For personal use only

2017
ANNUAL REPORT
INFORME ANUAL

BERKELEY energia

ABN 40 052 468 569 AIM/ASX: BKY

CORPORATE DIRECTORY | DIRECTORIO CORPORATIVO

DIRECTORS

Mr Ian Middlemas	Chairman
Mr Paul Atherley	Managing Director
Mr Nigel Jones	Non-Executive Director
Mr Adam Parker	Non-Executive Director
Mr Robert Behets	Non-Executive Director

COMPANY SECRETARY

Mr Dylan Browne

OTHER KMP

Mr Francisco Bellón	Chief Operations Officer
Mr Javier Colilla	Chief Administration Officer
Mr Paul Thomson	Chief Financial Officer
Mr Hugo Schumann	Chief Commercial Officer

SPANISH OFFICE

Berkeley Minera España, S.L.
Carretera SA-322, KM 30
37495 Retortillo
Salamanca, Spain
Telephone: +34 923 193 903

MAIN OFFICE

Unit 1B, Princes House
38 Jermyn Street
London SW1Y 6DN
United Kingdom
Telephone: +44 203 903 1930

REGISTERED OFFICE

Level 9, 28 The Esplanade
Perth WA 6000
Australia
Telephone: +61 8 9322 6322
Facsimile: +61 8 9322 6558

WEBSITE

www.berkeleyenergia.com

EMAIL

info@berkeleyenergia.com

STOCK EXCHANGE LISTINGS

United Kingdom
London Stock Exchange- AIM

Australia
Australian Securities Exchange Limited

ASX/AIM CODE

BKY- Fully paid ordinary shares

AUDITOR

Spain
Ernst & Young España

Australia
Ernst and Young- Perth

SOLICITORS

Spain
Herbert Smith Freehills Spain LLP

Australia
DLA Piper Australia

BANKERS

Spain
Santander Bank

Australia
Australia and New Zealand Banking Group Ltd

SHARE REGISTRY

United Kingdom
Computershare Investor Services PLC
The Pavilions, Bridgewater Road
Bristol BS99 6ZZ
Telephone: +44 370 702 0000

Australia
Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

NOMINATED ADVISER AND BROKER

WH Ireland Limited
Telephone: +44 207 220 1666

CONTENTS | CONTENIDO

	Page | Página
Directors' Report	1
Consolidated Statement of Profit or Loss and Other Comprehensive Income	25
Consolidated Statement of Financial Position	26
Consolidated Statement of Cash Flows	27
Consolidated Statement of Changes in Equity	28
Notes to and forming part of the Financial Statements	29
Directors' Declaration	58
Auditor's Independence Declaration	59
Independent Auditor's Report	60
Corporate Governance	65
Mineral Resources and Ore Reserves Statement	66
ASX Additional Information	69

For personal use only

The Directors of Berkeley Energia Limited submit their report on the Consolidated Entity consisting of Berkeley Energia Limited ('Company' or 'Berkeley' or 'Parent') and the entities it controlled at the end of, or during, the year ended 30 June 2017 ('Consolidated Entity' or 'Group').

OPERATING AND FINANCIAL REVIEW

Operations

Highlights

Berkeley is a company focussed on developing Europe's largest uranium project, the Salamanca mine, whilst delivering sustainable jobs and fuelling Europe's clean energy future.

Subsequent to the end of the financial year, the Company entered into an investment agreement with the sovereign wealth fund of the Sultanate of Oman ('SGRF') agreeing to invest, subject to shareholder approval, up to US$120 million to fully fund the Salamanca mine into production.

The investment will position the fund as a long term strategic investor in the Company as well as a potential offtake partner.

Infrastructure works on site are progressing well. The road deviation programme is well advanced and land is now being cleared to allow for the installation of the processing plant.

The primary crusher, delivered to site in July 2017, and the secondary crusher, which is currently in Madrid, were fabricated by Sandvik in Finland. Vibramech, based in South Africa, is on track with the fabrication of the vibrating grizzly feeder and screens.

The recent arrival on site of the primary crusher marks a significant milestone for the Company as it evolves from the development phase to the construction phase.

Equipment procurement for realignment of the electrical power line has been completed and the line deviation will commence once the road construction has been completed.

Employment levels are increasing with nearly seventy employees and contractors now on site and this will rise to 450 when the mine is in production. Over 120 locals have now completed the Company's skills training programmes equipping them with the skills necessary for positions with the Company.

These rising levels of employment are already having a positive effect on a local community that has been badly affected by long term unemployment, especially amongst its youth.

The Company remains committed to environmental excellence and as part of the Environmental License and the Environmental Measures Plan will plant 30,000 young oak trees, a six fold increase on the number of older trees being cleared, greatly improving the ecological and agricultural value of the area. The agreement will come into force once the favourable report issued by the Environmental Territorial Service of Salamanca has been approved by the General Directorate of Natural Environment of the Castilla y León Regional Government.

This reforestation programme commenced earlier this year with an agreement with the highly supportive local municipality of Vitigudino which details the arrangements for the planting of the first 20,000 young oak trees over a 50 hectare plot.

The Company is currently evaluating quotes from a number of experienced mining contractors and is encouraged by the competitive bids received. A key focus is the management of cost escalation over the term of these and all major contracts and suppliers to the Company.

Capital and the main contractual operating costs were finalised following the completion of the Front End Engineering and Design ('FEED') being undertaken by AMEC Foster Wheeler and came in 1% below the Definitive Feasibility Study ('DFS') estimates, reinforcing the Salamanca mine's position at the bottom of the cost curve.

The next phase of the Company's exploration programme will focus on discovering additional deposits with similar characteristics to Zona 7. Following extensive structural mapping and the interpretation of regional geological structures, two areas have been selected for an intensive geochemical sampling programme incorporating the latest uranium exploration techniques, in addition to some others like radiometrics and radon emissions.

For personal use only

For personal use only

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

Highlights (Continued)

The Company has noted increased public tender activity by major global utilities looking to enter into long term uranium supply contracts in the medium to long term. The Company is actively pursuing both public and private off-take opportunities with global utilities in the ordinary course of business and will report regularly on how this progresses.

The Company's view is that whilst uranium prices may remain flat in the near term, from late 2018, 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 new reactor demand, which may lead to higher spot and term contract prices.

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 existing supply contracts by a total of 1.25 million pounds.

Across the Company's 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 Company will continue to build its sales book as the market continues to improve.

US$120 million sovereign wealth fund strategic investment to bring Salamanca into production

Subsequent to the end of the year, the Company announced that it had entered into an investment agreement with 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 as well as a potential offtake partner, and is structured as:

- an interest-free and unsecured convertible loan of US$65 million which can be converted into ordinary shares at 50 pence per share resulting in the fund 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 the fund 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 off-take transactions on similar commercial terms subject to certain limitations on volume.

At the time of announcing the transaction, 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 exciting Salamanca mine.

The Salamanca mine is one of the only major uranium mines in development in the world today at a time when spot uranium prices are at a decade low.

The project benefits from a rare combination of low up front capital cost and very low operating costs and due in part to its location in the heart of the European Union we are able to contract supply at prices well above the current spot price.

The fund's interest in matching our future off-take contracts will further enhance our revenue stream."

Primary Crusher Delivered to Site

The delivery of the primary crusher to site in July 2017 marked a key milestone in the construction of the mine.

The crusher is the first major piece of processing equipment to be delivered to site and its arrival marks the Company's transition from the development phase to the construction phase. The construction and commissioning phases are estimated to be completed during the second half of 2018.

The 400 tonne per hour crusher was manufactured by Sandvik Group in Finland, who have also fabricated the secondary crusher, which is currently in Madrid and will be delivered in the coming months. Sandvik is one of the world's leading suppliers of mining equipment and the crusher was one of the long lead items included in the use of proceeds from the equity raise completed in the fourth quarter of 2016.

Infrastructure development continues and major contracts being evaluated

Initial infrastructure development 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 road deviation continues to proceed as planned and will be completed in due course. The upgrade to the existing electrical power line will commence shortly and is expected to be completed by the end of the year. The deviation programme has been designed to create pedestrian footpaths and secure cattle paths in order to maximize the benefit to the local community.

The clearing of land where the processing plant, medium voltage substation, reagent storage facilities and buildings will be built, and the laydown area for mining and construction contractors, has commenced. Many of the trees being cleared from these plots of land are suffering from a fungal pest that prevents them from growing and are being replaced with young, healthy oak trees that will improve the ecological value of the area. The cleared trees have been used for biomass.

Quotes from a number of experienced mining contractors are currently being evaluated and the Company is encouraged by the competitiveness of the bids received. A key focus is the management of cost escalation over the term of these and all the major contracts with and suppliers to the Company.

Committed to the highest environmental standards

The Salamanca mine is being developed to the highest international standards and as such, the Company's commitment to the environment remains a priority.

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 a condition of increased agricultural value.

As part of the Environmental License and the Environmental Measures Plan over 30,000 young oak trees will be planted over an area of 75 to 100 hectares in the local area.

For every tree being cleared six will be planted in its place, which will greatly improve the ecological value of the area. The reforestation programme began earlier this year following an agreement with the highly supportive municipality of Vitigudino, as part of the Company's commitment to environmental excellence.

This agreement details the arrangements for the planting of 20,000 trees over a 50 hectare plot in the municipality of Vitigudino. This plot forms part of an area of more than 500 hectares owned by the municipality that is currently used by cattle farmers, despite its deteriorating ecological value.

The Company will make payments to the municipality of Vitigudino for the next three years to cover the costs of planting and maintaining the young trees and looks forward to entering into similar agreements with the municipalities of Retortillo, Villavieja and Villares de Yeltes.

Capital costs for Salamanca reduced by 1% to €82.3 million

The capital cost for the construction of the Salamanca mine has reduced to €82.3 million (US$93.8 million), a 1% reduction over previous estimates, confirming the project's status as one of the lowest cost uranium mine developments in the world today.

The project benefits from well-established EU infrastructure and a highly competitive cost environment combined with short lead times for major equipment items.

The estimate for bringing the mine into production was prepared as part of the FEED by the Amec Foster Wheeler Group, one of the world's largest engineering groups.

For personal use only

For personal use only

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

Capital costs for Salamanca reduced by 1% to €82.3 million (Continued)

The FEED is the execution phase of the project during which the overall engineering and process design is translated into equipment procurement packages and awards to specialist sub-contractors. A number of Spain's most reputable engineering groups provided their input into the Company's study work, including Madrid IBX-35 listed companies Ferrovial and OHL.

The final capital costs reflect all detailed design work carried out during the FEED, and resulted in an update to the nature and quantity of materials required to build the Salamanca mine, with costs from contractors and suppliers being amended based on final bidding packages.

The Company will continue to pursue cost optimisation opportunities as it commences full construction this summer, which includes the evaluation of the indirect costs.

Exploration programme expanded targeting Zona 7 style deposits

The next phase of the Company's exploration campaign has commenced and will focus on discovering additional deposits with similar characteristics to Zona 7, which is located close to surface and without a strong radiometric anomaly present.

The discovery of the high grade extensions at the Zona 7 deposit in late 2014 transformed the economics of the mine and changed the Company's geological model for the region.

In parallel with the ongoing development on site, the Company continues to conduct further exploration programmes aimed at increasing the project's production profile or mine life.

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

The programme will incorporate the latest uranium exploration techniques with samples 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.

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

Two field crews will be focussed on carrying out the planned exploration activities over the two priority areas during the coming months, with the goal of identifying drill targets.

In addition to this new exploration programme, the Company will continue with exploration below Zona 7, where previous high grade intercepts were found beneath the current defined resource, demonstrating continuity of mineralisation and potential for the resource to increase at depth.

Off-Take programme update 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 Company notes an increase in public tender activity by major global utilities looking to enter into long term contracts in the medium to long term time horizon. The Company is actively pursuing both public and private off-take opportunities with global utilities in the ordinary course of business and will report regularly on progress.

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

Major land acquisitions completed ahead of commencement of Salamanca mine construction

Following the US$30 million equity raise, the Company completed some 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 together with construction of a medium voltage substation, reagent storage facilities and buildings.

Commitment to the community

The Company continues to be committed to the rejuvenation of the local community and being a good neighbour and community business partner and stakeholder. The Company has already invested over €70 million in the area over the past decade and is planning to invest an additional €250 million in the coming years as the mine develops.

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

The Company has signed Cooperation Agreements with the highly supportive local municipalities, demonstrating its commitment to working collaboratively with the community.

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.

Employment and training

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 120 locals have attended courses organised by the Company and 25% of residents from the local area have applied for jobs.

The Company has received over 21,000 applications for the first 200 direct jobs it will create. The mine will create over 450 jobs once in full production and 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.

During the year, the Company added a further 20 employees to its team at the Salamanca mine bringing the total number of employees and contractors at site to close to 70.

The recently appointed candidates are carrying out activities such as fencing the project, preparing for the next exploration campaign, preparing the 50 hectare plot in Vitigudino for reforestation activities and readying other areas of the site to allow for imminent construction.

Training programmes will continue to run throughout the year to ensure that sufficient people from the local communities are qualified for jobs created during the construction and mining phases.

For personal use only

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

Permitting update

There is strong support for the Salamanca mine throughout all levels of government. To date, the Company has received more than 90 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 licence to be formally issued in due course.

With the Mining Licence, Environmental Licence and the Authorisation of Exceptional Land Use already obtained, the remaining approval is the Construction Authorisation by the Ministry of Industry, Energy and Tourism for the treatment plant as a radioactive facility, which is currently in process.

Corporate

Board strengthened with the appointment of two Non-Executive Directors

Mr Nigel Jones and Mr Adam Parker were appointed as an independent Non-Executive Directors of the Company on 7 June 2017 and 14 June 2017 respectively.

Mr Jones has thirty years' experience in the international mining sector. He has considerable corporate development and marketing expertise, including being responsible for the negotiation of key uranium supply agreements for Rio Tinto.

Mr Jones spent two decades at Rio Tinto, where ultimately he held the position of Global Head of Business Development and prior to that Managing Director of Rio Tinto Marine, Head of Investor Relations and Marketing Director, Uranium.

Mr Parker joins the Company after a long and successful career in institutional fund management in the City of London spanning almost three decades, including being a co-founder of Majedie Asset Management, which today manages assets of approximately £14 billion.

He was instrumental in building Majedie Asset Management into the successful investment boutique that it is today. He managed funds including the Majedie UK Opportunities Fund, the Majedie UK Smaller Companies Fund and a quarter of the Majedie UK Focus Fund, which all outperformed their benchmarks during his tenure.

Mr Parker retired from Majedie Asset Management in 2015 and has no ongoing input or influence in the management of its investments, including the firm's current ownership of approximately 5.30% of the Company.

