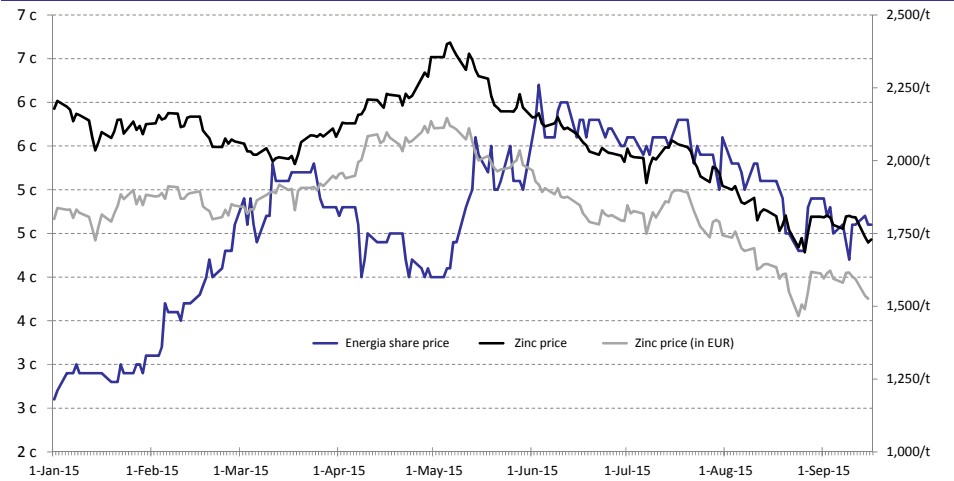
## EMX share price

### EMX v zinc price

The EMX share price has weakened with the zinc price

The EMX share price has fallen about 25%, from over 6.0c in early June to 4.6c currently. Figure 5 shows that the fall in the EMX share price has been tightly associated with, and leveraged to, the zinc price.

**Figure 5 : EMX share price v. zinc price**



Source : IRESS, Beer & Co

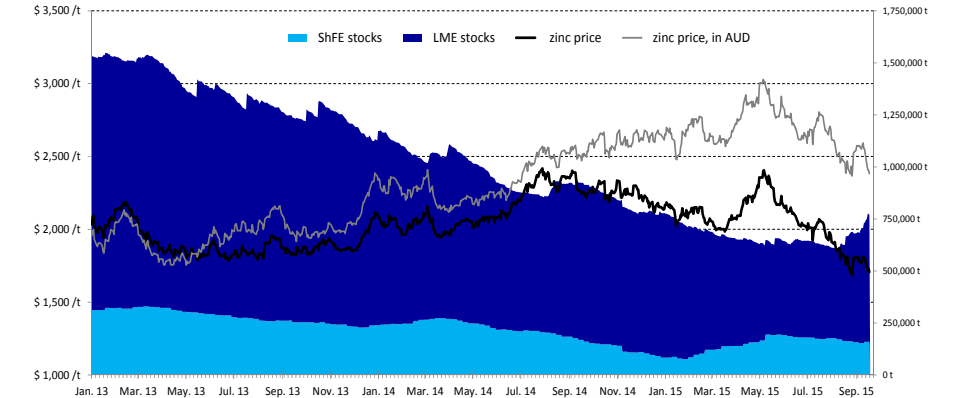
### Zinc price

Figure 6 shows that the zinc price spiked in early May to \$2,400/t, and has zinc fallen, down to below \$1,700/t in late August, quickly bouncing by over \$100/t and is currently just over \$1700/t.

The zinc price has been pushed down as “hidden” stocks have been moved back into LME warehouses

Especially New Orleans, from which it is expensive for consumers to access

**Figure 6 : zinc price v stocks**



Source : IRESS, Beer & Co

Figure 6 shows that LME stocks bottomed at 426kt in early August and have since climbed by just over 200kt.

Total LME plus ShFE stocks now total about 770kt, having fallen from a peak of 1.54Mt in March 2013.

Figure 7 shows the market balance projected by CRU (Commodities Research Unit) of London, in October 2013.

