



Berkut Minerals Limited **Interim Financial Report** **31 December 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

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PERTH WA 6000

Telephone: +61 8 9480 2000

Solicitors

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Telephone: +61 8 9321 4000

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 half year ended 31 December 2017.

DIRECTORS

The persons who were directors of Berkut Minerals during the half year and up to the date of this report are:

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

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

Work undertaken by the Company in the last six months has focussed on assessing and expanding the Company’s projects in Norway and Sweden. With the May 2017 acquisition of Kobald Mineral Holdings (“Kobald”), Berkut acquired 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.

In addition, whilst the Company was undertaking due diligence on the Kobald projects, it identified an opportunity to secure the Laineajur Nickel-Cobalt Project in Sweden which provided the Company with a fourth project in Scandinavia.

Over the past six months, Berkut identified additional prospective ground surrounding these core assets and has been granted additional exploration licenses. These expand and consolidate tenement holdings covering historic cobalt, copper and gold workings and strike extensions. Berkut’s ground holdings now comprise approximately 100km² in Sweden and over 80km² in Norway.

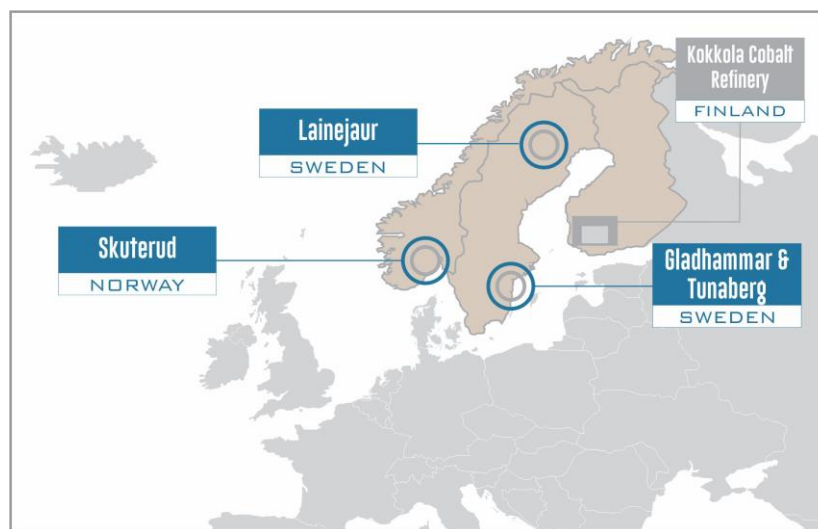


Figure 1 | Scandinavian Project Locations

Skuterud Cobalt Project (100% owned) - Norway

Field work in the six months to December 2017 consisted of mapping, sampling and ground magnetic surveys that led to the identification of significant cobalt workings on the Company’s ground holdings. A maiden Phase 1 drill program at the Skuterud Cobalt Project was undertaken in October-November 2017 with seven (7) holes for 1,294m completed (Figures 2 and 3). Results of the program were announced in January 2018. Phase 1 of the diamond drill program targeted depth and strike extensions of known cobalt workings and prospective, previously untested, geological units that were identified during the Company’s summer field mapping and ground magnetic surveys. The drilled area contains historical cobalt mine workings with spoil grab samples up to 0.8% Co and 0.5% Cu and hosts three interpreted repeats of the mine-sequence host lithologies (quartzites and mica-schists).

