

Quarterly Activities Report

For the Quarter to 31 December 2016

Highlights

Cairn Hill Gold Project

- Cairn Hill diamond drilling campaign completed confirming high grade, shallow, gold mineralisation.
- Results include:
 - 10.5m at 8.1g/t Au from 30.5m in CHD004
 - 3.1m at 9.7g/t Au from 31m within 12.9m @ 2.9g/t Au from 30m in CHD003
- A Program of Works (PoW) for a shallow reverse circulation drilling program has been lodged with the Department of Mines and Petroleum with drilling scheduled for February.

Corporate

- At 31 December 2016, Berkut held approximately \$3.1m in cash.
- In conjunction with the advancement of the Cairn Hill Gold Project, the Company continues to review numerous other projects, including both gold and other minerals.

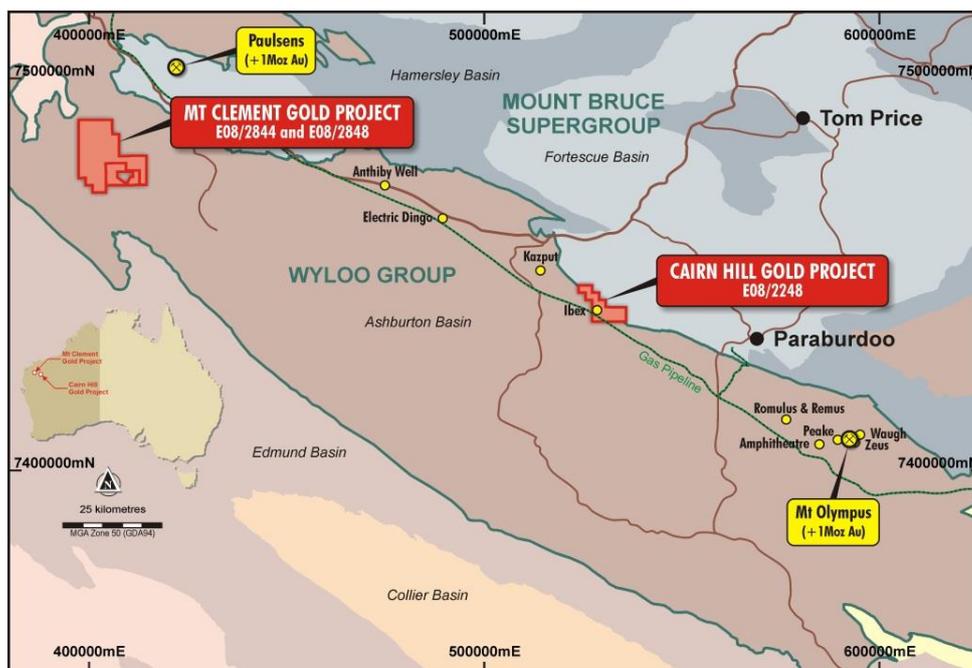


Figure 1- Berkut Minerals Project Locations

Fast Facts

Shares on Issue: 32.67M
Market Cap: \$5.8M @ \$0.18
Cash in Bank: \$3.1M

Board and Management

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

Ben Cairns, Chief Executive Officer
Melanie Li, Company Secretary

Company Highlights

- Earning 70% of the Cairn Hill project 40km WNW of Paraburdoo. Significant gold intersections include 20m @ 29g/t Au from 30m¹
- 100% owned Mt Clement Project (under application) prospective for gold and base metals 35km SW of Paulsens Gold Mine
- 100% owned Capricorn Li Project (under application) Historic exploration has identified Li anomalism in lag sampling over an area 18km x 4km

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Cairn Hill (Earning a 70% Interest)

–During the quarter, Berkut Minerals Limited (Berkut) undertook its maiden diamond drilling program at the Cairn Hill Gold Project (“Project”) in the Ashburton Region of Western Australia. The four hole, 480m diamond drilling program confirmed the presence and style of high grade gold at the Project. The previously reported¹ significant intersections from the recent Berkut drilling program are summarised in Table 1.

Table 1- 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

Hole CHD003 was designed to confirm the location of the historic intersection in CHR007. Hole CHD004 tested continuity on a small step out on this shallow high grade mineralised intersection (Figure 1). Both holes yielded high-grade gold, surrounded by a broader mineralised envelope. The high-grade gold in CHD003 was coincident with strong quartz veining (Figure 2). CHD004 was dominated by limonitic, highly weathered sediments with stringer quartz veins present (Figure 3). The results confirm the style of mineralisation targeted and illustrate the potential for a shallow, high-grade gold deposit at Cairn Hill. The company is excited at the opportunity that these results present.

