BERKELEY*energia*

Interim Financial Report for the Half Year Ended 31 December 2021

Informe financiero provisional correspondiente al semestre terminado el 31 de diciembre de 2021

BERKELEY ENERGIA LIMITED
ABN 40 052 468 569

CORPORATE DIRECTORY | DIRECTORIO CORPORATIVO

Directors

Mr Ian Middlemas	Chairman
Mr Robert Behets	Acting Managing Director
Mr Adam Parker	Non-Executive Director

Company Secretary
Mr Dylan Browne

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Stock Exchange Listings
Spain
Madrid, Barcelona, Bilboa and Valencia Stock Exchanges
(Code: **BKY**)

United Kingdom
London Stock Exchange (LSE Code: **BKY**)

Australia
Australian Securities Exchange (ASX Code: **BKY**)

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DIRECTORS' REPORT

The Board of Directors of Berkeley Energia Limited present their report on the consolidated entity of Berkeley Energia Limited ("the Company" or "Berkeley") and the entities it controlled during the half year ended 31 December 2021 ("Consolidated Entity" or "Group").

DIRECTORS

The names of the Directors of Berkeley in office during the half year and until the date of this report are:

Mr Ian Middlemas	Chairman
Mr Robert Behets	Non-Executive Director (Acting Managing Director)
Mr Adam Parker	Non-Executive Director
Mr Deepankar Panigrahi	Non-Executive Director (resigned 26 October 2021)

Unless otherwise disclosed, Directors were in office from the beginning of the half year until the date of this report.

OPERATING AND FINANCIAL REVIEW

Summary

Summary for and subsequent to the half year end include:

- **Permitting Update:**

  During the period, the Company received formal notification from the Ministry for Ecological Transition and the Demographic Challenge ("MITECO") that it had rejected the Authorisation for Construction for the uranium concentrate plant as a radioactive facility ("NSC II") at the Company's Salamanca project. This decision followed the unfavourable NSC II report issued by the Board of the Nuclear Safety Council ("NSC") in July 2021.

  The Company strongly refutes the NSC's assessment and, in the Company's opinion, the NSC has adopted an arbitrary decision with the technical issues used as justification to issue the unfavourable report lacking in both technical and legal support.

  In this regard, Berkeley has submitted an administrative appeal against MITECO's decision under Spanish law.

  In Berkeley's strong opinion, MITECO has rejected the Company's NSC II application without following a legally established procedure and the Company believes that MITECO has infringed regulations on administrative procedures in Spain, as well as Berkeley's right of defence, which would imply that the decision on the rejection of the Company's NSC II application is not legal.

  The Company will continue to strongly defend its position in relation to the adverse resolution by MITECO and update the market on any material developments.

- **OIA / SGRF Claim:**

  During the period, the Company was served with a writ commencing legal proceedings in the Supreme Court of Victoria, brought by Singapore Mining Acquisition Co Pte Ltd ("SGRF") (a subsidiary of the Oman Investment Authority ("OIA")) in relation to the investment agreement and convertible note entered into in 2017.

  The Company is defending the legal proceedings and has filed its statement of defence to SGRF's claim. The Company also applied to have the legal proceedings transferred from the Supreme Court of Victoria to the Supreme Court of Western Australia, which occurred in January 2022. A directions hearing is currently scheduled for 27 April 2022.

  As previously advised, the Company strongly disputes the allegations and claims made by SGRF and will update the market with any material developments.

- **Uranium Market:**

  The outlook for nuclear power strengthened further during the period, with a number of important developments, including:

  - China planning at least 150 new reactors in the next 15 years, which would be more than the rest of the world has built in the past 35 years.

OPERATING AND FINANCIAL REVIEW (Continued)

Summary (Continued)

- A bipartisan infrastructure bill was passed by the US Congress which includes US$6 billion to support existing zero-carbon nuclear facilities under threat of early retirement due to economic factors and US$2.5 billion for advanced nuclear reactors through the Department of Energy's Advanced Reactor Demonstration Program.

- France vowing to build more nuclear reactors to meet climate goals, with President Macron stating, "To guarantee France's energy independence, to guarantee our country's electricity supply, and to reach our goals -- notably carbon neutrality in 2050 -- we will for the first time in decades revive the construction of nuclear reactors in our country, and continue to develop renewable energy."

- The European Commission announcing that consultations had begun with the Member States Expert Group on Sustainable Finance and the Platform on Sustainable Finance on a draft text of a "Taxonomy Complementary Delegated Act" covering gas and nuclear activities. The Commission stated, "there is a role for natural gas and nuclear as a means to facilitate the transition towards a predominately renewable-based future."

