



Berkut Minerals Limited

Annual Report

30 June 2017

berkutminerals.com.au

ABN 62 610 855 064



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CORPORATE DIRECTORY

Directors

Mr. Justin Tremain (Non-Executive Chairman)
Mr. Neil Inwood (Managing Director)
Mr. Paul Payne (Non-Executive Director)

Company Secretary

Mr. Aaron Bertolatti

Registered Office

78 Churchill Avenue
SUBIACO, WA 6008

Telephone: + 61 8 9320 2320

Email: admin@berkutminerals.com.au

Website: berkutminerals.com.au

Share Registry

Security Transfer Registrars
770 Canning Highway
APPLECROSS, WA 6153

Telephone: 1300 992 916

Auditors

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
WEST PERTH, WA 6005

Telephone: +61 8 9480 2000

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH, WA 6000

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Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: BMT



Directors' Report

The Directors present their report for Berkut Minerals Limited (“Berkut Minerals”, “Berkut” or “the Company”) and its subsidiary (“the Group”) for the year ended 30 June 2017.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Mr. Justin Tremain (appointed 19 February 2016)

Non-Executive Chairman, BCom

Mr. Justin Tremain graduated from the University of Western Australia with a Bachelor of Commerce degree. Mr. Tremain cofounded ASX listed Renaissance Minerals Limited in June 2010 and served as Managing Director until its takeover by ASX Emerald Resources NL in November 2016. He is currently an Executive Director of Emerald Resources NL.

Prior to founding Renaissance Minerals Limited, he had over 10 years' investment banking experience in the natural resources sector. He has held positions with Investec, NM Rothschild & Sons and Macquarie Bank and has extensive experience in the funding of natural resource projects in the junior to mid-tier resource sector. He has undertaken numerous advisory assignments for resource companies, including acquisition and disposal assignments and project advisory roles.

Mr. Neil Inwood (appointed 26 April 2017)

Managing Director, M.Sc (Ore Deposit Geology) UWA, B.Sc (Applied Geology), FAusIMM

Mr. Neil Inwood is a highly experienced geologist with over 22 years' international experience in gold, base metal, and specialty metals. Mr. Inwood has worked in consulting and venture capital for the last 13 years, was previously the Executive Geologist with Verona Capital and prior to that Principal Geologist with the international mining consultancy Coffey Mining.

Most recently Mr. Inwood led the geological team that established the world-class endowment of the Panda Hill Niobium Project in Tanzania for Cradle Resources, and performed the role of Geology Manager for Boss Resources following his involvement in the acquisition phase of the Honeymoon Uranium Mine. Mr. Inwood holds a Master's Degree in Geology and is a Fellow of the AusIMM.

Mr. Paul Payne (appointed 1 July 2016)

Non-Executive Director, B.AppSc Grad Dip Min Ec, Grad Cert (Geostats), FAusIMM

Mr. Paul Payne is principal of PayneGeo and has over 30 years of experience within the mining industry including over ten years of independent consulting across a range of commodities and jurisdictions ranging from high level reviews, to development of exploration strategy to participation in definitive feasibility studies.

Mr. Payne has extensive technical experience in the evaluation of mineral deposits from early stage exploration to definitive feasibility studies. Recent exploration experience includes the implementation and management of gold exploration for Dacian Gold Limited in Western Australia, and for Rift Valley Resources in Tanzania. Both projects had substantial discoveries under his management.

Mr. Payne has formal qualifications in geology as well as post-graduate qualifications in geostatistics and mineral economics. Mr. Payne has held recent corporate roles including Technical Director and Managing Director of ASX listed companies including the position of founding Managing Director of Dacian Gold Limited taking that company through a successful IPO and making the major initial gold discoveries at the Mount Morgans project.

Mr. Michael Bohm (appointed 1 July 2016, resigned 30 June 2017)

B.AppSc, MAusIMM, MAICD

Mr. Bohm is a qualified mining professional with extensive Corporate, Project Development and Mine Operations experience. A graduate of the WA School of Mines, he has worked as a mining engineer, mine manager, study manager, project manager and project director.



Directors' Report

COMPANY SECRETARY

Mr. Aaron Bertolatti (appointed 23 May 2017)

B.Com, CA, AGIA

Mr. Bertolatti is a qualified Chartered Accountant and Company Secretary with over 10 years' experience in the mining industry and accounting profession. Mr. Bertolatti has both local and international experience and provides assistance to a number of resource companies with financial accounting and stock exchange compliance. Mr. Bertolatti has significant experience in the administration of ASX listed companies, corporate governance and corporate finance.

Ms. Melanie Li

Appointed 1 July 2016, resigned 23 May 2017.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Berkut Minerals Limited are:

Director	Ordinary Shares	Options – exercisable at \$0.25 each on or before 31-Dec-19	Options – exercisable at \$0.30 each on or before 31-Dec-19
Justin Tremain	2,350,000	500,000	-
Neil Inwood	-	1,000,000	1,000,000
Paul Payne	75,000	500,000	-

RESULTS OF OPERATIONS

The Company's net loss after taxation attributable to the members of Berkut Minerals for the year to 30 June 2017 was \$602,520 (2016: \$117,582).

DIVIDENDS

No dividend was paid or declared by the Company during the year and up to the date of this report.

CORPORATE STRUCTURE

Berkut Minerals Limited is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was mineral exploration.

REVIEW OF OPERATIONS

Initial Public Offering

The Company commenced trading on the Australian Securities Exchange on 26 August 2016, after successfully raising \$3.5 million at \$0.20 per share for its initial public offering (IPO).

Kobald Mineral Holdings Pty Ltd Acquisition

Shareholders approved the acquisition of Kobald Mineral Holdings Pty Ltd ("Kobald"). The acquisition was settled in May 2017 and granted Berkut the rights to 100% of the following three cobalt prospective projects in Norway and Sweden (Figure 1).

- Skuterud Project in Norway
- Gladhammar and Tunaberg Projects in Sweden.

Post the Kobald transaction, Berkut identified additional prospective ground and was granted additional exploration licenses at Gladhammar, Tunaberg and Skuterud that expanded and consolidated tenement holdings along strike and around the historic cobalt, copper and gold workings. Additionally, in July the Lainejaur licence was granted. Berkut's ground holdings now sit at 96.6km² in Sweden and 19km² in Norway.

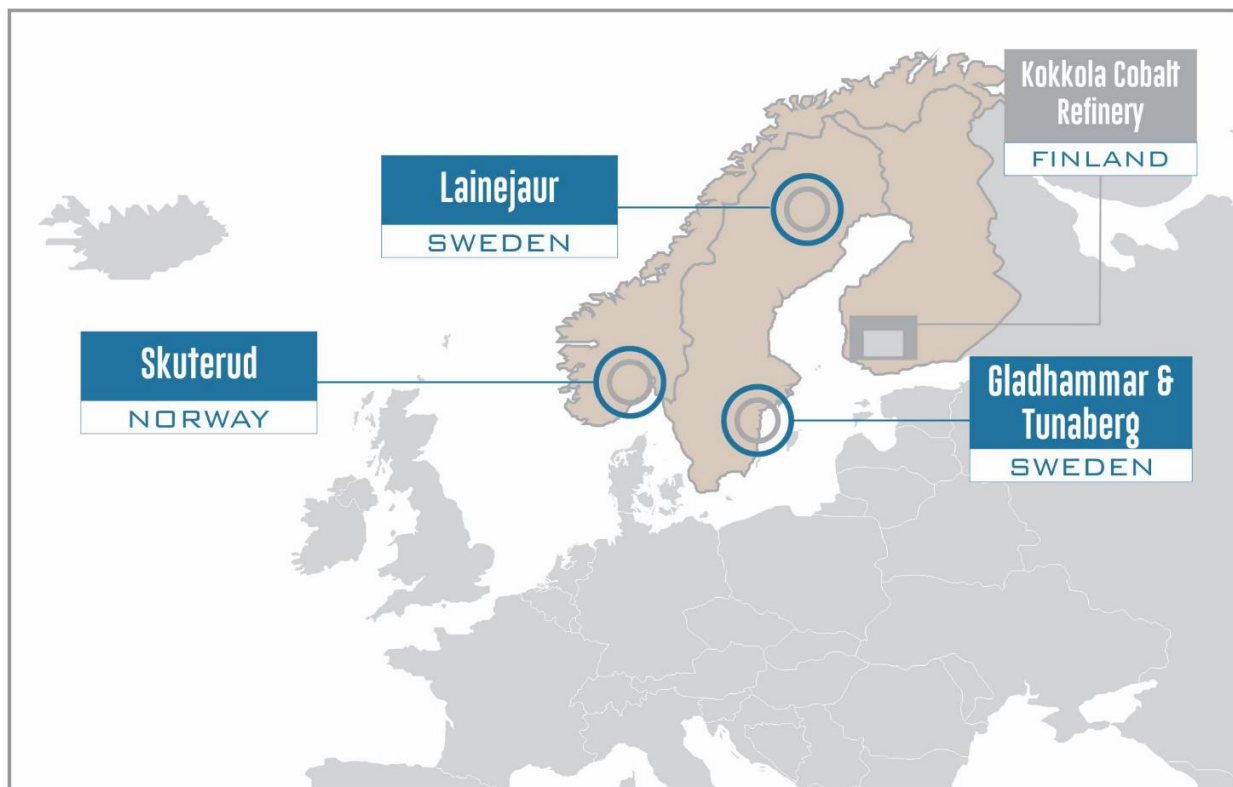


Figure 1 | Scandinavian Project Locations

Skuterud Cobalt Project

The Skuterud Cobalt Project (Figure 2) currently consists of seven granted licences and one application (Skuterud 3a is an extension of the original Skuterud 3 licence) 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 cobalt ore minerals, Skutterudite. The area was mined throughout the 18th and 19th Centuries, during which time it supplied much of the world's cobalt and employed thousands of people. An application (Skuterud 3a - totalling 6.8 hectares) was recently made to close a small gap between the Berkut Skuterud exploration licences and the nearby Skuterud Tourist Mine licence (which belongs to another company).

The Skuterud 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.

Historical workings from the Middagshville Cobalt Mine with an approximate north-south strike extent of 300m were identified within the Skuterud 3 licence, with an eastern and western zone indicated. An 80m long adit accesses these workings from the east. The historical Middagshville Cobalt Mine workings (Figure 2) have an approximate north-south strike of 300m and form part of the broader Saafstad Mine Camp that occur within the southernmost Berkut tenement and approximately 600m north of the historic Skuterud Mine. The trend of these workings remains open and are untested by modern exploration methods.

