



BERKELEYenergia

NEWS RELEASE | 30 July 2018 | LSE/SSE/ASX: BKY

Quarterly Report June 2018

Berkeley Energia becomes only mining company listed on the Spanish Stock Exchange

During and subsequent to quarter the Company successfully listed on both the Main Board of the London Stock Exchange and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

The Company is now the only mining company listed in Spain, the country that was the birth place of mining giant, Rio Tinto.

Both listings, London and Spain, represent a major step forward for the Company as it progresses with the Salamanca mine, providing economic stimulus and creating badly needed jobs in a region with some of the highest levels of unemployment in Europe.

The mine continues to receive strong support among key stakeholders in Spain, reflecting the growing awareness of the benefits this potential €250 million investment will bring to a region that has lost over 120,000 people in the last 5 years.

The Company's focus this year has been on conducting a detailed project review, aimed at ensuring that the optimal capital and operating costs are achieved. This was finalised during the quarter and a further €9 million of potential capital cost savings have been identified.

The Company, which already sits at the bottom of the cost curve, will continue to identify any further areas for potential cost savings as it continues towards construction.

The arrival of the forecast supply demand deficit in the uranium market could be hastened as further production cuts have been announced whilst demand continues to grow.

There are currently 59 reactors under construction globally, a 25 year high in nuclear growth. An additional 170 are planned over the next decade and over 350 proposed by 2030.

The Salamanca mine is expected to reach production as the market enters the long-awaited supply/demand deficit that industry experts have called both fundamental and unavoidable.

Highlights:

- **Listed on the Main Board of the London Stock Exchange and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges**
 - A key step forward for the Company, which reflects its size and maturity and provides options for future growth potential;
 - The Company believes both listings will provide increased liquidity for its investor base and provide access to significant new pools of capital, both in the UK and across Europe; and
 - The listings are expected to deliver a higher profile for the Company in European markets, including local Spanish ownership of the Company's shares.



- **Permitting Update**
 - Application for Urbanism Licence and construction works authorization are ongoing
 - Construction and commissioning phases expected to commence late 2018 and 2019 respectively, subject to receipt of the above
 -
- **Announced further cost savings:**
 - Identified further opportunities to reduce the initial capital expenditure required to bring the mine into production by a potential ~€9 Million; and
 - Savings will be achieved through optimisation of plant capacities, outsourcing of peripheral infrastructure and reducing initial throughput for production from the Retortillo deposit.
- **Strong support from key stakeholders:**
 - Over 200 of Salamanca's business community came together in support for the Company's potential €250 million investment in the region; and
 - The government of Castilla y Leon demonstrated its continued support for the mine in June when it rejected a resolution from opposition groups requesting that the Company's €250 million investment be halted.
- **Appointment of Chief Commercial Officer**
 - Appointment of Mr Sean Wade as Chief Commercial Officer, an experienced corporate executive with a background in mining and emerging markets.
- **Uranium market:**
 - Further production cuts during the quarter and more expected going forward as uranium supply continues to move into deficit;
 - Demand continues to grow across the world as governments and NGOs are increasingly advocating the inclusion of nuclear in their clean energy mix, the UK Government is committing £200 million to the development of the nuclear power industry;
 - 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 \$22 per pound; and
 - 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; and
 - The anomalies found in the soil sampling programme carried out during the previous quarter were confirmed and a drill programme targeting the main anomalies is now being designed.

The Company is in a strong financial position with US\$101 million in cash.

Managing Director, Paul Atherley, commented:

"It is a great honour to join the ranks of the famous listed Spanish companies and to become the only listed mining Company in Spain, the birthplace of Rio Tinto.

We welcome the recently announced EU directive which wants to increase investment in mining to reduce youth unemployment and stop the Community being so dependent on imported minerals.



Our potential €250 million investment will rejuvenate a local community which is suffering from long term depopulation and some of the highest levels of youth unemployment within the EU.