The Uranium spot price closed at US$42.10 per pound at the end of December having reached a high of US$47.40 per pound at the end of October. However, near-term demand slowed as the end of the period approached with the spot price decreasing slightly at the end of December to US$42.10 per pound.

Uranium price indicators reflective of the longer-term uranium market also rose in December to US$40.50 per pound (Long-Term); US$43.75 per pound (3-year forward price); and US$44.75 per pound (5-year forward price).

Operations

Permitting Update

During the period, Berkeley received formal notification from MITECO that it had rejected the NSC II application at the Company's Salamanca project. This decision followed the unfavourable NSC II report issued by the NSC in July 2021.

The Company strongly refutes the NSC's assessment and, in the Company's opinion, the NSC has adopted an arbitrary decision with the technical issues used as justification to issue the unfavourable report lacking in both technical and legal support.

Berkeley submitted documentation, including an 'Improvement Report' to supplement the Company's initial NSC II application, along with the corresponding arguments that address all of the issues raised by the NSC, and a request for its reassessment by the NSC, to MITECO in late July (see announcement dated 23 July 2021).

The Improvement Report was complemented by an Independent Expert's technical opinion on the hydrogeological aspects of the project produced by Prof. Rafael Fernández Rubio, Emeritus Professor of Hydrogeology at the Polytechnic University of Madrid.

Further documentation was submitted to MITECO in early August, in which the Company, with strongly supported arguments, dismantled all of the technical issues used by the NSC as justification to issue the unfavourable report. The Company again restated that the project is compliant with all requirements for NSC II to be awarded and requested its NSC II Application be reassessed by the NSC (see announcement dated 5 August 2021).

These submissions to MITECO were made as part of the previously disclosed hearing process in relation to the unfavourable NSC II decision.

In addition, the Company requested from MITECO access to the files associated with the Authorisation for Construction and Authorisation for Dismantling and Closure for the radioactive facilities at La Haba (Badajoz) and Saelices El Chico (Salamanca), which are owned by ENUSA Industrias Avandas S.A., in order to verify and contrast the conditions approved by the competent administrative and regulatory bodies for other similar uranium projects in Spain.

Based on a detailed comparison of the different licensing files undertaken by the Company following receipt of these files, it is clear that Berkeley, in its NSC II submission, has been required to provide information that does not correspond to: (i) the regulatory framework, (ii) the scope of the current procedural stage (i.e. at the NSC II stage), and/or (iii) the criteria applied in other licensing processes for similar radioactive facilities). Accordingly, the Company considers that the NSC has acted in a discriminatory and arbitrary manner when assessing the NSC II application for the Salamanca project.

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

Permitting Update (Continued)

These additional arguments were detailed in a further letter sent to MITECO in which Berkeley requested that the additional arguments be incorporated into its file and, in view of the outlined deficiencies of the NSC's unfavourable report, the procedure be returned to the NSC for a new report to be issued correcting these deficiencies (see announcement dated 29 October 2021).

In Berkeley's strong opinion, MITECO has rejected the Company's NSC II Application without following the legally established procedure, as the Improvement Report has not been taken into account and sent to the NSC for its assessment, as requested on multiple occasions by the Company.

In this regard, the Company believes that MITECO have infringed regulations on administrative procedures in Spain, as well as Berkeley's right of defence, which would imply that the decision on the rejection of the Company's NSC II Application is not legal.

Taking this into account, Berkeley has submitted an administrative appeal against MITECO's decision under Spanish law.

The Company will continue to strongly defend its position in relation to the adverse resolution by MITECO and update the market on any material developments.

Following the receipt of MITECO's rejection of NSC II, the Company's previously submitted Initial Authorisation ('NSC I') applications for Zona 7 and Alameda have been dismissed by MITECO. In conjunction with the appeal against the rejection of NSC II, the Company will also strongly defend its position in relation to the NSC I dismissals and has submitted administrative appeals against the NSC I decisions for Alameda and Zona 7.

Project Update:

The Company continued with its commitment to health, safety and the environment as a priority.

During the March 2022 quarter, the Company will measure and report its performance against the planned 2021 objectives in the areas of health, safety, environment and sustainability.

Monitoring Programs

As a result of the decision regarding NSC II as discussed above, the Company has suspended its radiological monitoring programs and rationalised other project related activities until its appeal process against the decision is concluded.

