



Quarterly Report June 2017

Development of the Salamanca mine progressing well

- Development of the Salamanca uranium mine is continuing to progress well:
 - All infrastructure work is on track for completion as planned
 - The primary crusher was delivered to site and secondary crusher has now arrived at the Sandvik warehouse in Madrid
 - Front-End Engineering Design (FEED) was completed on time and on budget
 - The land acquisition process is almost complete, with over 600 hectares acquired or leased to date
- Strengthening of Board and management:
 - Highly regarded mining and finance executives Mr Nigel Jones and Mr Adam Parker appointed as Non-Executive Directors
 - The Company is delivering on its promise of local employment, with 20 new staff and contractors added during the quarter, bringing the total to near 70
 - Further skills training programmes were completed during the quarter, with training provided to over 120 local residents, equipping them with the specialist skills needed for the 450 jobs the project will create
- Financials are on track:
 - Final upfront capital costs reduced to €82.3 million (US\$93.8 million) following completion of the FEED
 - Strong and continued interest from strategic investors and financiers
 - Robust balance sheet with cash of US\$26.3 million and no debt
- Exploration:
 - The next phase of the exploration campaign commenced with a focus on identifying additional targets with similar characteristics to Zona 7
 - Two areas have been selected for an intensive geochemical sampling programme incorporating the latest uranium exploration techniques, in addition to radiometrics and radon emissions
- Uranium market showing signs of improvement:
 - Production cuts from high-cost operations continue to bring the market into balance
 - The Company is witnessing increased off-take contract invitations from utilities
 - Currently 2.75 million pounds of U₃O₈ concentrate under long term contracts over the first six years of production with a further 1.25 million of optional volumes
 - The Company's average fixed price per pound of contracted and optional volumes is above US\$42 per pound



Managing Director Paul Atherley commented:

“We are pleased with progress during the quarter which included the delivery of the crusher to site, the finalisation of capex and a significant strengthening of the Board and management team.

The progress moves us closer to potentially being one of the top ten uranium producers globally, with one of the lowest production costs. We are extremely well positioned to provide our concentrate to the 130 strong reactor fleet in the European Union as well as utilities further abroad.

The continued success of our long-term off-take programme at exceptional prices demonstrates the Salamanca mine’s unique advantage of offering diversification of supply away from non-OECD countries towards first world jurisdictions.

We are encouraged by the local support and continue to recruit heavily from the local community. In addition we are delighted that people we have trained are now being offered employment. We currently employ 70 staff and contractors at site and plan to increase this number quickly as construction continues.”

For further information please contact:

Berkeley Energia

Paul Atherley, Managing Director
Hugo Schumann, Chief Commercial Officer

E: info@berkeleyenergia.com

T: +44 203 903 1930

Buchanan Communications Ltd.

Bobby Morse, Senior Partner
Anna Michniewicz, Account Director

E: BKY@buchanan.uk.com

T: +44 207 466 5000



Overview

Infrastructure works on site are progressing well. The road deviation programme is well advanced and land is now being cleared to allow for the installation of the processing plant.

The primary crusher, delivered to site earlier this month, and the secondary crusher, which is currently in Madrid, were fabricated by Sandvik in Finland. Vibramech, based in South Africa, is on track with the fabrication of the vibrating grizzly feeder and screens.

The recent arrival on site of the primary crusher marks a significant milestone for the Company as it has progressed from the development phase to the construction phase.

Equipment procurement for realignment of the electrical power line has been completed and the line deviation will commence once the road construction is complete.

Employment levels are increasing with nearly seventy employees and contractors now on site and this will rise to 450 when the mine is in production. Over 120 locals have now completed the Company's skills training programmes equipping them with the skills necessary for positions with the Company.

These rising levels of employment are already having a positive effect on a local community badly affected by long term unemployment, especially amongst its youth.

The Company remains committed to environmental excellence and as part of the Environmental License and the Environmental Measures Plan it will plant 30,000 young oak trees, a six fold increase on the number of older trees being cleared, greatly improving the ecological and agricultural value of the area. The agreement will come into force once the favourable report issued by the Environmental Territorial Service of Salamanca has been approved by the General Directorate of Natural Environment of the Castilla y León Regional Government.

