
BERKUT MINERALS LTD

ACN 610 855 064

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10.00 am (WST)

DATE: 22 May 2017

PLACE: 78 Churchill Avenue, Subiaco, WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10am on 20 May 2017.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – THE ACQUISITION OF KOBALD MINERAL HOLDINGS PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to acquire Kobald Mineral Holdings Pty Ltd on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Magni Associated Pty Ltd and Magentastar Holdings Ltd and any associates or nominees of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF SHARES –INITIAL CONSIDERATION SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 1, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,750,000 Shares in consideration for the acquisition of Kobald Mineral Holdings Pty Ltd on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Magni Associated Pty Ltd and Magentastar Holdings Ltd and any associates or nominees those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – RATIFICATION OF SHARES – TRANCHE 1 OF CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,900,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF SHARES – TRANCHE 2 OF CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,100,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF OPTIONS – CAPITAL RAISING FEE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Max Capital Pty Ltd and any of its associates or nominees. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – ISSUE OF SHARES – FACILITATION FEE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,850,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Max Capital Pty Ltd and any of its associates or nominees. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ISSUE OF SHARES – DEFERRED CONSIDERATION SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 7.1, and for all other purposes, approval is given for the Company

to issue up to 8,250,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Magni Associated Pty Ltd and Magentastar Holdings Ltd and any associates or nominees of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – ISSUE OF OPTIONS – RELATED PARTY REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Options to Neil Inwood (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Neil Inwood and any associates or nominees of Mr Neil Inwood. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 18 April 2017

By order of the Board

Melanie Li
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9286 6399.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 Company and Existing Projects

The Company was admitted to the official list of the ASX on 30 August 2016 as a Perth-based mineral exploration company established with the purpose of acquiring, exploring and developing gold and other mineral deposits.

Its existing projects are the Cairn Hill Gold Project, Mt Clement Gold Project and the Capricorn Lithium Project all located in Western Australia (**Existing Projects**). For further details on the Existing Projects refer to the Company prospectus dated 22 July 2016 and the Company's website <http://berkutminerals.com.au>.

1.2 Summary of the Acquisition

As announced on 9 February 2017 and as varied on 29 March 2017, the entered into a binding terms sheet (**Acquisition Agreement**), pursuant to which it was granted an irrevocable, exclusive option (**Kobald Option**) to acquire 100% of the issued share capital in Kobald Mineral Holdings Pty Ltd (ACN 614 197 974) (**Kobald**) from the current shareholders of Kobald, Magni Associated Pty Ltd and Magentastar Holdings Ltd (together the **Vendors**) (**Acquisition**).

Kobald is the legal and beneficial owner of a number of tenements located in Sweden and Norway, which are set out in Schedule 3 (the **Tenements**).

Following execution of the Acquisition Agreement, the Company made a non-refundable payment of \$75,000 to the Vendors, as consideration for the Kobald Option. The Company exercised the Kobald Option on 31 March 2017 and made a subsequent payment of \$90,000 to the Vendors (which is refundable if the Acquisition does not complete).

The consideration for the Acquisition will be satisfied by the issue to the Vendors of:

- (a) 2,750,000 Shares on completion of the Acquisition (**Initial Consideration Shares**);
- (b) 4,125,000 Shares (**First Milestone Shares**) on the successful completion (at Berkut's sole discretion) or announcement to the market of a scoping study for the development of any of the Tenements based on JORC compliant Measured, Indicated or Inferred Resources identified at any of the Tenements (**First Milestone**); and
- (c) 4,125,000 Shares (**Second Milestone Shares**) on the successful completion (at Berkut's sole discretion) or announcement to the market of a definitive feasible study for the development of any of the Tenements based on JORC compliant Measured, Indicated or Inferred Resources identified at any of the Tenements (**Second Milestone**).

1.3 Acquisition Agreement

The material terms of the Acquisition Agreement are as follows:

- (a) **(Acquisition)**: Subject to the exercise of the Kobald Option, Berkut has agreed to acquire and the Vendors have agreed to sell 100% of the issued capital of Kobald;
- (b) **(Option Consideration)**: the Company paid a non-refundable fee payment of \$75,000 in consideration for the Vendors granting the Kobald Option exercisable on or before 7 April 2017;
- (c) **(Option Exercise Fee)**: the Company exercised the Kobald Option on 31 March 2017 by the Company paying a cash deposit of \$90,000 to the Vendors. This cash payment is refundable if settlement does not occur;
- (d) **(Conditions Precedent)**: completion of the Acquisition is conditional on the parties receiving all necessary consents and approvals (including Shareholder, regulatory approvals) as are desirable or required in connection with the Acquisition (**Conditions Precedent**). The Conditions Precedent must be satisfied or waived by the Company by 25 May 2017;
- (e) **(Consideration)**: the Company has agreed to issue to the Vendors the Initial Consideration Shares at settlement, the First Milestone Shares on satisfaction of the First Milestone, and the Second Milestone Shares on satisfaction of the Second Milestone;
- (f) **(Restricted Securities)**: the Vendors have agreed that the Initial Consideration Shares will be escrowed until 29 August 2018;
- (g) **(Capital Raising and Fee Issues)**: the parties acknowledged that as part of the Acquisition:
 - (i) the Company proposes to raise a minimum of \$2,000,000 via the issue of Shares at an issue price of at least \$0.20 per Share, to be undertaken in two tranches (**Capital Raising**). The issue of 4,900,000 Shares (**Tranche 1 Placement**) was completed pursuant to the Company's existing Listing Rule 7.1 placement capacity (ratification of which is the subject of Resolution 3) and the issue of 5,100,000 Shares (**Tranche 2 Placement**) is the subject of Resolution 4;
 - (ii) the Company proposes to issue, as a corporate fee for assistance with completion of the Capital Raising, up to 5,000,000 Options exercisable at \$0.25 per Share, on or before 30 June 2018 (**Capital Raising Options**), being the issue the subject of Resolution 5; and
 - (iii) the Company proposes to issue up to 1,850,000 Shares as a facilitation fee to a third party (**Facilitation Shares**), being the issue the subject of Resolution 6;
- (h) **(Consultancy Arrangement)**: From the date of settlement for a period of twelve (12) months the Company will engage each Vendor as a consultant, for a fee of \$55,000 each, to locate potential new mineral projects for investment or opportunity which have or may have cobalt as the dominant mineral prospect. The Acquisition Agreement otherwise contains indemnities, warranties and general provisions considered standard for an agreement of this nature.

