



BERKELEYenergia

NEWS RELEASE | 23 January 2018 | AIM/ASX: BKY

Quarterly Report December 2017

Berkeley Energia finalising arrangements for the commencement of construction

Final detailed project reviews are underway as the Company counts down to the commencement of construction at the Salamanca mine.

At the same time production cuts are being announced at some of the world's largest uranium mines, which are likely to result in a 12% reduction in primary mine production this year.

The Salamanca mine, the only major uranium mine in construction in the world this year, is scheduled to reach production as the market enters the long awaited supply/demand deficit that industry experts have called both fundamental and unavoidable.

The project continues to receive strong support among key stakeholders in Spain, reflecting the growing awareness of the benefits the investment will bring to a community that is experiencing some of the highest levels of unemployment in the European Union.

Highlights:

- **Berkeley Energia completes strategic investment of up to US\$120m with the Oman sovereign wealth fund:**
 - Shareholders overwhelmingly voted to approve the strategic investment and the Company received the initial US\$65 million tranche of funding in November 2017 which funds the capital costs for production;
 - Mr Deepankar Panigrahi, Investment Manager in the Private Equity division of the fund has joined the Board as a Non-Executive Director.
- **Construction preparation continues:**
 - Following the receipt of funding, the Company is filling key management positions and finalising capital and operating costs;
 - As part of its commitment to develop the project in partnership with Spanish engineering excellence, Sanchez y Lago, one of Spain's major construction companies and contract mining firms has been selected as the preferred mining contractor.
- **Strong support from key stakeholders:**
 - AENOR, the Spanish Association for Standardisation and Certification, recently re awarded the Company certificates in Sustainable Mining and Environmental Excellence;
 - As part of its commitment to reduce unemployment in the region, the majority of new staff required for the first phase of construction activity will be recruited from the local villages of Retortillo and Villavieja.

**Uranium market:**

- Cameco's recently announced suspension of operations at its low cost McArthur River mine along with cuts announced by Areva and Kazatomprom, is expected to remove 17Mlb U₃O₈ from the market this year (12Mlb attributable to Cameco alone), representing 12% of primary mine supply;
 - The Company has 2.75 million pounds of U₃O₈ under contract for the first six years, with a further 1.25 million pounds of optional volume, at an average price above US\$42, compared with a spot price of \$24 per pound;
 - The Company will continue to progressively build its offtake book and has granted the Oman sovereign wealth fund the right to match any future long term offtake transactions.
- **Exploration:**
 - Exploration focused on identifying additional targets with similar characteristics to Zona 7 continued during the quarter;
 - Over 2,200 samples were collected during the first phase of the geochemical sampling programme and twelve potential uranium targets have been identified using a combination of Ionic Leach™ analysis and other methods.

The Company is in a strong financial position with US\$82.2 million in cash.

Managing Director, Paul Atherley, commented:

"Having completed the financing, we are finalising the selection of contractors and are undertaking detailed final reviews to ensure that we have the very best possible capital and operating costs.

Our investment has strong stakeholder support from a community which is experiencing some of the highest levels of unemployment in the European Union.

We have engaged the University of Salamanca to study the positive impact the investment will have on the local community. Previous studies have shown that there is a multiplier of 5.1 indirect jobs for every direct job we are creating.

The benefits go well beyond employment. Evidence elsewhere in Spain has shown that local business, tourism and agriculture will all receive a big boost.

The local housing market is expected to react positively to the investment, as evidenced by the almost 800% increase in the value of real estate surrounding the Aguas Teñidas mine in Andalucía."

For further information please contact:**Berkeley Energia Limited**

Paul Atherley, Managing Director

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



Berkeley Energia completed strategic investment of up to US\$120m with Oman sovereign wealth fund

During the quarter, shareholders overwhelmingly voted to approve the strategic investment agreement with the Oman sovereign wealth fund.

All Conditions Precedent were met and the Company received the initial US\$65 million tranche of funding in November 2017.

The investment comprises an interest-free and unsecured convertible loan note of US\$65 million which can be converted into ordinary shares at 50 pence per share upon commissioning of the mine, as well as an options package exercisable at an average price of 85 pence per share contributing an additional US\$55 million if exercised.

Mr Deepankar Panigrahi, Investment Manager in the Private Equity division of the Oman sovereign wealth fund has now joined the Board as a Non-Executive Director.

Mr Panigrahi has extensive experience across a variety of sectors and geographies covering all stages of the private equity process, including post investment management. Mr Panigrahi holds an Undergraduate and Master's degree in Economics with Distinction and Honours from the University of Michigan followed by an MBA from Cambridge University.

With funding in place, Berkeley takes final steps to prepare for full construction

The Company is now focused on awarding major contracts, filling key management positions and conducting detailed reviews focused on ensuring that the very best capital and operating costs are achieved.

The competitive quotes received which have driven capital and operating costs down have in some cases been offset by the appreciation of the Euro and higher than expected indirect costs.

In addition to the selection of contractors the Company is making key appointments to the owner's team having recently appointed Mr Sergio Arenas as Plant Manager. Mr Arenas has over a decade of international operating experience.

Berkeley Energia awarded the Corporate Development Award at the London Mines and Money Awards Dinner

The progress made at the Salamanca mine over the past year was recognised when Berkeley Energia was awarded the London Mines and Money Corporate Development Award in December 2017.

The Company was selected from a group of finalists that included Rio Tinto, Ivanhoe Mines and Endeavour Mining.

The award recognized the Company's efforts in permitting, financing and commencing development of the only major uranium mine in the world today, located in the heart of the European Union, at a time when prices are at twelve-year lows.

Employment and training

The project is located in an area that has suffered badly from intergenerational unemployment and rural desertification.