Table 1 summarises the results of laboratory analysis of two spoil samples taken near the Middagshville Cobalt Mine in rock spoil. The samples were taken to highlight potential mineralisation styles near the historical workings as safe access to the workings themselves was not possible on the day. Chalcopyrite was observed alongside interpreted fine grained disseminated cobaltite which is analogous to mineralisation at the nearby historic Skuterud Cobalt Mine.



Table 1 | Skuterud Hand Samples – Laboratory Assays

Co (ppm)	Cu (ppm)	Easting (UTM Z32)	Northing (UTM Z32)
Sample SKD001 - Quartzite sample taken from spoil pile at base of historical workings			
128	1,740	548,260	6650,342
Sample SKD002 - Amphibolite sample taken from spoil pile at base of historical workings			
7,970	1,890	548,310	6,650,442
Sample SKD003 - Quartzite sample taken from spoil pile at base of historical workings			
1,245	4,970	548,310	6,650,442

(Refer to announcement *Initial Field Samples at Skuterud Return 8,000ppm Cobalt* dated 31 July 2017).

A recent field program at Berkut's 100% owned Skuterud project has been completed with mapping, community engagement and ground magnetic surveys being successfully completed. Results from the mapping and magnetic surveys have confirmed a key target region in the Skuterud 3 License for the maiden drilling program. The maiden drilling program is on track to commence in early October 2017.

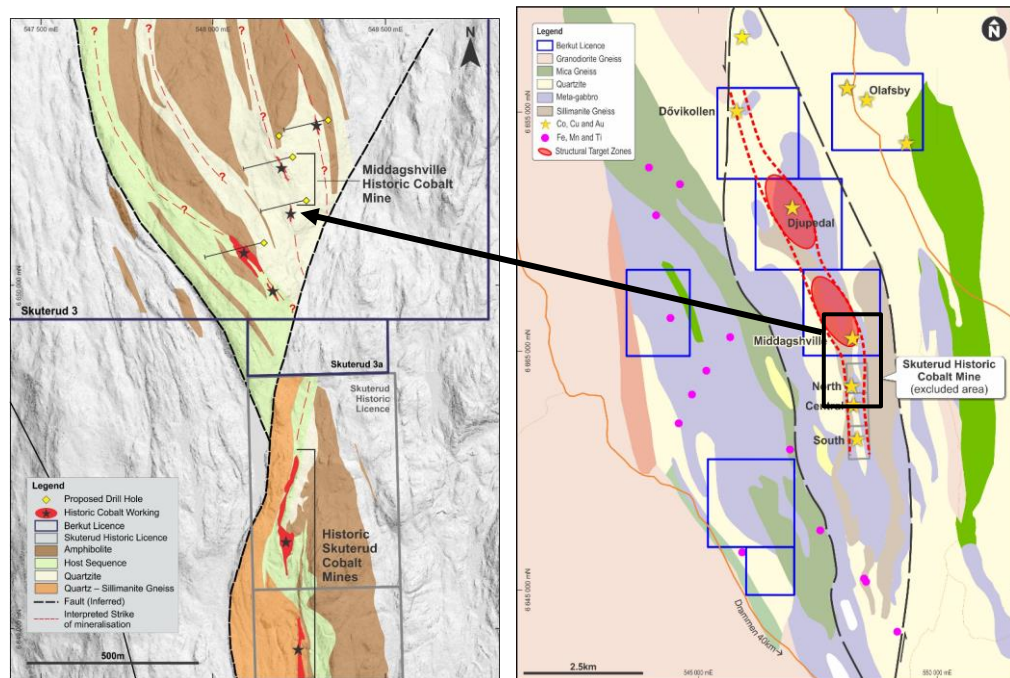


Figure 2 | Skuterud Tenements and Recent Mapping: Showing local geology (left) and the workings around the historical Middagshville Cobalt Mine (right). (note: the historic Skuterud Mine is not on Berkut's licences).



Lainejaur Project

The Lainejaur Project (Figure 3 and Figure 4) is centred on an historical Ni-Co-Cu mine which was discovered in 1941 and was bought into production to supply nickel for Sweden during the Second World War. When it closed in 1945 the mine had two shafts extending to 213m below surface and had produced 100,526t of ore @ 2.21% Ni, 0.1% Co and 0.93% Cu (Grip, 1961). The Lainejaur ground was largely unexplored from 1945 to 2002 when a subsidiary of Lundin Mining Corporation secured the property before optioning it to Blackstone Minerals AB ('Blackstone'). Blackstone drilled 39 drill holes for approximately 13,200m in 2007 and 2008 culminating in the definition of a NI43-101 compliant resource in 2009 (refer Table 2).

The Lainejaur mineralisation (refer Figures 3 and 4) is hosted at the base of a lopolithic gabbro-diorite intrusion overlain by mafic intrusive with minor intercalated metasedimentary units and underlain by meta-basalts. Sulphides consist of pyrrhotite, pentlandite, gersdorffite and chalcopyrite.

The previous resource drilling was undertaken to the limit of the Blackstone tenure at the time (only 0.3km²) and remains open down dip. Berkut has secured 100% ownership of 42km² of ground around the project area (Lainejaur nr20). The host unit is interpreted to continue for an approximate 1.5km down dip. A number of geophysical targets have been identified based upon historical work that warrant further attention and which appear to have been restricted due to the very limited Blackstone tenure at the time. Berkut's immediate focus is to conduct down-hole geophysical surveys in the northern most drill line, where massive sulphides were intersected in drill hole LAI-08-34 (Figure 4).

Table 2 | Historical Lainejaur NI43-101 Resource, May 2009¹

Category	Tonnes	Ni (%)	Co (%)	Cu (%)
Inferred	645,000	1.33	0.09	0.66
Reported above a gross metal value of US\$100/t; with a nominal metal price of US\$8/lb for nickel, US\$2/lb for copper and US\$8/lb for cobalt				

¹JORC Cautionary Statement: The estimates are historical or foreign estimates and are not reported in accordance with the JORC Code; a Competent Person has not done sufficient work to classify the historical estimates as Mineral Resources or Ore Reserves in accordance with the JORC code; and it is uncertain that following evaluation and/or exploration work that the historical estimates will be reported as Mineral resources or Ore Reserves in accordance with the JORC Code. The Company confirms that the supporting information provided in the initial market announcement continues to apply and has not materially changed.

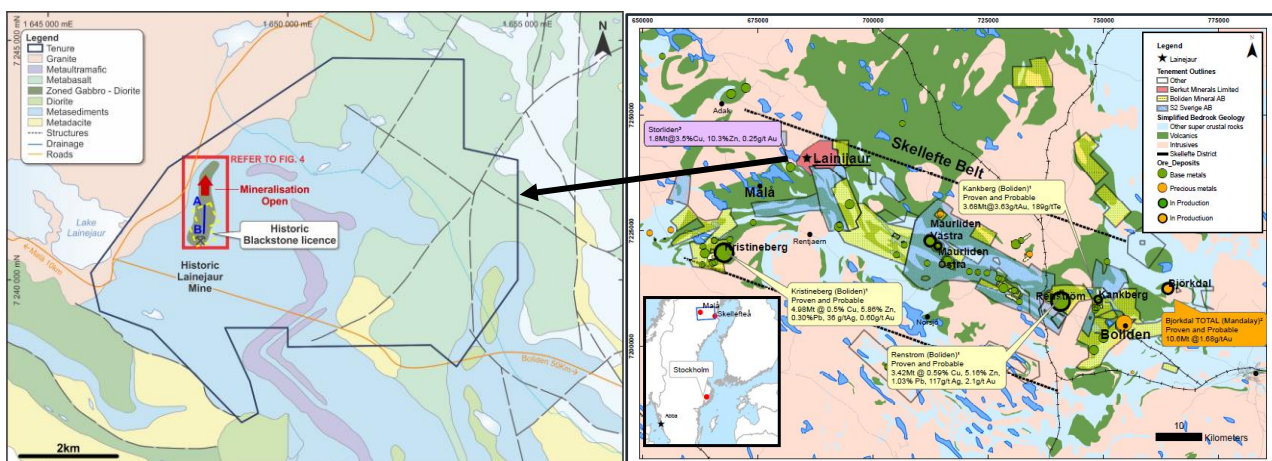


Figure 3 | Lainejaur Project Region: Showing Berkut license area and historical Blackstone licence (left) and regional deposits and main licence holders (right)

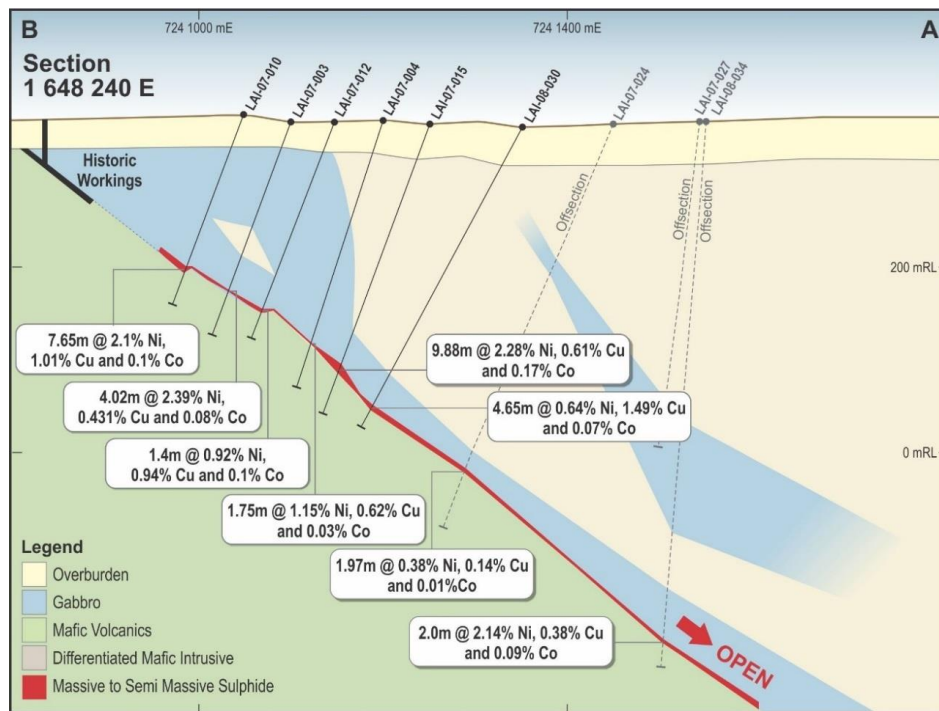


Figure 4 | Cross section through Lainejaur – showing mineralisation open at depth

Berkut undertook a site visit in June 2017 which included inspecting drill core from the Lainejaur deposit, collection of hand-samples, identification of previous drill collars and inspection of historical workings. Results from historical drilling data include:

- 7.65m @ 2.1% Ni, 0.1% Co and 1.01% Cu from 168m in LAI-07-010;
- 5.18m @ 2.64% Ni, 0.10% Co and 1.06% Cu from 215.9m in LAI-07-14A;
- 9.88m @ 2.28% Ni, 0.17 % Co and 0.61% Cu from 277.35m in LAI-07-015; and
- 0.75m @ 5.06% Ni, 1.03% Co and 0.43% Cu from 229.5m in LAI-08-033.

