

Quick Comment

Energia Minerals Ltd (EMX \$0.045) Spec. Buy

Analyst: Greg Chessell

Date: 13th April 2015

Gorno Zinc project update

Price Target: \$0.087/sh

Key Points:

Energia Minerals, through its contractor Edilmac, has refurbished the initial portal entrance and first 110m of adit (Ca Pasi Access Tunnel) on the Gorno Zinc project, Italy. EMX believes it is now past the difficult (unconsolidated) ground conditions and more competent rock lies ahead. Progress is expected to improve significantly hereon.

The overall project remains on schedule and budget. Resource drilling is expected to be complete in October, with a resource estimate in December. Energia aims to confirm an Exploration Target of 3-5mt grading 7-10%Zn+Pb within the Colonna Zorzone deposit. A broader Gorno target of 6-10mt grading 7-10% Zn+Pb also remains in-tact.

Commencement of the Stage 1 DD drill program, to confirm historical drilling in the up-plunge portion, has slipped by 1 month to June, however its scope has increased from 480m to 1,000m. The larger Stage 2 DD drilling into the central section of the deposit will commence in July as planned, following adit refurbishment and establishment of the exploration decline.

Newly discovered historical drilling archives have identified 30 holes in the up-plunge portion of Colonna Zorzone that provide encouragement for achieving the Exploration Target, and justify the increased scope of Stage 1 drilling. Intersections include: 14m @ 15.2% Zn+Pb; 21m @ 9.5% Zn+Pb; 27m @ 11.5% Zn+Pb (true width ~30% of drilled width).

Two additional exploration licences, Brembo and Serio, have been applied for to the East and West of Gorno, increasing EMX's landholding in the area to 173km².

Cash on hand as at 31 March 2015 was \$5.7m.

Investment Thesis:

Energia has made a credible start to development operations in Italy. While commencement of drilling has slipped a little, the overall completion objective, schedule and budget remains in-tact. We continue to be encouraged by the mineralisation potential, clearly evidenced by more historical records, but still needing verification. Energia's timing for development of Gorno looms coincident with the tightening Zinc supply in late 2015 & 2016. This should result in substantial value uplift for shareholders. Our price target of \$0.087/sh remains.

Energia Minerals Ltd (EMX)					
Share Price	\$0.045	A\$/sh	Enterprise Value	\$22	A\$m
Price Target	\$0.087	A\$/sh	Debt	Nil	A\$m
Valuation	\$0.087	A\$/sh	Cash	\$5.7	A\$m
Shares on issue	609	m(dil)	Largest Shareholder	Directors	28.9%
Market Capitalisation	\$27	A\$m			

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This analyst declares that he has a beneficial interest in Energia Minerals Ltd.