



Completion of Due Diligence on European Cobalt Projects

Highlights

- **Subject to shareholder approval, Berkut to proceed with the acquisition of Kobald Mineral Holdings Pty Ltd on revised terms with a focus on the Scandinavian Projects**
- **Acquisition includes granted rights to 100% of the following three cobalt prospective projects in Norway and Sweden:**
 - **Skutterud Project in Norway**
 - **Gladhammar and Tunaberg Projects in Sweden**
- **Projects are serviced by excellent infrastructure and close to the Kukkola cobalt refinery in Finland and strategic markets in Europe**
- **Prospective for cobalt dominant deposits, with extensive historic high grade underground cobalt mine workings**
- **Exploration work programs expected to commence following shareholder approval and completion of the acquisition**
- **Cash position post transaction to be approximately \$4.5 million**

Further to the announcement dated 9 February 2017, Berkut Minerals Limited ('Berkut') is pleased to report it has completed due diligence on the proposed acquisition of Kobald Mineral Holdings Pty Ltd ('Kobald') which holds the granted rights to several prospective cobalt projects located in Scandinavia (refer Figure 1) ("Projects") ("Acquisition").

Following due diligence, Berkut has elected to focus on the Projects located in Norway and Sweden and for the Acquisition to exclude the legal ownership rights or obligations relating to tenements located in the Czech Republic. As a result, the terms of the Acquisition have been amended, including a reduction in consideration, which is now a \$90,000 cash payment on confirmation of the due diligence, 2.75 million fully paid ordinary shares in Berkut ("Shares") to be issued at completion of the Acquisition and additional Shares to be issued on the achievement of certain milestones (if achieved). Refer to 'Revised Terms of Acquisition' below for further details.

ASX Announcement
Thursday, 30 March 2017

Fast Facts

Shares on Issue: 47.3M¹
Market Cap: \$6.5M¹
Cash in Bank: \$4.5M^{1,2}

¹ Based on completion of the acquisition of Kobald and Tranche 2 of Placement

² Estimated current cash (30 March 2017) assuming completion of acquisition of Kobald and Tranche 2 of Placement

Board and Management

Michael Bohm, Non Exec Chairman
Paul Payne, Non-Exec Director
Justin Tremain, Non-Exec Director

Ben Cairns, Chief Executive Officer
Melanie Li, Company Secretary

Company Highlights

- Proposed acquisition of 100% of European cobalt projects in Norway and Sweden
- Earning 70% of the Cairn Hill project 40km WNW of Paraburdoo.
- 100% owned Mt Clement Project (under application) prospective for gold and base metals 35km SW of Paulsens Gold Mine
- 100% owned Capricorn Li Project (under application)

Registered Office

78 Churchill Avenue Subiaco
Western Australia 6008
T: +61 8 9320 2320
www.berkutminerals.com.au

Projects Summary

The Projects are well located with excellent infrastructure and proximity to an operating cobalt refinery and are well placed to benefit from growing demand for ethically sourced cobalt.

