



Quarterly Report September 2017

Agreement of up to \$120m signed to fully fund Salamanca project to first production

Significant stakeholder support and a funding package of up to US\$120 million has brought the Salamanca mine one step closer to being the only major uranium mine in construction in the world today.

The benefits the investment is bringing to a region suffering some of the highest unemployment in the EU have been welcomed by both the Spanish media and the regional government. Local residents are being prioritised for training and jobs, with many residents of the nearby villages already working for the Company.

Highlights:

- **Berkeley Energia signs US\$120 million sovereign wealth fund strategic investment to fully fund the Salamanca mine into production. The investment:**
 - Positions the sovereign wealth fund of the Sultanate of Oman (“SGRF”) as a long term strategic investor in the company
 - Gives SGRF the right to appoint a non-executive director to the Board
 - Gives SGRF the right to match future long-term uranium offtake contracts on the same commercial terms subject to certain limitations on volume
- **Strong support from key stakeholders:**
 - Berkeley has been praised by Spanish media and regional government for its investment in the region and the employment it is generating
 - Local media highlighted that "*con Berkeley va a acabar el desempleo en la provincia de Salamanca*" (unemployment will disappear in the province of Salamanca thanks to Berkeley)
 - To date, the Company has received job applications from over 25% of residents in the neighboring villages, highlighting the strong support locally for the employment the Company is generating
- **Works on site continue to progress:**
 - Early works, such as the fencing of the project, are being completed by locally hired employees, demonstrating the Company’s commitment to preferentially recruiting from the local area
 - The Company is finalising negotiations over the Mining Contract, Insurance Contract and Initial EPC Contracts, with announcements of awards in due course
 - The land acquisition process is almost complete, with a further 25 hectares acquired over the quarter, bringing the total to more than 625 hectares
- **Uranium market:**
 - Production cuts from high-cost operations, most recently Areva’s Niger operations, continue to bring the market into balance



- Reduction in global supply is likely to hasten the arrival of the supply demand deficit
 - The Company currently has 2.75 million pounds of U₃O₈ concentrate under long term contracts over the first six years of production with a further 1.25 million pounds of optional volume
 - The Company's average fixed price per pound of contracted and optional volumes is above US\$42 per pound, compared with a spot price of \$20 per pound
 - The Company will continue to progressively build its offtake book and has granted SGRF the right to match future offtake transactions
- **Exploration:**
 - The exploration campaign focusing on identifying additional targets with similar characteristics to Zona 7 has continued throughout the quarter
 - An intensive geochemical sampling programme was completed over two prospective areas, and samples are currently being tested for mobile metal ions using the Ionic Leach™ technique
 - Results will be reported to the market in due course

The Company is in a strong financial position with US\$22.6 million in cash and no debt.

Managing Director, Paul Atherley, commented:

"We are delighted to welcome Oman's sovereign wealth fund as a long-term strategic investor in the Company and look forward to working closely with them to realise the full potential of the Salamanca mine.

With an agreement signed to fully finance the Salamanca mine to first production we are focused on continuing the progress made with the construction phase. Key equipment was delivered earlier this summer and we are continuing to add to our team on site, recruiting heavily from the local area.

Creating badly needed jobs is extremely important to us and we will continue to run training courses, equipping local residents with the skills needed for the 450 long term jobs the project is creating.

We have commenced recruitment and are prioritizing jobs for local residents. We are delighted to have received applications from over 110 of the 400 permanent residents of the nearby village of Villavieja, which reflects the strength of the local support for the investment. We plan to have employed over 80 residents by next year.

It's fantastic to have such strong support for our project among our key stakeholders in Spain, which reflects the growing awareness of the benefits the investment is bringing to the community."

For further information please contact:

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Berkeley Energia signs US\$120 million sovereign wealth fund strategic investment to bring Salamanca into production

Berkeley Energia has entered into an investment agreement with the sovereign wealth fund of the Sultanate of Oman (“SGRF”) agreeing to invest up to US\$120 million to fully fund the Salamanca mine into production.