(Refer to announcement Berkut Secures Historical 1.3M lb Cobalt Resource in Sweden dated 26 July 2017).

About Gladhammar and Tunaberg

The Gladhammar and Tunaberg Projects are centred around historic mines. Iron ore mines opened at Gladhammar in the 16th century, with copper ore being mined from the 17th century and cobalt from the 18th century, continuing intermittently until 1892. At Tunaberg, cobalt and copper mining have been undertaken intermittently from the 15th to 18th centuries. The Company focus in both of these areas is on the strike extensions or repeats to the historically defined mineralised zones.

Gladhammar

Berkut undertook a reconnaissance field visit to Gladhammar (Figure 5) which included a review of historic data held by the Swedish Geological Survey at their Malä archives. This review revealed that drilling undertaken by a previous explorer also included a number of diamond drill holes in the current Berkut licence, Gladhammar nr 201. Seven diamond drill holes were completed within the Gladhammar nr 201 licence, principally targeting gold mineralisation. Two of these holes encountered potential extensions to historic cobalt mineralisation and returned up to 0.21% cobalt (GLA0509, 1m from 86m) and up to 7.8% copper at (GLA005, 1.95m from 103.12m).

Based upon Berkut's recent field review, the diamond holes near historic workings were not optimally sited and whilst they were weakly anomalous in cobalt and copper it appears that narrow high-grade gold mineralisation appears to have been the target. Several of these zones were inspected in the Swedish Geological Survey (SGU) core library in Malä and a hand held XRF device was used to validate the tenor of the reported analytical results.



Directors' Report

Airborne geophysical data recently acquired and re-processed by Berkut (200m line spacing 30m sensor height) highlights a strong magnetic feature associated with the historic mineralisation which strikes WNW-ESE through the Gladhammar Project area. Reconnaissance mapping undertaken by Berkut confirms a strong association with magnetite bearing quartzite and high-grade cobalt mineralisation.

Tunaberg

Field investigations identified historic diamond drilling within the Tunaberg Project area (Figure 6). This drilling was undertaken by Boliden and BHP in 1948 and 1996 respectively, targeting base metals (lead, zinc and silver) and drill samples were not assayed for cobalt. Berkut is in the process of identifying the core from some of these historical holes located in the SGU core archives in Malå for possible assaying for cobalt.

Numerous workings were located within the Tunaberg Project area clustered on an interpreted synformal fold hinge in which skarn style mineralisation was noted. Field reconnaissance has indicated the project area is amenable to outcrop mapping and surface geochemistry, having only limited occurrences of glacial till, and this will form the first stage of exploration at the project. Work programs going forward will focus initially on regional targeting using the historical drilling results, surface geochemistry and ground geophysics during the summer and autumn, with drill targets to be generated for the winter drilling season.

(Refer to announcement Swedish Project Area Expanded - High Grade Cobalt dated 7 July 2017).

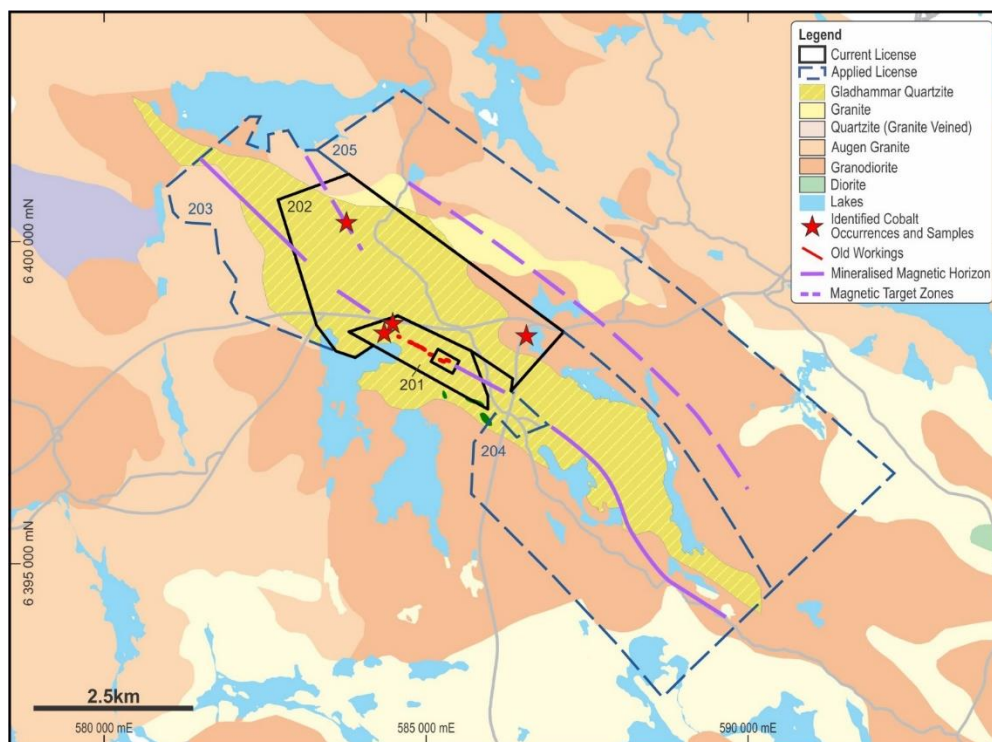


Figure 5 | Gladhammar local geology and interpreted magnetic trends. Red stars indicate known cobalt occurrences.

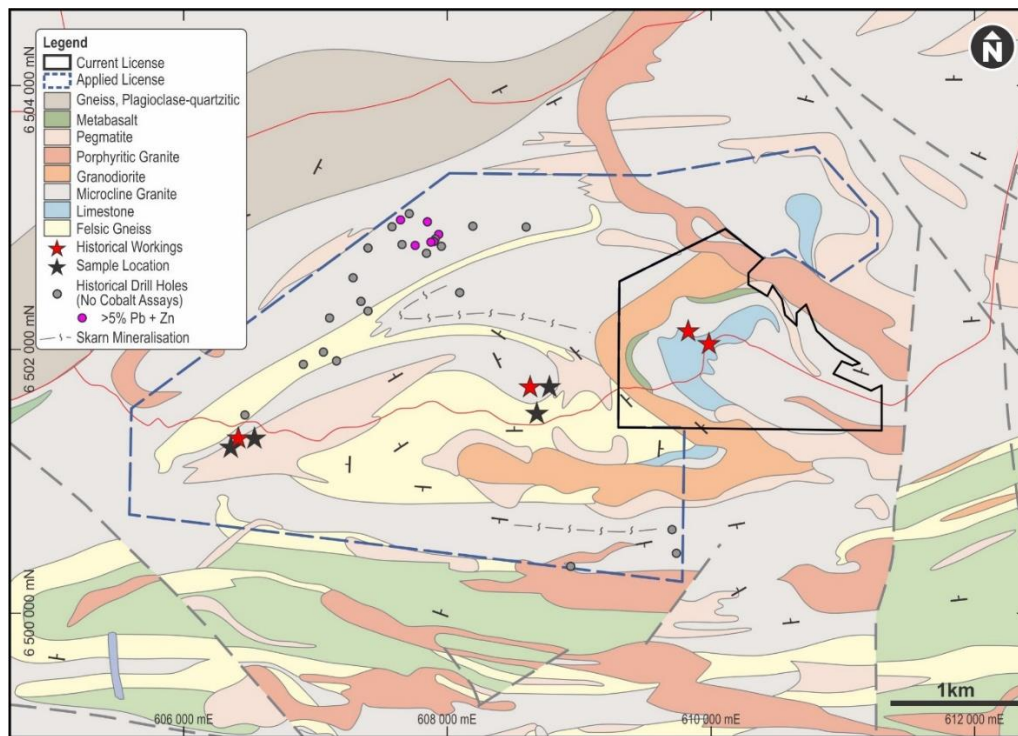


Figure 6 | Tunaberg Project

Cairn Hill Gold Project

The Company entered into an agreement to acquire an interest of up to a 70% in a gold project located in the Ashburton region, WA (Cairn Hill Gold Project).

A diamond drilling program at the Cairn Hill Gold Project in the Ashburton Region of Western Australia was completed in November 2016. A four hole, 480m diamond drilling program was designed to confirm the presence and style of high grade gold at the Project. Significant intersections from the recent Berkut drilling program are summarised in Table 3.

Table 3 | Significant intersections Cairn Hill December 2016 (0.1g/t Au cut off with maximum internal dilution of 2.0m in a single zone of waste)*

Hole	Depth from	Depth to	Interval	Au (g/t)
CHD003	31m	34.1m	3.1m	9.7
<i>within</i>	<i>30m</i>	<i>42.9m</i>	<i>12.9m</i>	<i>2.9</i>
CHD004	30.5m	41m	10.5m	8.1

* Refer to ASX Announcement on 19 December 2016 for full details.

Hole CHD003 was designed to confirm the location of a high grade historic intersection. Hole CHD004 tested continuity on a small step out on this shallow high grade mineralised intersection. Both holes yielded high-grade gold, surrounded by a broader mineralised envelope. The high-grade gold in CHD003 was coincident with strong quartz veining. CHD004 was dominated by limonitic, highly weathered sediments with stringer quartz veins present. The results confirm the style of mineralisation targeted and illustrate the potential for a shallow, high-grade gold deposit at Cairn Hill.

A follow up short reverse circulation drilling program was completed in February 2017 at the Cairn Hill Gold Project². The program was designed to test the potential of the shallow high-grade gold reported from the November 2016 diamond drilling campaign. Six holes were completed for 263m and the structure which was identified as the host to gold mineralisation in the diamond drill holes was visually identified in four of these although no significant assay results were reported. Several drill targets remain untested at Cairn Hill and the project will be subject to ongoing review.