This reforestation programme commenced earlier this year with an agreement with the highly supportive local municipality of Vitigudino which details the arrangements for the planting of the first 20,000 young oak trees over a 50 hectare plot.

The Company is currently evaluating quotes from a number of experienced mining contractors and is encouraged by the competitive bids received. A key focus is the management of cost escalation over the term of these and all major contracts and suppliers to the Company.

Capital and the main contractual operating costs were finalised following the completion of the FEED being undertaken by AMEC Foster Wheeler and came in 1% below the Definitive Feasibility Study estimates, reinforcing the Salamanca mine's position at the bottom of the cost curve.

The next phase of the Company's exploration programme will focus on discovering additional deposits with similar characteristics to Zona 7. Following extensive structural mapping and the interpretation of regional geological structures, two areas have been selected for an intensive geochemical sampling programme incorporating the latest uranium exploration techniques, in addition to some others like radiometrics and radon emissions.



The Company has noted increased public tender activity by major global utilities looking to enter into long term contracts in the medium to long term horizon. The Company is actively pursuing both public and private off-take opportunities with global utilities in the ordinary course of business and will report regularly on how this progresses.

The Company's view is that whilst uranium prices may remain flat in the near term, from late 2018, when the Salamanca mine is scheduled to come into production, the market is expected to be dominated by US utilities looking to re-contract who will at the same time be competing with Chinese new reactor demand, which may lead to higher spot and term contract prices.

The Company currently has 2.75 million pounds of U₃O₈ concentrate under long term contracts over the first six years of production. Potential exists to increase annual contracted volumes further as well as extend the contracts by a total of 1.25 million pounds.

Across the Company's portfolio, the average fixed price per pound of contracted and optional volumes is above US\$42 per pound. This compares favourably with the current spot price of around US\$20 per pound. The Company will continue to build its sales book as the market continues to improve.

During the recent Spanish State Visit to the UK, the Company participated in the UK-Spain Business Forum as a delegate of the Department of Industry and Trade. At the event, King Felipe highlighted the importance of post-Brexit bilateral investment and trade between the two countries.

The Company is in a strong financial position with US\$26.3 million in cash and no debt whilst it is advancing its discussions with strategic partners and potential financiers.



Board strengthened with the appointment of two Non-Executive Directors

Mr Nigel Jones and Mr Adam Parker were appointed as an independent Non-Executive Directors of the Company on 7 June 2017 and 14 June 2017 respectively.

Mr Jones has thirty years' experience in the international mining sector. He has considerable corporate development and marketing expertise, including being responsible for the negotiation of key uranium supply agreements for Rio Tinto.

Mr Jones spent two decades at Rio Tinto, where ultimately he held the position of Global Head of Business Development and prior to that Managing Director of Rio Tinto Marine, Head of Investor Relations and Marketing Director, Uranium.

Mr Parker joins the Company after a long and successful career in institutional fund management in the City of London spanning almost three decades, including being a co-founder of Majedie Asset Management, which today manages assets of approximately £14 billion.

He was instrumental in building Majedie Asset Management into the successful investment boutique that it is today. He managed funds including the Majedie UK Opportunities Fund, the Majedie UK Smaller Companies Fund and a quarter of the Majedie UK Focus Fund, which all outperformed their benchmarks during his tenure.

Mr Parker retired from Majedie Asset Management in 2015 and has no ongoing input or influence in the management of its investments, including the firm's current ownership of approximately 5.30% of the Company.

On 7 June 2017 Dr Jim Ross retired from the Board after over twelve years of excellent service.

Primary Crusher Delivered to Site

The delivery of the primary crusher to site marked a key milestone in the construction of the Salamanca mine.

The crusher is the first major piece of processing equipment to be delivered to site and its arrival marks the Company's transition from the development phase to the construction phase. The construction and commissioning phases are estimated to be completed during the second half of 2018.