**Figure 7 : Projection of zinc market balance, October 2013**

CRU	2013		2014				2015			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Production	3,190 kt	3,341 kt	3,275 kt	3,360 kt	3,355 kt	3,460 kt	3,415 kt	3,515 kt	3,520 kt	3,650 kt
Consumption	3,200 kt	3,255 kt	3,290 kt	3,345 kt	3,350 kt	3,390 kt	3,460 kt	3,540 kt	3,555 kt	3,620 kt
Balance	(10kt)	86 kt	(15kt)	15 kt	5 kt	70 kt	(45kt)	(25kt)	(35kt)	30 kt

Source : CRU, October 2013

It shows that over the period of time that total terminal zinc stocks fell by nearly 800kt, the projected market balance was for a small surplus.

International Lead-Zinc Study Group data for the period from July 2013 to June 2015 show an estimated surplus in the zinc market, of 16kt.

This data tells us that much of the stock fall has been in to “hidden” inventories, driven by a combination of low interest rates and low warehousing costs.

In a recent (17 September) article, Reuters columnist, Andy Home reported that the increases in LME stocks has been

- into warehouses at New Orleans, which are used as it is remote from major consumers, and so more costly to use;
- driven by a narrowing of the contango (ie. premium of 3 month price over cash); and
- related to low warehousing costs in New Orleans.

**Zinc consumption has been impacted by the slower than expected growth in China**

### Zinc price outlook

Zinc consumption has been more subdued than expected, especially due to weak Chinese steel consumption.

However, the fundamental driver has been, and remains, the tightening of supply as the MMG’s Century mine in northern Queensland closes, taking about 450kt of zinc in concentrate out of annual supply from late in 2015 (the mining has stopped, but the mill is expected to operate until the end of this year).

**Zinc supply will be reduced by about 600kt/yr from the end of 2015 when Century and Lisheen mining operations cease**

This is supplemented by the closure of Lisheen, in Ireland, later in 2015, taking a further 150kt out of supply.

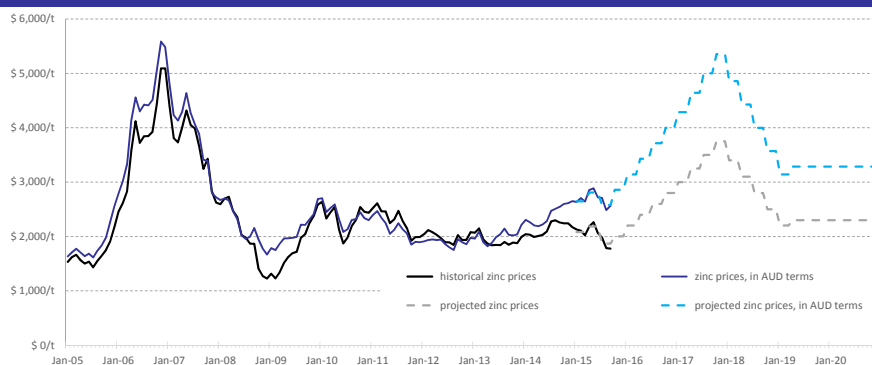
This suggests that the market will be tight in 2016 and 2017.

Beer & Co has revised our price projections, as shown in Figure 8.

**Beer & Co has deferred and flattened our zinc price outlook**

**We have also reduced our Long Run AUD-USD assumption from 0.750 to 0.700**

**Figure 8 : Historical zinc price and Beer & Co projections**



Source : IRESS, Beer & Co projections

Figure 8 shows that Beer & Co has :

- deferred and “flattened” our expected price peak;
- reduced our assumption of the Long Run AUD-USD rate from 0.750 to 0.700.

## Revised valuation of EMX

### Operations and Cashflow

Figure 9 shows Beer & Co's projected operational outcomes for EMX's Gorno. It shows we project first product in late 2017.