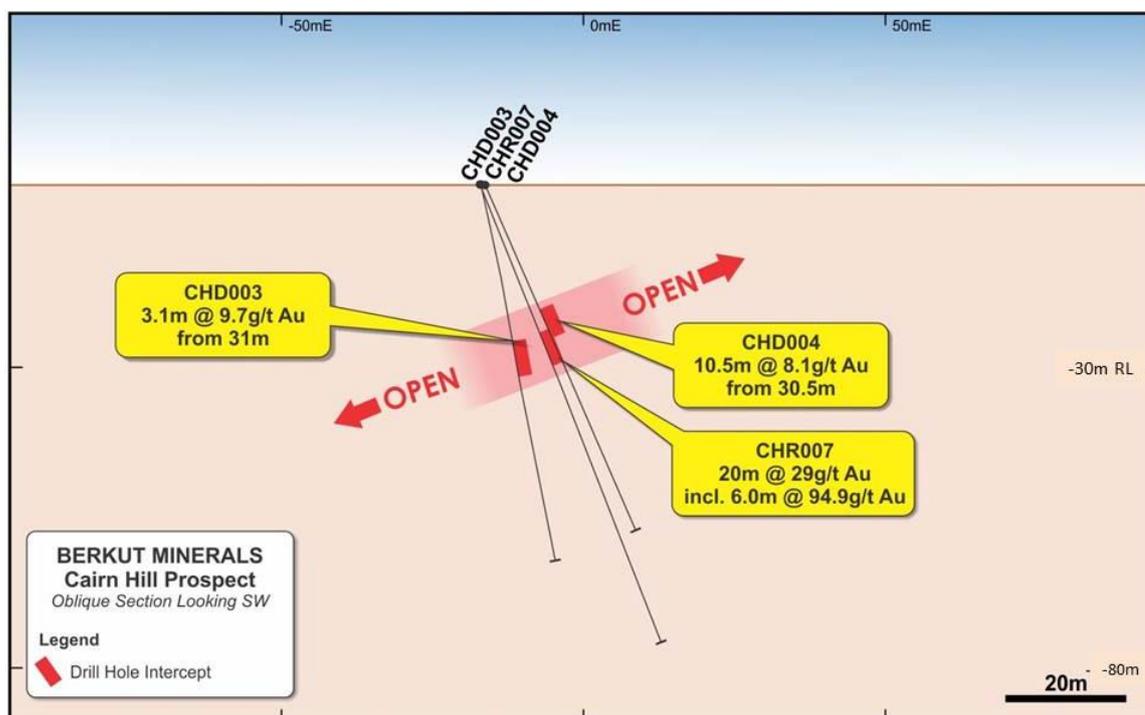


Figure 2 - High grade gold intersections in CHD003 and CHD004



Figure 3 - CHD004 10.5m @ 8.1g/t Au from 30.5m

Proposed work program

The proposed work program for the Cairn Hill Project has been designed to target and better define the near surface, high grade gold mineralisation envelope confirmed by the recent diamond drilling program. The near surface oxide potential has not been adequately defined by previous explorers who focussed more on larger step out programs and this has resulted in a poor understanding of the geometry of the high grade mineralisation. Berkut has planned a shallow, low cost, reverse circulation drilling program to be undertaken in February 2017, aimed at rapidly defining strike and plunge extensions of the high-grade mineralisation. Berkut is awaiting approval of a Program of Works (PoW) for the drilling program that was lodged with the Western Australia Department of Mines and Petroleum towards the end of the December quarter.

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 quarter. Berkut has commenced discussions with native title parties with regard to access agreements and to plans to undertake preliminary geological mapping and hammer prospecting at Mt Clement in the first half of 2017 with a reconnaissance field trip planned to the Capricorn Project once weather conditions permit in the autumn.

Corporate

Cash

As at 31 December 2016, Berkut held \$3.1 million in cash. Refer to Appendix 5B (ASX website) for principal movements in cash for the quarter.

Corporate Opportunities

In conjunction with the strategic advancement of the Cairn Hill Gold Project, the company continued a process of reviewing gold and other commodity projects/companies.

Management has reviewed a number of gold and other commodity projects during the quarter for investment opportunities. This strategy is designed to reduce the corporate risk associated with a single commodity focus and expand the company's potential given the healthy cash balance.

Appendix 1 | Berkut Minerals Limited Tenements

Tenement	Location	Structure
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	Application
E08/2844	Western Australia	Application
Capricorn Lithium Project		
E69/3435	Western Australia	Application

Mining Tenements disposed: Nil

Beneficial percentage interests held in farm-in or farm-out agreements: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil

Competent Persons Statement

The information in this document that relates to exploration results is based upon information compiled by Mr Ben Cairns, a full-time employee and shareholder of Berkut Minerals Limited. Mr Cairns is a Member of the Australian Institute of Geoscientists (AIG) and 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). Mr Cairns consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

Notes

¹ For full details of exploration results refer to ASX announcement on 19 December. Berkut Minerals is not aware of any new information or data that materially affects this information.