The 400 tonne per hour crusher was manufactured by Sandvik Group in Finland, who have also fabricated the secondary crusher, which is currently in Madrid and will be delivered in the coming months. Sandvik is one of the world's leading suppliers of mining equipment and the crusher was one of the long lead items included in the use of proceeds from the equity raise completed in the fourth quarter of 2016.

Please refer to <https://www.berkeleyenergia.com/crusher> for photographs of the crusher being delivered to site.



Infrastructure development continues and major contracts being evaluated

Initial infrastructure development commenced in August 2016 with the re-routing of the existing electrical power line to service the mine and a five kilometre realignment of an existing road.

The road deviation continues to proceed as planned and will be completed in the third quarter this year. The upgrade to the existing electrical power line will commence this August and will be completed by the end of the year. The deviation programme has been designed to create pedestrian footpaths and secure cattle paths in order to maximize the benefit to the local community.

The clearing of land where the processing plant, medium voltage substation, reagent storage facilities and buildings will be built, and the laydown area for mining and construction contractors, has now commenced. Many of the trees being cleared from these plots of land are suffering from a fungal pest that prevents them from growing and are being replaced with young, healthy oak trees that will improve the ecological value of the area. The cleared trees have been used for biomass.

Quotes from a number of experienced mining contractors are currently being evaluated and the Company is encouraged by the competitiveness of the bids received. A key focus is the management of cost escalation over the term of these and all the major contracts with and suppliers to the Company.

Committed to the highest environmental standards

The Salamanca mine is being developed to the highest international standards and as such, the Company's commitment to the environment remains a priority.

The mine has been designed according to the very latest thinking on sustainable mining. The extraction and treatment areas will be continuously rehabilitated as operations progress and with minimum disturbance during operations. Once operations are complete, all areas utilised by the Company will be fully restored to an increased agricultural value.

As part of the Environmental License and the Environmental Measures Plan over 30,000 young oak trees will be planted over an area of 75 to 100 hectares.

For every tree being cleared six will be planted in its place, which will greatly improve the ecological value of the area. The reforestation programme began earlier this year following an agreement with the highly supportive municipality of Vitigudino, as part of the Company's commitment to environmental excellence.

This agreement details the arrangements for the planting of 20,000 trees over a 50 hectare plot in the municipality of Vitigudino. This plot forms part of an area of more than 500 hectares owned by the municipality that is currently used by cattle farmers, despite its deteriorating ecological value.

The Company will make payments to the municipality of Vitigudino for the next three years to cover the costs of planting and maintaining the young trees and looks forward to entering into similar agreements with the municipalities of Retortillo, Villavieja and Villares de Yeltes.



Capital costs for Salamanca reduced by 1% to €82.3 million

The capital cost for the construction of the Salamanca mine has reduced to €82.3 million (US\$93.8 million), a 1% reduction over previous estimates, confirming the project's status as one of the lowest cost uranium mine developments in the world today.

The project benefits from well-established EU infrastructure and a highly competitive cost environment combined with short lead times for major equipment items.

The estimate for bringing the mine into production was prepared as part of the FEED by the Amec Foster Wheeler Group, one of the world's largest engineering groups.

The FEED is the execution phase of the project during which the overall engineering and process design is translated into equipment procurement packages and awards to specialist sub-contractors. A number of Spain's most reputable engineering groups provided their input into the Company's study work, including Madrid IBX-35 listed companies Ferrovial and OHL.

The final capital costs reflect all detailed design work carried out during the FEED, and resulted in an update to the nature and quantity of materials required to build the Salamanca mine, with costs from contractors and suppliers being amended based on final bidding packages.

The Company will continue to pursue cost optimisation opportunities as it commences full construction this summer, which includes the evaluation of the indirect costs.

Exploration programme expanded targeting Zona 7 style deposits

The next phase of the Company's exploration campaign has commenced and will focus on discovering additional deposits with similar characteristics to Zona 7, which is located close to the surface and without a strong radiometric anomaly present.

The discovery of the high grade extensions at the Zona 7 deposit in late 2014 transformed the economics of the mine and changed the Company's geological model for the region.