1.4 Summary of the Resolutions

Resolutions 2, 4 and 7 are subject to the passing of Resolution 1, and therefore the passing of any of these Resolutions will have no effect unless Resolution 1 is also passed.

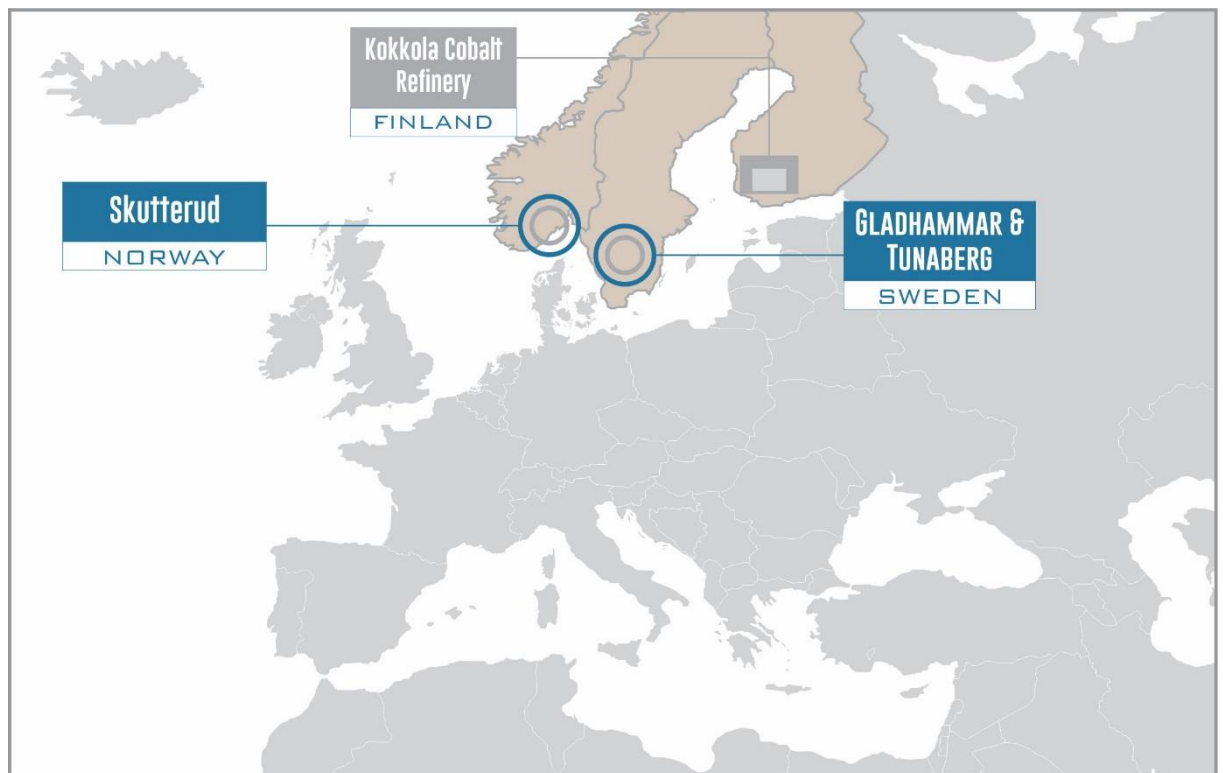
A summary of the Resolutions is as follows:

- (a) Resolution 1 seeks Shareholder approval for the Acquisition pursuant to Listing Rule 11.1.2
- (b) Resolution 2 seeks Shareholder approval for issue of the Initial Consideration Shares as consideration for the Acquisition;
- (c) Resolution 3 seeks Shareholder ratification of the prior issue of 4,900,000 Shares under tranche 1 of the Capital Raising;
- (d) Resolution 4 seeks Shareholder approval for the Company to issue 5,100,000 Shares under tranche 2 of the Capital Raising;
- (e) Resolution 5 seeks Shareholder approval to issue the Capital Raising Options to Max Capital Pty Ltd (or nominees) for services provided in connection with the Capital Raising;
- (f) Resolution 6 seeks Shareholder approval to issue the Facilitation Shares to Max Capital Pty Ltd (or nominees) for facilitation services provided in connection with the Acquisition; and
- (g) Resolution 7 seeks Shareholder approval for the issue of the First Milestone Shares and the Second Milestone Shares upon achievement of Milestone 1 and Milestone 2, respectively (together, the **Deferred Consideration Shares**).
- (h) Resolution 8 seeks Shareholder approval for the issue of Director Options to Mr Neil Inwood who was appointed as the managing director of the Company effective 18 April 2017.