On 7 June 2017, Dr Jim Ross retired from the Board after over twelve years of excellent service.

Appointment of Chief Financial Officer

During the year, Mr Paul Thomson was appointed as CFO of the Company. Mr Thomson joined Berkeley having had 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 who previously worked with Ernst & Young.

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

US$30 million raised from London institutions in oversubscribed fundraise

During the year, 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.

For personal use only

For personal use only

Proceeds from the raise are being used to accelerate the development of the Salamanca mine, including construction of the crushing circuit, the centralised processing facility and land acquisition. In addition, the funding allowed for the completion of the FEED 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.

Results of Operations

The Consolidated Entity's net loss after tax for the year ended 30 June 2017 was $16,049,740 (2016: $13,641,054). This loss is partly attributable to:

(i) Exploration and evaluation expenses of $11,045,135 (2016: $9,213,493), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred subsequent to the acquisition of the rights to explore and up to the successful completion of definitive feasibility studies and permitting for each separate area of interest. The increased exploration and evaluation expenditure for the year ended 30 June 2017 is a reflection of additional activities undertaken in the year.

(ii) Business development expenses of $2,697,276 (2016: $1,614,099) which includes the Groups investor relations activities including but not limited to public relations costs, marketing and digital marking, conference fees, travel costs, consultant fees, broker fees and stock exchange admission costs.

(iii) Non-cash share-based payments expense of $1,020,106 (2016: $1,713,364) was recognised in respect of incentive securities granted to directors, employees and key consultants. The Company's policy is to expense the incentive securities over vesting period (which for Performance Rights is generally the life of the security). The decrease in this expense is a direct result of less incentive securities on issue.

(iv) Recognition of interest income of $463,639 (2016: $237,065). The increase in interest income reflects the higher average cash position from 2016 to 2017.

Financial Position

At 30 June 2017, the Group had cash reserves of $34,814,971 and no debt. This puts the Group in an excellent financial position as the Company moves towards the development and construction of the Salamanca mine.

The Group had net assets of $48,466,610 at 30 June 2017 (2016: $26,301,977), an increase of 84% compared with the previous year. This increase is consistent with the higher cash balance and increased property plant and equipment. The increase is offset somewhat by the loss for the year, comprising: (i) the current year's net loss after income tax, and (ii) movement in reserves.

Business Strategies and Prospects for Future Financial Years

Berkeley's strategic objective is to create long-term shareholder value by becoming a uranium producer in the near term, through the ongoing development and construction of the Salamanca mine.

To achieve its strategic objective, the Company currently has the following business strategies and prospects:

- Progress with seeking further offtake partners. 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;
- Advance the Salamanca mine through the development phase into the main construction phase and then into production;
- Complete permitting so that construction of the radioactive facilities can commence;
- Continue to explore the Company's portfolio of tenements in Spain targeting further Zona 7 style deposits aimed at making new discoveries and converting some of the 29.6 million pounds of Inferred resources into the mine schedule with the objective of maintaining annual production at over 4 million pounds a year on an ongoing basis; and
- Assess other mine development opportunities at the Salamanca mine.

As with any other mining projects, all of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. The material business risks faced by the Company that are likely to have an effect on the Company's future prospects, and how the Company manages these risks, include but are not limited to the following:

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

The Group's projects are not yet in production – As a result of the substantial expenditures involved in mine development projects, mine developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the mine;

The Company may be adversely affected by fluctuations in commodity prices – The price of uranium fluctuates widely and is affected by numerous factors beyond the control of the Company. Future production, if any, from the Salamanca mine will be dependent upon the price of uranium being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk, but as the Company's Project advances, this policy will be reviewed periodically;

The Company's activities are subject to Government regulations and approvals – Any material adverse changes in government policies or legislation of Spain that affect uranium mining, processing, development and mineral exploration activities, income tax laws, royalty regulations, government subsidies and environmental issues may affect the viability and profitability of the Salamanca mine. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could adversely impact the Group's mineral properties; and

Global financial conditions may adversely affect the Company's growth and profitability – Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and energy markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities.

With the Mining Licence, Environmental Licence and the Authorisation of Exceptional Land Use already obtained, the remaining approval is the Construction Authorisation by the Ministry of Industry, Energy and Tourism for the treatment plant as a radioactive facility, which is currently in process. Various appeals have been made against these permits and approvals, as allowed for under Spanish law, and the Company expects that further appeals will be made against these and future authorisations and approvals in the ordinary course of events. All appeals to date have been unsuccessful. The Company will continue to comply with its continuous disclosure obligations in relation to any such appeals.

The construction phase of the Salamanca mine will require substantial financing - Failure to complete and settle the SGRF transaction may result in delaying or the indefinite postponement of any development of the mine. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

The successful development of the Company's project will also be dependent on the granting of all permits necessary for the construction and production phases. As with any development project, there is no guarantee that the Company will be successful in applying for and maintaining all required permits and licences to complete construction and subsequently enter into production. All appeals to date have been unsuccessful and the Company has no reason to believe that future appeals will not also be unsuccessful. Should an appeal be made and advice is received that the appeal has some chance of success the Company will advise in the normal course of events.

DIRECTORS

The names of Directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas	Chairman
Mr Paul Atherley	Managing Director
Mr Nigel Jones	Non-Executive Director (appointed 7 June 2017)
Mr Adam Parker	Non-Executive Director (appointed 14 June 2017)
Mr Robert Behets	Non-Executive Director
Dr James Ross	Non-Executive Director (retired 7 June 2017)

Unless otherwise disclosed, Directors held their office from 1 July 2016 until the date of this report.

For personal use only

CURRENT DIRECTORS AND OFFICERS

Ian Middlemas
Chairman
Qualifications – B.Com, CA

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director and Chairman of Berkeley Energia Limited on 27 April 2012. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Apollo Minerals Limited (July 2016 – present), Cradle Resources Limited (May 2016 – present), Paringa Resources Limited (October 2013 – present), Prairie Mining Limited (August 2011 – present), Salt Lake Potash Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), Piedmont Lithium Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Syntonic Limited (April 2010 – June 2017) and Papillon Resources Limited (May 2011 – October 2014).

Paul Atherley
Managing Director
Qualifications – B.Sc, MAppSc, MBA, ARSM

Mr Atherley is a Mining Engineer from Imperial College London and has held numerous senior executive and board positions during his career. He served as Executive Director of the investment banking arm of HSBC Australia where he undertook a range of advisory roles in the resources sector. He has completed a number of acquisitions and financings of resource projects in Australia, South East Asia, Africa and Western Europe, and has well-established relationships with European and Australian capital markets. As the Managing Director of ASX/AIM listed Leyshon Resources Limited, Mr Atherley was responsible for the exploration, development and successful sale of the Zheng Guang Gold-Zinc Project in Northern China.

Mr Atherley has developed strong connections within Chinese business, industry bodies and senior government officials, including the most senior levels of the state owned energy companies. Until recently he was the Chairman of the British Chamber of Commerce in China, Vice Chairman of the China Britain Business Council in London and served on the European Union Energy Working Group in Beijing. He has been a regular business commentator on China, hosting events in Beijing and appearing on CCTVNews and China Radio International.

Mr Atherley was appointed a director of Berkeley Energia Limited on 1 July 2015. During the three year period to the end of the financial year, Mr Atherley has also held directorships in Leyshon Resources Limited (May 2004 – present) and Leyshon Energy Limited (January 2014 – present).

Nigel Jones
Non-Executive Director
Qualifications – MA OXON (Alumnus of London Business School where Mr Jones completed a Corporate Finance Programme)

Mr Jones has thirty years' experience in the international mining sector. He has considerable corporate development and marketing expertise, including being responsible for the negotiation of key uranium supply agreements for Rio Tinto.

Mr Jones spent two decades at Rio Tinto, where ultimately he held the position of Global Head of Business Development and prior to that Managing Director of Rio Tinto Marine, Head of Investor Relations and Marketing Director, Uranium.

Mr Jones was recently appointed as Head of Private Side Capital Markets at ICBC Standard Bank, the global markets subsidiary of ICBC Bank, which is the world's largest bank by assets.

He was appointed a Director of Berkeley Energia Limited on 7 June 2017. He has not been a Director of another listed company in the three years prior to the end of the financial year.

For personal use only

CURRENT DIRECTORS AND OFFICERS (Continued)

Adam Parker
Non-Executive Director
Qualifications – MA.Chem (Hons), ASIP

Mr Parker joined the Company after a long and successful career in institutional fund management in the City of London spanning almost three decades, including being a co-founder of Majedie Asset Management, which today manages assets of approximately £14 billion.

Mr Parker began his career in 1987 at Mercury Asset Management (subsequently acquired by Merrill Lynch and now part of BlackRock) and left in 2002 when he co-founded Majedie Asset Management.

He was instrumental in building Majedie Asset Management into the successful investment boutique that it is today. He managed funds including the Majedie UK Opportunities Fund, the Majedie UK Smaller Companies Fund and a quarter of the Majedie UK Focus Fund, which all outperformed their benchmarks during his tenure.

He was appointed a Director of Berkeley Energia Limited on 14 June 2017. He has not been a Director of another listed company in the three years prior to the end of the financial year.

Robert Behets
Non-Executive Director
Qualifications – B.Sc (Hons), FAusIMM, MAIG

Mr Behets is a geologist with over 25 years' experience in the mineral exploration and mining industry in Australia and internationally. He was instrumental in the founding, growth and development of Mantra Resources Limited, an African focused uranium company, through to its acquisition by ARMZ for approximately A$1 billion in 2011. Prior to Mantra, Mr Behets held various senior management positions during a long career with WMC Resources Limited.

Mr Behets has a strong combination of technical, commercial and managerial skills and extensive experience in exploration, mineral resource and ore reserve estimation, feasibility studies and operations across a range of commodities, including uranium, gold and base metals. He is a Fellow of The Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and was also previously a member of the Australasian Joint Ore Reserve Committee ('JORC').

Mr Behets was appointed a Director of the Company on 27 April 2012. During the three year period to the end of the financial year, Mr Behets has held directorships in Apollo Minerals Limited (October 2016 – present), Cradle Resources Limited (May 2016 to present), Equatorial Resources Limited (February 2016 to present), Piedmont Lithium Limited (February 2016 to present) and Papillon Resources Limited (May 2012 – October 2014).

Mr Dylan Browne
Company Secretary
Qualifications – B.Com, CA, AGIA

Mr Browne is a Chartered Accountant and Associate Member of the Governance Institute of Australia who is currently Company Secretary for a number of ASX and European listed companies that operate in the resources sector. He commenced his career at a large international accounting firm and has since been involved with a number of exploration and development companies operating in the resources sector including Papillon Resources Limited and Prairie Mining Limited. Mr Browne was appointed Company Secretary and Chief Financial Officer of the Company on 29 October 2015.

For personal use only

For personal use only

OTHER KMP

Mr Francisco Bellón del Rosal
Chief Operations Officer
Qualifications – M.Sc, MAusIMM

Mr Bellón is a Mining Engineer specialising in mineral processing and metallurgy with over 20 years' experience in operational and project management roles in Europe, South America and West Africa. He held various senior management roles with TSX listed Rio Narcea Gold Mines during a 10 year career with the company, including Plant Manager for El Valle/Carles process facility and Operations Manager prior to its acquisition by Lundin Mining in 2007. During this period, Mr Bellón was involved in the development, construction, commissioning and production phases of a number of mining operations in Spain and Mauritania including El Valle-Boinás / Carlés (open pit and underground gold-copper mines in northern Spain), Aguablanca (open pit nickel-copper mine in southern Spain) and Tasiast (currently Kinross' world class open pit gold mine in Mauritania). He subsequently joined Duro Felguera, a large Spanish engineering house, where as Manager of the Mining Business, he managed the peer review, construction and commissioning of a number of large scale mining operations in West Africa and South America in excess of US$1B. Mr Bellón joined Berkeley Energia Limited in May 2011.

Mr Javier Colilla Peletero
Chief Administration Officer
Qualifications – Econ (Hons), LLB (Hons), MBA

Mr Colilla is a Mineral Economist and Lawyer. With prior experience in auditing and insurance sectors, he has over 25 years' experience in the mining sector commencing as the Managing Director of an international drilling company in the early 1980's. He subsequently worked for Anglo American as General Manager of their Spanish subsidiaries, whilst also contributing as international staff member to several projects in Europe and South America. Mr Colilla held various executive management roles during a long career with the TSX listed Rio Narcea Gold Mines, including Vice President Business Development, Chief Financial Officer, Senior Vice President Corporate, as well as Administrator/Director of its subsidiaries. During this period, he was involved in all aspects of commercial, legal and joint venture management, permitting, stakeholder engagement, government liaison and project financing for a number of mining operations in Spain and internationally including El Valle-Boinás / Carlés, Aguablanca and Tasiast. Following the acquisition of Rio Narcea Gold Mines by Lundin Mining in 2007, Mr Colilla consulted on renewable energies projects and advised several international leading legal firms in the areas of public aid financing (domestic and international) and due diligence exercises in relation to Spanish mining companies being acquired by multinational mining groups. Mr Colilla joined Berkeley Energia Limited in April 2010.

Mr Paul Thomson
Chief Financial Officer
Qualifications – BA (Hons), CA

Mr Thomson is a chartered accountant with over two decades of experience in both the finance and the mining industries. Prior to joining the Company, he 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 to a gold producer. Before this he worked in Business Development at Kazakhmys Plc and for Ernst & Young in the energy corporate finance team. Mr Thomson is a member of the Institute of Chartered Accountants of Scotland ("ICAS") and holds a Corporate Finance Advanced Diploma ("ICAEW"). Mr Thomson joined Berkeley Energia in January 2017.

Mr Hugo Schumann
Chief Commercial Officer
Qualifications – MBA, CFA, B.Bus.Sci (Hons)

Mr Schumann commenced his career as a management consultant before moving into the natural resources sector, initially as part of an investing team in London focused on early stage mining projects and then working in corporate development functions for a number of listed mining and energy companies. He has a decade of experience in the financing and development of mining and energy projects globally across a range of commodities. He holds an MBA from INSEAD, is a CFA Charterholder and holds a Bachelor of Business Science (Finance CA) from the University of Cape Town. Mr Schumann joined Berkeley Energia Limited in July 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of mineral exploration and development. There was no significant change in the nature of those activities.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2017 (2016: nil).

EARNINGS PER SHARE

	2017 Cents	2016 Cents
Basic and diluted loss per share	**(6.88)**	(7.47)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed below, there were no significant changes in the state of affairs of the Consolidated Entity during the year.