The investment will position SGRF as a long term strategic investor in the Company and is structured as:

- A non-interest bearing and unsecured convertible loan of US\$65 million which can be converted into ordinary shares at 50 pence per share resulting in SGRF owning approximately 28% of the Company; and
- three tranches of options convertible at a weighted average price of 85 pence per share contributing a further US\$55 million towards the later phases of the Company's development of the Salamanca mine resulting in SGRF holding a further 9% of the Company

SGRF will have the right to appoint a non-executive director to the Board and has the right to match future uranium offtake transactions on similar commercial terms subject to certain limitations on volume.

The investment is binding on the parties and is subject to approval by the Company's shareholders.

For full commercial terms please refer to the announcement dated 31 August 2017 entitled “Berkeley Energia signs US\$120 million sovereign wealth fund strategic investment to bring Salamanca into production”.

A Notice of Meeting will be sent to shareholders in the coming days including an Independent Expert's Report in relation to the transaction with the vote on the transaction expected to occur in November 2017 at the Company's Annual General Meeting.

During the construction phase, the Company intends to explore facilities to fund working capital requirements during the commissioning of the plant.

Infrastructure development continues and major contracts being finalised

The delivery of the primary crusher to site in July marked a key milestone in the construction of the Salamanca mine. The crusher was the first major piece of processing equipment to be delivered to site and its arrival marked the Company's transition from the development phase into the construction phase.

Throughout the quarter, the additional 25 employees recruited from the local area have been focused on exploration activities and initial works to prepare the site, with substantial progress made on tasks such as fencing the project.

Following the procurement of equipment for realignment of the electrical power line, works will commence once the road deviation programme is complete.

The Company has been working with Amec Foster Wheeler Group, one of the world's largest engineering groups, on developing the FEED ahead of awarding of the Pre-Execution Agreement and the Mining Contract



The Company has evaluated contracts from a number of experienced mining contractors and is in the process of finalising these, and plans to award them before the end of the year. Throughout the evaluation process management has remained focused on controlling cost escalation over the term of these and all other major contracts and suppliers to the Company.

Employment and training

The project is located in an area that has suffered badly from intergenerational unemployment and rural desertification, and last year 25,000 people left the region. As such, the Company's policy of preferentially hiring and training local residents for 450 jobs the project will create has been very well received.

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.

To date, over 120 locals have attended courses organised by the Company and 25% of residents from the local area have applied for jobs. The Company currently has a work force of nearly 70 people and over a quarter of these have been recruited from towns in the immediate vicinity.

Training programmes, which have been historically well attended and oversubscribed, will continue to run throughout the year ensuring that sufficient people from the local communities are qualified for jobs created during the construction and mining phases.

Commitment to the community

The Company has been by far the biggest investor in the region, it has spent more than €70 million developing the project over the past decade and plans to invest an additional €250 million over the coming years

The Company has signed Cooperation Agreements with the highly supportive local municipalities, demonstrating its commitment to fostering positive relationships with these communities.

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.

The Company has worked tirelessly over the past decade to develop positive and mutually beneficial relationships with the local communities and will continue to do so as construction ramps up.

The Company is pleased to have been recognised for this commitment by local media and politicians. Following a press conference in Salamanca this month, local papers highlighted that the Company has the potential to eradicate unemployment in the region.

The regional Minister for the Environment, Juan Carlos Suárez-Quíñones, publicly praised the Company both for its investment in the region and its promise of job creation.



Committed to the highest environmental standards

The Salamanca mine is being developed to the highest international standards and the Company's commitment to the environment remains a priority. It holds certificates in Sustainable Mining and Environmental Excellence which were awarded by AENOR, an independent Spanish government agency.

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 Licence and the Environmental Measures Plan over 30,000 young oak trees will be planted over an area of 75 to 100 hectares. The first 20,000 of these will be planted in the nearby municipality of Vitigudino over an area of more than 500 hectares currently used by cattle farmers, despite its deteriorating ecological value.

Offtake programme and notable increase in public tender activity

The Company currently has 2.75 million pounds of U_3O_8 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 investment agreement signed with the SGRF grants the fund the right to match future uranium offtake transactions. This right to match is subject to an annual cap (on a rolling 12-month basis) which cannot exceed the greater of 1 million pounds of U_3O_8 concentrate per annum or 20% of annual production.