Directors' Report

Mt Clement / Capricorn Projects

The 100% owned Mt Clement and Capricorn Projects remain as tenement applications and are moving through the grant process and has not undertaken any field during the year. Berkut is at an advanced stage of discussions with native title parties with regard to access agreements for Mt Clement and to plans to undertake preliminary geological mapping and hammer prospecting at Mt Clement in the second half of 2017 with a reconnaissance field trip planned to the Capricorn Project once weather conditions permit in the autumn. Based upon a geological prospectivity review the application for E08/2844 was surrendered in early July.

CORPORATE

- Mr Michael Bohm resigned as Non-Executive Chairman effective 30 June 2017. The change was necessitated by new and increased business commitments in other parts of Mr Bohm's portfolio. Mr Justin Tremain assumed the role from 1 July 2017.
- Following the appointment of Mr. Neil Inwood as Managing Director, Mr. Ben Cairns moved from the role of CEO to General Manager Geology.
- Mr. Aaron Bertolatti was appointed to the position of Company Secretary, effective 23 May 2017, following the resignation of Ms Melanie Li.
- Following shareholder approval, 2.75 million initial consideration shares were issued on 29 May 2017 to the shareholders of Kobald. In addition, 8.25 million deferred consideration shares were also approved by shareholders during the period based on certain milestones being achieved.

To date, no deferred consideration shares have been issued (for further information refer to the announcement dated 3 July 2017 - *ASX Waiver Decision - Listing Rule 14.7*).

- Tranche 2 of the equity placement announced on 9 February 2017 was finalised on 31 May 2017. The Company received funds totalling \$1.02 million following the issue of 5.1 million shares.

ANNUAL REVIEW OF ORE RESERVES AND MINERAL RESOURCES

In accordance with ASX Listing Rule 5, the Company has performed an annual review of all JORC-compliant ore reserves and mineral resources as at 30 June 2017.

In May 2017, the company acquired the Lainejaur nickel-cobalt-copper project in Sweden (refer to announcement 26 July, 2017) which hosts a non-JORC historical foreign estimate (NI43-10) resources¹ (Table 4 below). The company is planning to undertake down-hole geophysical probing to gauge the interpreted down-dip extents of the mineralisation; this work is anticipated to occur in Q4 2017. The company is also compiling and auditing the available source-historical data to enable a re-estimate of the resource endowment in accordance with the JORC code. The bulk of the informing drilling was undertaken in 2007-2010. Initial evaluation of selected diamond core, drillhole collars and handheld XRF-analysis of mineralised intervals strongly supports the compiled historical databases. Further evaluation work will also likely occur in Q1 2018.

Table 4 | Lainejaur Historical Mineral Resource Estimate

Historical Lainejaur Ni-43 101 Mineral Resource Estimate in Sweden (non-JORC) ¹				
Category	Tonnes	Ni (%)	Co (%)	Cu (%)
Inferred	645,000	1.33	0.09	0.66
<i>Reported above a gross metal value of US\$100/t; with a nominal metal price of US\$8/lb for nickel, US\$2/lb for copper and US\$8/lb for cobalt</i>				

¹JORC Cautionary Statement: The estimates are historical or foreign estimates and are not reported in accordance with the JORC Code; a Competent Person has not done sufficient work to classify the historical estimates as Mineral Resources or Ore Reserves in accordance with the JORC code; and it is uncertain that following evaluation and/or exploration work that the historical estimates will be reported as Mineral resources or Ore Reserves in accordance with the JORC Code. The Company confirms that the supporting information provided in the initial market announcement continues to apply and has not materially changed.



Directors' Report

Corporate Governance – Resources and Reserve Calculations

Due to the nature, stage and size of the Company's existing operations, the Company believes there would be no efficiencies or additional governance benefits gained by establishing a separate mineral resources and reserves committee responsible for reviewing and monitoring the Company's processes for calculating mineral resources and reserves and for ensuring that the appropriate internal controls are applied to such calculations. However, the Company ensures that all Mineral Resource calculations are prepared by a competent, senior geologist and are reviewed and verified independently by a qualified person. In addition, the existing composition of the Berkut Board of Directors includes two qualified and experienced geologists with mineral resource expertise.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year, other than as set out in this report.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 16 August 2017, the Company announced an equity raising of approximately \$1.5 million through an equity placement ("Placement") of 6.7 million shares. The Placement was made to new institutional and sophisticated shareholders at \$0.23 per share. In addition, 350,000 shares were issued as consideration for the engagement of the lead manager of the Placement and pursuant to the Lead Manager Mandate dated 14 August 2017.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The operations of the Company are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the Kingdoms of Sweden and Norway. The Company has been at all times in full environmental compliance with the conditions of its licences.

SHARE OPTIONS

As at the date of this report there were 8,500,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price \$	Expiry Date
5,000,000	\$0.25	30-Jun-2018
2,500,000	\$0.25	31-Dec-2019
1,000,000	\$0.30	31-Dec-2019
8,500,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

1,000,000 options exercisable at \$0.25 on or before 31 December 2019 lapsed unexercised during the financial year. 500,000 options exercisable at \$0.20 on or before 31 December 2019 and 500,000 options exercisable at \$0.25 on or before 31 December 2019 lapsed 28 days after the report date due to Mr. Bohm's resignation on 30 June 2017. No options were exercised during or since the year ended 30 June 2017.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.



Directors' Report

INDEMNIFICATION OF THE AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Justin Tremain	8	8
Neil Inwood	1	1
Paul Payne	8	8
Michael Bohm	8	8

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Berkut Minerals Limited support and adhere to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Berkut Minerals is in compliance to the extent possible with those guidelines, which are of importance and add value to the commercial operation of an ASX 300 listed resources development company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

The Company has established a set of corporate governance policies and procedures and these can be found on the Company's website: berkutminerals.com.au.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Berkut Minerals with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within the annual report.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 12 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel of Berkut Minerals Limited for the financial year ended 30 June 2017. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001. The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.



Directors' Report

Details of Directors and Key Management Personnel

Directors

Justin Tremain	Non-Executive Chairman (appointed 19 February 2016)
Neil Inwood	Managing Director (appointed 26 April 2017)
Paul Payne	Non-Executive Director (appointed 1 July 2016)
Michael Bohm	Non-Executive Chairman (appointed 1 July 2016, resigned 30 June 2017)

Key Management

Ben Cairns	General Manager Geology (appointed 30 August 2016)
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Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. The expected outcome of this remuneration structure is to retain and motivate Directors. As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter and Remuneration Policy. The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its Board meetings.

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. Non-executive Directors do not receive performance-based pay.

Level	Cash Remuneration
Chairman	A\$45,000
Managing Director	A\$230,000
Non-Executive Director	A\$30,000
Senior Executives	Up to A\$162,000

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for Directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the Directors' overall fee entitlements where applicable.

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director and key management personnel of the Group for the year ended 30 June 2017 are as follows:

2017	Short term			Options	Post-employment		Total	Option related %
	Base Salary \$	Directors' Fees \$	Consulting Fees \$	Share Based Payments \$	Super \$	Prescribed Benefits \$		
Directors								
Justin Tremain	-	25,000	-	-	2,375	-	27,375	-
Neil Inwood ¹	41,715	-	-	119,884 ⁴	3,963	-	165,562	72.4
Paul Payne	-	25,000	19,620 ⁵	-	2,375	-	46,995	-
Michael Bohm ²	-	37,500	-	-	3,563	-	41,063	-
Key Management								
Ben Cairns ³	135,000	-	-	-	12,825	-	147,825	-
	176,715	87,500	19,620	119,884	25,101	-	428,820	



Directors' Report

¹ Neil Inwood was appointed on 26 April 2017.

² Michael Bohm resigned on 30 June 2017.

³ Ben Cairns was appointed on 30 August 2016.

⁴ The share based payment amount relates to the award of 1,000,000 options exercisable at \$0.25 on or before 31 December 2019 and 1,000,000 options exercisable at \$0.30 on or before 31 December 2019 (refer note 17).

⁵ Additional consulting fees were paid for due diligence services provided in relation to the acquisition of Kobald Mineral Holdings Pty Ltd.

There were no other executive officers of the Company during the financial year ended 30 June 2017.

Shareholdings of Directors and Key Management Personnel

The number of shares in the Company held during the financial year by Directors and key management personnel of the Group, including their personally related parties, is set out below. There were no shares granted during the reporting year as compensation.

2017	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Justin Tremain	2,000,000	-	-	350,000	2,350,000
Neil Inwood	-	-	-	-	-
Paul Payne	75,000	-	-	-	75,000
Michael Bohm ¹	100,000	-	-	-	100,000
Key Management					
Ben Cairns ²	900,000	-	-	-	900,000

¹ Michael Bohm resigned on 30 June 2017.

² Ben Cairns was appointed on 30 August 2016.

All equity transactions with Directors and key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Option holdings of Directors and Key Management Personnel

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Berkut Minerals Limited and specified key management personnel of the Group, including their personally related parties, are set out below:

2017	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Exercisable	Un-exercisable
Directors							
Justin Tremain	500,000	-	-	-	500,000	500,000	-
Neil Inwood ¹	-	2,000,000	-	-	2,000,000	1,000,000	1,000,000
Paul Payne	500,000	-	-	-	500,000	500,000	-
Michael Bohm ²	1,000,000	-	-	-	1,000,000	1,000,000	-
Key Management							
Ben Cairns ³	500,000	-	-	-	500,000	500,000	-

¹ Neil Inwood was appointed on 26 April 2017.

² Michael Bohm resigned on 30 June 2017.

³ Ben Cairns was appointed on 30 August 2016.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. Options granted as part of remuneration have been valued using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk-free interest rate for the term of the option. Options granted under the plan carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 17.



Directors' Report

Options Affecting Remuneration

The terms and conditions of options affecting remuneration in the current or future reporting years are as follows:

	Grant Date	Grant Number	Expiry date/last exercise date	Exercise price per option	Value of options at grant date ¹	Number of options vested	Vested	Max value yet to vest
Directors								
Justin Tremain	-	-	-	-	-	-	-	-
Neil Inwood	22/05/17	1,000,000	31/12/19	\$0.25	\$107,808	1,000,000	100%	-
	22/05/17	1,000,000 ²	31/12/19	\$0.30	\$99,931	-	-	\$87,855
Paul Payne	-	-	-	-	-	-	-	-
Michael Bohm	-	-	-	-	-	-	-	-
Key Management								
Ben Cairns	-	-	-	-	-	-	-	-
		2,000,000			\$207,739	1,000,000		\$87,855

¹ The value at grant date has been calculated in accordance with AASB 2 *Share based payments*.

² 1,000,000 options issued to Neil Inwood, exercisable at \$0.30 on or before 31 December 2019, vest on 18 April 2017.