(i) On 14 July 2016, the Company announced the results of the completed DFS which confirmed the Salamanca mine as one of the lowest cost producers capable of generating strong after tax cash flow through the current low in the uranium price cycle;

(ii) On 28 November 2016, the Company announced that it had signed a binding off-take agreement with Interalloys Trading Limited ('Interalloys') for the sale of the first production from the Salamanca mine. An average fixed price of US$43.78 per pound of contracted and optional volumes was agreed between the parties;

(iii) On 6 December 2016, the Company completed major land acquisitions at the Salamanca mine in order to accelerate the initial development infrastructure at the mine;

(iv) On 16 December 2016, the Company completed a placement of 53.6 million shares at an issue price of 45 pence per share to London's generalist blue chip institutions to raise gross proceeds of US$30 million;

(v) On 20 December 2016, the Company announced that the order of the first major items for the crushing circuit which came in more than 20% below estimates from the DFS; and

(vi) On 17 March 2017, the Company announced additional high grade intersections below the Zona 7 deposit at the Salamanca mine which reported grades consistent with, or higher than, the average grade of the Zona 7 resource.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

(i) On 6 July 2017, the Company announced that the capital cost for the construction of the Salamanca mine has reduced to €82.3 million (US$93.8 million), a 1% reduction over previous estimates, confirming the project's status as one of the lowest cost uranium mine developments in the world today;

(ii) On 12 July 2017, the Company announced that the primary crusher for the Salamanca mine had been delivered to site, marking a key milestone in the construction of the Salamanca mine; and

(iii) On 31 August 2017, the Company signed an investment agreement with SGRF agreeing to invest up to US$120 million to fully fund the Salamanca mine into production.

Other than as outlined above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2017, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2017, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2017, of the Consolidated Entity.

For personal use only

For personal use only

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve. Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Consolidated Entity during the financial year.

In September 2012, Berkeley qualified for certification in accordance with ISO 14001 of Environmental Management, which sets out the criteria for an environmental management system, and UNE 22480 of Sustainable Mining Management, which allows for the systematic monitoring and tracking of sustainability indicators, and is useful in the establishment of targets for constant improvement. These certificates are renewed following annual audits established by the regulations, with the most recent audit successfully completed in July 2015.

INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF BERKELEY

	Interest in Securities at the Date of this Report		
Current Directors	**Ordinary Shares(i)**	**Incentive Options(ii)**	**Performance Rights(iii)**
Ian Middlemas	9,300,000	-	-
Paul Atherley	1,369,000	4,000,000	1,850,000
Nigel Jones	-	-	-
Adam Parker	-	-	-
Robert Behets	2,490,000	-	480,000

Notes

(i) "Ordinary Shares" means fully paid ordinary shares in the capital of the Company.
(ii) "Incentive Options" means an unlisted option to subscribe for 1 Ordinary Share in the capital of the Company
(iii) "Performance Rights" means the right to subscribe to 1 Ordinary Share in the capital of the Company upon the completion of specific performance milestones by the Company.

SHARE OPTIONS AND PERFORMANCE RIGHTS

At the date of this report the following Incentive Options and Performance Rights have been issued over unissued Ordinary Shares of the Company:

- 3,500,000 Incentive Options exercisable at £0.15 on or before 30 June 2018;
- 150,000 Incentive Options exercisable at £0.25 on or before 30 June 2018;
- 150,000 Incentive Options exercisable at £0.30 on or before 30 June 2018;
- 200,000 Incentive Options exercisable at £0.40 on or before 30 June 2018.
- 3,500,000 Incentive Options exercisable at £0.20 on or before 30 June 2019;
- 3,585,000 Performance Rights expiring on 31 December 2018;
- 100,000 Performance Rights expiring on 31 March 20019; and
- 4,925,000 Performance Rights expiring on 31 December 2019.

These Incentive Options and Performance Rights do not entitle the holders to participate in any share issue of the Company or any other body corporate. During the year ended 30 June 2017, 200,000 Ordinary Shares were issued as a result of the exercise of 200,000 Incentive Options and no Ordinary Shares were issued as a result of the conversion of Performance Rights. Subsequent to the end of the financial year and up and until the date of this report, no Ordinary shares have been issued as a result of the exercise of Incentive Options or conversion of Performance Rights.

For personal use only

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors and the board committees held during the year ended 30 June 2017, and the number of meetings attended by each director. Subsequent to the end of the year the Board resolved to establish a Remuneration and Nomination Committee.

The Board as a whole currently performs the functions of an Audit Committee and Risk Committee, however this will be reviewed should the size and nature of the Company's activities change.

	Board Meetings		Remuneration and Nomination Committee[i]	
Current Directors	**Number Eligible to Attend**	**Number Attended**	**Number Eligible to Attend**	**Number Attended**
Ian Middlemas	3	3	-	-
Paul Atherley	3	3	-	-
Nigel Jones	-	-	-	-
Adam Parker	-	-	-	-
Robert Behets	3	3	-	-

Notes
(i) Subsequent to the end of the year, the Company formally established a Remuneration and Nomination Committee.

REMUNERATION REPORT (AUDITED)

This report details the amount and nature of remuneration of each director and executive officer of the Company.

Details of Key Management Personnel

The Key Management Personnel ('KMP') of the Group during or since the end of the financial year were as follows:

Directors	
Mr Ian Middlemas	Chairman
Mr Paul Atherley	Managing Director
Mr Nigel Jones	Non-Executive Director (appointed 7 June 2017)
Mr Adam Parker	Non-Executive Director (appointed 14 June 2017)
Mr Robert Behets	Non-Executive Director
Dr James Ross	Non-Executive Director (retired 7 June 2017)
Other KMP	
Mr Francisco Bellón del Rosal	Chief Operations Officer
Mr Javier Colilla Peletero	Chief Administrations Officer
Mr Hugo Schumann	Chief Commercial Officer
Mr Paul Thomson	Chief Financial Officer (appointed 12 January 2017)
Mr Dylan Browne	Company Secretary

There were no other key management personnel of the Company or the Group. Unless otherwise disclosed, the Key Management Personnel held their position from 1 July 2016 until the date of this report.

Remuneration Policy

The remuneration policy for the Group's KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for key management personnel:

- the Group is currently focused on undertaking development and construction activities;
- risks associated with resource companies whilst exploring and developing projects; and

- other than profit which may be generated from asset sales (if any), the Group does not expect to be undertaking profitable operations until sometime after the successful commercialisation, production and sales of commodities from one or more of its current projects, or the acquisition of a profitable mining operation.

Remuneration and Nomination Committee

Subsequent to the end of the year and in response to the Company receiving at least 25% of votes cast against the Remuneration Report at the 2016 AGM, the Board resolved to establish an independent Remuneration and Nomination Committee ('Remcom') to oversee the Group's remuneration and nomination responsibilities and governance. The remuneration committee members consist of three independent non-executive directors being Mr Parker (as Chair), Mr Jones and Mr Behets.

The Remcom's role will be to determine the remuneration of the Company's Executives, oversee the remuneration of KMP, and approve awards under the Company's long-term incentive plan ('LTIP').

The Remcom will review the performance of Executives and KMP and set the scale and structure of their remuneration and the basis of their service/consulting agreements. In doing so, the Remcom will have due regard to the interests of shareholders.

In determining the remuneration of Executives and KMP, the Remcom will seek to enable the Company to attract and retain executives of the highest calibre. In addition, the Remcom will decides whether to grant incentives securities in the Company and, if these are to be granted, who the recipients should be.

Remuneration Policy for Executives

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (Incentive Options, Performance Rights and a cash bonuses, see below). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning KMP objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Non-cash benefits may include provision of motor vehicles, housing and health care benefits.

Fixed remuneration will be reviewed annually by the Remcom. The process consists of a review of Company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Performance Based Remuneration – Short Term Incentive

Some KMP are entitled to an annual cash bonus upon achieving various key performance indicators ('KPI's'), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as successful completion of exploration activities (e.g. completion of exploration programmes within budgeted timeframes and costs), development activities (e.g. completion of feasibility studies and initial infrastructure), corporate activities (e.g. recruitment of key personnel and project financing) and business development activities (e.g. project acquisitions and capital raisings). On an annual basis, after consideration of performance against key performance indicators, the Board determines the amount, if any, of the annual cash bonus to be paid to each KMP. During the financial year, a total bonus sum of $680,465 (2016: $484,698) was paid, or is payable to KMP on achievement of KPIs as set by the Board (in future to be set by the Remcom) which included: (i) Completion of the investment agreement with SGRF; (ii) Completion of a positive DFS for the Salamanca mine; (iii) Completed the FEED for the Salamanca mine which reduced capital costs of the project by 1%; (iv) Conclusion of a number of off-take contracts for the sale of uranium production during the financial year; (v) Announcement of a key milestone in the construction of the Salamanca mine following the delivery of the primary crusher to site; (vi) Announcement of early stage construction activities at the Salamanca mine including land acquisition, the road deviation advancing, equipment procurement of the electrical power line and preliminary reagent supply agreement having been entered into; (vii) Announcement of further high grade intercepts below Zona 7 identified; and (viii) Completion of an oversubscribed placement of 53.6 million shares at an issue price of £0.45 per share to London blue chip institutions to raise US$30 million (£24 million).

For personal use only

For personal use only

REMUNERATION REPORT (AUDITED) (Continued)

Performance Based Remuneration – Long Term Incentive

The Group has adopted a LTIP comprising the 'Berkeley Performance Rights Plan' (the 'Plan') to reward KMP and key employees for long-term performance. Shareholders approved the Plan in April 2013 at a General Meeting of Shareholders and Performance Rights were issued under the Plan in May 2013 and March 2014. Shareholders approved the renewal of the Plan in July 2015.

The Plan provides for the issuance of unlisted performance share rights ('Performance Rights') which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of an Ordinary Share for each Performance Right. Performance Rights are issued for no consideration and no amount is payable upon conversion thereof.

To achieve its corporate objectives, the Company needs to attract and retain its key staff, whether employees or contractors. The Board believes that grants made to eligible participants under the Plan provides a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Plan will:

(a) enable the Company to recruit, incentivise and retain KMP and other eligible employees and contractors needed to achieve the Company's strategic objectives;

(b) link the reward of eligible employees and contractors with the achievements of strategic goals and the long term performance of the Company;

(c) align the financial interest of participants of the Plan with those of Shareholders; and

(d) provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

Performance Rights granted under the Plan to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Right will lapse.

During the financial year, Performance Rights had been on issue or granted to certain KMP and other employees and consultants with the following performance conditions:

(a) **Expanded Definitive Feasibility Study Milestone** means delivery of a positive Definitive Feasibility Study incorporating Zona 7, and the Company making a decision to proceed to development of operation evidenced by the Board resolving to continue to develop the Project before 30 June 2017 (milestone was achieved on 14 July 2017 with the Performance Rights converting on 29 July 2017);

(b) **Project Construction Milestone** means completion of approximately 25% of the project development phase, as per the project development schedule and budget approved by the Board in accordance with the Definitive Feasibility Study before 31 December 2018;

(c) **Finance Review Milestone** means demonstrating the reduction in capital and operating costs of the Salamanca mine and a reduction to the overall financing requirement and cost of capital of the Company as approved by the board before 31 March 2019; and

(d) **Production Milestone** means achievement of first uranium production before 31 December 2019.

In addition, may provide unlisted Incentive Options to some KMP as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group. The Board's policy is to grant Incentive Options to KMP with exercise prices at or above market share price (at time of agreement). As such, Incentive Options granted to KMP are generally only of benefit if the KMP has performed to the level whereby the value of the Company has increased sufficiently to warrant exercising the Incentive Options granted. No Incentive Options were issued to KMP during the current financial year.

Other than service-based vesting conditions (if any), there were no additional performance criteria on the Incentive Options granted to KMP, as given the speculative nature of the Group's activities and the small management team responsible for its running, it is considered that the performance of KMP and the performance and value of the Group are closely related.

The Company prohibits executives entering into arrangements to limit their exposure to Unlisted Options and Performance Rights granted as part of their remuneration package.

Remuneration Policy for Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, incentive options have been used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. The maximum aggregate amount that may be paid to Non-Executive Directors is $350,000 during the financial year, as approved by shareholders at the a Meeting of Shareholders held on 6 May 2009. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not directly linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Given the size, nature and opportunities of the Company, Non-Executive Directors may receive Incentive Options or Performance Rights in order to secure and retain their services.

Fees for the Chairman were set at $50,000 per annum (2016: $50,000) (including post-employment benefits).

Fees for Non-Executive Directors' were set at $30,000 per annum (2016: $30,000) (including post-employment benefits). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees. From the 2018 financial year, Non-Executive Directors' will receive a fee of $45,000 per annum (including post-employment benefits) which reflects the transition of the Company from an explorer to a developer.

During the 2017 financial year, no Incentive Options or Performance Rights were granted to Non-Executive Directors.

The Company prohibits Non-Executive Directors entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

Relationship between Remuneration and Shareholder Wealth

During the Group's exploration and development phases of its business, the Board anticipates that the Company will retain future earnings (if any) and other cash resources for the operation and development of its business. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year and the previous four financial years. Discretionary annual cash bonuses are based upon achieving various non-financial KPIs as detailed under 'Performance Based Remuneration – Short Term Incentive' and are not based on share price or earnings. As noted above, a number of KMP have also been granted Performance Rights and Incentive Options, which generally will be of greater value should the value of the Company's shares increase (subject to vesting conditions being met), and in the case of options, increase sufficiently to warrant exercising the Incentive Options granted.

Relationship between Remuneration of KMP and Earnings

As discussed above, the Group is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations until sometime after the successful commercialisation, production and sales of commodities from one or more of its current projects.

Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors have received Performance Rights and Incentive Options in order to secure their services and as a key component of their remuneration.

For personal use only

For personal use only

REMUNERATION REPORT (AUDITED) (Continued)

General

Where required, KMP receive superannuation contributions (or foreign equivalent), currently equal to 9.5% of their salary, and do not receive any other retirement benefit. From time to time, some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at cost to the company and expensed. Incentive Options and Performance Rights are valued using an appropriate valuation methodology. The value of these Incentive Options and Performance Rights is expensed over the vesting period.

