



BERKELEYenergia

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Quarterly Report December 2016

Berkeley Energia completes equity financing and orders equipment for main construction

Berkeley Energia is pleased to announce highlights for the quarter to 31 December 2016.

The highlights of the quarter include:

- Off-take agreement concluded with Interallloys for double initial volume and growing demand from US and Asian utilities
- US\$30 million raised from London institutions in oversubscribed fundraise
- Main equipment for the crushing circuit ordered
- Major land acquisitions completed ahead of commencement of Salamanca mine construction
- Infrastructure development continues to progress
- Appointment of Mr Paul Thomson as Chief Financial Officer
- The Company has been shortlisted for the UK Stock Market Awards 'Investor Relations Team of the Year Award', along with Tesco, Sainsbury's and Next

Managing Director, Paul Atherley, commented:

"The last quarter of 2016 was one of the most significant for Berkeley. We made progress on the first stages of construction, signed an off-take agreement and raised US\$30 million in an equity raise."

"We continue to work very closely with the local community and we are proud of the relationships we have created and the strong ongoing local support we have received as we prepare for construction."

"The Salamanca mine is being constructed just as uranium prices have begun rising after multi-year lows. We are receiving growing interest from US and Asian utilities who are looking to diversify their off-take with a low cost producer in the heart of the European Union."

For further information please contact:

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Overview

Following a decade of exploration and US\$60 million of investment, Berkeley Energia Limited (BKY: AIM/ASX) has placed orders for major equipment for the crushing circuit at its 100% owned Salamanca mine in Western Spain.

The low capital and operating costs place the mine at the very bottom of the global cost curve for uranium production, enabling the Company to proceed with construction, even as uranium prices have fallen to 12 year lows.

Sentiment towards the uranium market began to turn towards the end of last year. In mid-December the spot price jumped 10% with UxC reporting that several utilities had entered the market.

Demand is expected to grow significantly as US and EU utilities commence re-contracting for medium to long term supply and Chinese demand for its US\$570 billion new reactor fleet begins to build.

With operating costs almost exclusively in Euros and a revenue stream in US dollars the Salamanca mine is expected to continue to benefit from the effects of deflationary pressures within the European Union.

Following the successful and oversubscribed capital raising completed in December, the Company is fully funded through the development phase with US\$31 million in cash and no debt as at 31 December 2016.

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Off-take agreement concluded with Interallloys for double initial volume and growing demand from US and Asian utilities

The Company signed a binding off-take agreement with Interallloys Trading Limited for the sale of the first uranium production from the Salamanca mine.

The parties converted the previously announced Letter of Intent into a binding agreement that included 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 retains the ability to achieve potentially higher prices in the future.

An average fixed price of US\$43.78 per pound of contracted and optional volumes was agreed between the parties. This compares with a prevailing spot price, of approximately US\$18 per pound at that time.

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 actively builds its off-take book with high quality off-takers as the project advances towards commercial production.

US\$30 million raised from London institutions in oversubscribed fundraise

During the quarter, the Company successfully raised US\$30 million from London's generalist blue chip institutions who now constitute a significant portion of the share register. The placing was completed at a price of 45 pence per share, a slight discount to the share price at the time.

Proceeds from the raise are being used to accelerate the development of the Salamanca mine in Spain, including construction of the crushing circuit, the centralised processing facility and land acquisition. In addition, the funding will allow for the completion of the Front End Engineering Design activities, the commencement of construction and provide working capital.

This strong institutional support for this successful financing was a positive endorsement of the Salamanca mine.

Main equipment for the crushing circuit ordered

The Company announced that full construction of the Salamanca mine will commence in early 2017 following the order of the first major items for the crushing circuit.

Proceeds from the US\$30 million equity raise were used to order primary jaw crusher and a secondary cone crusher from the Sandvik Group, one of the world's leading suppliers of crushers and related equipment, in a move that accelerates development of the Salamanca mine.



The final cost of the equipment ordered was more than 20% below estimates from the definitive feasibility study. The Company, which already sits at the bottom of the cost curve in terms of capital and operating costs, will continue to pursue cost optimisation opportunities as it proceeds towards full construction.

Major land acquisitions completed ahead of commencement of Salamanca mine construction

Following the US\$30 million equity raise, the Company completed key land acquisitions which will accelerate the development of its Salamanca mine.

The successful acquisition and lease of over five hundred hectares of land will allow for the completion of the initial infrastructure currently underway and the commencement of construction of the processing plant in the first quarter of 2017 together with construction of a medium voltage substation, reagent storage facilities and buildings.