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

Uranium Market:

The outlook for nuclear power strengthened further during the period, with a number of important developments, including:

- China planning at least 150 new reactors in the next 15 years, which would be more than the rest of the world has built in the past 35 years.
- A bipartisan infrastructure bill was passed by the US Congress which includes US$6 billion to support existing zero-carbon nuclear facilities under threat of early retirement due to economic factors and US$2.5 billion for advanced nuclear reactors through the Department of Energy's Advanced Reactor Demonstration Program.
- France vowing to build more nuclear reactors to meet climate goals, with President Macron stating "To guarantee France's energy independence, to guarantee our country's electricity supply, and to reach our goals -- notably carbon neutrality in 2050 -- we will for the first time in decades revive the construction of nuclear reactors in our country, and continue to develop renewable energy."
- The European Commission announcing that consultations had begun with the Member States Expert Group on Sustainable Finance and the Platform on Sustainable Finance on a draft text of a "Taxonomy Complementary Delegated Act" covering gas and nuclear activities. The Commission stated, "there is a role for natural gas and nuclear as a means to facilitate the transition towards a predominately renewable-based future."

The Uranium spot price closed at US$42.10 per pound at the end of December having reached a high of US$47.40 per pound at the end of October. However, near-term demand slowed as the end of the period approached with the spot price decreasing slightly at the end of December to US$42.10 per pound.

Uranium price indicators reflective of the longer-term uranium market also rose in December to US$40.50 per pound (Long-Term); US$43.75 per pound (3-year forward price); and US$44.75 per pound (5-year forward price).

OIA / SGRF Claim and Convertible Note:

During the period, the Company announced that it had received a writ, for proceedings in the Supreme Court of Victoria at the Melbourne Commercial Court, brought by SGRF in relation to the investment agreement and convertible note entered into in 2017. The writ alleges that the principal amount of US$65 million of the unsecured and interest free convertible note ("Convertible Note") is immediately payable by the Company due to allegations that the investment agreement and convertible note have been frustrated, repudiated and/or an event of default has occurred.

The Company is defending the legal proceedings and has filed its statement of defence to SGRF's claim. The Company also applied to have the legal proceedings transferred from the Supreme Court of Victoria to the Supreme Court of Western Australia, which occurred in January 2022. A directions hearing is currently scheduled for 27 April 2022.

As previously advised, the Company strongly disputes the allegations and claims made by SGRF and will update the market with any material developments.

On 30 November 2021, the Company issued 186,814,815 fully paid ordinary shares in the capital of the Company to SGRF following the automatic conversion of the Convertible Note.

The Convertible Note has been converted in accordance with the terms of the Investment Agreement and Convertible Note entered in with SGRF in 2017.

The Company's issued ordinary share capital following conversion of the Convertible Note is 445,796,715 ordinary shares.

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

COVID-19 Update:

Authorities in Spain continue to maintain COVID-19 restrictions with tighter international entry requirements imposed to combat the spread. Rapid antigen tests required for travel purposes must now be taken within 24 hours prior to arrival in Spain, rather than within 48 hours as had previously been the case. Also, travellers who received their COVID-19 vaccinations more than 270 days prior to their arrival in Spain must produce proof of having received a booster shot in order to enter the country.

Regional authorities are responsible for setting localised restrictions, though they must petition local courts for authority to impose curfews, travel controls, and COVID-pass requirements mandating proof of vaccination, recovery, or a recent negative COVID-19 test for access to certain venues. Many regions are considering relaxing measures due to declining infection rates. Generally, most businesses and services are permitted to operate but must adhere to social distancing or capacity requirements, gatherings are limited, and nightlife venues must close at a certain hour. Some regions have implemented COVID-pass rules for certain facilities. Facemasks remain mandatory in in enclosed and outdoor public spaces across Spain.

Nonessential travel to Spain is only permitted for travellers from EU/EEA-associated states, Argentina, Australia, Bahrain, Canada, Chile, China, Colombia, Indonesia, Kuwait, New Zealand, Peru, Qatar, Rwanda, Saudi Arabia, South Korea, Taiwan, UAE, and Uruguay. Nonessential travel is also permitted from all countries except those listed above for individuals who possess a certificate of vaccination confirming they have completed a full course of a COVID-19 vaccine authorised by the European Medicines Agency (“EMA”) or World Health Organization (“WHO”) no less than 14 days before entry.

EU citizens arriving from countries designated as "risk-countries" must present a certificate of vaccination, a certificate of having recovered from COVID-19 within the previous 11-180 days, a negative COVID-19 PCR test taken in the 72 hours before arrival, or a negative antigen test taken in the 24 hours before arrival.

Corporate:

On 26 October 2021, Mr Deepankar Panigrahi resigned as a Director of the Company.