1.5 Summary of the Projects

Kobald holds all of the rights to three highly prospective cobalt projects located in Norway (**Skutterud Project**) and Sweden (**Gladhammar Project** and **Tunaberg Project**) (together, the **Projects**).

Summaries of the Projects are set out below. For further details on the Projects refer to the announcement dated 9 February 2017.



1.5.1 Skutterud Project – Norway

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

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

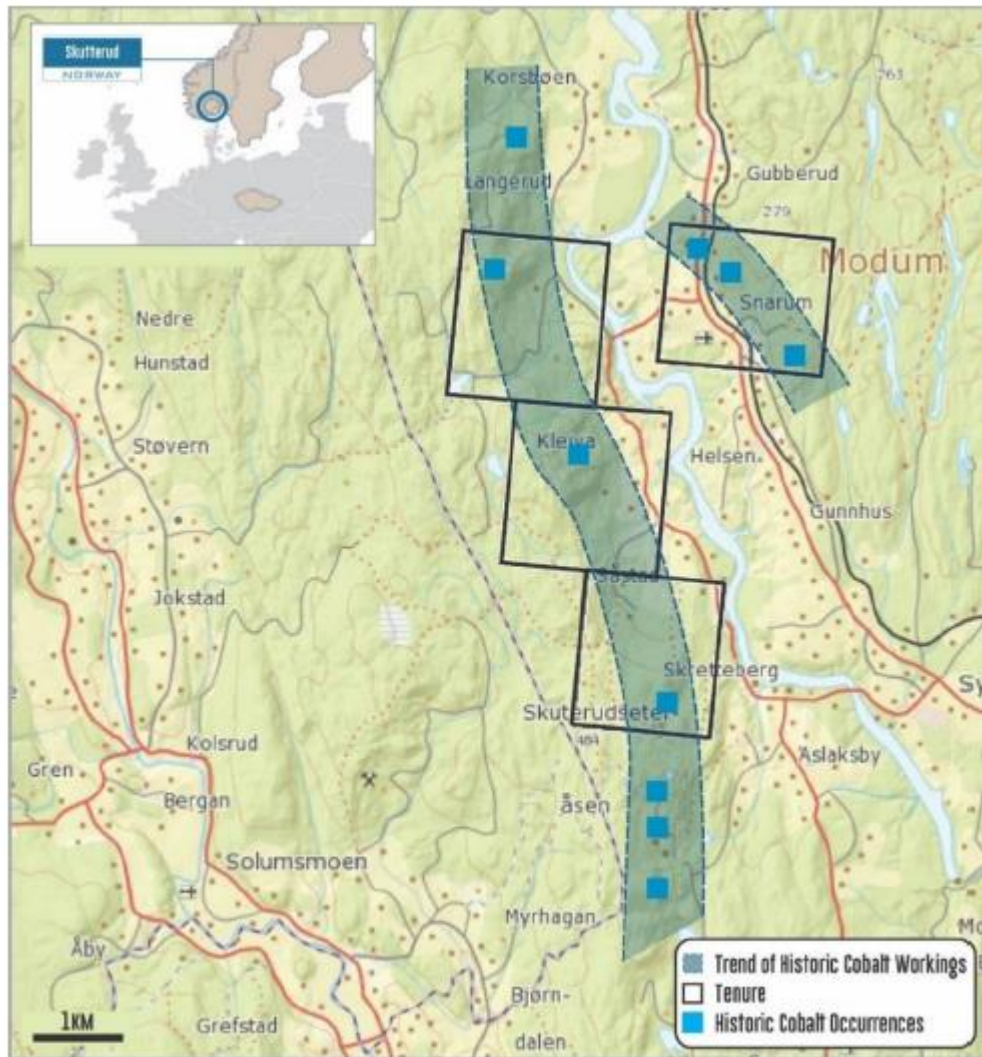


Figure 3 | Skutterud Project area and historic cobalt occurrences

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

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

1.5.2 Tunaberg Project and Gladhammar Project – Sweden

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

The Tunaberg Project and Gladhammar Project cover a combined area of just over 300 hectares under two granted licences. The Tunaberg and Gladhammar mining districts are located in southern Sweden, approximately 100km and 200km respectively south of Stockholm. Both districts contain historic, cobalt-dominant mine workings dating from the 15th to 19th centuries and are untested by modern exploration methods. Tunaberg was mined for copper from the 15th century and

cobalt from the 18th century. The mineralisation type is Co-Cu and Cu-Co skarns, hosted in an Early Proterozoic metatuffite formation with intercalated skarn-altered marbles.

Gladhammar was mined for cobalt, copper and iron from the 16th to 19th centuries and was last in production in 1892. Mineralisation is hosted within late stage veins formed during deformation of Paleoproterozoic sediments. The mineralisations consist mainly of cobaltite, chalcopyrite, pyrite and magnetite.

1.6 Pro forma balance sheet

An unaudited pro-forma balance sheet of the Company (based on the auditor reviewed 31 December 2016 half yearly report) following completion of the Acquisition and the Capital Raising and issues of all Shares contemplated by this Notice is set out in Schedule 1.