KMP Remuneration

Details of the nature and amount of each element of the remuneration of each Director and other KMP of the Company or Group for the financial year are as follows:

	Short-term Benefits			Non-Cash				
2017	Salary & Fees $	Cash Incentive $	Post Employment Benefits $	Share-Based Payments[6] $	Other Non-Cash Benefits[5] $	Total $	Percentage of Total Remuneration that Consists of Options/ Rights %	Percentage Performance Related %
Directors								
Ian Middlemas	45,600	-	4,332	-	-	49,932	-	-
Paul Atherley	459,754	422,852	-	309,294	-	1,191,900	25.95	61.43
Nigel Jones[1]	3,115	-	-	-	-	3,115	-	-
Adam Parker[2]	1,757	-	-	-	-	1,757	-	-
Robert Behets	27,398	-	2,603	31,424	-	61,425	51.16	51.16
James Ross[3]	25,634	-	2,435	23,347	-	51,416	45.41	45.41
Other KMP								
Francisco Bellón del Rosal	281,791	86,705	19,808	178,366	45,197	611,867	29.15	43.32
Javier Colilla Peletero	281,791	14,451	19,808	178,366	37,978	532,394	33.50	36.22
Paul Thomson[4]	151,564	21,143	-	24,980	-	197,687	12.64	23.33
Hugo Schumann	252,453	84,570	-	181,441	-	518,464	35.00	51.31
Dylan Browne	109,451	50,744	-	81,623	-	241,818	33.75	54.74
Total	1,640,308	680,465	48,986	1,008,841	83,175	3,461,775		

Notes
(1) Mr Jones was appointed a Director on 7 June 2017.
(2) Mr Parker was appointed a Director on 14 June 2017.
(3) Mr Ross retried as a Director on 7 June 2017.
(4) Mr Thomson was appointed as Chief Financial Officer on 12 January 2017.
(5) Other Non-Cash Benefits includes payments made for housing and car benefits.
(6) Share-based payments are measured for by using a Black-Scholes valuation method and are expensed over the vesting period of the Performance Rights or Incentive Options issued. Performance Rights are linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time with the Performance Rights only of any value to the holder if the performance conditions are satisfied prior to the expiry of the respective Performance Rights.

For personal use only

2016	Short-term Benefits		Non-Cash					
	Salary & Fees $	Cash Incentive $	Post Employment Benefits $	Share-Based Payments(5) $	Other Non-Cash Benefits(4) $	Total $	Percentage of Total Remuneration that Consists of Options/ Rights %	Percentage Performance Related %
Directors								
Ian Middlemas	45,600	-	4,400	-	-	50,000	-	-
Paul Atherley(1)	456,218	225,344	-	439,874	-	1,121,436	39.22	59.32
James Ross	27,398	-	2,603	(5,116)	-	24,885	(20.56)	(20.56)
Robert Behets	27,398	-	2,603	72,440	-	102,441	70.71	70.71
Other KMP								
Francisco Bellón del Rosal	297,002	76,154	20,467	269,321	48,441	711,385	37.86	48.56
Javier Colilla Peletero	297,002	76,154	18,770	269,321	46,431	707,678	38.06	48.82
Hugo Schumann	226,851	89,697	-	214,425	-	530,973	40.38	57.28
Dylan Browne(2)	98,066	17,349	-	68,215	-	183,630	37.15	46.60
Clint McGhie(3)	-	-	-	24,627	-	24,627	100.00	100.00
Total	1,475,535	484,698	48,843	1,353,107	94,872	3,457,055		

Notes

(1) Mr Atherley was appointed a Director with effect from 1 July 2015.
(2) Mr Browne was appointed as Company Secretary on 29 October 2015.
(3) Mr McGhie resigned as Company Secretary and Chief Financial Officer on 29 October 2015. Previously Mr McGhie provided services as the Company Secretary and Chief Financial Officer through a services agreement between Berkeley and Apollo Group Pty Ltd. Under the agreement up and until Mr McGhie's resignation date, Apollo Group Pty Ltd was paid, or was payable $72,500 (2015: $296,000) for the provision of administrative, company secretarial and accounting services, and the provision of a fully serviced office to the Company
(4) Other Non-Cash Benefits includes payments made for housing and car benefits.
(5) Share-based payments are measured for by using a Black-Scholes valuation method and are expensed over the life of the Performance Rights issued. The Performance Rights are linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time with the Performance Rights only of any value to the holder if the performance conditions are satisfied prior to the expiry of the respective Performance Rights.

Incentive Options and Performance Rights Granted to KMP

Details of Incentive Options and Performance Rights granted by the Company to each Key Management Personnel of the Group during the year ended 30 June 2017 are as follows:

2017	Security(1)	Grant Date	Expiry Date	Exercise Price	Grant Date Fair Value $	No. Granted	No. Vested at 30 June 2017
Other KMP							
Paul Thomson	Rights	25 May 17	31 Mar 19	-	0.810	100,000	-
	Rights	25 May 17	31 Dec 19	-	0.810	300,000	-

Notes

(1) For details on the valuation of the Unlisted Options and Performance Rights, including models and assumptions used, please refer to Note 16 to the financial statements.

REMUNERATION REPORT (AUDITED) (Continued)

Incentive Options and Performance Rights Granted to KMP (Continued)

Details of the value of Incentive Options granted, exercised or lapsed for each KMP of the Company or Group during the financial year are as follows:

2017	Value of Incentive Options granted during the year $	Value of Incentive Options exercised during the year $	Value of options / rights lapsed during the year $	Value of Incentive Options included in remuneration for the year $	Percentage of remuneration that consists of Incentive Options %
Other KMP					
Hugo Schumann	-	104,337[(1),(2)]	-	-	-

Notes

(1) On 23 December 2016, Mr Schumann exercised 100,000 Incentive Options. The value of the Incentive Options exercised is calculated by using the closing price on that date (A\$0.82) less the exercise price £0.15 (A\$0.26).

(2) On 23 December 2016, Mr Schumann exercised 100,000 Incentive Options. The value of the Incentive Options exercised is calculated by using the closing price on that date (A\$0.82) less the exercise price £0.20 (A\$0.34).

Employment Contracts with Directors and KMP

Current Directors

Mr Ian Middlemas, Non-Executive Chairman, has a letter of appointment dated 29 June 2015 confirming the terms and conditions of his appointment. Effective from 1 July 2013, Mr Middlemas has received a fee of $50,000 per annum inclusive of superannuation.

Mr Paul Atherley, Managing Director, is engaged under a consultancy deed with North Asia Metals Ltd ('NAML') dated 16 June 2015. The agreement specifies the duties and obligations to be fulfilled by Mr Atherley as Managing Director. There is 12 month rolling term and either party may terminate with three months written notice. No amount is payable in the event of termination for material breach of contract, gross misconduct or neglect. Effective 1 July 2016, NAML has received an annual consultancy fee of £275,000 and will be eligible for an annual bonus of up to £250,000 to be paid upon successful completion of key performance indicators as determined by the Board. In addition, NAML, subject to the Corporations Act, will be entitled to receive a payment equivalent to the annual consultancy fee in the event of a change in control clause being triggered by the Company.

Mr Nigel Jones, Non-Executive Director, has a letter of appointment with Berkeley Energia Limited dated 5 June 2017 confirming the terms and conditions of his appointment. Effective from his appointment date (being 7 June 2017), Mr Jones has received a fee of $45,000 per annum.

Mr Adam Parker, Non-Executive Director, has a letter of appointment with Berkeley Energia Limited dated 5 June 2017 confirming the terms and conditions of his appointment. Effective from 28 August 2017, Mr Parker will receive a fee of $45,000 per annum for his Board duties and $15,000 for chairing the Remcom.

Mr Robert Behets, Non-Executive Director, has a letter of appointment dated 29 June 2015 confirming the terms and conditions of his appointment. Effective 1 July 2015, Mr Behets has received a fee of $45,000 per annum inclusive of superannuation. Mr Behets also has a services agreement with the Company dated 18 June 2012, which provides for a consultancy fee at the rate of $1,200 per day for management and technical services provided by Mr Behets. Either party may terminate the agreement without penalty or payment by giving two months' notice.

For personal use only

For personal use only

Current other KMP

Mr Francisco Bellón del Rosal, has a contract of employment dated 14 April 2011 and amended on 1 July 2011, 13 January 2015 and 16 March 2017. The contract specifies the duties and obligations to be fulfilled by the Chief Operations Officer. The contract has a rolling term and may be terminated by the Company giving six months' notice, or 12 months in the event of a change of control of the Company. In addition to the notice period, Mr Bellón will also be entitled to receive an amount equivalent to statutory unemployment benefits (approximately €25,000) and statutory severance benefits (equivalent to 45 days remuneration per year worked from 9 May 2011 to 11 February 2012, and 33 days remuneration per year worked from 12 February 2012 until termination). No amount is payable in the event of termination for neglect of duty or gross misconduct. Mr Bellón receives a fixed remuneration component of €190,000 per annum plus compulsory social security contributions regulated by Spanish law, as well as the provision of accommodation in Salamanca and a motor vehicle.

Mr Javier Colilla Peletero, has a contract of employment dated 1 July 2010 and amended on 12 December 2011 13 January 2015 and 22 March 2017. The contract specifies the duties and obligations to be fulfilled by the Chief Administration Officer. The contract has a rolling term and may be terminated by the Company giving six months notice, or 12 months in the event of a change of control of the Company or if the position becomes redundant. In addition to the notice period, Mr Colilla will also be entitled to receive an amount equivalent to statutory unemployment benefits (approximately €25,000) and statutory severance benefits (equivalent to 45 days remuneration per year worked from 1 July 2010 to 11 February 2012, and 33 days remuneration per year worked from 12 February 2012 until termination). No amount is payable in the event of termination for neglect of duty or gross misconduct. Mr Colilla receives a fixed remuneration component of €190,000 per annum plus compulsory social security contributions regulated by Spanish law, as well as an allowance for the use of his private motor vehicle.

Mr Paul Thomson, Chief Financial Officer, is engaged under a consultancy deed with Inverey Limited ('Inverey') dated 12 January 2017. The agreement specifies the duties and obligations to be fulfilled by Mr Thomson as the Chief Financial Officer. The Company may terminate the agreement with three months written notice. No amount is payable in the event of termination for material breach of contract, gross misconduct or neglect. Inverey receives an annual consultancy fee of £190,000 and will be eligible for a cash incentive of up to £50,000 to be paid upon successful completion of key performance indicators as determined by the Managing Director and Board of Directors. In addition Inverey will be entitled to receive a payment incentive worth the annual consultancy fee in the event of a change of control clause being triggered with the Company.

Mr Hugo Schumann, Chief Commercial Officer, is engaged under a consultancy deed with Meadowbrook Enterprises Limited ('Meadowbrook') which was updated on 15 May 2016. The agreement specifies the duties and obligations to be fulfilled by Mr Schumann as the Chief Commercial Officer. The Company may terminate the agreement with three months written notice. No amount is payable in the event of termination for material breach of contract, gross misconduct or neglect. Meadowbrook receives an annual consultancy fee of £150,000 and will be eligible for a cash incentive of up to £50,000 to be paid upon successful completion of key performance indicators as determined by the Managing Director and Board of Directors.

Mr Dylan Browne, Company Secretary, has a letter of appointment dated 29 October 2015 confirming the terms and conditions of his appointment. Mr Browne's appointment letter is terminable pursuant to the Company's Constitution. Mr Browne receives a fee of £5,500 per annum pursuant to this appointment letter. In addition Candyl Limited ('Candyl'), a company of which Mr Browne is a director and shareholder, has a consultancy agreement with the Company, which specifies the duties and obligations to be fulfilled by Mr Browne as the Company Secretary. Either party may terminate the agreement with three months written notice. No amount is payable in the event of termination for material breach of contract, gross misconduct or neglect. Candyl receives an annual consultancy fee of £60,500.

For personal use only

REMUNERATION REPORT (AUDITED) (Continued)

Equity instruments held by Key Management Personnel

Incentive Options and Performance Right holdings of KMP

2017	Held at 1 July 2016	Granted as Compen-sation	Vested Options and Rights exercised	Net Other Changes	Held at 30 June 2017	Vested and exerciseable at 30 June 2017
Directors						
Ian Middlemas	-	-	-	-	-	-
Paul Atherley	6,500,000	-	(650,000)	-	5,850,000	4,000,000
Mr Nigel Jones	-[1]	-	-	-	-	-
Mr Adam Parker	-[2]	-	-	-	-	-
Robert Behets	580,000	-	(100,000)	-	480,000	-
James Ross	200,000	-	-	-	200,000[3]	-
Other KMP						
Francisco Bellón del Rosal	3,150,000	-	(400,000)	-	2,750,000	1,500,000
Javier Colilla Peletero	3,150,000	-	(400,000)	-	2,750,000	1,500,000
Paul Thomson	-[4]	400,000	-	-	400,000	-
Hugo Schumann	1,650,000	-	(550,000)		1,100,000	-
Dylan Browne	460,000	-	(100,000)	-	360,000	-

Notes
(1) As at appointment date being 7 June 2017
(2) As at appointment date being 14 June 2017
(3) As at retirement date being 7 June 2017
(4) As at appointment date being 12 January 2017

Shareholdings of KMP

2017	Held at 1 July 2016	Granted as Compen-sation	Options exercised/Rights converted	Net Other Changes	Held at 30 June 2017
Directors					
Ian Middlemas	9,300,000	-	-	-	9,300,000
Paul Atherley	854,000	-	650,000	(135,000)[1]	1,369,000
Mr Nigel Jones	-[2]	-	-	-	-
Mr Adam Parker	-[3]	-	-	-	-
Robert Behets	2,390,000	-	100,000	-	2,490,000
James Ross	415,000	-	-	-	415,000[4]
Other KMP					
Francisco Bellón del Rosal	403,200	-	400,000	(103,200)[1]	700,000
Javier Colilla Peletero	650,000	-	400,000	(239,445)[1]	810,555
Paul Thomson	-[5]	-	-	-	-
Hugo Schumann	-	-	750,000	(750,000)[1]	-
Dylan Browne	-	-	100,000	-	100,000

Notes
(1) On-market trades to meet personal tax obligations
(2) As at appointment date being 7 June 2017
(3) As at appointment date being 14 June 2017
(4) As at retirement date being 7 June 2017
(5) As at appointment date being 12 January 2017

End of Remuneration Report.

For personal use only

AUDITOR'S AND OFFICERS' INDEMNITIES AND INSURANCE

Under the Constitution the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

During the financial year, the Company has paid an insurance premium to insure Directors and officers of the Company against certain liabilities arising out of their conduct while acting as a Director or Officer of the Company. Under the terms and conditions of the insurance contract, the nature of liabilities insured against cannot be disclosed.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

NON-AUDIT SERVICES

During the year, the Company's auditor, Ernst & Young, received, or is due to receive, $80,808 (2016: $72,898) for the provision of non-audit services. The Directors are satisfied that the provision of non-audit services is compatible with the general standard and independence for auditors imposed by the Corporations Act.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on page 59 of the Annual Financial Report.