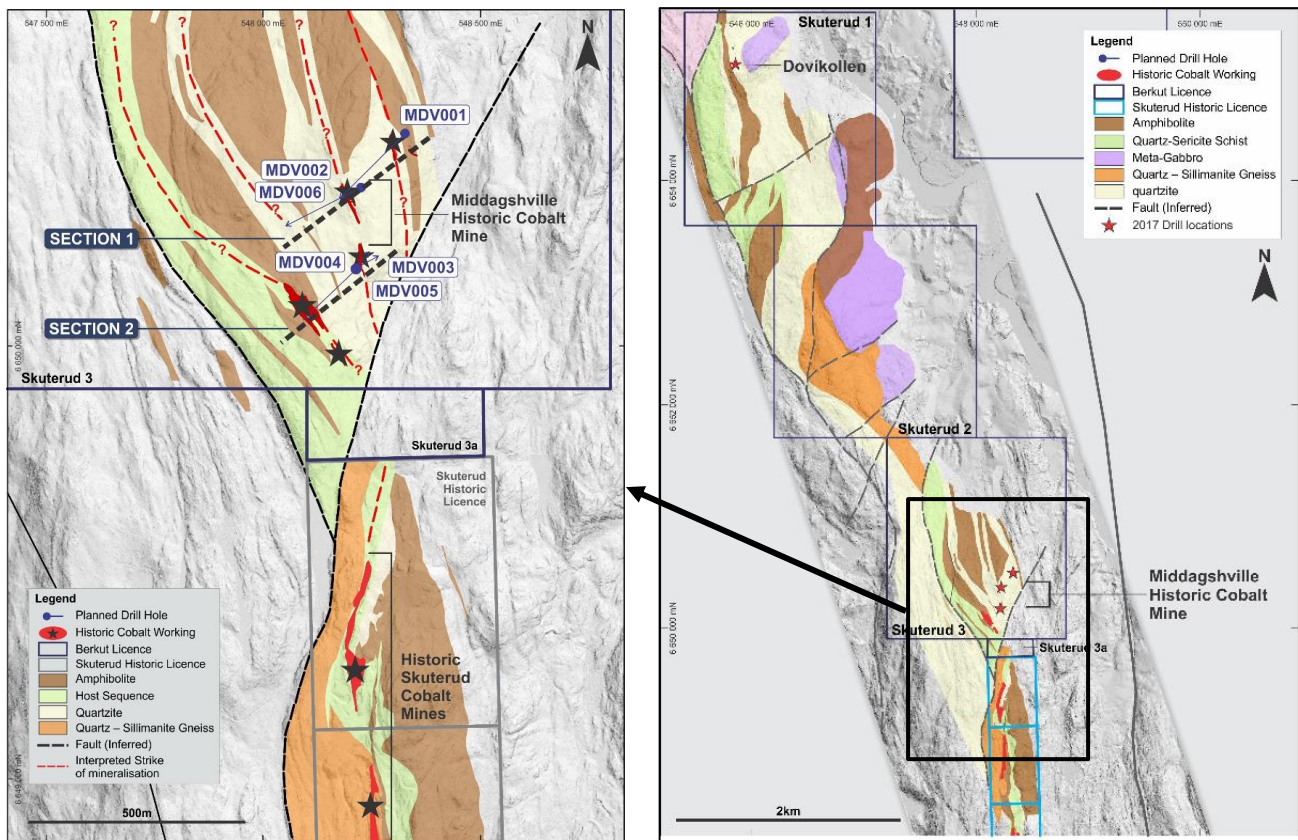


Figure 2 | Skuterud Project and Drilling Locations

The maiden Phase 1 drilling successfully intersected cobalt mineralisation within prospective units north of the historical Skuterud Kobalt mine (Figure 3). Significant intercepts included:

- 2m @ 0.12% Co and 0.11% Cu (from 75m in MDV003);
- 1m @ 0.16% Co and 1.5m @ 0.10% Co and 0.47% Cu (from 56m and 52.8 m respectively in MDV006);
- 1.5m @ 0.09% Co and 0.5m @ 0.15% Co and 0.46% Cu (from 49.5m and 42m respectively in MDV002);
- 0.8m @ 0.12% Co and 0.20% Cu (from 52.29m in MDV005).

Further follow up drilling is being planned by the Company.