Results of Operations

The net profit of the Consolidated Entity for the half year ended 31 December 2021 was $3,015,000 (31 December 2020: loss of $32,579,000) Significant items contributing to the current half year profit and the substantial differences from the previous half year include the following:

(i) Exploration and evaluation expenses of $2,177,000 (31 December 2020: $2,555,000), which are 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 and until a decision to develop or mine is made;

(ii) Non-cash fair value movement gain of $4,171,000 (31 December 2020: loss of $21,989,000) on the Convertible Note and unlisted options issued to SGRF (the “SGRF Options”). These financial liabilities increase or decrease in size as the share price of the Company fluctuates. During the period, the Company issued 186,814,815 fully paid ordinary shares in the capital of the Company to SGRF following the automatic conversion of the Convertible Note in accordance with the terms of the Investment Agreement and Convertible Note entered in with SGRF in 2017. This has resulted in the Convertible Note liability being derecognised with the Company’s share capital increasing.

(iii) Foreign exchange gain of $1,640,000 (31 December 2020: loss of $7,401,000) largely attributable on the US$53 million held in cash by the Group following the weakening of the AUD against the USD by some 3% during the half year period.

Financial Position

At 31 December 2021, the Group is in an extremely strong financial position with cash reserves of $78,623,000 (30 June 2021: $79,066,000).

The Group had net assets of $77,489,000 at 31 December 2021 (30 June 2021: net liabilities of $19,165,000), an increase of 504% compared with 30 June 2021. The increase is consistent and largely attributable to the conversion of the Convertible Note and derecognition of the associated financial liability.

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years

Berkeley's strategic objective is to create long-term shareholder value. This will likely now include various appeals and claims in defending the negative MITECO decision regarding NSC II and also the OIA / SGRF Claim.

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

- Continue in the defence of the Company' rights with respect to the Salamanca project;
- The Company will strongly defend and dispute the allegations and claim made by SGRF in respect of their Claim; and
- Continue to assess other business and development opportunities at the Salamanca project.

All of these activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or 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:

- *Mining licences and government approvals required* – With the mining licence, environmental licence and the UL already obtained at the Salamanca mine, the only major approval to commence full construction at the Salamanca mine is NSC II.

  During the period, Berkeley received formal notification from MITECO that it had rejected the NSC II application at the Company's Salamanca project. This decision followed the unfavourable NSC II report issued by the NSC in July 2021.

  The Company strongly refutes the NSC's assessment and, in the Company's opinion, the NSC has adopted an arbitrary decision with the technical issues used as justification to issue the unfavourable report lacking in both technical and legal support.

  In this regard, Berkeley has submitted an administrative appeal against MITECO's decision under Spanish law.

  In Berkeley's strong opinion, MITECO has rejected the Company's NSC II application without following a legally established procedure and the Company believes that MITECO has infringed regulations on administrative procedures in Spain, as well as Berkeley's right of defence, which would imply that the decision on the rejection of the Company's NSC II application is not legal. There is, however, no certainty that the Company's appeal will be successful.

  Further, various appeals have also been made against other permits and approvals the Company has received for the Salamanca mine, 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. Whilst none of these appeals have been finally determined, no precautionary or interim measures have been granted in relation to the appeals regarding the award of licences and authorisations at the Salamanca mine to date.

  However, the successful development of the Salamanca mine will be dependent on the granting of all permits and licences necessary for the construction and production phases, in particular the award of NSC II which will allow for the construction of the plant as a radioactive facility.

  However, 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. If the required permits and licences are not obtained, then this could have a material adverse effect on the Group's financial performance, which has led to a reduction in the carrying value of assets and may materially jeopardise the viability of the Salamanca mine and the price of its Ordinary Shares.

  Further, the Company's exploration and any future mining activities are dependent upon the maintenance and renewal from time to time of the appropriate title interests, licences, concessions, leases, claims, permits, environmental decisions, planning consents and other regulatory consents which may be withdrawn or made subject to new limitations. The maintaining or obtaining of renewals or attainment and grant of title interests often depends on the Company being successful in obtaining and maintaining required statutory approvals for its proposed activities.

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

The Company closely monitors the status of its mining permits and licences and works closely with the relevant Government departments in Spain to ensure the various licences are maintained and renewed when required. However, there is no assurance that such title interests, licenses, concessions, leases, claims, permits, decisions or consents will not be revoked, significantly altered or not renewed to the detriment of the Company or that the renewals and new applications will be successful;

- *Litigation Risk* – During the period, the Company announced that it had received a writ, for proceedings in the Supreme Court of Victoria at the Melbourne Commercial Court, brought by SGRF in relation to the investment agreement and convertible note entered into in 2017. The writ alleges that the principal amount of US$65 million of the unsecured and interest free Convertible Note is immediately payable by the Company due to allegations that the investment agreement and convertible note have been frustrated, repudiated and/or an event of default has occurred.