This report is made in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors

PAUL ATHERLEY
Managing Director

29 September 2017

For personal use only

Competent Persons Statement

The information in this report that relates to the FEED was extracted from the announcement entitled 'Capital costs for Salamanca reduced by 1% to € 82.3 million' dated 6 July 2017, which is available to view on Berkeley's Energia Limited's (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 FEED results 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 FEED costs is based on, and fairly represents, information compiled by Mr Francisco Bellon, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Mr Bellon is the Chief Operating Officer for Berkeley and a holder of shares, options and performance rights in Berkeley. Mr Bellon 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'.

The information in this report 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 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue and other income	2	**463,639**	248,868
Corporate and administration expenses		**(1,750,862)**	(1,348,966)
Exploration and evaluation expenses		**(11,045,135)**	(9,213,493)
Business Development expenses		**(2,697,276)**	(1,614,099)
Share-based payment expenses	16(a)	**(1,020,106)**	(1,713,364)
Loss before income tax		**(16,049,740)**	(13,641,054)
Income tax benefit/ (expense)	4	-	-
Loss after income tax		**(16,049,740)**	(13,641,054)
Other comprehensive income, net of income tax:			
Items that may be classified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(344,395)**	125,016
Other comprehensive income, net of income tax		**(344,395)**	125,016
Total comprehensive loss for the year attributable to Members of Berkeley Energia Limited		**(16,394,135)**	(13,516,038)
Basic and diluted loss per share (cents per share)	19	**(6.88)**	(7.47)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	20(b)	**34,814,971**	11,348,057
Trade and other receivables	5	**1,478,139**	7,301,108
Total Current Assets		**36,293,110**	18,649,165
Non-current Assets			
Exploration expenditure	6	**7,945,014**	7,788,515
Property, plant and equipment	7	**9,799,308**	1,852,230
Other financial assets	8	**160,351**	120,637
Total Non-current Assets		**17,904,673**	9,761,382
TOTAL ASSETS		**54,197,783**	28,410,547
LIABILITIES			
Current Liabilities			
Trade and other payables	9	**5,208,363**	2,081,914
Provisions	10	**522,810**	26,656
Total Current Liabilities		**5,731,173**	2,108,570
TOTAL LIABILITIES		**5,731,173**	2,108,570
NET ASSETS		**48,466,610**	26,301,977
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	**168,050,788**	129,514,703
Reserves	12	**106,965**	428,677
Accumulated losses		**(119,691,143)**	(103,641,403)
TOTAL EQUITY		**48,466,610**	26,301,977

The above Statement of Financial Position should be read in conjunction with the accompanying Notes

For personal use only

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees		**(12,700,576)**	(11,578,946)
Interest received		**460,344**	289,672
Rebates received		**-**	11,802
Net cash outflow from operating activities	20(a)	**(12,240,232)**	(11,277,472)
Cash flows from investing activities			
Exploration acquisition costs		**-**	(12,050)
Proceeds from sale of royalty (note 6)		**6,530,826**	-
Payments for property, plant and equipment		**(8,134,766)**	(334,629)
Net cash outflow from investing activities		**(1,603,940)**	(346,679)
Cash flows from financing activities			
Proceeds from issue of securities		**39,755,838**	9,594,812
Transaction costs from issue of securities		**(2,217,177)**	(20,131)
Net cash inflow from financing activities		**37,538,661**	9,574,681
Net decrease in cash and cash equivalents held		**23,694,489**	(2,049,470)
Cash and cash equivalents at the beginning of the financial year		**11,348,057**	13,398,617
Effects of exchange rate changes on cash and cash equivalents		**(227,575)**	(1,090)
Cash and cash equivalents at the end of the financial year	20(b)	**34,814,971**	11,348,057

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
As at 1 July 2016	**129,514,703**	**2,768,536**	**(2,339,859)**	**(103,641,403)**	**26,301,977**
Total comprehensive loss for the period:					
Net loss for the year	**-**	**-**	**-**	**(16,049,740)**	**(16,049,740)**
Other Comprehensive Income:					
Exchange differences arising on translation of foreign operations	**-**	**-**	**(344,395)**	**-**	**(344,395)**
Total comprehensive income/(loss)	**-**	**-**	**(344,395)**	**(16,049,740)**	**(16,394,135)**
Transactions with owners, recorded directly in equity:					
Issue of ordinary shares	**39,745,489**	**-**	**-**	**-**	**39,745,489**
Exercise of incentive options	**57,623**	**-**	**-**	**-**	**57,623**
Share issue costs	**(2,217,177)**	**-**	**-**	**-**	**(2,217,177)**
Adjustment for performance rights forfeited	**-**	**(224,128)**	**-**	**-**	**(224,128)**
Transfer from share-based payments reserve	**950,150**	**(950,150)**	**-**	**-**	**-**
Share-based payments	**-**	**1,196,961**	**-**	**-**	**1,196,961**
As at 30 June 2017	**168,050,788**	**2,791,219**	**(2,684,254)**	**(119,691,143)**	**48,466,610**
As at 1 July 2015	119,358,591	2,106,668	(2,464,875)	(90,461,849)	28,538,535
Total comprehensive loss for the period:					
Net loss for the year	-	-	-	(13,641,054)	(13,641,054)
Other Comprehensive Income: Exchange differences arising on translation of foreign operations	-	-	125,016	-	125,016
Total comprehensive income/(loss)	-	-	125,016	(13,641,054)	(13,516,038)
Transactions with owners, recorded directly in equity:					
Issue of ordinary shares	6,936,308	-	-	-	6,936,308
Exercise of incentive options	2,712,500	-	-	-	2,712,500
Share issue costs	(28,696)	-	-	-	(28,696)
Expiry of incentive options	-	(461,500)	-	461,500	-
Transfer from share-based payments reserve	536,000	(536,000)	-	-	-
Share-based payments	-	1,659,368	-	-	1,659,368
As at 30 June 2016	129,514,703	2,768,536	(2,339,859)	(103,641,403)	26,301,977

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes

For personal use only

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Berkeley Energia Limited ('Berkeley' or 'Company' or 'Parent') and its consolidated entities ('Consolidated Entity' or 'Group') for the year ended 30 June 2017 are stated to assist in a general understanding of the financial report.

Berkeley is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ('ASX') and the Alternative Investment Market ('AIM') on the London Stock Exchange.

The financial report of the Company for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report has been prepared on a historical cost basis. The financial report is presented in Australian dollars.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

(i) AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation* which clarify the principle in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset;

(ii) AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* which clarify certain requirements in AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 7 Financial Instruments: Disclosures, AASB 119 Employee Benefits, and AASB 134 Interim Financial Reporting; and

(iii) AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101* which amends AASB 101 Presentation of Financial Statements to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements.

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2017. Those which may be relevant to the Group are outlined in the table below and are not expected to have a significant impact on the Group's financial statements.

Standard/Interpretation	Application date of standard	Application date for Group
AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*	1 January 2017	1 July 2017
AASB 9 *Financial Instruments*, and relevant amending standards	1 January 2018	1 July 2018
AASB 15 *Revenue from Contracts with Customers*, and relevant amending standards	1 January 2018	1 July 2018
AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	1 January 2018	1 July 2018
AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018	1 July 2018
AASB 16 *Leases*	1 January 2019	1 July 2019

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Berkeley Energia Limited at reporting date. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(d) Business Combinations

The aquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The cost of a business combination is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

For personal use only

For personal use only

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Exploration and Evaluation Assets (Note 6)
- Accounting for the sale of royalty (Note 6)
- Share-Based Payments (Note 16)
- Functional currency of foreign operations (Note 21(e))

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying value amount of the financial asset.

(g) Foreign Currency Translation

Both the functional and presentation currency of Berkeley at 30 June 2017 was Australian Dollars.

The following table sets out the functional currency of the subsidiaries (unless dormant) of the Group:

Company Name	Functional Currency
Berkeley Exploration Limited	A$
Berkeley Minera Espana, S.A.	Euro
Geothermal Energy Sources, S.L.	Euro

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Foreign Currency Translation (Continued)

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement with the exception of exchange differences on intercompany loans which are not expected or planned to be repaid. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and tax credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Where the functional currency of a subsidiary of Berkeley Energia Limited is not Australian Dollars the assets and liabilities of the subsidiary at reporting date are translated into the presentation currency of Berkeley at the rate of exchange ruling at the balance sheet date and the income statements are translated by applying the average exchange rate for the year.

Any exchange differences arising on this retranslation are taken directly to the foreign currency translation reserve in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity and relating to that particular foreign operation is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(h) Income Tax

The income tax expense for the year is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

For personal use only

(i) Cash and Cash Equivalents

'Cash and cash equivalents' includes cash on hand, deposits held at call with financial institutions, and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(j) Impairment of Non-Current Assets

The Group assesses at each reporting date whether there is an indication that a non-current asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to dispose and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Trade and Other Receivables

Trade receivables are initially recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Trade receivables are due for settlement no more than 30 days from the date of recognition. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(l) Investments and Other Financial Assets

Classification

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loan and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate.

When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, les directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are carried at amortised cost using the effective interest rate method.

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments and Other Financial Assets (Continued)

Impairment

Collectability of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(m) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Plant and equipment are depreciated on a reducing balance or straight line basis at rates based upon the individual assets effective useful life as follows:

	Life
Plant and equipment	2 - 13 years
Property	50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the net disposal proceeds with carrying amount of the asset. These are included in the profit or loss in the period the asset is derecognised.

(n) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for the goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days. Payables are carried at amortised cost.

(o) Employee Leave Benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(p) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

(r) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred.

A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the income statement.

Exploration and evaluation expenditure incurred by the group subsequent to the acquisition of the rights to explore is expensed as incurred, up to the costs associated with the preparation of a feasibility study

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit or loss.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(t) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

For personal use only

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Goods and Services Tax (Continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(u) Share Based Payments

(i) Equity settled transactions:

The Group provides benefits to directors, employees, consultants and other advisors of the Group in the form of share-based payments, whereby the directors, employees, consultants and other advisors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model or Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Berkeley (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

For personal use only

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

	2017 $	2016 $
2. REVENUE AND OTHER INCOME		
Revenue – Interest Income	**463,639**	237,065
R&D Rebate received	**-**	11,803
	463,639	248,868
3. EXPENSES AND LOSSES		
Loss from ordinary activities before income tax expense includes the following specific expenses:		
(a) Expenses		
Depreciation and amortisation		
- Plant and equipment	**187,688**	144,184
(b) Employee Benefits Expense		
Salaries, wages and fees	**3,728,883**	3,263,431
Defined contribution/Social Security	**513,359**	498,761
Share-based payments (refer Note 16(a))	**972,833**	1,659,368
Total Employee Benefits Expense	**5,215,075**	5,421,560
4. INCOME TAX EXPENSE		
(a) Recognised in the Income Statement		
Current income tax		
Current income tax expense in respect of the year	**-**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**-**	-
Income tax reported in the income statement	**-**	-

	2017 $	2016 $
4. INCOME TAX EXPENSE (Continued)		
(b) Reconciliation Between Tax Expense and Accounting Loss Before Income Tax		
Accounting loss before income tax	**(16,049,740)**	(13,641,054)
At the domestic income tax rate of 27.5% (2016: 30%)	**(4,413,678)**	(4,092,316)
Effect of decrease in Australian income tax rate	**1,371,097**	-
Expenditure not allowable for income tax purposes	**458,671**	693,421
Income not assessable for income tax purposes	**-**	(3,541)
Foreign currency exchange gains and other translation adjustments	**15,960**	327
Adjustments in respect of current income tax of previous years	**198,620**	(170,489)
Temporary differences not brought to account	**2,369,330**	3,572,598
Income tax (benefit)/expense reported in the income statement	**-**	-
(c) Deferred Income Tax		
Deferred income tax relates to the following:		
Deferred Tax Liabilities		
Accrued interest	**5,616**	5,138
Deferred tax assets used to offset deferred tax liabilities	**(5,616)**	(5,138)
	-	-
Deferred Tax Assets		
Accrued expenditure	**217,479**	101,748
Exploration and evaluation assets	**9,207,907**	7,482,890
Tax losses available to offset against future taxable income	**9,591,072**	9,062,012
Deferred tax assets used to offset deferred tax liabilities	**(5,616)**	(5,138)
Deferred tax assets not brought to account	**(19,010,842)**	(16,641,512)
	-	-

This future income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

(d) Tax Consolidations

As Berkeley Energia Limited is the only Australian company in the Group, tax consolidation is not applicable.

For personal use only

	Notes	2017 $	2016 $
5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES			
GST and other taxes receivable		**1,361,752**	416,969
Interest receivable		**20,421**	17,125
Advanced royalty sale receivable	6	**-**	6,739,550
Other		**95,966**	127,464
		1,478,139	7,301,108
All trade and other receivables are current and no amounts are impaired			
6. NON-CURRENT ASSETS – EXPLORATION EXPENDITURE			
The group has mineral exploration costs carried forward in respect of areas of interest(1):			
Areas in exploration at cost:			
Balance at the beginning of year		**7,788,515**	14,257,110
Net (disposals)/additions		**11,432**	12,484
Deduction for advanced royalty sale(2)	5	**-**	(6,739,550)
Foreign exchange differences		**145,067**	258,471
Balance at end of year		**7,945,014**	7,788,515

Notes:

(1) The value of the exploration interests is dependent upon the discovery of commercially viable reserves and the successful development or alternatively sale, of the respective tenements. An amount of €6m (A$8.69m) was capitalised in respect of fees paid to ENUSA under the Co-operation Agreement relating to the tenements within the State Reserves. The Company reached agreement with ENUSA in July 2012 in the form of an Addendum to the Consortium Agreement signed in January 2009. The Addendum includes the following terms:

- The Consortium now consists of State Reserves 28 and 29;
- Berkeley's stake in the Consortium has increased to 100%;
- ENUSA will remain the owner of State Reserves 28 and 29, however the exploitation rights have been assigned to Berkeley, together with authority to submit all applications for the permitting process;
- The Company is now the sole and exclusive operator in the Addendum Reserves, with the right to exploit the contained uranium resources and has full ownership of any uranium produced;
- ENUSA will receive a production fee equivalent to 2.5% of the net sale value (after marketing and transport costs) of any uranium produced within the Addendum Reserves;
- Berkeley has waived its rights to mining in State Reserves 2,25, 30, 31, Hoja 528-1 and the Saelices El Chico Exploitation Concession, and has waived any rights to management of the Quercus plant; and
- The Co-operation Agreement with ENUSA, signed on 29 January 2009, has been terminated.

(2) In June 2016, the Company completed an upfront royalty sale to major shareholder Resource Capital Funds ('RCF'). The royalty financing comprised the sale of a 0.375% fully secured net smelter royalty over the project for US$5 million (A$6.7million). The funds from the royalty were received during the current financial year.

