



BERKELEYenergia

NEWS RELEASE | 31 August 2017 | AIM/ASX: BKY

Berkeley Energia signs US\$120 million sovereign wealth fund strategic investment to bring Salamanca into production

Berkeley Energia ("Company") is pleased to announce that it has entered into an investment agreement with the sovereign wealth fund of the Sultanate of Oman agreeing to invest 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, 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.

The investment is binding on the parties and is subject to approval by the Company's shareholders.

The fund 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. A summary of the key commercial terms of the investment by the State General Reserve Fund ("SGRF") is included below.

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 project."

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."

Mr Tim Keating, Private Equity Manager for Mining and Resources, State General Reserve Fund commented:

"The Salamanca mine matches our investment criteria of being a long life, low cost mine development opportunity with outstanding economic fundamentals. We are excited to partner with the Berkeley Energia team to unlock the full potential of the Salamanca project."

Canaccord Genuity London acted as corporate finance advisor to the transaction.



For further information please contact:

Paul Atherley

Managing Director

+44 203 903 1930

info@berkeleyenergia.com

Hugo Schumann

Chief Commercial Officer

Buchanan Communications Ltd.

Bobby Morse

Senior Partner

+44 207 466 5000

BKY@buchanan.uk.com

Anna Michniewicz

Account Director

KEY COMMERCIAL TERMS OF INVESTMENT BY SGRF

Subject to shareholder approval and other conditions precedent, the Company will place a US\$65 million Convertible Loan Note ("Note") to SGRF. The Note is non-interest bearing and is unsecured and only repayable in an event of breach of the terms of the investment agreement which includes a breach of a representation or warranty, a breach of covenants, insolvency or the Company ceasing to conduct business or ceasing being listed on either AIM, LSE or ASX. The Note is convertible by SGRF at any time into fully paid ordinary shares of the Company at an issue price of £0.50 per share being an 11% premium to the 10 day volume weighted average price of Berkeley's shares on AIM to 29 August 2017. Should the Company raise further equity prior to conversion of the Note at a price below £0.50 then the conversion price of the Note will be reset to the issue price of the equity raising, subject to a floor price of £0.27 per share. The Company may convert all or part of the Note into ordinary shares in the Company any time after Technical Completion of the centralised processing plant at Retortillo has occurred. Technical Completion is defined to occur once key commissioning tests have been successfully completed. If Technical Completion has not occurred 4 years after the issue of the Note, then the Note will automatically convert into shares at the lower of £0.50 per share or the last trading price of the Company's shares on AIM at the relevant time, subject to conversion at the floor price of £0.27 per share. The Note may also be converted by either SGRF or the Company if a change of control event occurs in relation to the Company.

Upon receipt of shareholder approval and upon satisfaction of conditions precedent, the Company will also issue to SGRF a total of 50,443,124 unlisted options in three tranches for a further US\$55 million once exercised as follows:

- 10,088,625 options with an exercise price of £0.60, vesting and exercisable on Conversion of the Note and expiring 12 months from the date of vesting;
- 15,132,937 options with an exercise price of £0.75, vesting and exercisable on Conversion of the Note and expiring 18 months from the date of vesting; and
- 25,221,562 options with an exercise price of £1.00, vesting and exercisable on Conversion of the Note and expiring 24 months from the date of vesting.

The investment agreement also provides that if SGRF holds a 10% interest in the Company on an as-converted basis they have the right to appoint one nominee to the board of the Company and the right to be provided with certain information from the Company common for this type of investment.



The Company is also pleased to grant SGRF the right to purchase uranium from the Company at the same price and up to the same volume as any bona fide customer of the Company who concludes a future long-term offtake agreement with Company. The right to match shall be subject to an annual cap (on a rolling 12 month basis) on the volume of mined product, which shall not exceed the greater of 1 million pounds of U₃O₈ concentrate per annum or 20% of annual production. SGRF has 30 days to match off-take contracts following receipt of notice from the Company of entering into a new long-term offtake contract. Existing contracts in place will not be subject to the right to match provision. The right to match only applies so long as SGRF holds more than a 10% interest in the Company on an as-converted basis. If a change of control transaction occurs, the right to match shall cease to exist. The right to match transactions is subject to approval from Euratom and compliance with applicable laws and exchange rules.

The investment agreement with SGRF contains exclusivity provisions with no shop restriction, no talk restriction (subject to the Company's directors' fiduciary obligations) and a notification obligation in respect of potential competing transactions. The investment agreement also contains the usual warranties and undertakings considered standard for this type of investment. Conditions precedent of the transaction include the following: Berkeley shareholders approving the issue of ordinary shares and options to SGRF pursuant to the conversion of the Note, Foreign Investment Review Board's approval for SGRF's investment and other conditions precedent which are considered standard for an agreement of this nature including no material adverse change, no law or litigation prohibiting the transaction, representations and warranties of the parties being true and correct and the parties complying in all material respects with their obligations under the investment agreement. The investment agreement may be terminated if any conditions precedent are not satisfied or waived by 31 January 2018 and SGRF may terminate if there is a breach of a representation or warranty or a material adverse change occurs in respect of the Company. Subject to the opinion of the independent expert and the Company's directors' fiduciary obligations, each Board member intends to vote in favour of the transaction in respect of all ordinary shares they hold or control. Subject to the same qualification, each director unanimously recommends that shareholders vote in favour of the transaction at the shareholders meeting which will take place in due course.