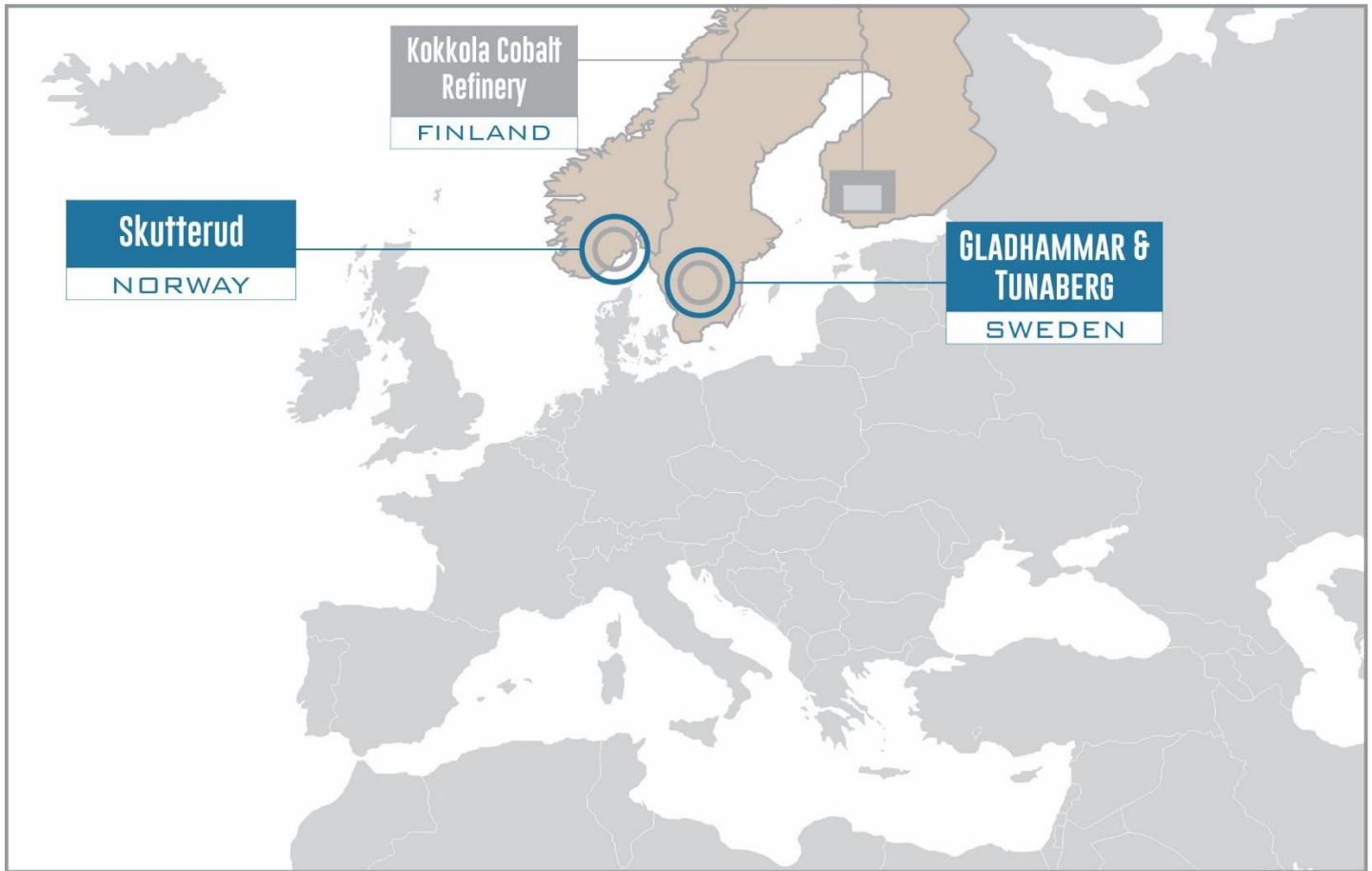


Figure 1 | Project locations

Skutterud Project | Norway

- Region lends its name to one of the main cobalt minerals, Skutterudite
- Granted licences over 1,250 hectares
- Extensive historical workings over a NNW strike length of over 9 kilometres
- Majority of strike extent covered by Kobald tenure

The Skutterud Project consists of four granted licences covering approximately 1,250 hectares (refer Figure 3) in southern Norway, within 100km of the Oslo port. The area contains one of the most famous, historic cobalt mines in the world, which lends its name to one of the main cobalt ore minerals, Skutterudite. The Project was mined throughout the 18th and 19th Centuries, during which time it supplied much of the world's cobalt, employed thousands of people, and the operator was reported to be the most profitable company in Norway.