1.7 Pro forma capital structure

The capital structure of the Company following completion of the Acquisition and the Capital Raising and issues of all Shares contemplated by this Notice is:

Shares

	Number
As at the date of this Notice	37,566,666 ¹
To be issued pursuant to the Acquisition	4,600,000 ²
To be issued pursuant to tranche 2 of the Capital Raising	5,100,000 ³
On completion of the Acquisition and the Capital Raising	47,266,666
Deferred Consideration Shares issued pursuant to Resolution 7	8,250,000 ⁶
Total Shares on issue assuming satisfaction of the milestones relating to the Deferred Consideration Shares	55,516,666⁶

Options

	Number
On issue as at the date of this Notice	3,500,000 ⁴
To be issued pursuant to the Resolutions	5,000,000 ⁵
On completion of the Acquisition and Capital Raising	8,500,000

Notes:

1. Inclusive of 13,416,665 Shares which are currently subject to escrow and the 4,900,000 Shares issues as Tranche 1 of the Capital Raising.
2. Comprising the Initial Consideration Shares and the Facilitation Shares, to be issued on settlement of the Acquisition.
3. Assuming full subscription under Tranche 2 of the Capital Raising.
4. Comprising 3,000,000 Class A Options, which are exercisable at \$0.25 on or before 31 December 2019 and 500,000 Class B Options which are exercisable at \$0.20 on or before 31 December 2019.
5. Being the Capital Raising Options, which are exercisable at \$0.25 on or before 30 June 2018.
6. As Milestone 1 and Milestone 2 are not expected to be achieved in the immediate future

the date of issue of the Deferred Consideration Shares are unknown.

1.8 Disclosure of Vendor interests

The Vendors have confirmed to the Company that they are not associates (as defined in the Corporations Act) of one another.

Prior to the Acquisition, the Vendors do hold any interest in Company via equities or otherwise and neither Vendor is a related party of the Company.

The relevant interest in securities in the Company of the recipients of the Initial Consideration Shares and Deferred Consideration Shares is as follows:

Shares held by/to be issued to:	Date of Notice	Initial Consideration Shares	Total (%) ^{2,3}	Deferred Consideration Shares ¹	Total (%) ^{2,4}
Magni Associates Pty Ltd	Nil	1,375,000	1,375,000 (2.91%)	4,125,000	5,500,000 (9.91%)
Magentastar Holdings Ltd	Nil	1,375,000	1,375,000 (2.91%)	4,125,000	5,500,000 (9.91%)
Total held by Vendors	Nil	2,750,000	2,750,000	8,250,000	11,000,000
Total on Issue	37,566,666		47,266,666		55,516,666

Notes:

1. The milestones required to be satisfied before the Deferred Consideration Shares will be issued are set out in Section 1.2.
2. Assumes no Shares are issued other than as contemplated by this Notice, whether from the exercise of Options or otherwise, and assumes the Capital Raising is fully subscribed.
3. Assumes that the Deferred Consideration Shares have not been issued.
4. As Milestone 1 and Milestone 2 are not expected to be achieved in the immediate future the date of issue of the Deferred Consideration Shares are unknown. Accordingly, other Shares may be on issue at the time the Deferred Consideration Shares are issued (if ever) and therefore the Total (%) will likely be different at the time of issue.

1.9 Use of Funds

Assuming Tranche 2 of the Capital Raising completes, \$2 million will be raised under the Capital Raising.

Following settlement of the Acquisition, the Company intends to apply funds raised under the Capital Raising as follows: to cover the costs of the Acquisition, exploration on the Projects, exploration on the Existing Assets, corporate costs and general working capital.

Item	Amount (\$)
Estimated costs of the Acquisition	\$200,000
Exploration on the Projects	\$900,000
Exploration on Existing Projects	\$500,000
Working Capital (including corporate costs)	\$400,000
TOTAL	\$2,000,000

The above table of proposed expenditure is a statement of current intentions as at the date of this Notice. Intervening events (such as exploration success or failure) may alter the way funds are ultimately applied by the Company and may alter the costs estimated above.

As at the date of this Notice, the Company has current cash reserves of approximately \$3.6 million (inclusive of Tranche 1 of the Capital Raising). The Company confirms that irrespective of the determinations made at this Meeting, the Company will continue to advance its intended exploration activities at its Existing Projects.

1.10 Additional risk factors

The risk profile of the Projects is similar to that of the Company's Existing Projects which has previously been disclosed to Shareholders as the Company would be continuing with mineral exploration and cobalt exploration does not carry with it any risks additional to those relating to lithium and gold exploration. These risks include exploration and operational risks, environmental regulations, native title regulations, commodity price and foreign currency volatility. In addition to these risks, the Company will also be exposed to:

(a) Contractual

Pursuant to the Acquisition Agreement, the Company has agreed to acquire 100% of the Vendors interest in the Tenements subject to the satisfaction of a number of conditions (as outlined in Section 1.3(d) above).

The ability of the Company to fulfil its stated objectives will depend on the performance of the Vendors of their obligations under the Agreement. If the Vendors default in the performance of their obligations, it may delay the completion of any stage of the Acquisition (if it completes at all) and it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(b) Sovereign Risk

If the Acquisition completes, a number of the Company's key projects will be located in Sweden and Norway.

Possible sovereign risks associated with operating outside of Australia include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

No assurance can be given regarding future stability in these countries or any other country in which the Company may, in the future, have an interest.

(c) International operations

By extending the Company's operations to foreign jurisdictions the Company will be subject to a number of risks inherent in global operations, including political and economic instability in foreign markets, inconsistent regulation by foreign agencies or governments, cost of complying with a wide variety of international laws, risks stemming from

the Company's lack of local business experience in specific foreign countries, foreign currency fluctuations, foreign taxes, and language and other cultural barriers.