Infrastructure development continues to progress

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

The infrastructure development continues to progress as planned with the five kilometre road deviation, which will be completed in the summer, development of pedestrian footpaths, secure cattle paths and the installation of a Wifi network for the local villagers as part of the Company's commitment to improve infrastructure for the local community.

Berkeley Energia shortlisted for 'IR Team of the Year' award

Subsequent to the end of the quarter, the Company was shortlisted for the UK Stock Market Awards 'Investor Relations Team of the Year Award'. Other companies nominated include Tesco, Sainsbury's and Next.

The award recognises companies that have most effectively disseminated information to existing and potential shareholders across the full range of media, as well as creating, and continuing to create, shareholder value.

Exploration targeting further Zona 7 style deposits to resume this quarter

The exploration programme targeting further Zona 7 style deposits will resume during the coming quarter.

The programme will be aimed at making new discoveries similar to Zona 7 where no radiometric anomaly was present. Drill targets will be identified using a combination of techniques including ionic leach, ground geochemistry, radon emission and detailed structural mapping.

Last year, the Company reported high grade intersections extending to a maximum depth of 271 metres at grades consistent with, or higher than, the average grade of the Zona 7 resource. The discovery of further deposits of this quality has the potential to maintain annual production at over 4 million pounds a year on an ongoing basis.



Strong interest from financiers and strategic partners

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

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

Appointment of Chief Financial Officer

Subsequent to the end of the quarter, Mr Paul Thomson was appointed as CFO of the Company. Mr Thomson joins Berkeley with many years of experience in the mining industry.

Mr Thomson was CFO of Aureus Mining Inc., a gold producer in West Africa, from 2011 to 2016 during which time the company evolved from an explorer, to a developer and then a gold producer. Prior to Aureus, he was in Business Development at Kazakhmys Plc. Mr Thomson is a chartered accountant and worked with Ernst & Young.

Mr Thomson's appointment has bolstered the financing department of the Company and his experience in his previous roles will be highly relevant as the Company prepares for construction.

Commitment to the community and the environment

The Company continues to be committed to the revitalisation of the local community and being a good neighbour and community business partner.

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

The Company has to date received over 21,000 applications for the first 200 direct jobs it will create. It has estimated that for this type of business there will be a multiplier of 5.1 indirect jobs for every direct job created, resulting in over 2,750 direct and indirect jobs forecast when the mine is in full production.

The Company has formalized its "good neighbour and good community business partner" commitment via a cooperation agreement with the highly supportive local municipalities.

The policy of preferentially hiring and training local residents has been very well received with the training programmes continuing to be heavily oversubscribed, to date over 100 potential employees have attended courses organised by the Company.

Training programmes will continue to run throughout 2017 to ensure that sufficient people from the local communities are qualified for jobs created during the construction and mining phases. The Company is currently receiving applications for a training programme for security guards.

The Company's commitment to the environment remains a priority and, as outlined in the Environmental License and the Environmental Measures Plan, it will plant trees over some 75 to 100 hectares of land in the region.



Commitment to raising the number of women employees

The Company remains committed to gender diversity, as evidenced by the high number of women employed throughout the various levels of the Company. Currently over 37% of the team in Spain are women and we are committed to raising this number over the coming years.

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 Energia Limited (Berkeley) website at www.berkeleyenergia.com.

Berkeley confirms that: a) it is not aware of any new information or data that materially affects the information included in the original announcement; b) all material assumptions and technical parameters underpinning the 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. 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'.

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 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.



Appendix 1: Summary of Mining Tenements

As at 31 December 2016, 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 2016. 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 2016

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	(2,668)	(4,847)
(b) development	-	-
(c) production	-	-
(d) staff costs	(941)	(2,054)
(e) administration and corporate costs	(557)	(1,015)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	74	128
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):	-	-
1.9 Net cash from / (used in) operating activities	(4,092)	(7,788)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(3,770)	(4,328)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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	(3,770)	(4,328)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	39,698	39,698
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	(2,133)	(2,149)
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)		
	(a) Proceeds from sale of royalty	-	6,531
	(b) Costs in relation to sale of royalty	-	(167)
3.10	Net cash from / (used in) financing activities	37,565	43,913

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,439	11,346
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,092)	(7,788)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,770)	(4,328)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	37,565	43,913

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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	35	34
4.6	Cash and cash equivalents at end of period	43,177	43,177

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	18,177	13,439
5.2	Call deposits	25,000	-
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)	43,177	13,439

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
(142)
-

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.

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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	(500)
9.5 Administration and corporate costs	(500)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(4,000)

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:
(Director/Company secretary)

Date: 31 January 2017

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.