But our investment also goes beyond just employment – it will boost local businesses, improve schools that haven't been refurbished for decades and see other key services such as petrol stations return to the area.”

For further information please contact:

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Managing Director & CEO
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Sean Wade
Chief Commercial Officer



Listed on Main Board of London Stock Exchange and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges

During the quarter the Company announced its admission to the London Stock Exchange for trading on its Main Market and simultaneously delisted from AIM.

The Prospectus was duly passported across to Spain and the Company listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges on the 18 July 2018.

Given the geographic location of the Salamanca mine and the size and maturity of the Company and its operations, listing on both the Main Board of the London Stock Exchange and the Spanish Stock Exchanges was considered appropriate to provide the Company with options for its future growth potential.

The Company believes that the listings will provide increased liquidity for its investor base and access to significant new pools of capital including large Spanish institutional shareholders, mutual funds and pension funds as well as retail shareholders in Europe, many of which could not be accessed previously.

Furthermore, the listings are expected to deliver a higher profile for the Company in European markets, including for local Spanish ownership of the Company's shares which is considered an important strategic consideration.

The Company is now the only mining company listed on the Spanish Stock Exchanges. At the end of the first day of trading the Company's shares closed up 50%, the best debut on the Madrid Stock Exchange for 18 years.

Both listings represent a major step forward for the Company as it continues with development at the Salamanca mine.

Permitting update

With the Mining Licence, Environmental Licence, Prior Plant Authorisation and the Authorisation of Exceptional Land Use already granted, the next two major approvals are the Urbanism Licence by the municipal authority and the Construction Authorization by the Ministry of Ecological Transition for the treatment plant as a radioactive facility.

The Company is currently seeking an express resolution from the local municipality on the award of the Urbanism Licence. As the municipality is currently without a general secretary, who normally approves this kind of licence, the Urbanism Licence has been forwarded to the Diputación de Salamanca (**Diputación**) for their review and comments.

Subsequent to the end of the quarter, the Diputación issued a notice to the municipality recommending that the Urbanism Licence should not be awarded until two outstanding items regarding the licence are resolved, which the Company will respond to immediately.

The timing of the award of the Urbanism Licence continues to remain uncertain, is outside of the Company's control, and is unlikely to be received imminently. As a result, the construction and commissioning phases of the Salamanca mine are expected to commence late in 2018 and 2019 respectively, as previously advised, subject to the award of the Urbanism Licence and all other relevant permits and approvals.



Continued support from key stakeholders

Berkeley is one of the largest investors in the Castilla y León region, which has some of the highest levels of unemployment in the EU, especially amongst young people. The local villages of Retortillo and Villavieja de Yeltes have seen their population decline by 30% in the last 20 years.

The government of the region demonstrated its continued support for the Salamanca mine in June when it rejected a resolution from opposition groups requesting that the Company's potential €250 million investment be halted.

This decision reinforces the support the Company received in June when over 200 members of Salamanca's business community came together in support for the Company's investment, which will create 2,500 jobs in a region which has lost over 120,000 people over the past five years.

Representatives of local businesses, contractors, suppliers and the heads of local business associations met in Salamanca and discussed how they could help support the mine development.

Detailed development identified further potential cost savings

The cost review initiated by the Company has identified a number of opportunities to reduce the initial capital expenditure required to bring the mine into production.

Potential savings of up to €9 Million (based on the FEED estimate as announced on 6 July 2017) arise from:

- optimization of plant capacities within the overall process design,
- outsourcing of peripheral infrastructure, and
- reducing initial throughput for production from the Retortillo deposit and right-sizing of the associated plant.

The proposed modifications remain consistent with the future expansion of production from Zona 7 and Alameda.

The initiatives proposed will be taken forward to detailed engineering in parallel with the commencement of planned on-site construction activity, including site preparation, bulk earthworks and initial civil construction works.