  The Company is defending the legal proceedings and has filed its statement of defence to SGRF's claim. The Company has also applied to have the legal proceedings transferred from the Supreme Court of Victoria to the Supreme Court of Western Australia, which occurred in January 2022. A directions hearing is currently scheduled for 27 April 2022.

  As previously advised, the Company strongly disputes the allegations and claims made by SGRF and will update the market with any material developments. There is, however, no certainty that the Company will be able to successfully defend the SGRF Claim which could have a detrimental effect on the viability of the Company and the price of its Ordinary Shares;

- *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. During the previous year, a meeting of the full Spanish Parliament approved an amendment to the draft climate change and energy transition bill relating to the investigation and exploitation of radioactive minerals (e.g. uranium). The Parliament reviewed and approved the amendment Article 10, the text of which remained unchanged from the modified amendment proposed by the Ponencia in February 2021 and subsequently approved by the Commission and the Spanish Senate. As previously reported by the Company, under this amendment: (i) New applications for exploration, investigation or direct exploitation concessions for radioactive materials, nor their extensions, would not be accepted as of the entry into force of this law; and (ii) Existing concessions, and open proceedings and applications related to these, would continue as per normal based on the previous legislation. The new law was published in the Official Spanish State Gazette and came into effect in May 2021;

- *The Company may not successfully acquire new projects* – the Company is currently pursuing and assessing other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation. The Company's success in its acquisition activities depends on its ability to identify suitable projects, acquire them on acceptable terms, and integrate the projects successfully, which the Company's Board is experienced in doing. However, there can be no guarantee that any proposed acquisition will be completed or be successful. If a proposed acquisition is completed the usual risks associated with a new project and/or business activities will remain;

- *The Group's activities will require further capital* – the ability to finance a mining project is dependent on the Company's existing financial position, the availability and cost of project funding and other debt markets, the availability and cost of leasing and similar finance packages for project infrastructure and mobile equipment, the availability of mezzanine and offtake financing and the ability to access equity markets to raise new capital. There can be no guarantees that when the Company seeks to implement further financing strategies to pursue the development of its projects that suitable financing alternatives will be available and at a cost acceptable to the Company;

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

- *The Company may be adversely affected by fluctuations in commodity prices* – The price of uranium has fluctuated widely since the Fukushima nuclear power plant disaster in March 2011 and is affected by further 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 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; 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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events occurring after balance date requiring disclosure.

ROUNDING

The amounts contained in the half year financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the Directors of Berkeley Energia Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 21 and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.

Robert Behets
Acting Managing Director

14 March 2022

DIRECTORS' DECLARATION

BERKELEY*energia*

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

In the opinion of the Directors:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

   (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

   (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date.

(b) The Directors Report, which includes the Operating and Financial Review, provides a fair review of:

   (i) important events during the first six months of the current financial year and their impact on the half year financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

   (ii) related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could have such a material effect; and

(c) subject to the matter set out in note 3, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Robert Behets
Acting Managing Director

14 March 2022

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 HALF YEAR ENDED 31 DECEMBER 2021

	Note	Half Year Ended 31 December 2021 $000	Half Year Ended 31 December 2020 $000
Interest income		**15**	8
Exploration and evaluation costs		**(2,177)**	(2,555)
Corporate and administration costs		**(707)**	(466)
Business development expenses		**(37)**	(43)
Share based payments reversal/(expense)	10(a)	**110**	(133)
Fair value movements on financial liabilities	6	**4,171**	(21,989)
Foreign exchange movements		**1,640**	(7,401)
Profit/(loss) before income tax		**3,015**	(32,579)
Income tax expense		**-**	-
Profit/(loss) after income tax		**3,015**	(32,579)
Other comprehensive income, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**11**	(402)
Other comprehensive income/(loss), net of income tax		**11**	(402)
Total comprehensive income/(loss) for the half year attributable to Members of Berkeley Energia Limited		**3,026**	(32,981)
Basic and diluted earning/(loss) per share (cents per share)		**0.68**	(7.31)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