**Figure 9 : Beer & Co's projected operational outcomes for Gorno**

	2017-18	2018-19	2019-20	2020-21	2021-22	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Ore Mined & processed	400 kt	500 kt	500 kt	500 kt	500 kt	500 kt	500 kt	500 kt	500 kt	500 kt	100 kt
Head grade - zinc	6.25 %	6.25 %	6.25 %	6.25 %	6.25 %	6.25 %	6.25 %	5.65 %	5.50 %	5.50 %	5.50 %
Head grade - lead	1.25 %	1.25 %	1.25 %	1.25 %	1.25 %	1.25 %	1.25 %	1.05 %	1.00 %	1.00 %	1.00 %
head grade - silver	4.5 g/t	4.5 g/t	4.5 g/t	4.5 g/t	4.5 g/t	4.5 g/t	4.5 g/t	0.9 g/t	0.0 g/t	0.0 g/t	0.0 g/t
Recovery : Zn	89 %	95 %	95 %	95 %	95 %	95 %	95 %	95 %	95 %	95 %	95 %
Zn in conc	22,355 t	29,688 t	29,688 t	29,688 t	29,688 t	29,688 t	29,688 t	26,838 t	26,125 t	26,125 t	5,225 t
Conc grade	51 %	55 %	55 %	55 %	55 %	55 %	55 %	55 %	55 %	55 %	55 %
Zn conc	43,650 t	53,977 t	53,977 t	53,977 t	53,977 t	53,977 t	53,977 t	48,795 t	47,500 t	47,500 t	9,500 t
Recovery : Pb	89 %	95 %	95 %	95 %	95 %	95 %	95 %	95 %	95 %	95 %	95 %
Pb in conc	4,471 t	5,938 t	5,938 t	5,938 t	5,938 t	5,938 t	5,938 t	4,988 t	4,750 t	4,750 t	950 t
Conc grade	51 %	55 %	55 %	55 %	55 %	55 %	55 %	55 %	55 %	55 %	55 %
Pb conc	8,730 t	10,795 t	10,795 t	10,795 t	10,795 t	10,795 t	10,795 t	9,068 t	8,636 t	8,636 t	1,727 t
Recovery : Ag	73 %	78 %	80 %	80 %	80 %	80 %	80 %	80 %	80 %	80 %	80 %
Ag in Conc	42,197 oz	56,612 oz	57,878 oz	57,878 oz	57,878 oz	57,878 oz	57,878 oz	11,576 oz	0 oz	0 oz	0 oz
Conc grade	150g/t	163g/t	167g/t	167g/t	167g/t	167g/t	167g/t	40g/t	0g/t	0g/t	0g/t

Source : Beer & Co estimates

Figure 10 shows the detail of Beer & Co's projections and resulting financial outcomes.