Appointment of Chief Commercial Officer

During the quarter, Mr Sean Wade was appointed Chief Commercial Officer of the Company, where he is responsible for identifying and leading strategic business development opportunities for the Company.

Mr Wade is an experienced corporate executive with a background in mining and emerging markets.

Prior to joining Berkeley, Mr Wade was Director of International Media and Investor Relations at TBC Bank, Georgia's largest universal bank. During his time at TBC, Mr Wade played a leading role in the listing of the shares on the Premium Segment of the London Stock Exchange and the inclusion of the company in the FTSE250 Index. He managed a wide-ranging communications portfolio involving a broad array of different stakeholders.



Prior to TBC Bank, Mr Wade was Head of Investor Relations and Group Communications at Asia Resource Minerals and part of the team that managed the separation transaction and subsequent sale of the business, allowing shareholders a clean exit in a challenging environment for thermal coal.

Before his role at Asia Resource Minerals, Mr Wade had a 20-year career in capital markets, the majority of which was at Cazenove & Co. During this time, he advised on numerous transactions in mining and resources in a wide variety of geographies.

Mr Wade holds an MA from Cambridge University, where he read Social Anthropology.

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 a total of 22,740 job applications. Over 7,300 of these came from residents of the Salamanca region alone; with 400 of those come from villages surrounding the project and of those, over 115 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 over 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 invested more than €70 million developing the Salamanca mine 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.

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's extensive community efforts bore fruit recently when the local football team it sponsors gained promotion to the Spanish second division.



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 following a 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 improved agricultural state.

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.

Strong uranium market fundamentals

The Salamanca mine is expected to reach production as the market enters a supply/demand deficit that industry experts have called both fundamental and unavoidable.

US and EU utilities looking to re-contract will be competing with Chinese and Japanese reactor demand, which may lead to higher spot and term contract prices.

These utilities, which represent 50% of global demand, have 665Mlbs of re-contracting requirement by 2027 as high priced 2005-2007 contracts run off; while 59 reactors are currently under construction globally, a 25 year high in nuclear growth. An additional 170 planned over the next decade and over 350 proposed by 2030

On the supply side, the top two producers in the world Kazatomprom and Cameco, are taking a meaningful amount of production out of the market. Kazatomprom will reduce production by 20% over three years - equivalent to 25mlbs.

Meanwhile Cameco's total production in 2018 is expected to fall to 9.2mlbs while their delivery commitment remains at 33mlbs. The Company believes that there will be likely buyers in the spot market in order to make up some of the shortfall.

Further production cuts were announced during the quarter, with Paladin Energy announcing in May that it's Langer Heinrich mine in Namibia would be placed on care and maintenance.

The uranium spot price rose 8% over the quarter, ending at US\$22.75/lb.

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\$22.75 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.

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.

Exploration programme expanded targeting Zona 7 style deposits

The soil sampling programme continued throughout the quarter, focusing on identifying additional targets with similar characteristics to the Zona 7 and Retortillo deposits.

The process involves 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.

During the quarter, the anomalies found in the soil sampling programme carried out at Salamanca II in the March 2018 quarter were confirmed. As with previous soil sampling campaigns, anomalies were detected by applying geostatistical data analysis to the Ionic Leach™ results, a method which allows for very high levels of detection of uranium and other economic minerals. This was supported by radiometric surveying and radon ground concentration measures.

The radon gas ground concentration surveying was particularly successful and was able to detect emanations from uranium orebodies more than 150 metres deep.

After reviewing the latest ground radiometric campaigns, some anomalies detected remain open. Therefore, prospecting areas have been increased to test for extensions of these anomalies in Salamanca II region.

A drill programme targeting the main anomalies is now being designed.

The Company is focused on finalising the ground radiometric and radon concentration surveying, which will feed in to the design of the drill programme to ensure the areas with the highest exploration potential are being targeted.