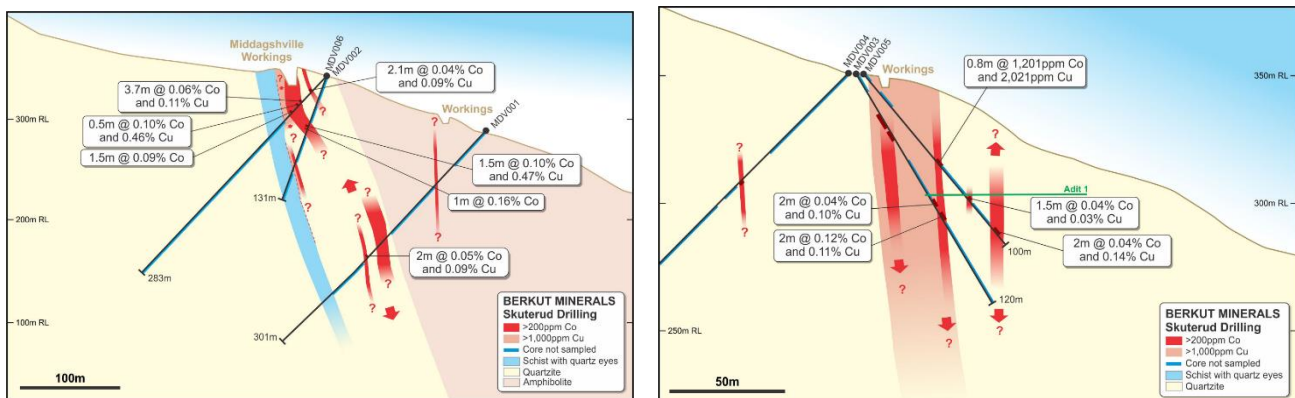


Figure 3 | Middagshville Sections 1 and 2: Showing +1,000ppm Copper (Cu) halo and + 200ppm Cobalt (Co)

Lainejaur Nickel-Cobalt Project (100% owned) - Sweden

The Company undertook a review of the available core and drill hole data at the Lainejaur Nickel-Cobalt Project which had a historical non-JORC 2012 Mineral Resource estimate for the project. Berkut subsequently released an updated JORC 2012 Mineral Resource estimate for the project in February 2018. The current Inferred Resource estimate for the Lainejaur Nickel-Cobalt Project consists of 460,000t @ 2.2% Ni, 0.15% Co and 0.7% Cu (above 0.5% Ni lower cut-off).



Directors' Report

Ground geophysical surveys undertaken in January 2018 also indicated an EM anomaly approximately 3km south-east of the Lainejaur deposit. Further geophysics are being planned by the Company for early 2018 to generate drill targets.

Gladhammar Cobalt Project (100% owned) - Sweden

Berkut has undertaken reconnaissance field exploration at the Gladhammar Cobalt Project which has identified historical drilling comprising seven diamond drill holes, principally targeting gold mineralisation, but which 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). Several of these zones were inspected by the Company 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.

Airborne geophysical data recently acquired and re-processed by Berkut highlighted a strong magnetic feature associated with the historic mineralisation which strikes WNW-ESE through the Gladhammar Cobalt Project area. Reconnaissance mapping undertaken by Berkut confirms a strong association with magnetite bearing quartzite and high-grade cobalt mineralisation. A ground magnetic survey is proposed for early 2018 targeting these magnetic features to provide greater detail and to allow improved exploration focus.

Tunaberg Cobalt and Base Metal Project (100% owned) - Sweden

Field exploration identified historic diamond drilling within the Tunaberg Project area. 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 Malä for possible assaying for cobalt.

Cairn Hill Gold Project (Earn-In Rights to 70%)

During the period, the Company retained an Earn-In and Joint Venture Agreement to acquire an interest of up to 70% in the Cairn Hill Gold Project located in the Ashburton region, WA. Subsequent to the half-year end, due to upcoming expenditure commitments and Berkut's focus on its Scandinavian projects, in February 2018 Berkut formally withdrew from the Earn-In and Joint Venture Agreement.

Mt Clement (100% owned) & Capricorn Projects (100% owned application)

No field work was undertaken on either project during the half-year period. The Company retains the Mt Clement Project and is investigating potential value creation opportunities for the project. Given the Company's focus on its Scandinavian projects, the exploration licence application covering the Capricorn Project was withdrawn in February 2018.

Corporate

- In May 2017, 8,250,000 deferred consideration shares were approved by shareholders based on certain milestones being achieved. No deferred consideration shares were issued during the period (for further information refer to the announcement dated 3 July 2017 - ASX Waiver Decision - Listing Rule 14.7).
- The Company completed an equity raising in August 2017 of \$1.5 million at 23 cents per share to new institutional and sophisticated investors of Canaccord Genuity (Australia) Ltd.
- During the period the Company held its Annual General Meeting and all resolutions were passed.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Drill results for the Skuterud Cobalt Project were announced on 8 January 2018 (as discussed above).