In parallel with the ongoing development on site, the Company continues to conduct further exploration programmes aimed at increasing the project's production profile or mine life.

Following extensive structural mapping and the interpretation of regional geological structures, two areas totalling 100 km² have been selected for an intensive geochemical sampling programme, that will include 2,500 samples on a 200m x 200m grid.

The programme will incorporate the latest uranium exploration techniques with samples being tested for mobile metal ions using the Ionic Leach™ technique. This highly sensitive technique can detect extremely low levels of uranium and other critical elements and is widely acknowledged to be the most adept at identifying subtle anomalies.

To complement the soil sampling/Ionic Leach™ programme, the Company will also undertake ground radiometric survey readings and radon emissions tests at each of the sample collection points.

Two field crews will be focussed on carrying out the planned exploration activities over the two priority areas during the coming months, with the goal of identifying drill targets.



In addition to this new exploration programme, the Company will continue with exploration below Zona 7, where previous high grade intercepts were found beneath the current defined resource, demonstrating continuity of mineralisation and potential for the resource to increase.

Strong interest from financiers and strategic partners

The Company is in a strong financial position and is considering a range of financing options whilst remaining focused on its aim of minimising dilution in order to protect the equity value of its shareholders.

The Company continues to progress discussions with various potential strategic partners and financiers interested in taking a minority stake in the Salamanca mine, all of whom are currently undertaking detailed legal, financial and technical due diligence.

Off-Take programme update and notable increase in public tender activity

The Company currently has 2.75 million pounds of U₃O₈ concentrate under long term contracts over the first six years of production. Potential exists to increase annual contracted volumes further as well as extend the contracts by a total of 1.25 million pounds.

The Company has maintained its preference to combine fixed and market related pricing across its contracts in order to secure positive margins in the early years of production whilst ensuring the Company remains exposed to potentially higher prices in the future.

Across the portfolio, the average fixed price per pound of contracted and optional volumes is above US\$42 per pound. This compares favourably with the current spot price of around US\$20 per pound.

The Company notes an increase public tender activity by major global utilities looking to enter into long term contracts in the medium to long term time horizon. The Company is actively pursuing both public and private off-take opportunities with global utilities in the ordinary course of business and will report regularly on progress.

The Company's view is that whilst uranium prices may remain flat in the near term, from late 2018, when Salamanca is scheduled to come into production, the market is expected to be dominated by US utilities looking to re-contract who will at the same time be competing with Chinese new reactor demand, which may lead to higher spot and term contract prices.

Commitment to the community

The Company continues to be committed to the rejuvenation of the local community and being a good neighbour and community business partner. The Company has already invested over €70 million in the area over the past decade and is planning to invest an additional €250 million in the coming years as the mine develops.

The Company has been by far the biggest investor in a rural community suffering from decades of under investment and high levels of unemployment, especially amongst its youth.



The Company has signed Cooperation Agreements with the highly supportive local municipalities, demonstrating its commitment to working collaboratively with the community.

To date, through these agreements, the Company has provided Wifi networks for local villages, built play areas for children, repaired sewage water plants, upgraded sports facilities, and sponsored various sporting events and local festivals

Employment and training

The policy of preferentially hiring and training local residents has been very well received with the training programmes continuing to be heavily oversubscribed; to date, over 120 locals have attended courses organized by the Company and 25% of residents from the local area have applied for jobs.

The Company has received over 21,000 applications for the first 200 direct jobs it will create. The mine will create over 450 jobs once in full production and the University of Salamanca has estimated that for this type of business there will be a multiplier factor of 5.1 indirect jobs for every direct job created, resulting in over 2,500 direct and indirect jobs being created as a consequence of the Company's investment in the area.

During the quarter, the Company added a further 20 employees to its team at the Salamanca mine bringing the total number of employees and contractors at site to close to 70.

The recently appointed candidates are carrying out activities such as fencing the project, preparing for the next exploration campaign, preparing the 50 hectare plot in Vitigudino for reforestation activities and readying other areas of the site to allow for imminent construction.

Training programmes will continue to run throughout the year to ensure that sufficient people from the local communities are qualified for jobs created during the construction and mining phases.