Additionally, in the event of a dispute arising in connection with its operations of the Projects, the Company may be subject to the exclusive jurisdiction of a foreign court or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia or other jurisdictions or enforcing Australian or foreign judgements in Australia or any relevant foreign jurisdictions.

Accordingly, there is risks that costs in respect of the Projects including potential need to employ or contract additional local assistance in Sweden and Norway may exceed the Company's estimates and the Company may require further financing in addition to amounts raised under the Capital Raising to effectively implement its operational plans in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its work programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Exchange rate fluctuations**

Currency fluctuations may affect the Company's operating cash flow since certain of its costs and revenues (if obtained in the future) will be denominated in a number of different currencies other than Australian Dollars. Fluctuations in exchange rates between currencies in which the Company operates may cause fluctuations in its financial results which are not necessarily related to its underlying operations. The Group does not currently have a foreign currency hedging policy in place. If and when appropriate, the adoption of such a policy will be considered by the Board.

1.11 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the Projects are well located with good infrastructure and proximity to operating refineries and are well placed to benefit from growing demand for ethically sourced cobalt;
- (b) the Projects were sourced based on:
 - (i) geological prospectivity for cobalt-dominant deposits, demonstrated by historic cobalt mine workings;
 - (ii) infrastructure and proximity to operating refineries and strategic markets in Europe;
 - (iii) jurisdictions with good track records for mining investment; and
 - (iv) high grade, underground mining targets to minimise potential environmental impact;

- (c) the Projects are prospective for cobalt mineralisation which complements the Company's Existing Projects; and
- (d) the potential increase in market capitalisation of the Company following completion of the Acquisition may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present.

1.12 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) current Shareholders will have their voting power in the Company diluted;
- (b) future outlays of funds from the Company may be required to further the exploration and development activities on the Tenements, which could lead to future potential dilution of current Shareholders voting power;
- (c) there is no guarantee that the Tenements will prove to be economically viable for the Company;
- (d) there is no guarantee that the price of the Shares will not fall as a result of the Acquisition; and
- (e) current Shareholders will be exposed to the additional risks associated with the Projects as set out in Section 0.

1.13 Indicative timetable

Subject to the requirements of the ASX Listing Rules, the Company anticipates completion of the Acquisition will be in accordance with the following timetable:

Event	Date
ASX announcement of Acquisition	9 February 2017
Completion of Tranche 1 of Initial Capital Raising	17 February 2017
ASX announcement of revised terms of Acquisition	29 March 2017
Exercise of Option regarding Acquisition	31 March 2017
Notice of Meeting despatched to Shareholders	18 April 2017
Company to enter trading halt at the start of trading	22 May 2017
General Meeting to approve Acquisition	22 May 2017
Result of Meeting to be announced and trading halt to be lifted	22 May 2017
Settlement of Agreement*	25 May 2017
Completion of Tranche 2 of Initial Capital Raising*	25 May 2017

** These dates are indicative only and subject to change.*

1.14 Intentions if Acquisition is not approved

If Resolutions 1 and 2 are not passed and the Acquisition is not completed, the Company will continue to use its current funds, approximately \$3.6 million, (inclusive of Tranche 1 of the Capital Raising) to explore and develop its Existing

Projects as well as continuing to implement its growth strategy by seeking out further exploration, acquisition and joint venture opportunities.

1.15 Director's recommendation

The Directors do not have any material interest in the outcome of the Acquisition, other than as a result of their interest arising solely in the capacity as Shareholders.

After assessment of the advantages and disadvantages referred to in Sections 1.11 and 1.12, the Directors are of the view that the advantages outweigh the disadvantages and therefore unanimously recommend that Shareholders vote in favour of Resolution 1 as they consider the proposed Acquisition and associated issue of Shares to be in the best interests of Shareholders.

2. RESOLUTION 1 – THE ACQUISITION OF KOBALD MINERAL HOLDINGS PTY LTD

2.1 General

A summary of the Acquisition is set out in Section 1.

Resolution 1 seeks Shareholder approval for the Acquisition.

2.2 ASX Listing Rule 11.1.2

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has advised the Company that, given the proposed change in the nature and scale of the Company's activities resulting from the Acquisition, it requires the Company to obtain Shareholder approval for the change in nature and scale of its activities but it will not be required meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

2.3 Approval

Resolution 1 seeks Shareholder approval for the Acquisition on the terms set out in this Notice and the resulting change in the nature and scale of the Company's activities resulting from the Acquisition.

3. RESOLUTION 2 – ISSUE OF SHARES – INITIAL CONSIDERATION SHARES

3.1 General

As set out in Section 1 of this Notice, subject to the approval of Resolution 1 and 2, the Company will issue the Initial Consideration Shares in consideration for the Acquisition.

3.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Initial Consideration Shares pursuant to the Acquisition during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of Shares to be issued is 2,750,000;
- (b) the Initial Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Initial Consideration Shares will occur on the same day;
- (c) the Initial Consideration Shares will be issued for nil cash consideration in satisfaction of part of the consideration for the Acquisition;
- (d) the Initial Consideration Shares will be issued to the Vendors, neither of whom are a related party of the Company;
- (e) the Initial Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than being escrowed until 29 August 2018; and
- (f) no funds will be raised from the issue of the Initial Consideration Shares as they are being issued in satisfaction of part of the consideration for the Acquisition.