An updated Inferred Mineral Resource at the Lainejaur Nickel-Cobalt Project in Sweden was announced on 12 February 2018 (as discussed above).

The Company terminated the agreement over the Cairn Hill Gold Project and dropped the application for the Capricorn Project in February 2018.

VOLUNTARY CHANGE IN ACCOUNTING POLICY

The financial report has been prepared on the basis of retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure in accordance with standard AASB 6: Exploration for and Evaluation of Mineral Resources.



Directors' Report

Previously, the Group capitalised, accumulated exploration and evaluation expenditure and carried forward to the extent that they were expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

The result of this accounting change means that the Group will expense exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until a time where an asset is in development. The Board have determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of line management's expenditures and the newly adopted policy is consistent with industry practice

Refer to note 3 in the Notes to the Consolidated Financial Statements for more information.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

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

Neil Inwood
Managing Director

Perth, Western Australia
8 March 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

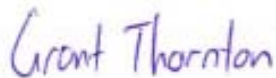
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Auditor's Independence Declaration to the Directors of Berkut Minerals Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Berkut Minerals Ltd for the period ended 31 December 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 P Hingeley
Partner - Audit & Assurance

Perth, 8 March 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2017

		31 December 2017	Restated ¹ 31 December 2016
	Note	\$	\$
Continuing Operations			
Interest received		47,331	17,939
Employee costs		(224,456)	(43,999)
Exploration expenditure	4(a)	(945,753)	(339,080)
Other expenses	4(b)	(188,366)	(154,132)
Share based payments expense	9(a)	(252,880)	-
(Loss)/gain on foreign exchange		(25,925)	-
Depreciation		(1,676)	(519)
Loss before income tax		(1,591,725)	(519,791)
Income tax expense		-	-
Net loss for the year		(1,591,725)	(519,791)
Other comprehensive income			
Items that may be reclassified to profit and loss		3,193	-
Other comprehensive income for the year net of tax		(1,588,532)	(519,791)
Total comprehensive loss for the year		(1,588,532)	(519,791)
Loss per share			
Loss per share (cents)		(3.04)	(1.89)

¹ Refer to Note 3 for details regarding the restatement as a result of a voluntary change in accounting policy

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 31 December 2017

	Note	31 December 2017 \$	Restated ¹ 30 June 2017 \$
Current Assets			
Cash and cash equivalents		4,427,968	4,192,459
Other financial assets		15,000	15,000
Trade and other receivables		16,341	12,906
Total Current Assets		4,459,309	4,220,365
Non-Current Assets			
Property, plant and equipment		8,479	10,155
Total Non-Current Assets		8,479	10,155
Total Assets		4,467,788	4,230,520
Current Liabilities			
Trade and other payables	5	113,221	95,224
Short term provisions		29,044	15,121
Total Current Liabilities		142,265	110,345
Total Liabilities		142,265	110,345
Net Assets		4,325,523	4,120,175
Equity			
Issued capital	6	7,592,555	6,051,555
Reserves	7	820,407	564,334
Accumulated losses	8	(4,087,439)	(2,495,714)
Total Equity		4,325,523	4,120,175

¹ Refer to Note 3 for details regarding the restatement as a result of a voluntary change in accounting policy

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



Consolidated Statement of Changes in Equity
for the period ended 31 December 2017

	Issued capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2016¹	319,146	(117,582)	105,816	307,380
Total comprehensive loss for the year				
Loss for the period	-	(519,791)	-	(519,791)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	(519,791)	-	(519,791)
Transactions with owners in their capacity as owners				
Shares issued during the period	3,500,000	-	-	3,500,000
Cost of issue	(217,707)	-	-	(217,707)
Balance at 31 December 2016	3,601,439	(637,373)	105,816	3,069,882
Balance at 1 July 2017	6,051,555	(2,495,714)	564,334	4,120,175
Total comprehensive loss for the year				
Loss for the year	-	(1,591,725)	-	(1,591,725)
Other comprehensive loss	-	-	3,193	3,193
Total comprehensive loss for the year	-	(1,591,725)	-	(1,588,532)
Transactions with owners in their capacity as owners				
Shares issued during the period	1,541,000	-	-	1,541,000
Cost of issue	(91,000)	-	-	(91,000)
Share based payment	91,000	-	252,880	343,880
Balance at 31 December 2017	7,592,555	(4,087,439)	820,407	4,325,523

¹ Balance at 1 July 2016 and 31 December 2016 have been restated as a result of the voluntary change in accounting policy disclosed in Note 3.