**Figure 10 : Beer & Co's projected prices and financial outcomes**

EUR m	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Zinc	USD /t	2,913	3,438	2,450	2,300	2,300	2,300	2,300	2,300	2,300
Lead	USD /t	2,275	2,238	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Silver	USD /oz	18.8	20.8	22.7	23.3	23.3	23.3	23.3	23.3	23.3
EUR / USD		1.150	1.150	1.150	1.150	1.150	1.150	1.150	1.150	1.150
Zinc produced		0 t	22,355 t	29,688 t	29,688 t	29,688 t	29,688 t	29,688 t	29,688 t	29,688 t
Lead produced		0 t	4,471 t	5,938 t	5,938 t	5,938 t	5,938 t	5,938 t	5,938 t	5,938 t
Silver produced		0 oz	42,197 oz	56,612 oz	57,878 oz	57,878 oz	57,878 oz	57,878 oz	57,878 oz	57,878 oz
Zinc Revenue		0.0 m	66.0 m	63.2 m	59.4 m	59.4 m	59.4 m	59.4 m	59.4 m	59.4 m
Zinc TC/RC		0.0 m	(18.6m)	(17.9m)	(17.0m)	(17.0m)	(17.0m)	(17.0m)	(17.0m)	(17.0m)
net by-product revenue		0.0 m	7.1 m	9.2 m	9.3 m	9.3 m	9.3 m	9.3 m	9.3 m	9.3 m
Cash Costs		0.0 m	(17.9m)	(21.0m)	(21.1m)	(21.1m)	(21.1m)	(21.2m)	(21.2m)	(21.2m)
Royalties		0.0 m	(1.1m)	(1.1m)	(1.0m)	(1.0m)	(1.0m)	(1.0m)	(1.0m)	(1.0m)
Dep'n & Amort'n		0.0 m	(2.8m)	(3.5m)	(3.5m)	(3.5m)	(3.5m)	(3.5m)	(3.5m)	(3.5m)
E B I T		0.0 m	32.7 m	28.9 m	26.0 m	26.0 m	25.9 m	25.9 m	25.9 m	25.9 m
Interest Expense		(0.4m)	(1.9m)	(1.4m)	(0.8m)	(0.2m)	0.0 m	0.0 m	0.0 m	0.0 m
Tax Expense		0.1 m	(9.7m)	(8.7m)	(7.9m)	(8.1m)	(8.2m)	(8.2m)	(8.2m)	(8.2m)
N P A T		(0.3m)	21.1 m	18.9 m	17.3 m	17.7 m	17.8 m	17.7 m	17.7 m	17.7 m
Feasibility / permitting		(0.8m)								
Project Cap.Ex		0.0 m	(50.2m)							
Sus. Cap. Ex		0.0 m	0.0 m	(2.2m)	(2.9m)	(2.9m)	(2.9m)	(2.9m)	(2.9m)	(2.9m)
Un-gear'd Net Cashflow		(0.8m)	(50.2m)	23.1 m	20.4 m	18.4 m	18.4 m	18.4 m	18.4 m	18.3 m

Source : Beer & Co estimates

Beer & Co still projects that the time from first development until the capital is paid back will be about 30 months.

### Beer & Co's Revised Valuation of EMX

Figure 11 shows the asset based detail of Beer & Co's risk'd valuation of 11.7c/share. It shows that we have

- included only a nominal value for EMX's other Italian assets
- used the current market price for EMX's shares in Paladin, which we believe does not price in expected higher U<sub>3</sub>O<sub>8</sub> prices.

**Figure 11 : Beer & Co's revised valuation of EMX :**

VALUATION					
discount rate = 12.0 %		30 June 2015		18-Sep-15	
	risk :	100%	Product	per share	
Gorno	50 %	\$ 69m	\$ 42m	6.8 c	7.5 c
Novazzo & Val Vedello	nom.	\$ 1m	\$ 1m	0.1 c	0.1 c
Predil & Salafossa	nom.	\$ 3m	\$ 2m	0.3 c	0.4 c
Asset sales	50 %	\$ 34m	\$ 20m	3.3 c	2.6 c
Exploration	100 %	\$ 0m	\$ 0m	0.0 c	0.0 c
Corporate	100 %	(\$ 14m)	(\$ 14m)	(2.2c)	(2.2c)
45m PDN shares	19.5 c	\$ 9m	\$ 8m	1.4 c	1.4 c
Cash / debt	100 %	\$ 4m	\$ 4m	0.7 c	2.0 c
cash to be raised	100 %	\$ 0m	\$ 0m	0.0 c	0.0 c
<b>TOTAL</b>		<b>\$ 38m</b>	<b>\$ 22m</b>	<b>10.5 c</b>	<b>11.7 c</b>
Shares on issue		609.0m	June 2015	32.2m	options
		0.0m	Further issues	0.0m	op. ex'd

Source : Beer & Co estimates

Beer & Co's revised, risked, base case valuation is now 11.7c/share

Our valuation assumes that EMX is able to sell a 35% stake in the Gorno project for a value that is greater than EMX's current market capitalisation

This will be done after EMX has competed their feasibility study

There is significant upside potential from successful project delivery

And silver grades

Figure 11 also shows that Beer & Co assumes EMX sales a stake in the Gorno project of about 35% and this provides the equity component of the funding required to bring Gorno into operation.

However, given EMX's current market capitalisation, it would give a better financial outcome for a party interested in the zinc to buy the while company than a stake in the Gorno project.