For personal use only

	2017 $	2016 $
7. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
(a) Plant and equipment		
At beginning of financial year, net of accumulated depreciation and impairment	**189,138**	230,605
Additions	**902,722**	79,301
Depreciation charge for the year	**(172,966)**	(112,178)
Disposals	**(12,620)**	(16,419)
Foreign exchange differences	**(6,385)**	7,829
At end of financial year, net of accumulated depreciation and impairment	**899,889**	189,138
At beginning of financial year		
Gross carrying amount – at cost	**1,123,504**	816,333
Accumulated depreciation and impairment	**(934,366)**	(585,728)
Net carrying amount	**189,138**	230,605
At end of financial year		
Gross carrying amount – at cost	**1,980,547**	1,123,504
Accumulated depreciation and impairment	**(1,080,658)**	(934,366)
Net carrying amount	**899,889**	189,138
(b) Property		
At beginning of financial year, net of accumulated depreciation and impairment	**1,663,092**	1,431,180
Additions	**7,436,207**	225,375
Depreciation charge for the year	**(31,733)**	(31,733)
Disposals	**(64,167)**	
Foreign exchange differences	**(103,980)**	38,270
At end of financial year, net of accumulated depreciation and impairment	**8,899,419**	1,663,092
At beginning of financial year		
Gross carrying amount – at cost	**1,779,413**	1,513,975
Accumulated depreciation and impairment	**(116,321)**	(82,795)
Net carrying amount	**1,663,092**	1,431,180
At end of financial year		
Gross carrying amount – at cost	**9,046,825**	1,779,413
Accumulated depreciation and impairment	**(147,406)**	(116,321)
Net carrying amount	**8,899,419**	1,663,092

For personal use only

For personal use only

	2017 $	2016 $
(c) Total Property, Plant and Equipment		
At beginning of financial year, net of accumulated depreciation and impairment	**1,852,230**	1,661,785
Additions	**8,338,929**	304,676
Depreciation charge for the year	**(204,699)**	(143,911)
Disposals	**(76,787)**	(16,419)
Foreign exchange differences	**(110,365)**	46,099
At end of financial year, net of accumulated depreciation and impairment	**9,799,308**	1,852,230

8. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	2017 $	2016 $
Security bonds	**160,351**	120,637

9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2017 $	2016 $
Trade creditors	**4,417,530**	1,751,792
Accrued expenses	**790,833**	330,122
	5,208,363	2,081,914

All trade and other payables are current. There are no overdue amounts. Trade creditors are non-interest bearing and settled on 30 day terms. Accrued expenses are non-interest bearing and have an average term of six months.

10. CURRENT LIABILITIES – PROVISIONS

	2017 $	2016 $
Provisions	**522,810**	26,656

Reforestation provision to plant 30,000 young oak trees as part of the environmental licence at the project.

11. ISSUED CAPITAL

(a) Issued and Paid up Capital

	2017 $	2016 $
254,512,198 (2016: 198,323,023) fully paid ordinary shares	**168,050,788**	129,514,703

11. ISSUED CAPITAL (Continued)

(b) Movements in Ordinary Share Capital During the Past Two Years:

Date	Details	Number of Shares	$
1 Jul 15	**Opening Balance**	**180,361,323**	**119,358,591**
22 Dec 15	Issue of shares on exercise of $0.475 Incentive Options	500,000	237,500
23 Dec 15	Issue of shares on conversion of Performance Rights	830,000	-
23 Dec 15	Issue of shares to consultant as part of their annual fee	120,000	53,996
19 May 16	Placement	11,011,700	6,882,312
19 May 16	Issue of shares on exercise of $0.45 incentive options	500,000	225,000
17 Jun 16	Issue of shares on exercise of $0.45 incentive options	5,000,000	2,250,000
Jul 15 to Jun 16	Transfer from share-based payments reserve	-	536,000
Jul 15 to Jun 16	Share issue costs	-	(28,696)
30 Jun 16	**Closing Balance**	**198,323,023**	**129,514,703**
1 Jul 16	**Opening Balance**	**198,323,023**	**129,514,703**
29 Jul 16	Issue of shares on conversion of performance rights	2,345,000	-
28 Sep 16	Issue of shares to consultant as part of their fee	40,000	30,000
9 Nov 16	Placement (Tranche 1)	35,712,381	25,941,198
16 Dec 16	Placement (Tranche 2)	17,869,572	13,757,018
23 Dec 16	Issue of shares on exercise of £0.15 Incentive Options	100,000	24,695
23 Dec 16	Issue of shares on exercise of £0.20 Incentive Options	100,000	32,928
26 May 17	Issue of shares to consultant as part of their fee	22,222	17,273
Jul 16 to Jun 17	Transfer from share-based payments reserve	-	950,150
Jul 16 to Jun 17	Share issue costs		(2,217,177)
30 Jun 17	**Closing Balance**	**254,512,198**	**168,050,788**

(c) Terms and conditions of Ordinary Shares

(i) *General*

The ordinary shares ('Shares') are ordinary shares and rank equally in all respects with all ordinary shares in the Company.

The rights attaching to the Shares arise from a combination of the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office.

(ii) *Reports and Notices*

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

(iii) *Voting*

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote for any Share held by the Shareholder.

For personal use only

A poll may be demanded by the Chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(iv) *Variation of Shares and Rights Attaching to Shares*

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

(v) *Unmarketable Parcels*

The Company may procure the disposal of Shares where the member holds less than a marketable parcel of Shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than $500). To invoke this procedure, the Directors must first give notice to the relevant member holding less than a marketable parcel of Shares, who may then elect not to have his or her Shares sold by notifying the Directors.

(vi) *Changes to the Constitution*

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(vii) *Listing Rules*

Provided the Company remains admitted to the Official List of the Australian Securities Exchange Ltd, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

12. RESERVES

	Note	2017 $	2016 $
Share-based payments reserve	12(b)	**2,791,219**	2,768,536
Foreign currency translation reserve		**(2,684,254)**	(2,339,859)
		106,965	428,677

(a) Nature and Purpose of Reserves

Share-based payments reserve

The share-based payments reserve records the fair value of share-based payments made by the Company.

Foreign currency translation reserve

Exchange differences arising on translation of a foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1(g). The reserve is recognised in profit and loss when the net investment is disposed of.

For personal use only

12. RESERVES (Continued)

(b) Movements in Options and Performance Rights during the Past Two Years:

Date	Details	Number of Incentive Options	Number of Performance Rights	$
1 Jul 15	**Opening Balance**	**15,450,000**	**2,776,000**	**2,106,668**
21 Sep 15	Expiry of $0.41 Incentive Options	(1,000,000)	-	(203,000)
31 Jul 15	Grant of performance rights	-	4,804,000	-
22 Dec 15	Exercise of $0.475 Incentive Options	(500,000)	-	(117,500)
22 Dec 15	Expiry of $0.475 Incentive Options	(1,250,000)	-	(258,500)
23 Dec 15	Conversion of performance rights	-	(830,000)	(290,500)
12 Feb 16	Grant of performance rights	-	2,905,000	-
12 Feb 16	Grant of £0.25 Incentive Options	150,000	-	-
12 Feb 16	Grant of £0.30 Incentive Options	150,000	-	-
12 Feb 16	Grant of £0.40 Incentive Options	200,000	-	-
18 Mar 16	Grant of performance rights	-	900,000	-
19 May 16	Exercise of $0.45 Incentive Options	(500,000)	-	(128,000)
17 Jun 16	Exercise of $0.45 Incentive Options	(5,000,000)	-	-
Jul 15 to Jun 16	Share-based payments expense	-	-	1,659,368
30 Jun 16	**Closing Balance**	**7,700,000**	**10,555,000**	**2,768,536**
1 Jul 16	**Opening Balance**	**7,700,000**	**10,555,000**	**2,768,536**
29 Jul 16	Conversion of performance rights	-	(2,345,000)	(926,550)
23 Dec 16	Exercise of £0.15 incentive options	(100,000)	-	(11,700)
23 Dec 16	Exercise of £0.20 incentive options	(100,000)	-	(11,900)
25 May 17	Grant of performance rights	-	400,000	-
Jul 16 to Jun 17	Adjustment for performance rights forfeited	-	-	(224,128)
Jul 16 to Jun 17	Share-based payments expense	-	-	1,196,961
30 Jun 17	**Closing Balance**	**7,500,000**	**8,610,000**	**2,791,219**

For personal use only

13. PARENT ENTITY INFORMATION

	2017 $	2016 $
Current assets	**19,807,945**	10,796,723
Total assets	**35,060,065**	25,898,486
Current liabilities	**1,175,125**	1,312,020
Total liabilities	**1,175,125**	1,312,020
Net Assets	**33,884,940**	24,586,466
Issued Capital	**168,050,788**	129,514,703
Reserves	**2,791,219**	2,768,536
Accumulated losses	**(136,957,067)**	(107,696,774)
Total equity	**33,884,940**	24,586,465
Profit/(Loss) of the parent entity	**(29,260,293)**	(14,295,847)
Total comprehensive Profit/(Loss) of the parent entity	**(29,260,293)**	(14,295,847)

The Parent Company had no guarantees, commitments or contingencies at 30 June 2017 other than as disclosed elsewhere in this report.

14. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Name of Controlled Entity	Place of Incorporation	Equity Interest	
		2017 %	2016 %
Berkeley Exploration Ltd	UK	100	100
Berkeley Minera Espana, S.L.	Spain	100	100
Geothermal Energy Sources, S.L.	Spain	100	100

(b) Ultimate Parent

Berkeley Energia Limited is the ultimate parent of the Group.

(c) Key Management Personnel

Details relating to Key Management Personnel, including remuneration paid, are included at Note 15.

(d) Transactions with Related Parties in the Consolidated Group

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

For personal use only

For personal use only

15. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The Key Management Personnel of the Group during or since the end of the financial year were as follows:

Directors

Ian Middlemas	Chairman
Paul Atherley	Managing Director
Nigel Jones	Non-Executive Director (appointed 7 June 2017)
Adam Parker	Non-Executive Director (appointed 14 June 2017)
Robert Behets	Non-Executive Director
James Ross	Non-Executive Director (retired 7 June 2017)

Other KMP

Francisco Bellón del Rosal	General Manager Operations
Javier Colilla Peletero	Chief Administration Officer
Paul Thomson	Chief Financial Officer (appointed 12 January 2017)
Hugo Schumann	Chief Commercial Officer
Dylan Browne	Company Secretary

There were no other key management personnel of the Company or the Group. Unless otherwise disclosed, the Key Management Personnel held their position from 1 July 2016 to 30 June 2017.

(b) Key Management Personnel Compensation

	2017 $	2016 $
Short-term benefits	**(2,403,948)**	(2,055,105)
Post-employment benefits	**(48,986)**	(48,843)
Share-based payments	**(1,008,841)**	(1,353,107)
	(3,461,775)	(3,457,055)

16. SHARE-BASED PAYMENTS

(a) Recognised Share-Based Payment Expense

	2017 $	2016 $
Expense arising from equity-settled share-based payment transactions	**(972,833)**	(1,659,368)
Consultancy service costs settled by equity-settled share-based payment transactions	**(47,273)**	(53,996)
Total share-based payments recognised during the year	**(1,020,106)**	(1,713,364)

(b) Summary of Incentive Options and Performance Rights Granted as Share-based Payments

The following Incentive Options were granted as share-based payments during the last two years:

No Incentive Options were granted as share-based payments in the financial year ended 30 June 2017.

For personal use only

Options 2016	Number	Grant Date	Issue Date	Expiry Date	Exercise Price	Fair Value $
Series						
Series 1	150,000	8 Feb 16	12 Feb 16	30 Jun 18	£0.25	0.238
Series 2	150,000	8 Feb 16	12 Feb 16	30 Jun 18	£0.30	0.217
Series 3	200,000	8 Feb 16	12 Feb 16	30 Jun 18	£0.40	0.183

The following table illustrates the number and weighted average exercise prices ('WAEP') of Incentive Options issued as share-based payments at the beginning and end of the financial year:

Options	2017 Number	2017 WAEP	2016 Number	2016 WAEP
Outstanding at beginning of year	**7,700,000**	**$0.379**	10,450,000	$0.388
Granted during the year	-	-	500,000	$0.668
Exercised during the year	(200,000)	$0.359	(1,000,000)	$0.463
Expired during the year	-	-	(2,250,000)	$0.446
Outstanding at end of year	**7,500,000**	**$0.390**	7,700,000	$0.379

The outstanding balance of Incentive Options as at 30 June 2017 is represented by:

- 3,500,000 Incentive Options exercisable at £0.15 on or before 30 June 2018;
- 3,500,000 Incentive Options exercisable at £0.20 on or before 30 June 2018;
- 150,000 Incentive Options exercisable at £0.25 on or before 30 June 2018;
- 150,000 Incentive Options exercisable at £0.30 on or before 30 June 2018; and
- 200,000 Incentive Options exercisable at £0.40 on or before 30 June 2018.

The following Performance Rights were granted as share-based payments during the last two years:

Rights 2017	Number	Grant Date	Issue Date	Expiry Date	Exercise Price	Fair Value $
Series						
Series 1	100,000	25 May 17	25 May 17	31 Mar 19	-	0.810
Series 2	300,000	25 May 17	25 May 17	31 Dec 19	-	0.810

For personal use only

16. SHARE-BASED PAYMENTS (Continued)

(b) Summary of Incentive Options and Performance Rights Granted as Share-based Payments (Cont'd)

Rights 2016	Number	Grant Date	Issue Date	Expiry Date	Exercise Price	Fair Value $
Series						
Series 1	830,000	31 Jul 15	31 Jul 15	31 Dec 16	-	0.350
Series 2	1,480,000	31 Jul 15	31 Jul 15	30 Jun 17	-	0.350
Series 3	1,012,000	31 Jul 15	31 Jul 15	31 Dec 18	-	0.350
Series 4	1,482,000	31 Jul 15	31 Jul 15	31 Dec 19	-	0.350
Series 5	665,000	8 Feb 16	12 Feb 16	30 Jun 17	-	0.470
Series 6	945,000	8 Feb 16	12 Feb 16	31 Dec 18	-	0.470
Series 7	1,295,000	8 Feb 16	12 Feb 16	31 Dec 19	-	0.470
Series 8	200,000	18 Mar 16	18 Mar 16	30 Jun 17	-	0.480
Series 9	300,000	18 Mar 16	18 Mar 16	31 Dec 18	-	0.480
Series 10	400,000	18 Mar 16	18 Mar 16	31 Dec 19	-	0.480

Performance Rights	2017 Number	2017 WAEP	2016 Number	2016 WAEP
Outstanding at beginning of year	**10,555,000**	**-**	**2,776,000**	**-**
Granted during the year	400,000	-	8,609,000	-
Expired during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Converted during the year	(2,345,000)	-	(830,000)	-
Outstanding at end of year	**8,610,000**	**-**	**10,555,000**	**-**

The outstanding balance of Performance Rights as at 30 June 2017 is represented by:

- 3,685,000 Performance Rights expiring on 31 December 2018;
- 100,000 Performance Rights expiring on 31 March 2019; and
- 4,925,000 Performance Rights expiring on 31 December 2019.