Service Agreements

Executive Directors

The Managing Director, Mr. Neil Inwood is employed under an Executive Employment Agreement effective 26 April 2017. Under the agreement Mr. Inwood is paid an annual fee of A\$230,000. Mr. Inwood also has the opportunity to participate in short term and long-term incentive schemes that the Company may put in place in the future. The Agreement may be terminated by the Company without notice or without cause by giving three months' notice in writing or payment in lieu of notice. The Agreement may also be terminated by Mr. Inwood by providing six months' notice in writing.

Non-Executive Directors

On appointment to the Board, all non-executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the Director. The aggregate remuneration for Non-Executive Directors has been set at an amount not to exceed \$300,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

Key Management Personnel

The General Manager Geology, Mr. Ben Cairns is employed under an Executive Employment Agreement, which commenced on 30 August 2016. Under the agreement Mr. Cairns is to be paid an annual fee of \$162,000 (based on a 9-day fortnight). The Agreement may be terminated by the Company without notice or without cause by giving one months' notice in writing or payment in lieu of notice. The Agreement may also be terminated by Mr. Cairns by providing one months' notice in writing.

Loans to Directors and Executives

There were no loans to Directors and key management personnel during the financial year ended 30 June 2017 (refer note 14 (b)).

END OF AUDITED REMUNERATION REPORT

Signed on behalf of the Board in accordance with a resolution of the Directors.

Neil Inwood
Managing Director
 Perth, Western Australia
 29 September 2017



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
Continuing Operations			
Interest received		41,347	-
Employee costs		(164,864)	-
Exploration expenditure		(28,477)	(2,211)
Other expenses	3	(300,847)	(9,555)
Share based payments expense	17	(119,884)	(105,816)
Travel and accommodation		(27,235)	-
Depreciation		(2,560)	-
Loss before income tax		(602,520)	(117,582)
Income tax expense	4	-	-
Net loss for the year		(602,520)	(117,582)
Other comprehensive income			
Items that may be reclassified to profit and loss		-	-
Other comprehensive income for the year net of tax		-	-
Total comprehensive loss for the year		(602,520)	(117,582)
Loss per share			
Loss per share (cents)	15	(1.85)	(2.80)

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 30 June 2017*

	Note	30 June 2017 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents	5	4,192,459	344,840
Other financial assets		15,000	20,129
Trade and other receivables		12,906	3,241
Total Current Assets		4,220,365	368,210
Non-Current Assets			
Deferred exploration & evaluation expenditure	6	1,775,612	-
Property, plant and equipment	7	10,155	-
Total Non-Current Assets		1,785,767	-
Total Assets		6,006,132	368,210
Current Liabilities			
Trade and other payables	8	95,224	60,830
Short term provisions		15,121	-
Total Current Liabilities		110,345	60,830
Total Liabilities		110,345	60,830
Net Assets		5,895,787	307,380
Equity			
Issued capital	9	6,051,555	319,146
Reserves	10	564,334	105,816
Accumulated losses	11	(720,102)	(117,582)
Total Equity		5,895,787	307,380

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



Consolidated Statement of Changes in Equity *for the year ended 30 June 2017*

	Issued capital \$	Accumulated losses \$	Share option reserve \$	Total \$
Balance at 19 February 2016	-	-	-	-
Total comprehensive loss for the year				
Loss for the period	-	(117,582)	-	(117,582)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	(117,582)	-	(117,582)
Transactions with owners in their capacity as owners				
Shares issued during the period	360,503	-	-	360,503
Cost of issue	(41,357)	-	-	(41,357)
Share based payment	-	-	105,816	105,816
Balance at 30 June 2016	319,146	(117,582)	105,816	307,380
Balance at 1 July 2016	319,146	(117,582)	105,816	307,380
Total comprehensive loss for the year				
Loss for the year	-	(602,520)	-	(602,520)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	-	(602,520)	-	(602,520)
Transactions with owners in their capacity as owners				
Shares issued during the period	6,420,000	-	-	6,420,000
Cost of issue	(687,591)	-	338,634	(348,957)
Share based payment	-	-	119,884	119,884
Balance at 30 June 2017	6,051,555	(720,102)	564,334	5,895,787

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



Consolidated Statement of Cash Flows *for the year ended 30 June 2017*

	Note	30 June 2017 \$	30 June 2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(230,445)	(3,872)
Interest received		38,436	-
Other payments – bond payments		(9,293)	-
Net cash used in operating activities	5	(201,302)	(3,872)
Cash flows from investing activities			
Purchase of plant and equipment		(12,715)	-
Proceeds from acquisition of subsidiary		246	-
Payments for exploration expenditure and project acquisitions		(1,114,440)	(11,791)
Net cash used in investing activities		(1,126,909)	(11,791)
Cash flows from financing activities			
Proceeds from issue of shares		5,525,500	353,103
Proceeds from related party loan		-	100,000
Repayment of loans		-	(92,600)
Payments for share issue costs		(348,957)	-
Net cash provided by financing activities		5,176,543	360,503
Net increase in cash and cash equivalents		3,848,332	344,840
Cash and cash equivalents at the beginning of the year		344,840	-
Effect of exchange rate fluctuations on cash		(713)	-
Cash and cash equivalents at the end of the year	5	4,192,459	344,840

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



1. Corporate Information

The financial report of Berkut Minerals Limited (“Berkut Minerals”, “Berkut” or “the Company”) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 29 September 2017. Berkut is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors’ Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation and compliance statement

The financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, as appropriate for for-profit oriented entities. The financial statements have also been prepared on a historical cost basis. The presentation currency is Australian dollars.

Compliance Statement

The financial statements are in compliance with Australian Accounting Standards which results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

(c) Basis of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(d) Segment Reporting

For management purposes, the Group is organised into three business segments, being; Scandinavian mineral exploration, Australian mineral exploration and Corporate (other). The Group has determined the operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources (refer to note 23).

(e) Changes in accounting policies and disclosures

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company’s operations and effective for future reporting periods. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and therefore, no change will be necessary to Company accounting policies.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:



- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) 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 has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

(g) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when:

- the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when:

- the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or



- the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be recognised.

The carrying amount of deferred income tax assets is reviewed at each balance 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 recognised.

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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is recognised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

Research and Development

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised when management have a reasonable basis to estimate the claim proceeds.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Government. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Government is included as part of receivables or payables in the statement of financial position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the Government, are disclosed as operating cash flows.

(i) Impairment of non-financial assets other than goodwill

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell 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 or Company 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 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 revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance 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. That 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 a reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are 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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(m) Provisions

Provisions are recognised when the Company 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. Provisions are not recognised for future operating losses. When the Company 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 any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(n) Issued capital

Ordinary shares are classified as equity. 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(o) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income:

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.



(p) Earnings per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Share based payment transactions

(i) Equity settled transactions:

The Company provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions'). There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 17. The expected price volatility is based on the historic volatility of the Company's share price on the ASX.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Berkut Minerals Limited ('market conditions').

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

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where 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 increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the 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 cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 15).



(ii) Cash settled transactions:

The Company may also provide benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of the Company.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the year until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(r) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the year in which the estimate is revised if it affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Share-based payment transactions:

The Company measures the cost of equity-settled transactions and cash-settled share-based payments with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black and Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted and the assumptions detailed in note 17.

Deferred Exploration and evaluation expenditure:

Deferred exploration and evaluation expenditure has been capitalised on the basis that the company will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Deferred Consideration shares:

The fair value of the deferred consideration shares could not be determined at acquisition date as the probability of achieving the milestones could not be reliably estimated (refer to note 6 and note 18).

(s) New and amended Accounting Standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Information on these new standards which are relevant to the Group is presented below.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations impacts on the use of AASB 11 when acquiring an interest in a joint operation. The standard was first adopted during the current period and has not had a material impact on the financial statements.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The standard was first adopted during the current period and has not had a material impact on the financial statements.



AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements. The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements. The effective date is for annual reporting periods beginning on or after 1 January 2016. The standard was first adopted during the current period and has not had a material impact on the financial statements.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business. The standard was first adopted during the current period and has not had a material impact on the financial statements.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle – these amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB. Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5. The standard was first adopted during the current period and has not had a material impact on the financial statements.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 - the Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The standard was first adopted during the current period and has not had a material impact on the financial statements.

Impact of Standards issued but not yet applied by the Group

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) introduce new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking "expected loss" impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach of classification and measurement of financial assets compared with the requirements of AASB 139. The effective date is for annual reporting periods beginning on or after 1 January 2018. The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers, AASB 2014-5 and AASB 2015-8 Amendments to Australian Accounting Standards replace AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

When this Standard is first adopted for the year ending 30 June 2019 there will be no material impact on the transactions and balances recognised in the financial statements.



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Notes to the Consolidated Financial Statements for the year ended 30 June 2017

AASB 16 Leases – AASB 16 Leases replaces AASB 117 Leases and some lease-related Interpretations. It largely retains the existing lessor accounting requirements in AASB 117. It provides new guidance on the application of the definition of lease and on sale and lease back accounting and requires new and different disclosures about leases. It requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

AASB 2016-3 Clarifications to AASB 15 Revenue from Contracts with Customers clarify the application of AASB 15 in three (3) specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

	2017 \$	2016 \$
3. Expenses		
Other expenses		
Audit fees	(31,250)	(8,000)
ASX fees	(61,658)	-
Professional and legal fees	(119,531)	-
Other	(88,408)	(1,555)
	(300,847)	(9,555)
4. Income Tax		
(a) Income tax expense		
Major component of tax expense for the year:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate.		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company’s applicable tax rate is as follows:		
Loss from continuing operations before income tax expense	(602,520)	(117,582)
Tax at the Australian rate of 27.5% (2016: 30%)	(165,693)	(35,275)
Share based payments	32,968	31,745
Non-deductible expenses	3,313	176
Deferred tax asset (net) not brought to account	129,412	3,354
Income tax expense	-	-



Berkut Minerals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	2017	2016
	\$	\$
(c) Deferred tax		
The following deferred tax balances have not been brought to account:		
<i>Liabilities</i>		
Total exploration and evaluation expenditure	(123,280)	-
Offset by deferred tax assets	123,280	-
Deferred tax liability recognised	-	-
<i>Assets</i>		
Losses available to offset against future taxable income	249,556	3,470
Share issue costs deductible over five years	6,921	10,067
Employee provisions	6,698	-
Accrued expenses	4,125	2,400
Deferred tax assets offset against deferred tax liabilities	(123,280)	-
Net deferred tax asset not recognised	144,020	15,937

(d) Unused tax losses

Unused tax losses	907,477	11,567
Potential tax benefit not recognised at 27.5% (2016: 30%)	249,556	3,470

The benefit for tax losses will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

5. Cash and Cash Equivalents

Reconciliation of cash

Cash comprises of:

Cash at bank	4,192,459	344,840
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Reconciliation of operating loss after tax to net cash flow from operations

Loss after tax	(602,520)	(117,582)
<i>Non-cash and non-operating items</i>		
Share based payments	119,884	105,816
Gain on foreign exchange	713	-
Depreciation	2,560	-
<i>Change in assets and liabilities</i>		
Decrease / (increase) in trade and other receivables	(24,664)	7,984
Increase / (decrease) in other assets	269,348	-
Increase / (decrease) in trade and other payables	33,377	-
Net cash flow used in operating activities	(201,302)	(3,872)

Non-cash investing activities

2,750,000 ordinary fully paid shares were issued to the vendors of Kobald Mineral Holdings Pty Ltd and 1,800,000 ordinary fully paid shares were issued to corporate advisors during the year for nil consideration. A deemed issue price of \$0.20 was used to record the issue of these shares which resulted in a non-cash investing activity amount of \$920,000.