### Upside Potential

There is significant upside potential to Beer & Co's valuation, in particular from grades, as EMX has reported many mineable widths significantly higher than the assumed grades (though mining dilution could be significant due to the pinch and swell of the mineralisation), especially for silver.

The mining Inventory assumed for this valuation has virtually no silver, while the assays reported have good silver grades.

EMX is currently working on its feasibility study, which is the reason for the significant risk weighting.

Figure 12 shows the sensitivity of Beer & Co's valuation to these factors.

**Figure 12a : Sensitivity of valuation to price**

	Spot	\$ 1,800/t	\$ 2,000/t	\$ 2,200/t	\$ 2,400/t	Base Case
Risked	0.3 c	2.6 c	8.5 c	9.1 c	12.2 c	<b>11.7 c</b>
Un-risked	0.6 c	4.0 c	13.0 c	13.9 c	18.7 c	17.9 c

Source : Beer & Co estimates

**Figure 12b : Sensitivity of valuation to price, with Ag 50g/t**

	Spot	\$ 1,800/t	\$ 2,000/t	\$ 2,200/t	\$ 2,400/t	Base Case
Risked	5.1 c	8.1 c	12.3 c	16.2 c	19.5 c	19.0 c
Un-risked	7.8 c	12.4 c	18.7 c	24.8 c	29.8 c	29.0 c

Source : Beer & Co estimates

Figure 12 shows that the current EMX share price reflects :

- our significant risk weighting, so the value should rise with the publication of the feasibility study;
- current metal prices; and
- silver in ore, with assays mostly in the 50g/t to 75g/t range.

## Conclusions

**We confirm our Strong BUY, High Risk recommendation**

Figure 12b shows that, if the mined reserves have 50g/t silver, then EMX is roughly at fair value even if metal prices do not change.

Figure 12 also shows significant upside potential to our risk-adjusted, base case valuation of EMX, of 11.7c/share, which itself is about 2.5x the current share prices.

Also, the Executive Chairman has recently purchased EMX shares on market.

Beer & Co affirms our Strong BUY, High risk recommendation on EMX.



Beer & Co Research

Energia Minerals (EMX.ASX)

September 2015

Year ended June	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Section 1 - P&amp;L</b>							
Sales revenue	\$A m	0	0	0	58	58	55
Interest revenue	\$A m	0	0	0	0	1	1
Other revenue	\$A m	0	0	0	0	0	0
<b>Total Revenue</b>	\$A m	0	0	0	59	59	56
Cost of Goods Sold	\$A m	0	0	0	(19)	(22)	(22)
Royalties	\$A m	0	0	0	(1)	(1)	(1)
Exploration Expense	\$A m	(2)	0	0	0	0	0
Corporate Costs	\$A m	(1)	(1)	(2)	(2)	(2)	(2)
Other Operating Expenses	\$A m	(0)	0	0	0	0	0
<b>Total Operating Expenses</b>	\$A m	(3)	(1)	(2)	(2)	(2)	(2)
<b>EBITDA</b>	\$A m	(3)	(1)	(1)	(2)	36	33
Dep'n & Amort'n	\$A m	0	0	0	(3)	(4)	(4)
<b>EBIT</b>	\$A m	(3)	(1)	(1)	(2)	33	30
Interest Expense	\$A m	0	0	0	(0)	(2)	(1)
Other	\$A m	(0)	2	38	0	0	0
<b>Pre-Tax Profit</b>	\$A m	(3)	1	37	(2)	31	28
Tax Expense	\$A m	0	0	0	(9)	(8)	(8)
<b>NPAT</b>	\$A m	(3)	1	37	(2)	22	20
<b>Reported NPAT</b>	\$A m	(3)	1	37	(2)	22	20

Section 2 - Key Data	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Ordinary shares - year end	m	240.0	609.0	609.0	609.0	609.0	609.0
Fully diluted shares on issue	m	240.0	609.0	609.0	609.0	609.0	609.0
Weighted # shares	m	212.9	526.0	609.0	609.0	609.0	609.0
Earnings per Share		(1.4c)	0.1 c	6.0 c	(0.3c)	3.6 c	3.2 c
Dividends Per Share		0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c