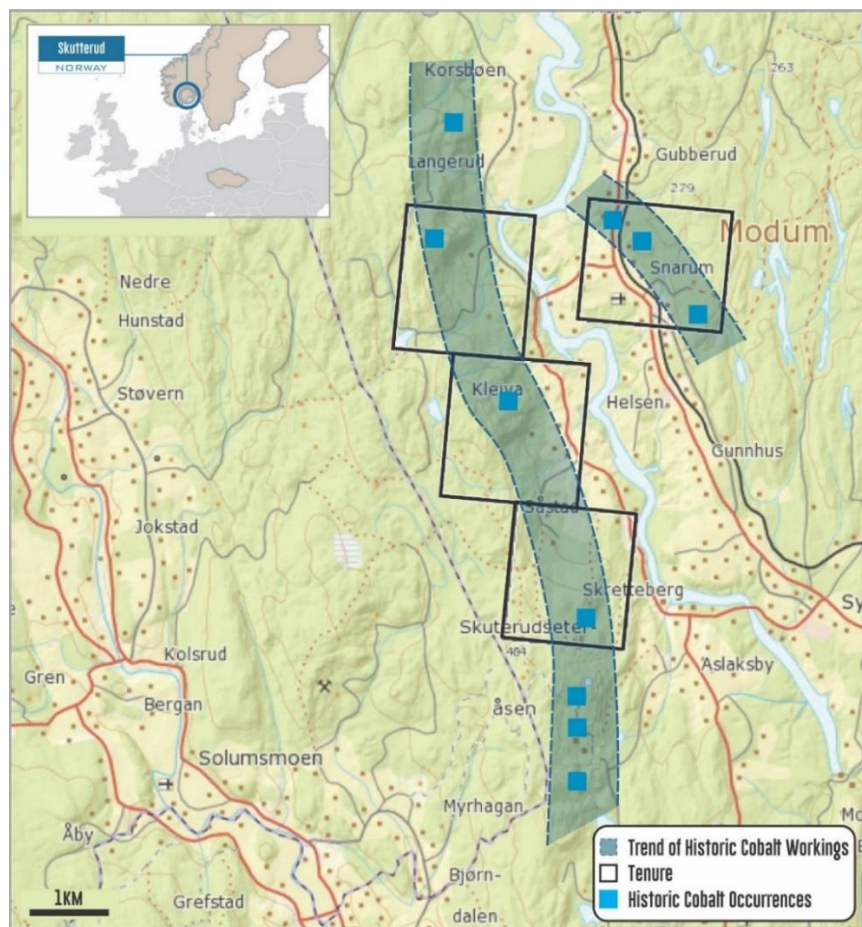


Figure 3 | Skutterud Project area and historic cobalt occurrences

The cobalt occurrences are related to meta-sedimentary, sulphide-rich schist zones, so-called 'fahlbands'. The most extensive sulphide-rich zone has a length of 12km along strike, and is up to 100-200m wide. The cobalt mineralisation is, to a large degree, characterised by impregnation of cobaltite, glaucodote, safflorite and skutterudite, which partly occur as enrichments in quartz-rich zones and lenses.

The vast majority of the strike of old workings remains open and untested by modern exploration methods. Kobald has secured granted exploration licences over the majority of the strike extent of the old workings.

Tunaberg and Gladhammar Projects | Sweden

- Granted licences over 300 hectares
- Historic, cobalt-dominant mine workings from the 15th to 19th centuries untested by modern exploration

The Tunaberg and Gladhammar Projects cover a combined area of just over 300 hectares under two granted licences. The Tunaberg and Gladhammar mining districts are located in southern Sweden, south of Stockholm. Both districts contain historic, cobalt-dominant mine workings from the 15th to 19th centuries, untested by modern exploration methods. Tunaberg was mined for copper from the 15th century and cobalt from the 18th century. The mineralisation type is Co-Cu and Cu-Co skarns, hosted in an Early Proterozoic metatuffite formation with intercalated skarn-altered marbles.

Gladhammar was mined for cobalt and copper from the 16th to 19th centuries. Mineralisation consists mainly of cobaltite, chalcopyrite, pyrite and magnetite.

Initial Exploration Strategy

Ongoing exploration work on the Projects will continue with compilation and GIS data integration of historical mining and exploration data. Upon shareholder approval of the Acquisition and subject to weather and access, ground exploration is expected to commence which will initially comprise of geological mapping and sampling along with analysis of geophysical data to gain a better understanding of scale and grade potential of the Projects. This work is expected to rapidly advance the Skutterud Project to initial drill testing.

The site visits undertaken during the due diligence process were hampered by snow coverage and no new sampling was undertaken. Relevant historic results have been reported in the announcement dated 9th February 2017.

In addition to the Kobald licenses, Berkut will be seeking opportunities to expand its ground position in both Norway and Sweden.