To date, the Company has received over 7,000 job applications just from residents of the Salamanca region, 400 of those come from villages surrounding the project and of those, over 110 from Villavieja alone.



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.

As part of its commitment to reduce unemployment in the region, the majority of new staff required to carry out upcoming work programmes will be recruited from the local villages of Retortillo and Villavieja.

Commitment to the community

The Company has invested more than ~€70 million developing the project over the past decade and plans to invest an additional €250 million over the life of the project.

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.

Following consultations with the residents of the local community a number of infrastructure improvements to neighbouring villages have been identified, which the Company is looking to progress in the coming months.

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.

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 Company was re-awarded both certificates in November 2017 following a week long consultation process with the 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 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\$24 per pound.

The investment agreement signed with the Oman sovereign wealth fund grants the fund the right to match future long term 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 U₃O₈ concentrate per annum or 20% of annual production.

With the financing agreement signed, the Company intends to increase its offtaking activity this 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's view is that the recent production cuts by Tier 1 producers, Cameco and KazAtomProm, could be a turning point in the uranium market. Cameco's suspension of production, the latest in a long line of production cuts, brings the total volume of uranium removed from the market in 2018 to 17 million pounds, about 12% of primary mine supply.

The Salamanca mine is scheduled to reach production as the market enters a supply/demand deficit that industry experts have called both fundamental and unavoidable. US utilities looking to re-contract will 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

A major soil sampling programme was completed during the quarter focusing on identifying additional targets with similar characteristics to the Zona 7 and Retortillo deposits.

Over 2,200 samples were collected across 46km² area in both Salamanca I and Salamanca II (see Figure 1) and analysed using Ionic Leach™ which allows for very high levels of detection of uranium and other economic minerals.

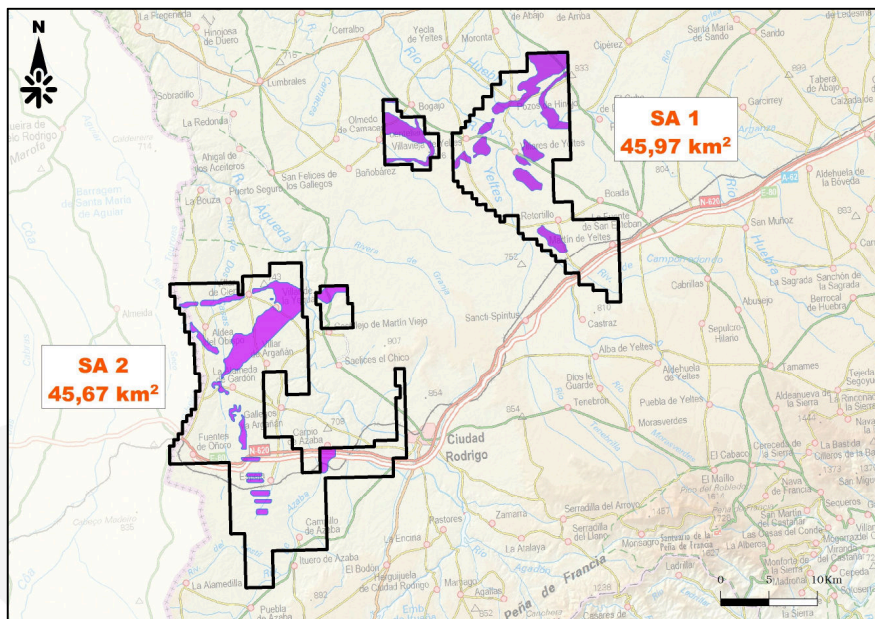


Figure 1: Salamanca I and Salamanca II soil sampling programme

The process involved developing a fingerprint of the Zona 7 discovery (where a low radiometric anomaly existed) and the Retortillo deposit and looking for repetitions of these unique signatures in other areas of interest and then matching these with co-incident radon and geochemical anomalies and finally placed in a geological and structural setting.

The first phase of the survey of the Salamanca I area defined nine uranium anomalies, which have been divided into four high and five lower priority areas that have a combination of elevated uranium levels along with supporting multi-element signatures.

The survey of the Salamanca II area defined three anomalous areas for uranium, divided into two high priority areas and one lower priority area, all of which have a combination of elevated uranium levels and supporting multi-element signatures.

These twelve uranium anomalous areas are currently being followed up to generate high priority drill targets.

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.

With the Mining Licence, Environmental Licence and the Authorization of Exceptional Land Use the next major approval is the Construction Authorization by the Ministry of Industry, Energy and Tourism for the treatment plant as a radioactive facility.

Approvals for the Zona 7 deposit are progressing well, the Exploitation Plan, the Reclamation and Closure Plan, the Environmental Impact Assessment and the Initial Authorization are complete and have all now been submitted to the relevant authorities. The final approval is expected during 2019 as previously announced.



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 31 December 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 Águila	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 31 December 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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,989)	(4,807)
(b) development	-	-
(c) production	-	-
(d) staff costs	(2,336)	(3,547)
(e) administration and corporate costs	(419)	(817)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	71	147
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	(265)	(443)
- Prepaid Deposits	-	(101)
1.9 Net cash from / (used in) operating activities	(4,938)	(9,568)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(406)	(1,266)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(406)	(1,266)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	85,824	85,824
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(2,434)	(2,525)
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	83,390	83,299

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	29,383	34,814
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,938)	(9,568)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(406)	(1,266)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	83,390	83,299

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2,062)	(1,912)
4.6	Cash and cash equivalents at end of period	105,367	105,367

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	24,429	29,383
5.2	Call deposits	80,938	-
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)	105,367	29,383

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**

(600)

-

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	(2,000)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(1,000)
9.5 Administration and corporate costs	(200)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(3,200)

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: 23 January 2018
.....
(~~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.