Permitting update

There is strong support for the Salamanca mine throughout all levels of government. To date, the Company has received more than 90 favourable reports and permits for the development of the mine.

The Urbanism Commission of Salamanca gave an Express Resolution for the granting of the Authorisation of Exceptional Land Use, with the licence to be formally issued in due course.

With the Mining Licence, Environmental Licence and the Authorisation of Exceptional Land Use already obtained, the remaining approval is the Construction Authorization by the Ministry of Industry, Energy and Tourism for the treatment plant as a radioactive facility, which is currently in process.



Competent Persons Statement

The information in this announcement that relates to the FEED was extracted from the announcement entitled 'Capital costs for Salamanca reduced by 1% to € 82.3 million' dated 6 July 2017, which is available to view on Berkeley's Energia Limited's (Berkeley) website at www.berkeleyenergia.com.

Berkeley confirms that: a) it is not aware of any new information or data that materially affects the information included in the original announcement; b) all material assumptions and technical parameters underpinning the FEED results included in the original announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the original announcements.

The information in the original announcement that relates to the FEED costs is based on, and fairly represents, information compiled by Mr Francisco Bellon, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Mr Bellon is the Chief Operating Officer for Berkeley and a holder of shares, options and performance rights in Berkeley. Mr Bellon has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'.

Forward Looking Statements

Statements regarding plans with respect to Berkeley's mineral properties are forward-looking statements. There can be no assurance that Berkeley's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Berkeley Energia will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Berkeley mineral properties. These forward-looking statements are based on Berkeley's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Berkeley, which could cause actual results to differ materially from such statements. Berkeley makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.



Appendix 1: Summary of Mining Tenements

As at 30 June 2017, the Company had an interest in the following tenements:

Location	Tenement Name	Percentage Interest	Status
Spain			
<u>Salamanca</u>	D.S.R Salamanca 28 (Alameda)	100%	Granted
	D.S.R Salamanca 29 (Villar)	100%	Granted
	E.C. Retortillo-Santidad	100%	Granted
	E.C. Lucero	100%	Pending
	I.P. Abedules	100%	Granted
	I.P. Abetos	100%	Granted
	I.P. Alcornoques	100%	Granted
	I.P. Alisos	100%	Granted
	I.P. Bardal	100%	Granted
	I.P. Barquilla	100%	Granted
	I.P. Berzosa	100%	Granted
	I.P. Campillo	100%	Granted
	I.P. Castaños 2	100%	Granted
	I.P. Ciervo	100%	Granted
	I.P. Dehesa	100%	Granted
	I.P. El Águlia	100%	Granted
	I.P. Espinera	100%	Granted
	I.P. Halcón	100%	Granted
	I.P. Horcajada	100%	Granted
	I.P. Mailleras	100%	Granted
	I.P. Mimbre	100%	Granted
	I.P. Oñoro	100%	Granted
	I.P. Pedreras	100%	Granted
	I.P. El Vaqueril	100%	Pending
	I.P. Calixto	100%	Pending
	I.P. Melibea	100%	Pending
	I.P. Clerecía	100%	Pending
	I.P. Clavero	100%	Pending
	I.P. Conchas	100%	Pending
	I.P. Lis	100%	Pending
	E.P. Herradura	100%	Pending
<u>Cáceres</u>	I.P. Almendro	100%	Granted
	I.P. Ibor	100%	Granted
	I.P. Olmos	100%	Granted
<u>Badajoz</u>	I.P. Don Benito Este	100%	Granted
	I.P. Don Benito Oeste	100%	Granted
<u>Ciudad Real</u>	I.P. Damkina Fraccion 1	100%	Granted
	I.P. Damkina Fraccion 2	100%	Granted
	I.P. Damkina Fraccion 3	100%	Granted

No tenements were acquired or disposed of during the quarter ended 30 June 2017. There were no changes to beneficial interest in any mining tenements due to Farm-in or Farm-out agreements. No beneficial interest in Farm-in or Farm-out agreements were acquired or disposed during the quarter.