3.4 Dilution

In the event the Initial Consideration Shares are issued and assuming no Options are exercised or other Shares issued, the number of Shares on issue would increase from 37,566,666 (being the number of Shares on issue as at the date of this Notice) to 40,316,666 and the shareholding of existing Shareholders would be diluted by approximately 7.32%.

In the event the Initial Consideration Shares are issued and assuming no Options are exercised or other Shares issued other than the Shares pursuant to Resolution 4 and Resolution 6, the number of Shares on issue would increase from 37,566,666 (being the number of Shares on issue as at the date of this Notice) to 47,266,666 and the shareholding of existing Shareholders would be diluted by approximately 25.82%.

4. RESOLUTION 3 – RATIFICATION OF SHARES – TRANCHE 1 OF CAPITAL RAISING

4.1 General

A summary of the Capital Raising is set out in Section 1.3(g)(i).

On 17 February 2017, the Company issued 4,900,000 Shares at an issue price of \$0.20 per Share to raise \$980,000 under tranche 1 of the Capital Raising. Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rule 7.1 is set out in Section 3.2 above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 4,900,0000 Shares were issued;
- (b) the issue price was \$0.20 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors (being clients of Max Capital Pty Ltd). None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue were used for exploration on Existing Projects, costs associated with the Acquisition and general working capital.

5. RESOLUTION 4 – ISSUE OF SHARES – TRANCHE 2 OF THE CAPITAL RAISING

5.1 General

A summary of the Capital Raising is set out in Section 1.3(g)(i).

Resolution 4 seeks Shareholder approval for the issue of up to 5,100,000 Shares at an issue price of \$0.20 per Share to raise up to \$1,020,000 (**Tranche 2 Placement**).

Resolution 4 is subject to the passing of Resolution 1 and 2.

A summary of ASX Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 4 will be to allow the Company to issue the Shares pursuant to the Tranche 2 Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Tranche 2 Placement:

- (a) the maximum number of Shares to be issued is 5,100,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same day;
- (c) the issue price will be \$0.20 per Share to raise a maximum of \$1,020,000;
- (d) the Shares will be issued to sophisticated and professional investors (being clients of Max Capital Pty Ltd). None of whom will be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Tranche 2 Placement towards advancing the Projects, costs of the Acquisition and general working capital, as per the disclosure in Section 1.9.

6. RESOLUTION 5 – ISSUE OF OPTIONS – CAPITAL RAISING FEE

6.1 General

Resolution 5 seeks Shareholder approval for the issue of the Capital Raising Options, being 5,000,000 Options exercisable at \$0.25 on or before 30 June 2018, which are being issued in consideration for services provided by Max Capital Pty Ltd (or nominees) in connection with the Capital Raising.

A summary of ASX Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 5 will be to allow the Company to issue the Capital Raising Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising Options:

- (a) the maximum number of Options to be issued is 5,000,000;
- (b) the Capital Raising Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same day;

- (c) the Capital Raising Options will be issued for nil cash consideration in satisfaction of services provided by Max Capital Pty Ltd in connection with the Capital Raising;
- (d) the Capital Raising Options will be issued to Max Capital Pty Ltd (or nominees), who is not a related party of the Company;
- (e) the Capital Raising Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) no funds will be raised from the issue of the Capital Raising Options, as the Capital Raising Options are being issued in consideration for services provided by Max Capital Pty Ltd in connection with the Capital Raising.

7. RESOLUTION 6 – ISSUE OF SHARES – FACILITATION FEE

7.1 General

Resolution 6 seeks Shareholder approval for the issue of the Facilitation Shares, being 1,850,000 Shares in consideration for facilitation services provided by Max Capital Pty Ltd in connection with the Acquisition.

A summary of ASX Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 6 will be to allow the Company to issue the Facilitation Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Facilitation Shares:

- (a) the maximum number of Shares to be issued is 1,850,000;
- (b) the Facilitation Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Facilitation Shares will be issued for nil cash consideration as consideration for facilitation services provided by Max Capital Pty Ltd;
- (d) the Shares will be issued to Max Capital Pty Ltd (or nominees), who is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Facilitation Shares as the Facilitation Shares are being issued as consideration for facilitation services provided in connection with the Acquisition.

8. RESOLUTION 7 – ISSUE OF SHARES – DEFERRED CONSIDERATION SHARES

8.1 General

A summary of the Acquisition is contained at Sections 1.

As noted, in part consideration for the Acquisition, the Company has agreed to issue the Deferred Consideration Shares, being the First Milestone Shares on satisfaction of the First Milestone and the Second Milestone Shares on satisfaction of the Second Milestone.

Resolution 7 seeks Shareholder approval for the issue of the Deferred Consideration Shares.

A summary of ASX Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 7 will be to allow the Company to issue the Deferred Consideration Shares pursuant to the Acquisition during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

As the end dates for satisfaction of the milestones triggering the requirement to issue the Deferred Consideration Shares are both likely to be more than 3 months after the date of this Meeting, the Company intends to apply to ASX for a waiver to permit the issue of the Deferred Consideration Shares later than 3 months after the date of the Meeting.

Where the waiver is not granted and the milestones for the Deferred Consideration Shares are not satisfied in time for the Company to issue the Deferred Consideration Shares within 3 months of the date of the Meeting the Company may need to seek further Shareholder approval at an appropriate time.