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



Consolidated Statement of Cash Flows

for the period ended 31 December 2017

	31 December 2017 \$	Restated ¹ 31 December 2016 \$
Note		
Cash flows from operating activities		
Payments to suppliers and employees	(391,514)	(209,873)
Interest received	43,860	15,412
Payments for exploration expenditure and project acquisitions	(929,474)	(314,265)
Other payments – bond payments	(2,438)	(15,000)
Net cash used in operating activities	(1,279,566)	(523,726)
Cash flows from investing activities		
Purchase of plant and equipment	-	(12,715)
Net cash used in investing activities	-	(12,715)
Cash flows from financing activities		
Proceeds from issue of shares	1,541,000	3,252,074
Net cash provided by financing activities	1,541,000	3,252,074
Net increase in cash and cash equivalents	261,434	2,715,633
Cash and cash equivalents at the beginning of the year	4,192,459	344,840
Effect of exchange rate fluctuations on cash	(25,925)	-
Cash and cash equivalents at the end of the year	4,427,968	3,060,473

¹ Refer to Note 3 for details regarding the restatement as a result of a voluntary change in accounting policy

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 half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 8 March 2018. 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

These general purpose financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with applicable accounting standards including AASB 134 “Interim Financial Reporting” and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 “Interim Financial Reporting”.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by Berkut Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs. For the purpose of preparing the half-year financial report the half-year has been treated as a discrete reporting period.

(b) Compliance Statement

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) New accounting standards and interpretations

In the half-year ended 31 December 2017, the Group has reviewed all of the new and revised Standards - and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies. The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

There were no new standards issued since 30 June 2017 that have been applied by the Group. The 30 June 2017 annual report disclosed that the Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2017.

3. Voluntary Change in Accounting Policy

(a) Exploration and Evaluation Accounting Policy

The financial report has been prepared on the basis of retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure in accordance with standard AASB 6: Exploration for and Evaluation of Mineral Resources.

Previously, the Group capitalised, accumulated exploration and evaluation expenditure and carried forward to the extent that they were expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.



Berkut Minerals Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2017

The result of this accounting change means that the Group will expense exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until a time where an asset is in development. The Board have determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of line management's expenditures and the newly adopted policy is consistent with industry practice.

(b) Impact on Financial Statements

As a result of the change in the accounting policy for exploration and evaluation expenditure, prior year financial statements have been restated in line with requirements of accounting standards. The amounts disclosed for the 2016 reporting period and in the Consolidated Statement of Financial Position as at 30 June 2017 are after the change in accounting policy for exploration and evaluation expenditure. The following tables summarises the adjustments made to the Consolidated Statement of Profit or Loss and Other Comprehensive Income and to the Consolidated Statement of Financial Position on 30 June 2017.

	Exploration Expenditure \$	Accumulated Losses \$
Balances at 30 June 2017, as previously reported	1,775,612	(720,102)
Impact of the change on accounting policy at 31 December 2016	(314,951)	(314,951)
Impact of the change on accounting policy to 30 June 2017	(1,460,661)	(1,460,661)
Restated balances at 30 June 2017	-	(2,495,714)

	31 December 2016 \$
Increase in loss for the period	(314,951)
<i>Impact on the loss per share for the comparative period:</i>	
Previously reported – basic and diluted loss per share	(0.74)
Restated – basic and diluted loss per share	(1.89)

The cash flows related to exploration and evaluation costs previously classified as investing activities have been restated and recognised within operating activities.