6. Deferred Exploration and Evaluation Expenditure

Exploration and Evaluation phase - at cost

Opening balance	-	-
Acquisition of exploration tenements	1,055,180	-
Exploration and evaluation expenditure incurred during the year	748,909	-
Exploration and evaluation expenditure written-off during the year	(28,477)	-
Closing balance	1,775,612	-



Berkut Minerals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

¹ At 30 June 2017 the deferred exploration and evaluation balance included an amount of \$920,000 being the identifiable exploration assets acquired upon the issue of 4,600,000 ordinary fully paid shares (deemed price of \$0.20 per share) and 8,250,000 deferred consideration shares to vendors of Kobald Mineral Holdings Pty Ltd ("Kobald") for the acquisition of the Company's Scandinavian projects.

The fair value of the deferred consideration shares could not be determined at the acquisition date as the probability of achieving the milestones (refer note 18) could not be reliably estimated. This acquisition has not been accounted for as a business combination under AASB 3 "Business Combinations" as it was determined that Kobald was not considered to be a business at the date of acquisition. As such, the acquisition has been accounted for as an acquisition of assets, at cost, based on the fair value of the consideration and deferred consideration shares granted. The purchase price has been allocated to the deferred exploration and evaluation assets of Kobald.

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

	2017 \$	2016 \$
7. Property, Plant and Equipment		
Cost	12,715	-
Accumulated depreciation and impairment	(2,560)	-
Net carrying amount	10,155	-
Movements in Plant & Equipment:		
Opening balance	-	-
Additions	318	-
Depreciation charge for the year	(54)	-
Closing balance	264	-
Movements in Office Equipment:		
Opening balance	-	-
Additions	12,397	-
Depreciation charge for the year	(2,506)	-
Closing balance	9,891	-
8. Trade and Other Payables		
Trade payables	12,092	-
Other payables	68,132	42,830
Accruals	15,000	18,000
	95,224	60,830

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

9. Issued Capital

(a) Issued and paid up capital

Issued and fully paid	6,051,555	319,146
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(b) Movements in ordinary shares on issue

	2017		2016	
	Number of shares	\$	Number of shares	\$
Opening Balance	15,166,669	319,146	-	-
Shares issued and fully paid	27,500,000	5,500,000	15,166,669	360,503
Shares issued as part consideration for acquisition ¹	2,750,000	550,000		
Shares issued to Corporate advisor ²	1,850,000	370,000		
Transaction costs on share issue	-	(687,591)	-	(41,357)
	47,266,669	6,051,555	15,166,669	319,146



Berkut Minerals Limited

Notes to the Consolidated Financial Statements *for the year ended 30 June 2017*

¹ 2,750,000 fully paid ordinary shares were issued to Kobald Mineral Holdings Shareholders for the acquisition of the Scandinavian Cobalt projects at a deemed issue price of \$0.20 per share.

² 1,850,000 shares were issued at a deemed issue price of \$0.20 per share pursuant to the terms of a corporate advisory agreement and in connection with the provision of introduction and facilitation services related to the Kobald Mineral Holdings Pty Ltd transaction.

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Company's capital comprises share capital, reserves less accumulated losses amounting to a net equity of \$5,895,787 at 30 June 2017. The Company manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Company was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 16 for further information on the Company's financial risk management policies.

(e) Share Options

As at the date of this report there were 8,500,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price \$	Expiry Date
5,000,000	\$0.25	30-Jun-2018
2,500,000	\$0.25	31-Dec-2019
1,000,000	\$0.30	31-Dec-2019
8,500,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

1,000,000 options exercisable at \$0.25 on or before 31 December 2019 lapsed unexercised during the financial year. 500,000 options exercisable at \$0.20 on or before 31 December 2019 and 500,000 options exercisable at \$0.25 on or before 31 December 2019 lapsed 28 days after the report date due to Mr. Bohm's resignation on 30 June 2017. No options were exercised during or since the year ended 30 June 2017..

(f) Deferred Consideration Shares

During the year ended 30 June 2017, the Company's shareholders approved the award of 8,250,000 deferred consideration shares. The deferred consideration shares are to be issued to the vendors of Kobald Mineral Holdings Pty Ltd upon the achievement of the following milestones (refer note 2(r)).

1. 4,125,000 fully paid ordinary shares, subject to the completion or announcement to the market of a scoping study on JORC compliant resources on any of the tenements acquired by the Company as part of the acquisition; and
2. 4,125,000 fully paid ordinary shares, subject to the completion or announcement to the market of a definitive feasibility study on JORC compliant resources at any of the tenements.

The Deferred Consideration Shares must be issued no later than 22 May 2021.

10. Reserves

Share based payments reserve

	2017 \$	2016 \$
	564,334	105,816
	564,334	105,816



Berkut Minerals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Movements in Reserves		
<i>Share based payments reserve</i>		
Opening balance	105,816	-
Options issued to corporate advisors	338,634	-
Share based payments expense	119,884	105,816
Closing balance	564,334	105,816

The share based payment reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services. Refer to note 17 for further details of the securities issued during the financial year ended 30 June 2017.

11. Accumulated Losses

Movements in accumulated losses were as follows:

Opening balance	(117,582)	-
Loss for the year	(602,520)	(117,582)
Closing balance	(720,102)	(117,582)

12. Auditor's Remuneration

The auditor of Berkut Minerals Limited is Grant Thornton Audit Pty Ltd

Amounts received or due and receivable by the parent auditor for:

- an audit or review of the financial report	23,000	8,000
<i>Other Services:</i>		
- Preparation of Independent Accountant's Report	8,250	-
	31,250	8,000

13. Directors and Key Management Personnel Disclosures

Details of the nature and amount of each element of the emolument of each Director and key management personnel of the Company for the financial year are as follows:

Short term employee benefits	283,835	-
Share based payments	119,884	44,635
Post-employment benefits	25,101	-
Total remuneration	428,820	44,635

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms. There were no other transactions with key management personnel for the year ended 30 June 2017.

14. Related Party Disclosures

(a) Key management personnel

For Director related party transactions please refer to Note 13 "Key Management Personnel Disclosures".

(b) Loans from Key Management Personnel

Opening balance	-	-
Loans advanced	-	100,000
Loan repayment received	-	(92,600)
Issuance of shares in lieu of cash	-	(7,400)
Closing balance	-	-

The loans from Key Management Personnel were repayable on demand. These loans were unsecured and interest free.

(c) Other related party transactions

Renaissance Minerals Limited, a company in which Mr. Tremain is a Director, charged the Company rental fees totalling \$10,962 for the year ended 30 June 2017 for office space at 78 Churchill Avenue, Subiaco.



Berkut Minerals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

(c) Subsidiaries

The consolidated financial statements include the financial statements of Berkut Minerals Limited and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Holding	
		2017	2016
Kobald Mineral Holdings Pty Ltd	Australia	100%	-

15. Loss per Share

Loss used in calculating basic and dilutive EPS

2017	2016
\$	\$

(602,520)	(117,582)
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Number of Shares

Weighted average number of ordinary shares used in calculating basic loss per share:

32,622,419	201,371
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Effect of dilution:

Share options

-	-
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Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:

32,622,419	201,371
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There is no impact from 9,500,000 options outstanding at 30 June 2017 on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

16. Financial Risk Management

Exposure to foreign currency risk, credit risk, liquidity risk and interest rate risk arises in the normal course of the Company's business. The Company uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Directors expect that present levels of liquidity along with future capital raising will be adequate to meet expected capital needs.

Maturity of financial liabilities:

Payables

Trade and other payables are expected to be settled within 3 months.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Company manages the risk by investing in short term deposits.



Berkut Minerals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Cash and cash equivalents	4,192,459	344,840

Interest rate sensitivity:

The following table demonstrates the sensitivity of the Company's statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss (\$) Increase/(Decrease)		Effect on Equity including retained earnings (\$) Increase/(Decrease)	
	2017	2016	2017	2016
Increase 75 basis points	31,443	2,586	31,443	2,586
Decrease 75 basis points	(31,443)	(2,586)	(31,443)	(2,586)

A sensitivity of 75 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's maximum credit exposure is the carrying amounts on the statement of financial position. The Company holds financial instruments with credit worthy third parties. At 30 June 2017, the Company held cash at bank. 100% of the Company's cash was held in financial institutions with a rating from Standard & Poors of AA or above (long term). The Company has no past due or impaired debtors as at 30 June 2017.

(d) Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

17. Share Based Payments

(a) Recognised share based payment transactions

Share based payment transactions recognised either as operational expenses in the statement of profit or loss and other comprehensive income or as capital raising costs in the equity during the year were as follows:

	2017	2016
	\$	\$
Employee and Director share based payments (note 17 (b))	119,884	105,816
Share based payments to suppliers	-	-
	119,884	105,816
Options issued to corporate advisors ¹	338,634	-
	458,518	105,816

¹ On 22 May 2017, 5,000,000 options were issued as consideration for services provided by a corporate advisor in connection with the equity placement announced on 9 February 2017. The model inputs for the options granted to corporate advisors included:

- options were granted for no consideration;
- expected lives of the options was 2.6 years;
- share price at grant date was \$0.20;
- expected volatility was 100%;
- expected dividend yield of nil; and
- a risk-free interest rate of 1.00%



Berkut Minerals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

(b) Employee share based payments

The Company has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees and contractors of Berkut Minerals Limited. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, employees and eligible contractors of Berkut Minerals Limited.

