



BERKELEYenergia

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Offtake agreement concluded with Interallloys for double initial volume

Berkeley Energia is pleased to announce that it has signed a binding off-take agreement (Agreement) with Interallloys Trading Limited (Interallloys) for the sale of the first production from the Salamanca mine.

The parties have converted the previously announced Letter of Intent into a binding agreement that includes a doubling of annual contracted volumes to a total of two million pounds over a five year period. Potential exists to increase annual volumes further as well as extend the contract to a total of three million pounds.

A combination of fixed and market related pricing will apply 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.

An average fixed price of US\$43.78 per pound of contracted and optional volumes has been agreed between the parties. This compares with the current spot price of around US\$18 per pound.

The Company is in discussions with other potential off-takers in relation to contracts with terms similar to those outlined in the Interallloys Agreement with pricing at or around long term benchmark levels for term contracts. Contracts for sale will be entered into in the ordinary course of business as the company progressively builds its sales book with high quality offtakers.

The Company's view is that whilst uranium prices may remain flat in the near term, from 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.

Managing Director, Paul Atherley, commented:

"We are delighted to have converted the previously announced Letter of Intent into a binding offtake agreement with Interallloys including the doubling of contract volumes and with fixed pricing at \$43.78 per pound which would give us a very strong margin above our steady state cash cost of around US\$15 per pound.

With initial construction well underway and as we move closer to production we are receiving growing interest from major utilities who are looking to diversify their offtake from a low cost producer in Europe.

We intend to build our uranium sales book by entering into long term offtake contracts from now until the commencement of production."

For further information please contact:

Paul Atherley
Managing Director
+44 207 478 3900
info@berkeleyenergia.com

Hugo Schumann
Commercial Manager
+44 207 478 3900

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About Intermetals:

Intermetals, founded in 1993, is a privately funded commodity trading company specializing in the purchase, sale and distribution of commodities to a global customer base.

Intermetals continue to add to their expanding portfolio of offtake and distribution agreements. Working hand-in-hand with mine owners the company provides a route to market; logistics, capital and marketing.

Headquartered in Europe and with satellite operations worldwide Intermetals provides global coverage with local know-how to ensure the best cultural and strategic fit to its suppliers and customers.

Further background:

Berkeley Energia's Salamanca mine

Berkeley Energia's objective is to be one of the world's lowest cost producers reliably supplying the world's leading utilities with fuel for base load clean energy from the heart of the European Union. Once in production the mine will be one of the world's biggest producers supplying over four million pounds of uranium concentrate a year, equivalent to approximately 10% of the continent's total requirement.

An independent study published in July 2016 by MDM Engineering (part of AMEC Foster Wheeler Group) reported that the project has an NPV of over US\$530 million and will produce 4.4 million pounds of uranium per annum at a cash costs of US\$15.39 per pound, making it one of the world's lowest cost and a top ten global producer of uranium.

The mine will rejuvenate a community suffering from lack of investment and badly hit by long-term unemployment. Skills training programmes are being run for locals to equip them for the 454 jobs the mine will create once in full production. In addition, it has been estimated that over time the mine will generate indirectly an estimated further 2,295 jobs in the region. Local businesses are being prioritized and the local municipalities and communities will be fully supported throughout the life of the mine.

Uranium has been mined in this area of Spain since the 1950's and the country currently has seven nuclear reactors which generate one fifth of its electricity requirement. Spanish uranium mining initially occurred on a small scale until the 1970s when the Mina Fe uranium mine in Salamanca began production, producing a total of 5,500 tonnes of uranium concentrate before its closure in 2000.

Other Material Terms of the Agreement:

- 50% volume of U₃O₈ concentrate (Concentrate) sold at fixed prices and 50% volume of Concentrate sold at Spot pricing, subject to floors and ceilings. The floors and ceilings have been set at +\$9 and -\$9 either side of the fixed price in a given year.
- The average fixed price of Concentrate over the life of the Agreement is US\$40 per pound.
- The average fixed price of Concentrate including the additional two years of optional purchases by Intermetals is US\$43.78 per pound.



- The average price of all Concentrates to be sold under fixed and Spot pricing (using the average of the floors and ceilings) including the additional two years of optional purchases by Interalloys is US\$42.43 per pound
- Year 1 of delivery of Concentrate is the later of 2019 or the first year that the Salamanca mine commences production
- Both the Company and Interalloys are entitled to delay the first purchase of Concentrate on two (2) occasions for a period of 12 months, allowing for any potential delays in the project
- If production has not commenced by 1 July 2023 then either party may terminate the Agreement
- Berkeley must first fulfil its supply commitments under the Interalloys contract before fulfilling other supply commitments, in recognition of the fact that this Agreement is the first contract into which Berkeley is entering with respect to future sales of Concentrate from the Project
- Interalloys has the right to purchase up to an additional 100,000 pounds of Concentrate per annum each year at the fixed price for that year
- Interalloys has the right to extend the term of the Agreement by two years by purchasing 400,000 pounds of Concentrate at a fixed price of US\$48 per pound in Year six and 400,000 pounds of Concentrate at a fixed price of US\$49 per pound in year seven

Competent Persons Statement

The information in this announcement that relates to the Definitive Feasibility Study, Mineral Resources for Zona 7, 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 Energia Limited (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 announcement 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', a Recognised Professional Organisation' (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'.

Forward Looking Statement

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's mineral properties.

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