	31 December 2017 \$	Restated ¹ 31 December 2016 \$
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4. Expenses

a) Exploration expenditure

Drilling	(387,186)	(104,789)
Consultants	(238,785)	(74,281)
Travel and freight	(115,608)	(11,640)
Other	(204,174)	(148,370)
	(945,753)	(339,080)

b) Other expenses

Professional and legal fees	(62,407)	(51,567)
ASX fees	(36,782)	(52,325)
Audit and accounting fees	(18,019)	(16,865)
Other	(71,158)	(33,375)
	(188,366)	(154,132)

¹ Refer to Note 3 for details regarding the restatement as a result of a voluntary change in accounting policy



Berkut Minerals Limited

Notes to the Consolidated Financial Statements *for the period ended 31 December 2017*

	31 December 2017 \$	30 June 2017 \$
5. Trade and Other Payables		
Trade payables	27,002	-
Other payables	75,219	42,830
Accruals	11,000	18,000
	113,221	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.

6. Issued Capital

(a) Issued and paid up capital

Issued and fully paid	7,592,555	6,051,555
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(b) Movements in ordinary shares on issue

	31 December 2017		30 June 2017	
	Number of shares	\$	Number of shares	\$
Opening Balance	47,266,669	6,051,555	15,166,669	319,146
Shares issued and fully paid	6,700,000	1,541,000	27,500,000	5,500,000
Shares issued as part consideration for acquisition ¹	-	-	2,750,000	550,000
Shares issued to Corporate advisor ²	-	-	1,850,000	370,000
Shares issued to Brokers ³	350,000	91,000	-	-
Transaction costs on share issue	-	(91,000)	-	(687,591)
	54,316,669	7,592,555	47,266,669	6,051,555

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.

³ 350,000 shares were issued at a deemed issue price of \$0.26 per share pursuant to the terms of a Lead Manager Mandate and in connection with the placement of 6.7m shares to institutional and sophisticated investors.

	31 December 2017 \$	30 June 2017 \$
7. Reserves		
Share based payments reserve ¹	817,214	564,334
Foreign exchange translation reserve ²	3,193	-
	820,407	564,334

¹ 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 9 for further details of the securities issued during the financial period ended 31 December 2017.

² The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.



Berkut Minerals Limited

Notes to the Consolidated Financial Statements *for the period ended 31 December 2017*

	31 December 2017 \$	Restated ¹ 30 June 2017 \$
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8. Accumulated Losses

Movements in accumulated losses were as follows:

Opening balance	(2,495,714)	(117,582)
Loss for the year	(1,591,725)	(2,378,132)
Closing balance	(4,087,439)	(2,495,714)

¹ Refer to Note 3 for details regarding the restatement as a result of a voluntary change in accounting policy

	31 December 2017 \$	30 June 2017 \$
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9. 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:

Employee and Director share based payments (note 9(b))	69,508	119,884
Share based payments to suppliers	183,372	-
	252,880	119,884
Shares issued to brokers and corporate advisors	91,000 ¹	338,634 ²
	343,880	458,518

¹ 350,000 shares were issued at a deemed issue price of \$0.26 per share pursuant to the terms of a Lead Manager Mandate and in connection with the placement of 6.7m shares to institutional and sophisticated investors

² 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.

(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 half-year was determined by applying either the Black Scholes or Binomial option pricing models 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 half-year ended 31 December 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
27/11/2017	27/11/2020	\$0.001	-	2,300,000	-	-	2,300,000	- ¹
				2,300,000	-	-	2,300,000	-

¹ Directors and Executives were granted 2,300,000 options exercisable at \$0.001 each, on or before 30 June 2019.



Berkut Minerals Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2017

- 50% of the Options issued to each Related Party will vest upon the Company announcing a Mineral Resource reported in accordance with the JORC Code (or an increase in a Mineral Resource reported in accordance with the JORC Code for any projects acquired by the Company with an existing Mineral Resource reported in accordance with the JORC Code) with an aggregate in-ground value of more than A\$250,000,000,
- 50% of the Options issued to each Related Party will vest upon the Company reaching a market capitalisation exceeding A\$30,000,000 for 30 concurrent days.

The expense recognised in respect of the above options granted during year was \$13,957. The expense recognised during the year on options granted in prior periods was \$55,551.