(c) Weighted Average Remaining Contractual Life

At 30 June 2017, the weighted average remaining contractual life for Incentive Options on issue that had been granted as share-based payments was 1.03 years (2016: 2.00 years) and of Performance Rights issued as share-based payments was 2.08 years (2016: 2.61 years).

(d) Range of Exercise Prices

At 30 June 2017, the range of exercise prices for Incentive Options on issue that had been granted as share-based payments was £0.15 to £0.40 (2016: £0.15 to £0.40). Performance Rights have no exercise price.

(e) Weighted Average Fair Value

The weighted average fair value of Incentive Options granted as share-based payments during the year ended 30 June 2017 was nil (2016: $0.210). The weighted average fair value of Performance Rights granted as share-based payments during the year ended 30 June 2017 was $0.810 (2016: $0.404).

For personal use only

(f) Option and Performance Rights Pricing Model

The fair value of the equity-settled share Options and Performance Rights granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the Options and Performance Rights were granted.

The following table lists the inputs to the valuation model used for Options granted by the Group during the last two years:

No Incentive Options were granted as share-based payments in the financial year ended 30 June 2017.

Options 2016 Inputs	Series 1	Series 2	Series 3
Exercise price (£)	0.25	0.30	0.40
Exercise price (A$)	0.51	0.61	0.82
Grant date share price (A$)	0.47	0.47	0.47
Dividend yield(1)	-	-	-
Volatility(2)	90%	90%	90%
Risk-free interest rate	2%	2%	2%
Grant date	8 Feb 16	8 Feb 16	8 Feb 16
Expiry date	30 Jun 18	30 Jun 18	30 Jun 18
Expected life of option(3)	2.39	2.39	2.39
Fair value at grant date	0.238	0.217	0.183

Notes:

(1) The dividend yield reflects the assumption that the current dividend payout will remain unchanged.
(2) The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.
(3) The expected life of the options is based on the expiry date of the options as there is limited track record of the early exercise of options.

Rights 2017 Inputs	Series 1	Series 2
Exercise price (A$)	-	-
Grant date share price (A$)	0.810	0.810
Dividend yield(1)	-	-
Volatility(2)	-	-
Risk-free interest rate	-	-
Grant date	25 May 17	25 May 17
Milestone date	31 Mar 18	31 Dec 18
Expiry date	31 Mar 19	31 Mar 19
Expected life of rights(3)	1.75	2.50
Fair value at grant date	0.810	0.810

16. SHARE-BASED PAYMENTS (Continued)

(f) Option and Performance Rights Pricing Model (Contuned)

Rights 2016 Inputs	Series 1	Series 2	Series 3	Series 4	Series 5
Exercise price (A$)	-	-	-	-	-
Grant date share price (A$)	0.350	0.350	0.350	0.350	0.470
Dividend yield[1]	-	-	-	-	-
Volatility[2]	-	-	-	-	-
Risk-free interest rate	-	-	-	-	-
Grant date	31 Jul 15	31 Jul 15	31 Jul 15	31 Jul 15	8 Feb 16
Milestone date	31 Dec 15	31 Dec 16	31 Dec 17	31 Dec 18	31 Dec 16
Expiry date	31 Dec 16	30 Jun 17	31 Dec 18	31 Dec 19	30 Jun 17
Expected life of rights[3]	0.42	1.42	2.42	3.42	0.90
Fair value at grant date	0.350	0.350	0.350	0.350	0.470

Notes:

(1) The dividend yield reflects the assumption that the current dividend payout will remain unchanged.
(2) The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.
(3) The expected life of the Performance Right is based on the Milestone Date of the Performance Rights as this is when the vesting condition is expected to be satisfied.

(g) Terms and conditions of Performance Rights

- The unlisted Performance Rights are granted based upon the following terms and conditions:
- each Performance Right automatically converts into one Ordinary Share upon vesting of the Performance Right;
- each Performance Right is subject to performance conditions (as determined by the Board from time to time) which must be satisfied in order for the Performance Right to vest;
- the Performance Rights on issue as at 30 June 2017 each vest separately on completion of the each of the three milestones:
  - **Project Construction Milestone** means completion of approximately 25% of the project development phase, as per the project development schedule and budget approved by the Board in accordance with the Definitive Feasibility Study before 31 December 2018.
  - **Finance Review Milestone** means demonstrating the reduction in capital and operating costs of the Salamanca mine and a reduction to the overall financing requirement and cost of capital of the Company as approved by the board before 31 March 2019.
  - **Production Milestone** means achievement of first uranium production before 31 December 2019.
- if a performance condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Rights will lapse;
- Ordinary Shares issued on conversion of the Performance Rights rank equally with the then Ordinary Shares of the Company;
- application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon conversion of the Performance Rights;
- if there is any reconstruction of the issued share capital of the Company, the rights of the Performance Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- no application for quotation of the Performance Rights will be made by the Company; and
- without approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

For personal use only

For personal use only

	2017 $	2016 $
17. REMUNERATION OF AUDITORS		
Amounts received or due and receivable by Ernst & Young Australia for:		
- an audit or review of the financial reports of the Company and any other entity in the Consolidated Group	**28,240**	28,240
- preparation of income tax return	**23,527**	14,640
Amounts received or due and receivable by related practices of Ernst & Young for:		
- an audit or review of the financial reports of the Company	**32,151**	30,462
- other services in relation to the Company	**57,281**	58,258
Other auditors for:		
- an audit or review of the financial reports	**9,347**	10,824
Total Auditors Remuneration	**150,546**	142,424

18. SEGMENT INFORMATION

The Consolidated Entity operates in one operating segment and one geographical segment, being uranium exploration in Spain. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

The corporate and administrative functions based in Australia are considered incidental to Consolidated Entity's uranium exploration activities in Spain.

(a) Reconciliation of Non-Current Assets by geographical location

	2017 $	2016 $
United Kingdom	**154,191**	3,834
Spain	**17,750,482**	9,757,548
	17,904,673	9,761,382

19. EARNINGS PER SHARE

The following reflects the income data used in the calculations of basic and diluted earnings per share:

	2017 $	2016 $
Net loss used in calculating basic and diluted earnings per share	**(16,049,740)**	(13,641,054)

(a) Weighted Average Number of Shares

The following reflects the share data used in the calculations of basic and diluted earnings per share:

19. EARNINGS PER SHARE (Continued)

(a) Weighted Average Number of Shares (Continued)

	Number of Shares 2017	Number of Shares 2016
Weighted average number of ordinary shares used in calculating basic earnings per share	**233,164,414**	182,620,204
Effect of dilutive securities (1)	**-**	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	**233,164,414**	182,620,204

Notes:

(1) At 30 June 2017, 7,500,000 options and 8,610,000 performance rights (which represent 16,110,000 potential ordinary shares) were considered not dilutive as they would decrease the loss per share for the year ended 30 June 2017.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2017

There have been no conversions to, calls of, or subscriptions for ordinary shares, since the reporting date and before the completion of this financial report.

20. STATEMENT OF CASH FLOWS

(a) Reconciliation of Net Loss Before Income Tax Expense to Net Cash Flows from Operating Activities

	2017 $	2016 $
Net loss before income tax expense	**(16,049,740)**	(13,641,054)
Adjustment for non-cash income and expense items		
Depreciation	**187,688**	144,184
Share-based payments expense	**1,020,106**	1,713,364
Other non-cash expenses	**-**	-
Foreign exchange movement	**(227,575)**	-
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(707,856)**	(82,073)
Increase/(decrease) in trade and other payables	**3,576,859**	643,630
(Increase)/decrease in other financial assets	**(39,714)**	(55,523)
Net cash outflow from operating activities	**(12,240,232)**	(11,277,472)

(b) Reconciliation of Cash and Cash Equivalents

	2017 $	2016 $
Cash at bank and on hand	**34,814,971**	11,348,057
Bank short term deposits	**-**	-
	34,814,971	11,348,057

For personal use only

For personal use only

(c) Credit Standby Arrangements with Banks

At balance date, the Company had no used or unused financing facilities.

(d) Non-cash Financing and Investment Activities

30 June 2017

An amount of $47,273 was recognised as a share-based payment for the issue of shares to consultants as part of their annual fees. Please refer to Note 16(a).

30 June 2016

An amount of $53,996 was recognised as a share-based payment for the issue of shares to a consultant as part of their annual fee. Please refer to Note 16(a).

21. FINANCIAL INSTRUMENTS

(a) Overview

The Group's principal financial instruments comprise receivables, payables, security deposits, other financial liabilities, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

21. FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk (Continued)

	2017 $	2016 $
Current Assets		
Cash and cash equivalents	**34,814,971**	11,348,057
Trade and other receivables	**1,478,139**	7,301,108
	36,293,110	18,649,165
Non-current Assets		
Other financial assets	**160,351**	120,637
	160,351	120,637
	36,453,461	18,769,802

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts. Trade and other receivables are expected to be collected in full and the Group as no history of credit losses.

As at 30 June 2017, trade and other receivables comprise GST/VAT receivable, accrued interest and other miscellaneous receivables. Included in the 2016 balance was an amount of $6,739,550 which was receivable from the advanced royalty payment owed from RCF. Where possible the Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2017 and 2016, the Group has sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial assets and financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
2017					
Financial Liabilities					
Trade and other payables	**5,208,363**	**-**	**-**	**-**	**5,208,363**
	5,208,363	**-**	**-**	**-**	**5,208,363**
2016					
Financial Liabilities					
Trade and other payables	2,081,914	-	-	-	2,081,914
	2,081,914	-	-	-	2,081,914

(d) Interest Rate Risk

For personal use only

The Group's exposure to the risk of changes in market interest rates relates primarily to cash and cash equivalents with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables, security deposits, investments in securities, and payables are non-interest bearing.

At balance date, the variable interest rate profile of the Group's was:

	2017 $	2016 $
Interest-bearing Financial Instruments		
Cash at bank and on hand	**34,814,971**	11,348,057
Bank short term deposits	**-**	-
	34,814,971	11,348,057

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 0.85% (2016: 2.12%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of one per cent has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% movement in interest rates at the reporting date would have increased (decreased) profit and loss by the amounts shown below based on the average amount of interest bearing financial instruments held. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Profit or Loss		Other Comprehensive Income	
	1% Increase $	1% Decrease $	1% Increase $	1% Decrease $
2017				
Group				
Cash and cash equivalents	**348,142**	**(348,142)**	**-**	**-**
2016				
Group				
Cash and cash equivalents	113,480	(113,480)	-	-

(e) Foreign Currency Risk

As a result of activities overseas, the Group's statement of financial position can be affected by movements in exchange rates.

The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

The Group is also exposed to foreign currency on the Euro and Sterling cash and cash equivalents that it holds.

For personal use only

21. FINANCIAL INSTRUMENTS (Continued)

(e) Foreign Currency Risk (Continued)

Sensitivity analysis for currency risk

A sensitivity of 10 per cent has been selected as this is considered reasonable given historic and potential future changes in foreign currency rates. This has been applied to the net financial instruments of Berkeley Minera Espana, S.L. and Geothermal Energy Sources, S.L. and to the Euro and Sterling cash and cash equivalents that the Group holds. This sensitivity analysis is prepared as at balance date.

A 10% strengthening/weakening of the Australian dollar against the Euro at 30 June 2017 would have increased/(decreased) the net financial assets of the Spanish controlled entities by A$123,521/(A$123,521) (2016: A$50,296/(A$50,296)).

There would be no impact on profit or loss arising from these changes in the currency risk variables as all changes in value are taken to a reserve.

A 10% strengthening/weakening of the Australian dollar against the Euro at 30 June 2017 would have increased/(decreased) the cash and cash equivalents held by the Group by A$1,330,516/(1,330,516) (2016: nil).

A 10% strengthening/weakening of the Australian dollar against the Sterling at 30 June 2017 would have increased/(decreased) the cash and cash equivalents held by the Group by A$1,132,041/(1,132,041) (2016: nil).

The above analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for 2016 has been performed on the same basis.

(f) Commodity Price Risk

The Group is exposed to uranium commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(g) Capital Management

The Group defines its Capital as total equity of the Group, being $48,466,610 as at 30 June 2017 (2016: $26,301,977). The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while financing the development of its project through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

(h) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

22. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2017 (2016: Nil).

For personal use only

23. COMMITMENTS

During the financial year, management has identified the following material commitments for the Group:

	Payable within 1 year $	Payable after 1 year and less than 5 years $	Total $
2017			
Operating Commitments	**623,077**	**718,563**	**1,341,640**
2016			
Operating Commitments	-	-	-

Operating commitments include contracts for the provision of serviced offices and minimum operational supply agreements. The disclosed amounts are based on the current terms of agreements and based on current levels of operating activities. Agreements entered into by the Group generally provide early termination clauses for the cancellation of agreements allowing the Group to modify the ongoing level of expenditure at an amount significantly less than the disclosed commitments above.

24. SUBSEQUENT EVENTS

(i) On 6 July 2017, the Company announced that the capital cost for the construction of the Salamanca mine has reduced to €82.3 million (US$93.8 million), a 1% reduction over previous estimates, confirming the project's status as one of the lowest cost uranium mine developments in the world today;

(ii) On 12 July 2017, the Company announced that the primary crusher for the Salamanca mine had been delivered to site, marking a key milestone in the construction of the Salamanca mine; and

(iii) On 31 August 2017, the Company signed an investment agreement with SGRF agreeing to invest up to US$120 million to fully fund the Salamanca mine into production.

Other than as outlined above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2017, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2017, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2017, of the Consolidated Entity.

For personal use only

For personal use only

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Berkeley Energia Limited, I state that:

(1) In the opinion of the Directors:

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited of the Consolidated Entity are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

(ii) complying with accounting standards and the Corporations Act 2001;

(iii) complying with International Financial Reporting Standards; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board.

PAUL ATHERLEY
Managing Director

29 September 2017

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's Independence Declaration to the Directors of Berkeley Energia Limited

As lead auditor for the audit of Berkeley Energia Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Berkeley Energia Limited and the entities it controlled during the financial year.