This cap gives SGRF the opportunity to be a meaningful offtake partner, whilst allowing the Company to continue negotiations with other offtake partners and progressively build its offtake book.

With the financing agreement signed, the Company intends to increase its offtaking activity next year once full construction of the mine is underway, and will participate in public and private offtake opportunities with global utilities, reporting regularly on progress.

The Company intends to sign contracts with a combination of fixed and market related pricing to lock in positive margins in the early years of production whilst ensuring the Company remains exposed to upside from potentially higher prices in the future.

The Company's view is that whilst uranium prices may remain flat in the near term, 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 and Japanese reactor demand, which may lead to higher spot and term contract prices.



Exploration programme expanded targeting Zona 7 style deposits

The exploration campaign focusing on identifying additional targets with similar characteristics to Zona 7 has continued throughout the quarter.

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

Four field crews commenced with the sampling programme during the quarter and samples are currently 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. The method is able to detect anomalies in areas with or without surface radiometric response.

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

Results will be reported to the market in due course.

Permitting update

There is strong support for the Salamanca mine throughout all levels of government. To date, the Company has received more than 110 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, and the Urbanism licence was subsequently awarded by way of Positive Administrative Silence on 20 October 2017, which is standard procedure for this type of permit under Spanish legislation.

With the Mining Licence, Environmental Licence and the Authorisation of Exceptional Land Use already obtained construction continues to proceed. The remaining approval is the Construction Authorization by the Ministry of Industry, Energy and Tourism for the treatment plant as a radioactive facility, which does not impact on current construction timelines.

Competent Persons Statement

The information in this Notice that relates to the Definitive Feasibility Study, Ore Reserve Estimates, Mining, Uranium Preparation, Infrastructure, Production Targets and Cost Estimation is extracted from the announcement entitled 'Study confirms the Salamanca project as one of the world's lowest cost uranium producers' dated 14 July 2016, which is available to view on Berkeley's 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 Mineral Resources, Ore Reserve Estimate, Production Target, and related forecast financial information derived from the Production Target 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 report have not been materially modified from the original announcements.



The information in the original announcement that relates to the Definitive Feasibility Study is based on, and fairly represents, information compiled or reviewed by Mr. Jeffrey Peter Stevens, a Competent Person who is a Member of The Southern African Institute of Mining & Metallurgy, a 'Recognised Professional Organisation' ('RPO') included in a list posted on the ASX website from time to time. Mr. Stevens is employed by MDM Engineering (part of the Amec Foster Wheeler Group). Mr. Stevens has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken 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'.

The information in the original announcement that relates to the Ore Reserve Estimates, Mining, Uranium Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Mr. Andrew David Pooley, a Competent Person who is a Member of The Southern African Institute of Mining and Metallurgy', RPO included in a list posted on the ASX website from time to time. Mr. Pooley is employed by Bara Consulting (Pty) Ltd. Mr. Pooley has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken 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'.

The information in the original announcement that relates to the Mineral Resources for Zona 7 is based on, and fairly represents, information compiled or reviewed by Mr Malcolm Titley, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Titley is employed by Maja Mining Limited, an independent consulting company. Mr Titley 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 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 September 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 September 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Berkeley Energia Limited

ABN

40 052 468 569

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,818)	(2,818)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,211)	(1,211)
(e) administration and corporate costs	(397)	(397)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	76	76
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material):		
- Business Development	(178)	(178)
- Prepaid Deposits	(101)	(101)
1.9 Net cash from / (used in) operating activities	(4,629)	(4,629)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(860)	(860)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material):	-	-
2.6 Net cash from / (used in) investing activities	(860)	(860)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(92)	(92)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(92)	(92)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	34,814	34,814
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,629)	(4,629)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(860)	(860)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(92)	(92)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	150	150
4.6	Cash and cash equivalents at end of period	29,383	29,383

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	29,383	34,814
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	29,383	34,814

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(135)

-

Payments include directors' fees, superannuation, bonuses and consulting fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Not applicable.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Not applicable.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(3,000)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(1,000)
9.5 Administration and corporate costs	(300)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(4,300)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: *[lodged electronically without signature]* Date: 25 October 2017
.....
(~~Director~~/Company secretary)

Print name: Dylan Browne

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.