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option. The table below summarises options granted during the year period 30 June 2017:

Grant Date	Expiry date	Exercise price per option	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
22/05/2017	31/12/2019	\$0.25	-	1,000,000	-	-	1,000,000	1,000,000
22/05/2017	31/12/2019	\$0.30	-	1,000,000	-	-	1,000,000	- ¹
				2,000,000	-	-	2,000,000	1,000,000

¹ Mr. Neil Inwood was granted 2,000,000 options. Of this amount, 1,000,000 options are exercisable at \$0.30 each on or before 31 December 2019. The options will vest on the earlier of:

- (a) 26 April 2018; and
- (b) the occurrence of a change of control event.

The expense recognised in respect of the above options granted during year was \$119,884.

The model inputs, not included in the table above, for options granted during the year ended 30 June 2017 included:

- a) options were granted for no consideration;
- b) expected lives of the options was 2.6 years;
- c) share price at grant date was \$0.20;
- d) expected volatility was 100%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 1.00%

The table below summarises options granted during the year ended 30 June 2016:

Grant Date	Expiry date	Exercise price per option	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
22/06/2016	31/12/2019	\$0.25	-	3,000,000	-	-	3,000,000	-
22/06/2016	31/12/2019	\$0.20	-	500,000	-	-	500,000	-
				3,500,000	-	-	3,500,000	-

The expense recognised in respect of the above options granted during the year ended 30 June 2016 was \$105,816.

The model inputs, not included in the table above, for options granted during the year ended 30 June 2016 included:

- a) options were granted for no consideration;
- b) expected life of options ranging from 3.5 years;
- c) share price at grant date was \$0.075
- d) expected volatility ranging from 94.3%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate ranging from 1.66%.



Berkut Minerals Limited

Notes to the Consolidated Financial Statements *for the year ended 30 June 2017*

18. Contingent Assets and Liabilities

The Directors are of the opinion that the recognition of a liability is not required in respect of the following matter as it is not certain that a future sacrifice of economic benefits will be required or the amount is not able to be reliably measured at this point in time.

Deferred Consideration Shares

During the year ended 30 June 2017, the Company's shareholders approved the award of 8,250,000 deferred consideration shares. The deferred consideration shares are to be issued to the vendors of Kobald Mineral Holdings Pty Ltd upon the achievement of the following milestones.

3. 4,125,000 fully paid ordinary shares, subject to the completion or announcement to the market of a scoping study on JORC compliant resources on any of the tenements acquired by the Company as part of the acquisition; and
4. 4,125,000 fully paid ordinary shares, subject to the completion or announcement to the market of a definitive feasibility study on JORC compliant resources at any of the tenements.

The Deferred Consideration Shares must be issued no later than 22 May 2021. Up to the date of this report, no deferred consideration shares have been issued. An obligation will arise once the above milestones have been achieved and will be recognised at that time.

There are no other known contingent assets and liabilities as at 30 June 2017.

19. Commitments

The Company entered into an earn-in and joint venture agreement that will grant the Company the conditional right to earn up to a 70% interest in a joint exploration operation. The Company may earn a 51% joint venture interest in the operation by spending \$2,000,000 by 31 December 2019, \$1,000,000 of which must be committed by December 2018. The Company has the option to increase its joint venture interest to 70% by sole funding the project until completion of a pre-feasibility study.

20. Parent Entity Information

The following details information related to the parent entity, Berkut Minerals Limited, at 30 June 2017. The information presented here has been prepared using consistent accounting policies with those presented in Note 2.

	2017 \$	2016 \$
Current assets	4,220,119	368,210
Total assets	6,006,132	368,210
Current liabilities	(110,345)	(60,830)
Total liabilities	(110,345)	(60,830)
Net assets	5,895,787	307,380
Issued capital	6,051,555	319,146
Share based payments reserve	564,334	105,816
Accumulated losses	(720,102)	(117,582)
	5,895,787	307,380
Loss of the parent entity	(602,520)	(117,582)
Other comprehensive income for the year	-	-
Total comprehensive loss of the parent entity	(602,520)	(117,582)

Other Commitments

The Company had no other commitments as at 30 June 2017.

Other Contingent Liabilities

The Company had no other contingent liabilities as at 30 June 2017.



Berkut Minerals Limited

Notes to the Consolidated Financial Statements *for the year ended 30 June 2017*

21. Significant Events after the Reporting Date

On 16 August 2017, the Company announced an equity raising of approximately \$1.5 million through an equity placement ("Placement") of 6.7 million shares. The Placement was made to new institutional and sophisticated shareholders at \$0.23 per share. In addition, 350,000 shares were issued as consideration for the engagement of the lead manager of the Placement and pursuant to the Lead Manager Mandate dated 14 August 2017.

22. Dividends

No dividend was paid or declared by the Company in the year ended 30 June 2017 or the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2017.

23. Operating Segments

The Group has determined the operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is an emerging cobalt producer in Scandinavia, and is also the holder of some non-core copper/gold/lithium tenements in Australia. The Board considers the entity from both a commodity type, and a geographical perspective. During the year the consolidated entity operated in two business segments, being; Scandinavian mineral exploration and Australian mineral exploration. During the year ended 30 June 2016, the Company operated in only one segment, being mineral exploration in Australia.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment.

30 June 2017	Scandinavian mineral exploration \$	Australian mineral exploration \$	Total \$
Segment Performance			
Interest revenue	-	-	-
Total segment revenue	-	-	-
Corporate and unallocated revenue			41,347
Total Group Revenue			41,347
Employee costs	-	-	-
Share based payments expense	-	-	-
Other expenses	-	-	-
Segment net loss before tax	-	-	-
Corporate and unallocated expenses			(643,867)
Group net loss before tax			(602,520)



Berkut Minerals Limited

Notes to the Consolidated Financial Statements *for the year ended 30 June 2017*

30 June 2017	Scandinavian mineral exploration \$	Australian mineral exploration \$	Total \$
Segment Assets			
<i>Segment assets increases/ (decreases) for the year:</i>			
Cash and cash equivalents	-	-	-
Other financial assets	-	-	-
Trade and other receivables	-	-	-
Deferred exploration & evaluation expenditure	1,208,423	567,189	1,775,612
Property, Plant and equipment	-	-	-
Total Group assets	1,208,423	567,189	1,775,612
Corporate and unallocated assets			4,230,520
Total Group Assets			6,006,132
Segment Liabilities			
<i>Segment liabilities increases/ (decreases) for the year:</i>			
Trade and other payables	-	-	-
Short term provisions	-	-	-
Deferred considerations	-	-	-
Total	-	-	-
Corporate and unallocated liabilities			110,345
Total Group Liabilities			110,345



Directors' Declaration

In accordance with a resolution of the Directors of Berkut Minerals Limited, I state that:

1. In the opinion of the Directors:
 - a) The consolidated financial statements and notes of Berkut Minerals Limited for the year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a).
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board

Neil Inwood
Managing Director

Perth, Western Australia
29 September 2017

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Auditor's Independence Declaration to the Directors of Berkut Minerals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Berkut Minerals Limited for the year ended 30 June 2017, I declare that, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 29 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Independent Auditor's Report to the Directors of Berkut Minerals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Berkut Minerals Limited (the Company), and its subsidiaries (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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated statement statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b 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 *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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated statement report of the current period. These matters were addressed in the context of our audit of the consolidated statement report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Note 1(f), 1(r) and Note 6 As at 30 June 2017 the Group had \$1.7million of capitalised exploration and evaluation expenditure. The Group is required to assess the recoverable amount of each area of interest in line with <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i> to ensure the carrying value does not exceed its recoverable amount. The process to assess for impairment of exploration and evaluation assets involves significant management judgement and subjectivity with regards to the applicability of impairment indicators and the assessment of the recoverable amount of assets which have not yet reached the production stage. The ability for the Group to determine whether the area of interest is economically viable is dependent upon advancing drilling and feasibility studies to a stage whereby information is readily available to undertake value-in-use calculations. This area is a key audit matter due to the judgemental nature of the estimates and assumptions used in the impairment analysis.	Our procedures included, amongst others: • Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; - Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; - Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure; - Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • Assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Acquisition of Kobald Mineral Holdings Pty Ltd – Note 6 and Note 18	
During the year ended 30 June 2017 the Group completed the acquisition of Kobald Mineral Holdings Pty Ltd (the Entity) which holds granted rights to a number of prospective projects in Norway and Sweden. The Group has determined that the acquisition of the Entity is an asset acquisition. The consideration for the purchase consisted of cash, 2.75 million shares and 8.25 million deferred consideration shares in Berkut Minerals Limited. The directors have determined that it would be prudent to account for this transaction under the provision rules of AASB 3 <i>Business Combinations</i>, due to additional shares may be issued on the achievement of certain milestones post acquisition. The accounting treatment of the acquisition involves a degree of judgement around the acquisition date and the determination of the fair value of consideration transferred. This has been determined to be a key audit matter due to the nature of the transaction and the estimates and judgements required upon initial recognition.	Our procedures included, amongst others: • Obtaining management's consideration of the accounting treatment of the transaction and assessing appropriateness of the treatment in line with accounting standards; • Reading the relevant sale and purchase agreements in relation to the transaction to determine appropriateness of accounting treatment; • Obtaining and testing the mathematical accuracy of management's calculation of the fair value of the consideration shares granted as consideration; • Reviewing estimates and assumptions used by management in the treatment of the deferred consideration shares to be issued; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

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 related 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 15 of the the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Berkut Minerals 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner – Audit & Assurance
29 September 2017



ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 15 September 2017.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	13	1,522
1,001 - 5,000	56	186,748
5,001 - 10,000	58	483,034
10,001 - 100,000	275	12,606,502
100,001 - and over	105	41,038,860
TOTAL	507	54,316,666

There were 17 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Shares	%
TENBAGGA RES FUND PL <TENBAGGA FAM A/C>	2,020,000	3.72%
LAMB KAREN	2,000,000	3.68%
TREMAIN SASHA	2,000,000	3.68%
BLUE LEAF CORP	1,999,999	3.68%
MAGENTASTAR HOLDINGS LTD	1,375,000	2.53%
MAGNI ASSOC PL	1,375,000	2.53%
BEAMOND HLDGS PL <BB FAM S/F A/C>	1,054,058	1.94%
GARVEY PARK PL	1,000,000	1.84%
CAIRNS BENJAMIN JAMES	900,000	1.66%
SISU INTNL PL	800,000	1.47%
HSBC CUSTODY NOM AUST LTD	750,000	1.38%
WEXFORD RISE PL <WEXFORD RISE PENSION>	750,000	1.38%
ARALAD MGNT PL <TRK SUPER FUND A/C>	700,000	1.29%
NERO RESOURCE FUND PL <NERO RESOURCE FUND>	700,000	1.29%
SEVENTY THREE PL <KING S/F NO.3 A/C>	700,000	1.29%
KEVIN BORG HLDGS PL <KEVIN BORG S/F A/C>	691,151	1.27%
TALMETAL PL	600,000	1.10%
BR CORPORATION PL	575,000	1.06%
BLUE ALBATROSS PL	512,500	0.94%
YEA-SAYER PL	500,000	0.92%
	21,002,708	38.65

Substantial Shareholders

There are no substantial shareholders.