BERKELEY energia

	Note	31 December 2021 $000	30 June 2021 $000
ASSETS			
Current Assets			
Cash and cash equivalents		**78,623**	79,066
Other receivables		**1,279**	1,506
Total Current Assets		**79,902**	80,572
Non-current Assets			
Exploration expenditure	7	**-**	-
Property, plant and equipment		**-**	94
Other financial assets		**167**	123
Total Non-Current Assets		**167**	217
TOTAL ASSETS		**80,069**	80,789
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,573**	1,767
Derivative financial liabilities	8	**462**	97,535
Other financial liabilities		**545**	652
Total Current Liabilities		**2,580**	99,954
TOTAL LIABILITIES		**2,580**	99,954
NET ASSETS/(LIABILITIES)		**77,489**	(19,165)
EQUITY			
Issued capital	9	**263,600**	169,862
Reserves	10	**(1,671)**	(1,572)
Accumulated losses		**(184,440)**	(187,455)
TOTAL EQUITY/(DEFICIENCY)		**77,489**	(19,165)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

BERKELEY energia

	Issued Capital $000	Share Based Payments Reserve $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Total $000
As at 1 July 2021	**169,862**	**442**	**(2,014)**	**(187,455)**	**(19,165)**
Total comprehensive income for the period:					
Net profit for the period	**-**	**-**	**-**	**3,015**	**3,015**
Other comprehensive income/(loss):					
Exchange differences arising on translation of foreign operations	**-**	**-**	**11**	**-**	**11**
Total comprehensive income	**-**	**-**	**11**	**3,015**	**3,026**
Issue of ordinary shares (Notes 8 and 9)	**93,831**	**-**	**-**	**-**	**93,831**
Share issue costs	**(93)**	**-**	**-**	**-**	**(93)**
Lapse of unvested Performance Rights	**-**	**(148)**	**-**	**-**	**(148)**
Share-based payment expense	**-**	**38**	**-**	**-**	**38**
As at 31 December 2021	**263,600**	**332**	**(2,003)**	**(184,440)**	**77,489**
As at 1 July 2020	169,829	294	(1,410)	(132,502)	36,211
Total comprehensive income for the period:					
Net loss for the period	-	-	-	(32,579)	(32,579)
Other comprehensive loss:					
Exchange differences arising on translation of foreign operations	-	-	(402)	-	(402)
Total comprehensive loss	-	-	(402)	(32,579)	(32,981)
Share issue costs	(2)	-	-	-	(2)
Share-based payment expense	-	133	-	-	133
As at 31 December 2020	169,827	427	(1,812)	(165,081)	3,361

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half Year Ended 31 December 2021 $000	Half Year Ended 31 December 2020 $000
Cash flows from operating activities		
Payments to suppliers and employees	**(2,937)**	(3,226)
Interest received	**15**	8
Net cash outflow from operating activities	**(2,922)**	(3,218)
Cash flows from investing activities		
Payments for property, plant and equipment	**-**	(27)
Net cash outflow from investing activities	**-**	(27)
Cash flows from financing activities		
Transaction costs from issue of securities	**(93)**	(2)
Net cash outflow from financing activities	**(93)**	(2)
Net decrease in cash and cash equivalents held	**(3,015)**	(3,247)
Cash and cash equivalents at the beginning of the period	**79,066**	91,767
Effects of exchange rate changes on cash and cash equivalents	**2,572**	(8,760)
Cash and cash equivalents at the end of the period	**78,623**	79,760

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

BERKELEY*energia*

1. REPORTING ENTITY

Berkeley Energia Limited is a company domiciled in Australia. The interim financial report of the Company is as at and for the six months ended 31 December 2021.

The annual financial report of the Company as at and for the year ended 30 June 2021 is available upon request from the Company's registered office or is available to download from the Company's website at www.berkeleyenergia.com.

2. STATEMENT OF COMPLIANCE

The interim financial report is a general purpose condensed financial report which has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Berkeley Energia Limited for the year ended 30 June 2021 and any public announcements made by Berkeley Energia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of Preparation of Half Year Financial Report

The amounts contained in the half year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of certain financial assets and liabilities at fair value through profit or loss.

3. GOING CONCERN

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

As disclosed in Note 11, the Company announced during the period that it had received a writ, for proceedings in the Supreme Court of Victoria at the Melbourne Commercial Court, brought by SGRF in relation to the investment agreement and convertible note entered into in 2017. The writ alleges that the principal amount of US$65 million of the unsecured and interest free Convertible Note is immediately payable by the Company due to allegations that the investment agreement and convertible note have been frustrated, repudiated and/or an event of default has occurred. The Company applied to have the legal proceedings transferred from the Supreme Court of Victoria to the Supreme Court of Western Australia, which occurred in January 2022. A directions hearing is currently scheduled for 27 April 2022.

The Company strongly disputes the allegations and claims made by SGRF and is defending the legal proceedings having filed its statement of defence to SGRF's claim.

On 30 November 2021, the Company issued 186,814,815 fully paid ordinary shares in the capital of the Company to SGRF following the automatic conversion of the Convertible Note.