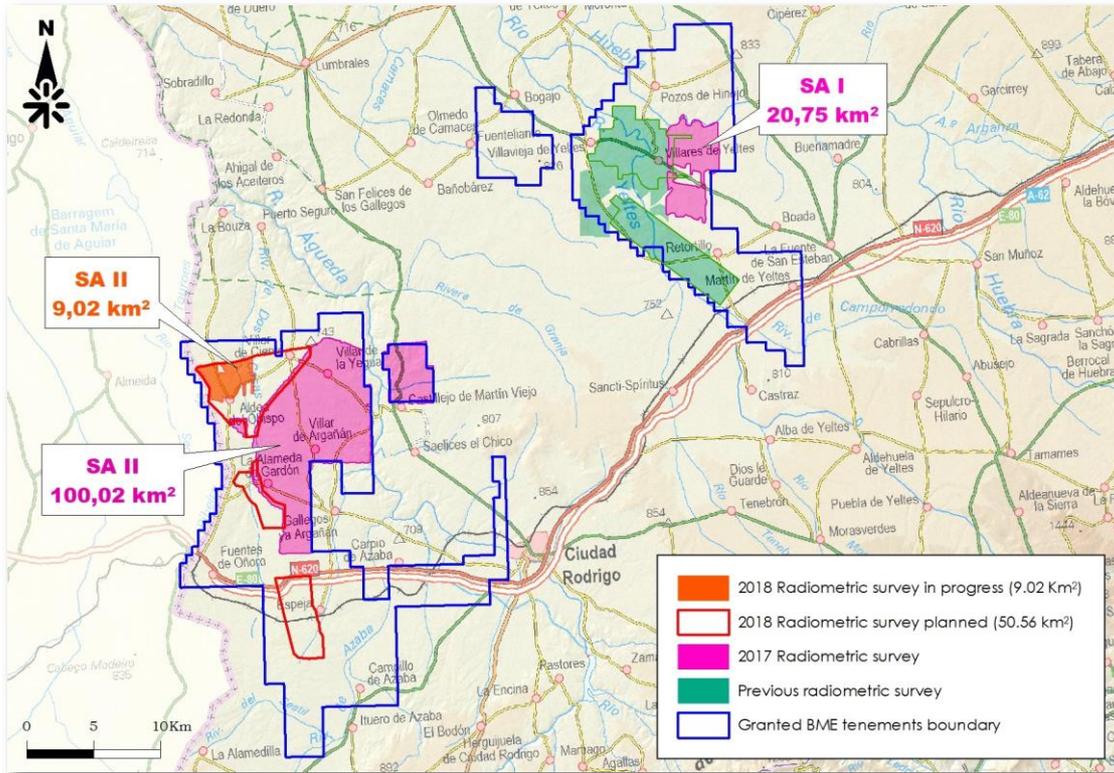


Figure 1: Salamanca I and Salamanca II soil sampling programme

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 June 2018, 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

No tenements were acquired or disposed of during the quarter ended 30 June 2018. There were no other 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 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,150)	(10,780)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,607)	(6,392)
(e) administration and corporate costs	(41)	(1,129)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	438	698
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	(233)	(869)
- London and Spain Listing Costs	(249)	(302)
- Prepaid Deposits	-	(101)
1.9 Net cash from / (used in) operating activities	(2,842)	(18,875)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(76)	(2,323)
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments	-	-
(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	(76)	(2,323)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	85,824
3.3 Proceeds from exercise of share options	1,088	1,088
3.4 Transaction costs related to issues of shares, convertible notes or options	(2)	(2,528)
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	1,086	84,384

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	99,801	34,814
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,842)	(18,875)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(76)	(2,323)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,086	84,384

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2,877	2,846
4.6	Cash and cash equivalents at end of period	100,846	100,846

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	15,094	17,520
5.2	Call deposits	85,752	82,281
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)	100,846	99,801

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(226)
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	

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

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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: 30 July 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.