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 30 June 2017.



Unlisted Options

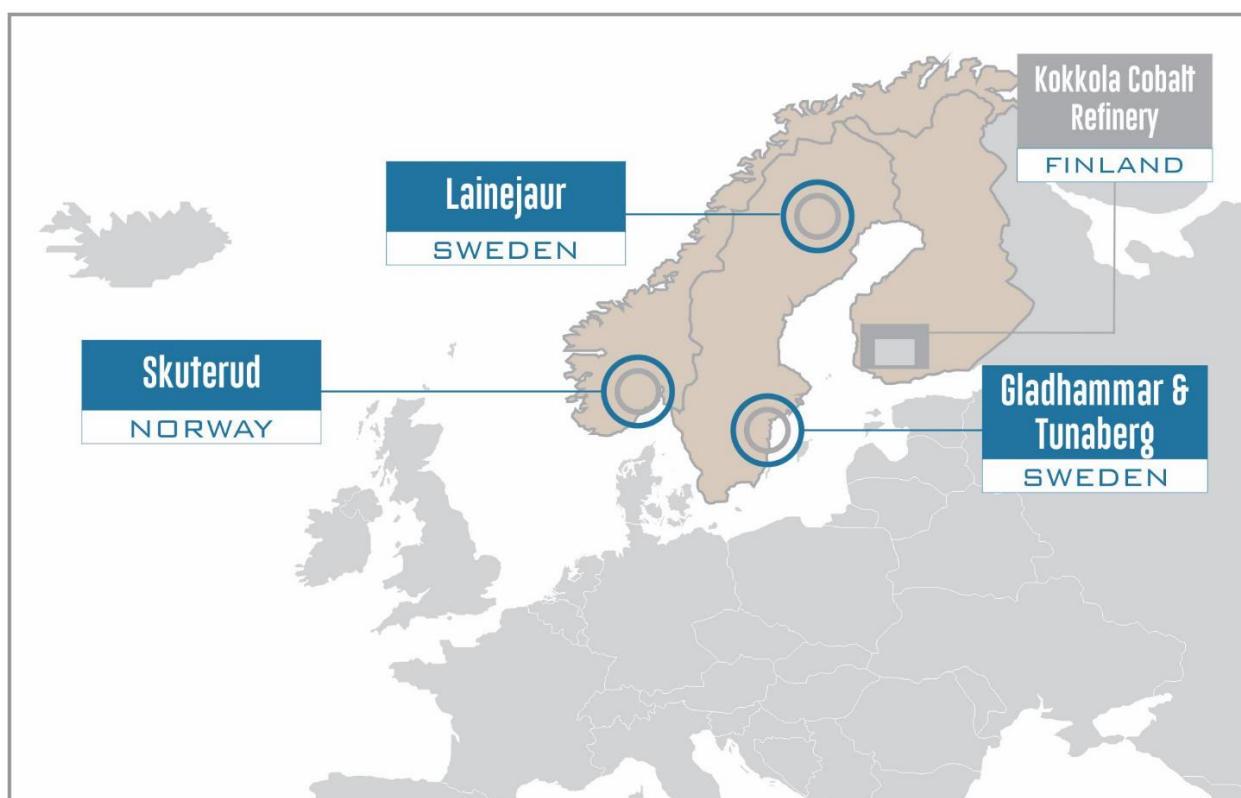
Class	Number	Holders with more than 20%
Options over ordinary shares exercisable at \$0.25 on or before 30 June 2018.	5,000,000	- Argonaut Investments Pty Limited <Argonaut Invest No 3 A/C> 2,000,000 Options - JP Security Holdings Pty Ltd <CJ Security Holdings A/C> 1,500,000 options
Options over ordinary shares exercisable at \$0.25 on or before 31 December 2019.	2,500,000	- View Ways Pty Ltd <ATF the Inwood S/F> 1,000,000 options
Options over ordinary shares exercisable at \$0.30 on or before 31 December 2019.	1,000,000	- View Ways Pty Ltd <ATF the Inwood S/F> 1,000,000 options Pedro Rodriguez 1,500,000 options



BERKUT'S SCANDINAVIAN COBALT PROJECTS

Tenement	Location	Structure
Kobald Mineral Holdings Pty Ltd		
Skuterud 1, 2, 3, 3a, 4	Norway	100%
Tunaberg nr 201	Sweden	100%
Gladhammar nr 201	Sweden	100%
Berkut Minerals Ltd		
Skuterud 5, 6, 7, 8	Norway	100%
Tunaberg nr 202	Sweden	100%
Gladhammar nr 202, 203, 204, 205	Sweden	100%
Lainejaur nr 20	Sweden	100%

SCANDINAVIAN PROJECT LOCATIONS



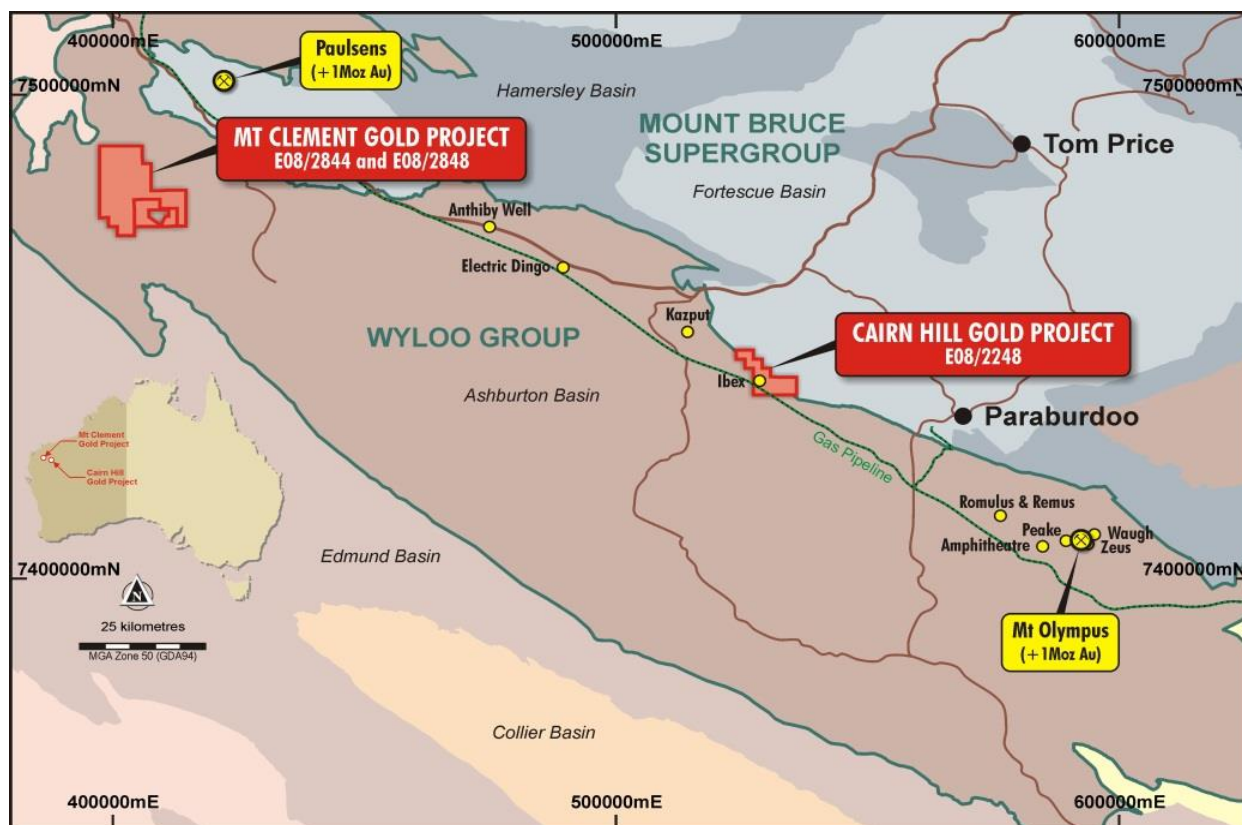


Tenement Table

BERKUT'S AUSTRALIAN GOLD PROJECTS

Tenement	Location	Structure
Berkut Minerals Ltd		
Cairn Hill Gold Project		
E08/2248	Western Australia	0%, earning a 70% interest from Coccinella Pty Ltd
Mount Clement Gold Project		
E08/2848	Western Australia	100%
Capricorn Lithium Project		
E69/3435	Western Australia	Application

AUSTRALIAN PROJECT LOCATIONS





FORWARD LOOKING STATEMENTS

The Annual Report may contain certain forward-looking statements and projections regarding:

- estimated, resources and reserves;
- planned production and operating costs profiles;
- planned capital requirements; and
- planned strategies and corporate objectives.

Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Berkut Minerals Limited. The forward-looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

Berkut Minerals Limited does not make any representations and provides no warranties concerning the accuracy of the projections, and disclaims any obligation to update or revise any forward-looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws.

Information relating to the exploration results is extracted from announcements dated 25/10/2016, 19/12/2016, 27/2/2017, 18/5/2017, 15/6/2017, 7/7/2017, 26/7/2017, 31/7/2017 and 13/9/2017 are available to view at berkutminerals.com.au. Other than as specified in this announcement and the mentioned announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Exploration Target or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements and that the supporting information still applies.

COMPETENT PERSON

The information in this announcement that relates to Exploration Results for the European cobalt and nickel projects is based on information compiled by Mr Neil Inwood, who is a Fellow of the AusIMM. Mr Inwood is a full-time employee of Berkut Minerals 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). Mr Inwood consents to the inclusion in this announcement of the matters based upon the information in the form and context in which it appears. Mr Inwood confirms that the information in the report presented under the ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the Lainejaur Deposit. Mr Inwood is a full time Berkut full time employee of Berkut Minerals and is a Fellow of the AusIMM. Mr Inwood 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 December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves for the Western Australian tenements is based on information compiled by Ben Cairns, who is a Member of the AIG. Mr Cairns is a full-time employee of Berkut Minerals 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). Mr Cairns consents to matters based upon the information in the form and context in which it appears.