Ernst & Young

G H Meyerowitz
Partner
29 September 2017

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

GHM:JT:BEL:008

For personal use only

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the Members of Berkeley Energia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Berkeley Energia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters, provide the basis for our audit opinion on the accompanying financial report.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

GHM:JT:BEL:007

For personal use only

EY
Building a better working world

1. Capitalised exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
The carrying value of exploration and evaluation assets is subjective as it is based on the Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the results of exploration work indicating that the mineral reserves may not be commercially viable for extraction. Accordingly, the recoverability of capitalised exploration and evaluation assets was considered to be a key audit matter Refer to Note 6 – *Non-Current Assets – Exploration Expenditure* to the financial report for the amounts held on the consolidated statement of financial position by the Group as at 30 June 2017 and related disclosures.	We evaluated the Group's assessment of the recoverability of exploration and evaluation assets. In performing our procedures, we: ▸ considered the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as licence agreements and correspondence with relevant government agencies ▸ considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area, which included an assessment of the Group's cash-flow forecast models, enquiries with senior management and Directors as to the intentions and strategy of the Group ▸ considered whether the Group had made an assessment that technical and commercial viability of extracting mineral resources had been demonstrated in considering whether it was appropriate to continue to classify the capitalised mineral exploration and evaluation expenditure as an exploration and evaluation asset We have also assessed the adequacy of the disclosures in Notes 1(s) and 6.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

Building a better working world

2. Share-based payments

Why significant	How our audit addressed the key audit matter
In the current year, the Group granted share-based payment awards in the form of performance rights. The awards vest subject to the achievement of certain vesting conditions. In determining the share-based payments expense the Group uses assumptions in respect of the achievement of future non-market performance conditions. Due to the complexity and judgemental estimates used in determining the valuation of the share-based payments and vesting period, we considered the Group's calculation of the share-based payments expense to be a key audit matter. Refer to Note 16 to the financial report for the share-based payments expense recognised for the year ended 30 June 2017 and related disclosures.	For awards granted or vesting during the year, in performing our procedures we: ▸ assessed the assumptions used in the Group's fair value calculation, being the share price of the underlying equity and grant date ▸ assessed the vesting period assumptions and probability of achievement of the performance conditions We also assessed the adequacy of the disclosures in Note 16.

Information other than the financial report and auditor's report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

For personal use only

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 14 to 22 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Berkeley Energia Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

G H Meyerowitz
Partner
Perth
29 September 2017

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

Berkeley Energia Limited and the entities it controls believe corporate governance is important for the Company in conducting its business activities.

The Board of Berkeley has adopted a suite of charters and key corporate governance documents which articulate the policies and procedures followed by the Company. These documents are available in the Corporate Governance section of the Company's website, www.berkeleyenergia.com. These documents are reviewed annually to address any changes in governance practices and the law.

The Company's Corporate Governance Statement 2017, which explains how Berkeley complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' in relation to the year ended 30 June 2017, is available in the Corporate Governance section of the Company's website, www.berkeleyenergia.com and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

In addition to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, which is focused on developing a single uranium property;
- cost verses benefit of additional corporate governance requirements or processes;
- size of the Board;
- Board's experience in the relevant sector;
- organisational reporting structure and limited number of reporting functions, operational divisions and employees;
- relatively simple financial affairs with limited complexity and quantum;
- relatively moderate market capitalisation and economic value of the entity; and
- direct shareholder feedback.

For personal use only

1. MINERAL RESOURCES

Berkeley's Mineral Resource Statement as at 30 June 2017 and 30 June 2016 is grouped by deposit, all of which form part of the Salamanca mine in Spain as follows:

		2017			2016		
Deposit Name	**Resource Category**	**Tonnes (Mt)**	**U_3O_8 (ppm)**	**U_3O_8 (Mlbs)**	**Tonnes (Mt)**	**U_3O_8 (ppm)**	**U_3O_8 (Mlbs)**
Retortillo	Measured	4.1	498	4.5	4.1	498	4.5
	Indicated	11.3	395	9.8	11.3	395	9.8
	Inferred	0.2	368	0.2	0.2	368	0.2
	Total	***15.6***	***422***	***14.5***	***15.6***	***422***	***14.5***
Zona 7	Measured	5.2	674	7.8	5.2	674	7.8
	Indicated	10.5	761	17.6	10.5	761	17.6
	Inferred	6.0	364	4.8	6.0	364	4.8
	Total	***21.7***	***631***	***30.2***	***21.7***	***631***	***30.2***
Las Carbas	Inferred	0.6	443	0.6	0.6	443	0.6
Cristina	Inferred	0.8	460	0.8	0.8	460	0.8
Caridad	Inferred	0.4	382	0.4	0.4	382	0.4
Villares	Inferred	0.7	672	1.1	0.7	672	1.1
Villares North	Inferred	0.3	388	0.2	0.3	388	0.2
Total Retortillo Satellites	*Inferred*	***2.8***	***492***	***3.0***	***2.8***	***492***	***3.0***
Alameda	Indicated	20.0	455	20.1	20.0	455	20.1
	Inferred	0.7	657	1.0	0.7	657	1.0
	Total	***20.7***	***462***	***21.1***	***20.7***	***462***	***21.1***
Villar	Inferred	5.0	446	4.9	5.0	446	4.9
Alameda Nth Zone 2	Inferred	1.2	472	1.3	1.2	472	1.3
Alameda Nth Zone 19	Inferred	1.1	492	1.2	1.1	492	1.2
Alameda Nth Zone 21	Inferred	1.8	531	2.1	1.8	531	2.1
Total Alameda Satellites	***Inferred***	***9.1***	***472***	***9.5***	***9.1***	***472***	***9.5***
Gambuta	***Inferred***	***12.7***	***394***	***11.1***	***12.7***	***394***	***11.1***
Salamanca mine	***Measured***	***9.3***	***597***	***12.3***	***9.3***	***597***	***12.3***
	Indicated	***41.8***	***516***	***47.5***	***41.8***	***516***	***47.5***
	Inferred	***31.5***	***395***	***29.6***	***31.5***	***395***	***29.6***
	Total	***82.6***	***514***	***89.3***	***82.6***	***514***	***89.3***

(*) All figures are rounded to reflect appropriate levels of confidence. Apparent differences occur due to rounding. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves

As a result of the annual review of the Company's Mineral Resources, there has been no change to the Mineral Resources reported for the Salamanca mine.

For personal use only

2. ORE RESERVES

The Company's Ore Reserves as at 30 June 2017 and 30 June 2016, reported in accordance with the 2012 Edition of the JORC Code: for the Salamanca mine are as follows:

		2017			2016		
Deposit Name	**Reserve Category**	**Tonnes (Mt)**	**U_3O_8 (ppm)**	**U_3O_8 (Mlbs)**	**Tonnes (Mt)**	**U_3O_8 (ppm)**	**U_3O_8 (Mlbs)**
Retortillo	Proved	4.0	397	3.5	4.0	397	3.5
	Probable	11.9	329	7.9	11.9	329	7.9
	Total	***15.9***	***325***	***11.4***	***15.9***	***325***	***11.4***
Zona 7	Proved	6.5	542	7.8	6.5	542	7.8
	Probable	11.9	624	16.4	11.9	624	16.4
	Total	**18.4**	**595**	**24.2**	**18.4**	**595**	**24.2**
Alameda	Proved	0.0	0.0	0.0	0.0	0.0	0.0
	Probable	26.4	327	19.0	26.4	327	19.0
	Total	***26.4***	***327***	***19.0***	***26.4***	***327***	***19.0***
Total	***Proved***	***10.5***	***487***	***11.3***	***10.5***	***487***	***11.3***
	Probable	***50.3***	***391***	***43.4***	***50.3***	***391***	***43.4***
	Total (*)	***60.7***	***408***	***54.6***	***60.7***	***408***	***54.6***

As a result of the annual review of the Company's Ore Reserves, there has been no change to the Ore Reserves reported for the Salamanca mine.

3. GOVERNANCE OF MINERAL RESOURCES AND ORE RESERVES

The Company engages external consultants and Competent Persons (as determined pursuant to the JORC Code (2004 and 2012 editions)) to prepare and estimate the Mineral Resources and Ore Reserves. Management and the Board review these estimates and underlying assumptions for reasonableness and accuracy. The results of the Mineral Resource and Ore Reserve estimates are then reported in accordance with the requirements of the JORC Code and other applicable rules (including ASX Listing Rules).

Where material changes occur during the year to the project, including the project's size, title, exploration results or other technical information, previous Mineral Resource and Ore Reserve estimates and market disclosures are reviewed for completeness.

The Company generally reviews its Mineral Resources and Ore Reserves as at 30 June each year. Where a material change has occurred in the assumptions or data used in previously reported Mineral Resources or Ore Reserves, then where possible a revised Mineral Resource or Ore Reserve estimate will be prepared as part of the annual review process. However, there are circumstance where this may not be possible (e.g. an ongoing drilling programme), in which case a revised Mineral Resource or Ore Reserve estimate will be prepared and reported as soon as practicable as was the case in 2017.

For personal use only

4. COMPETENT PERSONS STATEMENT

The information in this report that relates to Ore Reserve Estimates, is based on, and fairly represents, information compiled or reviewed by Mr Francisco Bellon, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Mr Bellon is the Chief Operating Officer for Berkeley and a holder of shares, options and performance rights in Berkeley. Mr Bellon 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'. Mr Bellon consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears..

The information in this report that relates to the Mineral Resources for Retortillo and 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'. Mr Titley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Mineral Resources for Retortillo Satellites, Alameda, Alameda Satellites and the Gambuta deposits is based on is based on, and fairly represents, information compiled by Mr Craig Gwatkin, who is a Member of The Australasian Institute of Mining and Metallurgy and who was an employee of Berkeley Energia Limited. Mr Gwatkin 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gwatkin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Forward Looking Statements

This announcement may include forward-looking statements. 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 Berkley, 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.

For personal use only

For personal use only

The shareholder information set out below was applicable as at 31 August 2017.

1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Shares

Name	No of Ordinary Shares Held	Percentage of Issued Shares
Computershare Clearing Pty Ltd <CCNL DI A/C>	109,275,341	42.94
HSBC Custody Nominees (Australia) Limited	39,893,975	15.67
Merrill Lynch (Australia) Nominees Pty Limited	25,130,843	9.87
Pershing Australia Nominees Pty Ltd <Argonaut Account>	18,360,861	7.21
J P Morgan Nominees Australia Limited Arredo Pty Ltd	9,370,209	3.68
Arredo Pty Ltd	9,300,000	3.65
Mr Robert Arthur Behets + Mrs Kristina Jane Behets <Behets Family A/C>	2,000,000	0.79
Citicorp Nominees Pty Limited	1,804,129	0.71
Josselin Pty Ltd	1,000,000	0.39
Mr Terry Patrick Coffey + Hawkes Bay Nominees Limited <Williams Family No 2 A/C>	770,000	0.30
CS Third Nominees Pty Limited <HSBC CUST NOM AU Ltd 13 A/C>	746,696	0.29
North Asia Metals Ltd	719,000	0.28
BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient DRP>	716,792	0.28
Mr Javier Colilla Peletero	700,000	0.28
North Asia Metals Ltd	650,000	0.26
BNP Paribas Nominees Pty Ltd <Commerzbank AG DRP>	600,338	0.24
Mrs Susan Maree Whiting	600,000	0.24
Elliott Services Pty Ltd <The Elliott Family A/C>	579,418	0.23
Athas Investments Pty Ltd <The Athas Investment A/C>	575,000	0.23
BNP Paribas NOMS Pty Ltd <DRP>	547,087	0.21
Total Top 20	**223,339,689**	**87.75**
Others	31,172,509	12.25
Total Ordinary Shares on Issue	**254,512,198**	**100.00**

For personal use only

2. DISTRIBUTION OF EQUITY SECURITIES

An analysis of numbers of holders of listed securities by size of holding as at 31 August 2017 is listed below:

	Ordinary Shares	
Distribution	**Number of Shareholders**	**Number of Shares**
1 – 1,000	338	92,732
1,001 – 5,000	427	1,236,151
5,001 – 10,000	230	1,857,592
10,001 – 100,000	388	13,081,705
100,001 – and over	85	238,244,018
Totals	**1,468**	**254,512,198**

There were 251 holders of less than a marketable parcel of ordinary shares.

3. SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder notices have been received from the following at 31 August 2017:

Substantial Shareholder	Number of Shares
Resource Capital Fund	25,570,700
FIL Limited	24,802,375
Anglo Pacific Group PLC	20,810,861
Global X Management Company	15,441,458
River and Mercantile Asset Management LLP	13,147,298

4. UNQUOTED SECURITIES

The names of the security holders holding 20% or more of an unlisted class of security at 31 August 2017, other than those securities issued or acquired under an employee incentive scheme, are listed below:

Holder	£0.15 Unlisted Options Expiring 30-Jun-18	£0.25 Unlisted Options Expiring 30-Jun-18	£0.20 Unlisted Options Expiring 30-Jun-19	£0.30 Unlisted Options Expiring 30-Jun-19	£0.40 Unlisted Options Expiring 30-Jun-19
Mr Javier Colilla	750,000	-	750,000	-	-
Mr F Bellon del Rosal	750,000	-	750,000	-	-
North Asia Metals Ltd	2,000,000	-	2,000,000	-	-
Mr Christian Wirth	-	150,000	-	150,000	200,000
Others (holding less than 20%)	-	-	-	-	-
Total	**3,500,000**	**150,000**	**3,500,000**	**150,000**	**200,000**
Total holders	3	1	3	1	1

5. VOTING RIGHTS

See Note 11(c) of the Notes to the Financial Statements.

6. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Berkeley's listed securities.

7. EXPLORATION INTERESTS

As at 31 August 2017, the Company has an interest in the following tenements:

Location	Tenement Name	Percentage Interest	Status
Spain			
Salamanca	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
Cáceres	I.P. Almendro	100%	Granted
	I.P. Ibor	100%	Granted
	I.P. Olmos	100%	Granted
Badajoz	I.P. Don Benito Este	100%	Granted
	I.P. Don Benito Oeste	100%	Granted
Ciudad Real	I.P. Damkina Fraccion 1	100%	Granted
	I.P. Damkina Fraccion 2	100%	Granted
	I.P. Damkina Fraccion 3	100%	Granted

For personal use only

For personal use only

BERKELEY ENERGIA LIMITED AIM/ASX: BKY

E: info@berkeleyenergia.com
W: www.berkeleyenergia.com

LONDON OFFICE
Unit 1B
38 Jermyn Street
London SW1Y 6DN
United Kingdom
T: +44 203 903 1930
F: +44 207 434 4450

SPAIN OFFICE
Berkeley Minera España, S.L.
Carretera SA-322, KM 30
37495 Retortillo
Salamanca, Spain
T: +34 923 193903

REGISTERED OFFICE
Level 9, BGC Centre
28 The Esplanade
Perth WA 6000

T: +61 8 9322 6322
F: +61 8 9322 6558