In the event Shareholder approval is not obtained (or having been obtained the issue does not occur within 3 months from the date of the Meeting or such later period as permitted by ASX) the Company must either agree to issue the Deferred Consideration Shares out of its placement capacity provided by the ASX Listing Rules at the relevant time.

Resolution 6 is subject to the passing of Resolutions 1 and 2.

8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Deferred Consideration Shares:

- (a) the maximum number of Deferred Consideration Shares to be issued is 4,125,000 First Milestone Shares and 4,125,000 Second Milestone Shares;
- (b) subject to satisfaction of the applicable milestone, the Deferred Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Deferred Consideration Shares related to a specific milestone will occur on the same day;
- (c) the Deferred Consideration Shares will be issued for nil cash consideration in satisfaction of the relevant performance milestones being achieved;

- (d) the Deferred Consideration Shares will be issued to the Vendors, neither of whom are a related party of the Company;
- (e) the Deferred Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Deferred Consideration Shares as they are being issued in part consideration for the Acquisition.

9. RESOLUTION 8 – ISSUE OF OPTIONS – RELATED PARTY REMUNERATION

9.1 General

Effective 18 April 2017, the Company appointed Mr Neil Inwood as the managing director of the Company.

The Company has agreed, subject to obtaining Shareholder approval, to issue 2,000,000 Options (**Related Party Options**) to Mr Neil Inwood (or his nominee) on the terms and conditions set out in Schedule 4.

Resolution 8 seeks Shareholder approval for the grant of the Related Party Options to Mr Neil Inwood (or his nominee).

The Company confirms that the appointment of Mr Neil Inwood and the issue of the Related Party Options is unrelated to the Acquisition.

9.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and Mr Neil Inwood is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Neil Inwood who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options, reached as part of the remuneration package for Mr Neil Inwood is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

9.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

9.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 8:

- (a) the Related Party Options will be granted to Mr Neil Inwood (or his nominee);
- (b) the number of Related Party Options to be issued is 2,000,000;
- (c) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Related Party Options are set out in Schedule 4.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to Mr Neil Inwood (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition by the Company of 100% of the issued capital in Kobald, pursuant to the Acquisition Agreement.

Acquisition Agreement means the binding heads of agreement between the Company, the Vendors and Kobald dated 9 February 2017 as varied on 29 March 2017.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given to it in Section 1.3(g)(i), the issue of Shares under which are the subject of Resolutions 3 and 4.

Capital Raising Options means 5,000,000 Options to be issued to Max Capital Pty Ltd (or nominees) for services provided in connection with the Capital Raising or on the terms and conditions as per Schedule 2, the issue of which is the subject of Resolution 5.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Berkut Minerals Ltd (ACN 610 855 064).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Deferred Consideration Shares means the First Milestone Shares and the Second Milestone Shares.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Facilitation Shares means 1,850,000 Shares to be issued to Max Capital Pty Ltd (or nominees) for facilitation services provided in connection with the Acquisition, the issue of which is the subject of Resolution 6.

First Milestone has the meaning given to it in Section 1.2(b) of the Explanatory Statement.

First Milestone Shares means the total of 4,125,000 Shares to be issued to the Vendors on satisfaction of the First Milestone, in accordance with the Acquisition Agreement, the issue of which is the subject of Resolution 7.

General Meeting or **Meeting** means the meeting convened by the Notice.

Initial Consideration Shares means the 2,750,000 Shares to be issued to the Vendors under the Acquisition Agreement, the subject of Resolution 2.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Kobald means Kobald Mineral Holdings Pty Ltd (ACN 614 197 974).

Kobald Option means the option granted under the Acquisition Agreement, by the Vendors, to the Company, for the Company to acquire 100% of the issued capital in Kobald.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Second Milestone has the meaning given to it in Section 1.2(c).

Second Milestone Shares means the total of 4,125,000 Shares to be issued to the Vendors on satisfaction of the Second Milestone, in accordance with the Acquisition Agreement, the issue of which is the subject of Resolution 7.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Tenements means the tenements set out in Schedule 3.

Vendors has the meaning as per Section 1.2 of this Notice.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – PRO FORMA BALANCE SHEET

BERKUT MINERALS LIMITED PRO FORMA BALANCE SHEET

	Last audit reviewed financial statements 31 Dec 2016 \$	Acquisition Adjustments	Un-audited proforma post completion of acquisition \$
Current Assets			
Cash and Cash Equivalents ¹	3,060,473	1,835,000	4,895,473
Trade and Other Receivables	24,234	-	24,234
Other Financial Assets	15,000	-	15,000
Total Current Assets	3,099,707	1,835,000	4,934,707
Non-Current Assets			
Property, Plant & Equipment	12,196	-	12,196
Exploration & Evaluation ²	314,951	2,735,000	3,049,951
Total Non-Current Assets	327,147	2,735,000	3,062,147
Total Assets	3,426,854	4,570,000	7,996,854
Current Liabilities			
Trade and Other Payables	36,384	-	36,384
Short Term Provisions	4,548	-	4,548
Total Current Liabilities	40,932	-	40,932
Non-Current Liabilities			
Long Term Provisions	1,089	-	1,089
Total Non-Current Liabilities	1,089	-	1,089
Total Liabilities	42,021	-	42,021
Net Assets	3,384,833	4,570,000	7,954,832
Equity			
Share Capital ³	3,601,439	4,570,000	8,171,439
Reserves	105,816	-	105,816
Accumulated Losses	(322,422)	-	(322,422)
Total Equity	3,384,833	4,570,000	7,954,833