The Convertible Note has been converted in accordance with the terms of the Investment Agreement and Convertible Note entered in with SGRF in 2017.

In the event the Company is not successful in defending the legal proceedings and the Convertible Note becomes immediately payable, there is a material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied by the Consolidated Entity in this consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report for the year ended 30 June 2021.

In the current period, the Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021.

New and revised Standards and amendments thereof and Interpretations effective for the current half year that are relevant to the Group include:

- AASB 2020-3 *Amendment to AASB 9 – Test for Derecognition of Financial Liabilities*
- Conceptual Framework and Financial Reporting

The adoption of the aforementioned standards has resulted in no impact on interim financial statements of the Group as at 31 December 2021.

(a) Issued standards and interpretations not early adopted

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 reporting period ended 31 December 2021. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial statements:

Standard/Interpretation	Application Date of Standard	Application Date for Company
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (AASB 1, 3, 9, 116, 137 & 141)*	1 January 2022	1 July 2022
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	1 January 2023	1 July 2023
AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date*	1 January 2023	1 July 2023
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023	1 July 2023

5. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one operating segment, being exploration for mineral resources within 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. All material non-current assets excluding financial instruments are located in Spain.

6. FAIR VALUE MOVEMENTS

	Consolidated 31 December 2021 $000	Consolidated 31 December 2020 $000
Fair value movement on financial liabilities through profit and loss	**4,171**	(21,989)

Please refer to note 8 for further disclosure.

7. NON-CURRENT ASSETS – EXPLORATION EXPENDITURE

	Consolidated 31 December 2021 $000	Consolidated 30 June 2021 $000
The Group has mineral exploration costs carried forward in respect of areas of interest[1]:		
Areas in exploration at cost:		
Salamanca mine		
Balance at the beginning of period	-	8,293
Foreign exchange differences	-	(87)
Impairment provision	-	(8,206)[3]

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 was capitalised for the 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 consists of the Addendum Reserves (State Reserves Salamanca 28 and 29);
- Berkeley's stake in the Consortium 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 have 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.

The Group's accounting policy is to account for contingent consideration on asset acquisitions as contingent liabilities.

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).

3 In November 2021, Berkeley received formal notification from MITECO that it had rejected the NSC II application at the Company's Salamanca project. This decision followed the unfavourable NSC II report issued by the NSC in July 2021.

The Company strongly refutes the NSC's assessment and, in the Company's opinion, the NSC has adopted an arbitrary decision with the technical issues used as justification to issue the unfavourable report lacking in both technical and legal support.

In this regard, Berkeley has submitted an administrative appeal against MITECO's decision under Spanish law.

In Berkeley's strong opinion, MITECO has rejected the Company's NSC II application without following a legally established procedure and the Company believes that MITECO has infringed regulations on administrative procedures in Spain, as well as Berkeley's right of defence, which would imply that the decision on the rejection of the Company's NSC II application is not legal.

The Company will continue to strongly defend its position in relation to the adverse resolution by MITECO, however in accordance with the requisite accounting standards, the Company impaired its non-current assets in relation to the Salamanca project.

8. FINANCIAL LIABILITIES

	Consolidated 31 December 2021 $000	Consolidated 30 June 2021 $000
(a) Financial liabilities at fair value through profit and loss:		
Convertible Note[1]	**-**	92,950
SGRF Options	**462**	4,585
	462	97,535

	Consolidated 30 June 2021				Consolidated 31 December 2021
	Opening Balance $000	Fair Value Change $000	Foreign Exchange Loss/(Gain) $000	Automatic conversion	Total $000
(b) Reconciliation:					
Convertible Note	92,950	-	881	(93,831)[1]	**-**
SGRF Options	4,585	(4,171)	48	**-**	**462**
Total fair value	**97,535**	**(4,171)**	**929**	**(93,831)**	**462**

[1] On 30 November 2017, the Company issued an interest-free and unsecured US$65 million Convertible Note to SGRF. On 30 November 2021, the Company issued 186,814,815 fully paid ordinary shares in the capital of the Company to SGRF following the automatic conversion of the Convertible Note in accordance with the terms of the Investment Agreement and Convertible Note entered in with SGRF in 2017.

(c) Fair Value Estimation

The fair value of the SGRF Options was determined using a binomial option pricing model. The fair value of the Convertible Note (in previous periods) was calculated using a probability-weighted payout approach on the basis that the Convertible Note converted at 30 November 2021 at the floor price of £0.27. The fair value movement of both the SGRF Options and the Convertible Note has been recognised in the Statement of Profit and Loss. Both fair value measurements are Level 2 valuation in the fair value hierarchy. On 30 November 2021, the Convertible Note converted into ordinary shares in the Company and was derecognised as a liability.