Revised Terms of Acquisition

Following completion of due diligence and Berkut's request to proceed with the proposed Acquisition of the Skutterud Project in Norway and the Tunaberg and Gladhammar Projects in Sweden, Berkut has entered into an amended binding term sheet with the shareholders of Kobald. Berkut will now make a payment of \$90,000 (previously \$225,000) to the shareholders of Kobald which will be refundable if the Acquisition is not approved by Berkut shareholders.

The shareholders of Kobald are Magni Associates Pty Ltd (50%) and Magentastar Holdings Ltd (50%) and are not related parties to Berkut.

Subject to shareholder approval, the revised consideration for the Acquisition of Kobald will be:

- 2.75 million (previously 5.0 million) Shares at completion of the Acquisition. These Shares will be subject to a voluntary escrow period to 30 August 2018;
- 4.125 million (previously 7.5 million) Shares on completion of a scoping study for the development of any of the Projects based on JORC compliant Measured, Indicated or Inferred Resources identified at any of the Projects; and
- 4.125 million (previously 7.5 million) Shares on the completion of a definitive feasible study for the development of any of the Projects based on JORC compliant Measured and Indicated Resources identified at any of the Projects.

The only outstanding condition precedent to the Acquisition is that the parties have obtained all necessary consents and approvals (including receipt of Berkut shareholder approval). Under the terms of the Acquisition this condition precedent is required to be satisfied by 22 May 2017.

There will be no proposed changes to the Board of Berkut as a result of the Acquisition.

Also, subject to shareholder approval and completion of the Acquisition, the introduction and facilitation fee payable to Max Capital Pty Ltd or nominees (unrelated parties to Berkut) will be reduced to 1.85 million Shares.

Equity Placement

As announced on 9 February 2017, Berkut received firm commitments to raise \$2.0 million through an equity placement ('Placement'). Tranche 1 of the Placement, raising \$0.98 million, was completed on 17 February 2017 pursuant to ASX Listing Rule 7.1. Tranche 2 of the Placement, raising a further \$1.02 million, is to be completed subject to shareholder approval which will be sought at the same time as the shareholder meeting to approve the acquisition of the Projects. Subject to Berkut shareholders approving Tranche 2 of the Placement, Berkut will issue 5.0million options issued with an exercise price of \$0.25 expiring on 30 June 2018.

Shareholder Meeting

Although ASX have confirmed that the Acquisition will not require re-compliance with Chapters 1 and 2 of the ASX Listing Rules, due to the nature and scale of the Acquisition, approval pursuant to ASX Listing Rule 11.1.2 is required by Berkut's shareholders.

It is expected a Notice of Meeting will be mailed to Berkut shareholders within the next 10 days to seek the approval of the Acquisition of Kobald on the revised terms (and other matters contemplated by the Acquisition) and for Tranche 2 of the Placement.

Berkut anticipates the shareholder meeting will be held in May 2017.

Indicative Capital Structure

The capital structure of Berkut following the completion of the Acquisition of Kobald and Tranche 2 of the Placement is set out below:

	Shares	Cash
Existing	37,566,666	\$3.60M ¹
Tranche 2 Equity Raising	5,100,000	\$1.02M
Vendor Consideration	2,750,000	(\$0.09M)
Facilitation Shares	1,850,000	-
Total	47,266,666	\$4.53M

¹ As at 30 March 2017

As noted in the Revised Terms of Acquisition above there will be a further 8.25m ordinary shares to be issued based on milestone achievements including scoping study and definitive feasibility study. There are 3.5m options currently on issue at exercise prices from \$0.20 to \$0.25. Subject to Berkut shareholders approving Tranche 2 of the Placement there will be a further 5.0m options issued with an exercise price of \$0.25 expiring on 30 June 2018.

Competent Persons Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves for the European cobalt projects is based on information compiled by Dr Francis Wedin, who is a member of the Australasian Institute of Mining and Metallurgy. Dr Wedin acts as a consultant to Kobald and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). Dr Wedin consents to the inclusion in this announcement of the matters based upon the information in the form and context in which it appears.

Relevant historic results have been reported in the announcement dated 9th February 2017. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters continue to apply and have not materially changed.