Pro forma statement of financial position has been prepared based on the audited statement of financial position as at 31 December 2016 that has been adjusted to reflect the following transactions and events:

1. The cash balance has increased/decreased due to:
 - a. Tranche 1 of capital raising - 4,900,000 shares at 20 cents issued mid Feb 2017.
 - b. Tranche 2 of capital raising - 5,100,000 shares at 20 cents per share.
 - c. Option payment of \$75,000.
 - d. Option exercise fee of \$90,000.
2. Acquisition costs relating to Kobald Mineral Holdings Pty Ltd.
(Includes option payment of \$75,000 and option exercise fee of \$90,000)
3. Issued capital increased by \$4,570,000 due to:
 - a. 2,750,000 initial consideration shares at a deemed value of 20 cents per share.
 - b. Tranche 1 of capital raising - 4,900,000 shares at 20 cents issued mid Feb 2017.
 - c. Tranche 2 of capital raising - 5,100,000 shares at 20 cents per share.
 - d. 1,850,000 facilitation shares at a deemed value of 20 cents per share.
 - e. 8,250,000 deferred consideration shares at a deemed value of 20 cents per share.

SCHEDULE 2 – TERMS AND CONDITIONS OF CAPITAL RAISING OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 30 June 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 3 – TENEMENTS

Tenement/ Prospect	Jurisdiction	Registered Holder	Status	Area (Km ²)	Expiry	Annual Costs
Skutterud 1	Norway	Kobald Mineral Holdings Pty Ltd	Granted 2016	3.23	2021 (+ extra 5 year extension to 2026)	3,230 NOK (1 st year paid to end 2017)
Skutterud 2	Norway	Kobald Mineral Holdings Pty Ltd	Granted 2016	3.42	2021 (+ extra 5 year extension to 2026)	3,420 NOK (1 st year paid to end 2017)
Skutterud 3	Norway	Kobald Mineral Holdings Pty Ltd	Granted 2016	2.88	2021 (+ extra 5 year extension to 2026)	2,880 NOK (1 st year paid to end 2017)
Skutterud 4	Norway	Kobald Mineral Holdings Pty Ltd	Granted 2016	3.04	2021 (+ extra 5 year extension to 2026)	3,040 NOK (1 st year paid to end 2017)
Tunaberg	Sweden	Kobald Mineral Holdings Pty Ltd	Granted 2016	2.03	2019 (+ extra 3 year extension to 2022)	4,580 SEK for three years (paid)
Gladhammar	Sweden	Kobald Mineral Holdings Pty Ltd	Granted 2016	1.11	2019 (+ extra 3 year extension to 2022)	2,740 SEK for three years (paid)

SCHEDULE 4 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be as follows:

(i) 1,000,000 Options exercisable at \$0.25 (**Class A Options**); and

(ii) 1,000,000 Options exercisable at \$0.30 (**Class B Options**),

(**Exercise Price**).

(c) Expiry Date

Each Option will expire on the earlier of:

(i) 5:00 pm (WST) on the day which is 30 days following the date the holder ceases to be an employee or director of, or to render services to, the Company for any reason whatsoever (including without limitation resignation or termination); and

(ii) 5:00 pm (WST) on 31 December 2019,

(**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable as follows:

(i) Class A Options, at any time on or prior to the Expiry Date; and

(ii) Class B Options, subject to paragraph (m) at any time on and from the 18 April 2018 until the Expiry Date,

(**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) Trigger event

If any of the following events occur:

- (i) the Company is subject to a takeover bid;
- (ii) the Company proposes a scheme of arrangement with its members under Part 5.1 of the Corporations Act; or
- (iii) a person, or group of associated persons, becomes entitled to sufficient Shares to give him or them the ability, in general meeting, to replace all or a majority of the Board, where such ability was not already held by a person associated with such a person or group of persons,

then any unvested Class B Options may be exercised at any time from the date of such event so as to permit the holder to participate in the change of control arising from the event.



BERKUT MINERALS LIMITED

ACN: 610 855 064

REGISTERED OFFICE:
78 CHURCHILL AVENUE
SUBIACO WA 6008



«EFT_REFERENCE_NUMBER»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«Post_zone»
«Company_code» «Sequence_number»

SHARE REGISTRY:
Security Transfer Australia Pty Ltd
All Correspondence to:
PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: **BMT**

Holder Number: **«HOLDER_NUM»**

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au
1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE»

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am WST on Monday 22 May 2017 at 78 Churchill Avenue, Subiaco WA and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies **in FAVOUR of** all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

For Against Abstain*

1. The Acquisition of Kobald Mineral Holdings Pty Ltd

☐ ☐ ☐

2. Issue of Shares - Initial Consideration Shares

☐ ☐ ☐

3. Ratification of Shares - Tranche 1 of the Capital Raising

☐ ☐ ☐

4. Issue of Shares - Tranche 2 of the Capital Raising

☐ ☐ ☐

5. Issue of Options - Capital Raising Fee

☐ ☐ ☐

6. Issue of Shares - Facilitation Fee

☐ ☐ ☐

7. Issue of Shares - Deferred Consideration Shares

☐ ☐ ☐

8. Issue of Options - Related Party Remuneration

☐ ☐ ☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Saturday 20 May 2017.



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2

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My/Our contact details in case of enquiries are:

Name:

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Number:

(

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)

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Australia Pty Ltd

Online www.securitytransfer.com.au

Postal Address PO BOX 52
Collins Street West VIC 8007

Street Address Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

Telephone 1300 992 916

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