The reporting date fair values of the convertible note and SGRF Options were estimated using the following assumptions:

8. FINANCIAL LIABILITIES (Continued)

SGRF Options:

31 December 2021	Tranche 1	Tranche 2	Tranche 3
Exercise price	£0.600	£0.750	£1.000
Valuation date share price	£0.123	£0.123	£0.123
Dividend yield[1]	-	-	-
Volatility[2]	87%	87%	87%
Risk-free interest rate	0.41%	0.55%	0.62%
Number of SGRF Options	10,088,625	15,132,973	25,221,562
Issue date	30 Nov 2017	30 Nov 2017	30 Nov 2017
Estimated Expiry date	30 Nov 2022	31 May 2023	30 Nov 2023
Fair value (£)	£0.002	£0.005	£0.006
Fair value ($)	$0.004	$0.009	$0.011

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.

9. CONTRIBUTED EQUITY

(a) Issued and Paid Up Capital

	Consolidated 31 December 2021 $000	Consolidated 30 June 2021 $000
445,797,000 (30 June 2021: 258,982,000) fully paid ordinary shares	**263,600**	169,862

(b) Movements in Ordinary Share Capital during the Six Month Period ended 31 December 2021:

Date	Details	Number of Shares '000	$000
1 Jul 21	**Opening Balance**	**258,982**	**169,862**
30 Nov 21	Issue of ordinary shares (Note 8)	186,815	93,831
Jul 21 to Dec 21	Share issue costs	-	(93)
31 Dec 21	**Closing Balance**	**445,797**	**263,600**

10. RESERVES

	Consolidated 31 December 2021 $000	Consolidated 30 June 2021 $000
Share based payments reserve (Note 10(a))	**332**	442
Foreign currency translation reserve	**(2,003)**	(2,014)
	(1,671)	(1,572)

(a) Movements in Options and Performance Rights during the Six Month Period ended 31 December 2021:

Date	Details	Number of Options '000	Number of Performance Rights '000	$000
1 Jul 21	**Opening Balance**	**6,600**	**200**	**442**
31 Dec 2021	Lapse of unvested Performance Rights	-	(200)	(148)
Jul 21 to Dec 21	Share based payment expense	-	-	38
31 Dec 21	**Closing Balance**	**6,600**	**-**	**332**

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the period, the Company announced that it had received a writ, for proceedings in the Supreme Court of Victoria at the Melbourne Commercial Court, brought by SGRF in relation to the investment agreement and convertible note entered into in 2017. The writ alleges that the principal amount of US$65 million of the unsecured and interest free Convertible Note is immediately payable by the Company due to allegations that the investment agreement and convertible note have been frustrated, repudiated and/or an event of default has occurred.

The Company is defending the legal proceedings and has filed its statement of defence to SGRF's claim. The Company also applied to have the legal proceedings transferred from the Supreme Court of Victoria to the Supreme Court of Western Australia, which occurred in January 2022. A directions hearing is currently scheduled for 27 April 2022.

As previously advised, the Company strongly disputes the allegations and claims made by SGRF and will update the market with any material developments.

On 30 November 2021, the Company issued 186,814,815 fully paid ordinary shares in the capital of the Company to SGRF following the automatic conversion of the Convertible Note.

The Convertible Note has been converted in accordance with the terms of the Investment Agreement and Convertible Note entered in with SGRF in 2017.

12. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year (2020: nil).

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The majority of the Group's financial instruments consist of those which are measured at amortised cost including trade and other receivables, security bonds, trade and other payables and other financial liabilities. The carrying amount of these financial assets and liabilities approximate their fair value. Please refer to notes 6 and 8 for details on the fair value of non-cash settled financial liabilities classified as fair value through profit and loss.

14. RELATED PARTY DISCLOSURE

Balances and transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation. There have been no other transactions with related parties during the half-year ended 31 December 2021, other than remuneration with Key Management Personnel.

15. SUBSEQUENT EVENTS AFTER BALANCE DATE

There were no significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

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Auditor's independence declaration to the directors of Berkeley Energia Limited

As lead auditor for the review of the half-year financial report of Berkeley Energia Limited for the half-year ended 31 December 2021, 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 review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
14 March 2022

Building a better working world

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Independent auditor's review report to the members of Berkeley Energia Limited

Conclusion

We have reviewed the accompanying half-year financial report of Berkeley Energia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to note 3 in the interim consolidated financial statements. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
Perth
14 March 2022