Section 3 - Balance Sheet	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Cash	\$A m	2	0	5	39	17	40
Receivables	\$A m	0	0	0	0	9	7
Other	\$A m	0	0	0	0	0	0
<b>CURRENT ASSETS</b>	\$A m	2	0	5	39	17	49
Receivables	\$A m	0	0	0	0	0	0
P, P & E	\$A m	0	0	2	4	57	55
Mining Properties / Explorati	\$A m	2	2	2	2	2	2
Other	\$A m	0	0	0	0	0	0
<b>NON-CURRENT ASSETS</b>	\$A m	2	2	4	5	59	56
<b>TOTAL ASSETS</b>	\$A m	4	2	9	45	75	105
Payables	\$A m	0	0	0	0	1	1
Debt	\$A m	0	0	0	0	8	9
Other	\$A m	0	0	0	0	0	0
<b>CURRENT LIABILITIES</b>	\$A m	0	0	0	0	8	10
Long Term Debt	\$A m	0	0	0	0	23	14
Deferred Tax Liability	\$A m	0	0	0	0	0	0
Other	\$A m	0	0	0	0	0	0
Provisions	\$A m	0	0	0	0	0	0
<b>NON-CURRENT LIABILITIES</b>	\$A m	0	0	0	0	23	14
<b>TOTAL LIABILITIES</b>	\$A m	0	0	0	0	30	24
<b>NET ASSETS</b>	\$A m	3	2	9	45	45	81
Accumulated Profit (Loss)	\$A m	(14)	(17)	(17)	20	18	40
Reserves	\$A m	1	1	(2)	(3)	(0)	14
Contributed Equity	\$A m	17	18	27	27	27	27
<b>Total Equity</b>	\$A m	3	2	9	45	45	81

Section 4 - Cashflow	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Net Cashflow from operation	\$A m	(3)	(1)	(1)	(2)	36	33
Hedging	\$A m	0	0	0	0	0	0
Net Interest Paid	\$A m	0	0	0	0	0	1
Taxes Paid	\$A m	0	0	0	0	0	0
Change in Working Capital	\$A m	0	(0)	0	(0)	(7)	2
Other	\$A m	0	0	0	0	0	0
<b>OPERATING CASHFLOW</b>	\$A m	(3)	(1)	(1)	(2)	37	33
Exploration Expenditures	\$A m	0	0	0	0	0	0
Maintenance Capex	\$A m	0	0	0	0	2	3
Expansion Capex	\$A m	0	0	5	1	54	0
<b>PPE Acquisitions (Total Cap)</b>	\$A m	0	0	5	1	54	2
PPE Divestments	\$A m	0	0	2	38	0	0
<b>INVESTING CASHFLOW</b>	\$A m	0	0	6	39	54	2
Change in Equity	\$A m	2	1	9	0	0	0
Dividends Paid	\$A m	0	0	0	0	0	0
Change in Debt	\$A m	0	0	0	0	(8)	(8)
Other	\$A m	0	0	0	0	0	0
<b>FINANCING CASHFLOW</b>	\$A m	2	1	9	0	(8)	(8)

Commodity price assumptions

Year ended June	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
AUD/USD	0.836	0.836	0.706	0.700	0.700	0.700
Zinc	USD / t	2,204	2,117	2,913	3,438	2,450
Lead	USD / t	1,982	1,900	2,275	2,238	2,100
Silver	USD / oz	17	17	19	21	23

Production, 100% basis	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Zinc	'000 t	0	0	22	30	30
Lead	'000 t	0	0	4	6	6
Silver	'000 oz	0	0	42	57	58
<b>EMX share</b>	<b>65 %</b>					
Zinc	'000 t	0	0	15	19	19
Lead	'000 t	0	0	3	4	4
Silver	'000 oz	0	0	27	37	38

Gorno Exploration Target	grades	contained metal		
	000 tonnes	Zinc	Lead	Silver
Panel 7	6,500	6.25 %	4.5g/t	406 kt
Collonna Fortuna	1,500	5.50 %	1.00 %	83 kt
<b>TOTAL</b>	<b>8,000</b>	<b>6.11 %</b>	<b>1.20 %</b>	<b>489 kt</b>
				<b>96 kt</b>
				<b>941 koz</b>

Asset based Valuation

discount rate = 12.0 %	30-Jun-14		19-Sep-15	
risk :	100%	Product	per share	
Gorno	50 %	\$ 69m	\$ 42m	6.8 c
Novazzo & Val Vedello	nom.	\$ 1m	\$ 1m	0.1 c
Predil & Salafossa	nom.	\$ 3m	\$ 2m	0.3 c
Asset sales	50 %	\$ 34m	\$ 20m	3.3 c
Exploration	100 %	\$ 0m	\$ 0m	0.0 c
Corporate	100 %	(\$14m)	(\$14m)	(2.2c)
45m PDN shares	19.5 c	\$ 9m	\$ 8m	1.4 c
Cash / debt	100 %	\$ 4m	\$ 4m	0.7 c
cash to be raised	100 %	\$ 0m	\$ 0m	0.0 c
<b>TOTAL</b>		<b>\$ 107m</b>	<b>\$ 64m</b>	<b>10.5 c</b>
Shares on issue	609.0m	June 2015	32.2m	options
	0.0m	issued later	0.0m	op. ex'd

Estimated Cash Costs, Zinc, US c/lb

	LoM	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Mining	17	0	18	16	16	16	17
Processing	17	0	19	17	17	17	17
Site Admin	4	0	5	4	4	4	4
Transport	6	0	6	6	6	6	6
TC/RC	31	0	43	32	30	30	30
by-product credits	(16)	0	(17)	(16)	(16)	(16)	(16)
Royalties	2	0	3	2	2	2	2
Sustaining Capital	5	0	5	5	5	5	5
<b>TOTAL</b>	<b>65c/lb</b>	<b>0c/lb</b>	<b>82c/lb</b>	<b>65c/lb</b>	<b>63c/lb</b>	<b>63c/lb</b>	<b>63c/lb</b>

Financial Ratios

Year ended June	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue	\$A m	0	0	0	59	59
EBITDA	\$A m	(1)	(1)	(2)	36	33
EBIT	\$A m	(1)	(1)	(2)	33	30
NPAT (reported)	\$A m	1	37	(2)	22	20
Adjusted EPS (cps)		0.1 c	6.0 c	(0.3c)	3.6 c	3.2 c
EPS Growth (%)			7,642 %	(105%)	1,205 %	(10%)
DPS (c)		0.0 c	0.0 c	0.0 c	0.0 c	0.0 c
Dividend Yield (%)		0 %	0 %	0 %	0 %	0 %
PE adj. (x)	x	59.3	0.8	(14.2)	1.3	1.4
EV / EBITDA (x)	x	(29.1)	(17.3)	7.3	1.1	0.3
EV / EBIT (x)	x	(29.1)	(17.3)	7.3	1.3	0.4
Gearing (%)		0 %	0 %	0 %	40 %	21 %
Return on Assets		(47%)	(14%)	(4%)	44 %	28 %
Return on Equity		39 %	406 %	(4%)	48 %	24 %
EBITDA Margin (%)		n/a	n/a	n/a	62 %	57 %
Interest Cover (x)	x	n/a	n/a	(3.9)	16.2	20.1

Major Shareholders

Alex Burns	137.383m	22.6 %
Zero Nominees	74.100m	12.2 %
Jetosea	29.300m	4.8 %
Kim Robinson	20.200m	3.3 %
Marcello Cardaci	23.300m	3.8 %

<b>Free Cashflow</b>	\$A m	(1)	5	37	90	29
<b>Net Cashflow</b>	\$A m	0	14	37	121	21

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The analyst responsible for this research report certifies that all of the views expressed reflect his personal views about the securities and the issuer.

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