The model inputs, not included in the table above, for options granted during the half year ended 31 December 2017 included:

- options were granted for no consideration;
- expected lives of the options was 3.0 years;
- share price at grant date was \$0.335;
- expected volatility was 100%;
- expected dividend yield of nil; and
- a risk-free interest rate of 1.00%

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:

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

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

(c) Share based payment to suppliers

During the half year ended 31 December 2017, the Company issued unlisted options to corporate advisors for services to be provided pursuant to a Corporate Services Mandate dated 27 November 2017. The value of these services was unable to be measured reliably and were therefore measured using fair value of market prices. These options have been valued using the Black-Scholes option pricing model.

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
01/12/2017	31/12/2020	\$0.50	-	750,000	-	-	750,000	750,000
01/12/2017	31/12/2020	\$0.65	-	750,000	-	-	750,000	750,000
				1,500,000	-	-	1,500,000	1,500,000



The expense recognised in respect of the above options granted during the half year ended 31 December 2017 was \$183,372. The model inputs, not included in the table above, for options granted included:

- a) options were granted for no consideration;
- b) expected life of options was 3.1 years;
- c) share price at grant date was \$0.26
- d) expected volatility of 100%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate ranging from 1.00%.

No options were issued to suppliers during the year ended 30 June 2017.

10. Contingent Assets and Liabilities

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.

- 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. 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 31 December 2017.

11. Dividends

No dividends have been paid or provided for during the half-year.

12. 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 period the consolidated entity operated in two business segments, being; Scandinavian mineral exploration and Australian mineral exploration.

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.



Berkut Minerals Limited

Notes to the Consolidated Financial Statements *for the period ended 31 December 2017*

31 December 2017	Scandinavian mineral exploration \$	Australian mineral exploration \$	Total \$
Segment Performance			
Interest revenue	-	-	-
Total segment revenue	-	-	-
Corporate and unallocated revenue			47,331
Total Group Revenue			47,331
Exploration expenditure	(939,568)	(6,185)	(945,753)
Share based payments expense	-	-	-
Other expenses	-	-	-
Segment net loss before tax	(939,568)	(6,185)	(945,753)
Corporate and unallocated expenses			(645,972)
Group net loss before tax			(1,591,725)

31 December 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	-	-	-
Property, Plant and equipment	-	-	-
Total Group assets	-	-	-
Corporate and unallocated assets			4,467,788
Total Group Assets			4,467,788

Segment Liabilities

Segment liabilities increases/ (decreases) for the year:

Trade and other payables	-	-	-
Total	-	-	-
Corporate and unallocated liabilities			142,265
Total Group Liabilities			142,265

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
Exploration expenditure	(1,236,900)	(567,189)	(1,804,089)
Other expenses	-	-	-
Segment net loss before tax	(1,236,900)	(567,189)	(1,804,089)
Corporate and unallocated expenses			(615,390)
Group net loss before tax			(2,378,132)



Berkut Minerals Limited

Notes to the Consolidated Financial Statements *for the period ended 31 December 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	-	-	-
Property, Plant and equipment	-	-	-
Total Group assets	-	-	-
Corporate and unallocated assets			4,230,520
Total Group Assets			4,230,520
Segment Liabilities			
<i>Segment liabilities increases/ (decreases) for the year:</i>			
Trade and other payables	-	-	-
Short term provisions	-	-	-
Total	-	-	-
Corporate and unallocated liabilities			110,345
Total Group Liabilities			110,345

13. Significant Events after the Reporting Date

Drill results for the Skuterud Cobalt Project were announced on 8 January 2018 (as discussed in the Review of Operations section).

An updated Inferred Mineral Resource at the Lainejaur Nickel-Cobalt Project in Sweden was announced on 12 February 2018 (as discussed in the Review of Operations section).

The Company terminated the agreement over the Cairn Hill Gold Project and dropped the application for the Capricorn Project in February 2018.

There have been no other significant events subsequent to the end of the financial period to the date of this report.

14. 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	
		31 December 2017	30 June 2017
Kobald Mineral Holdings Pty Ltd	Australia	100%	-
Berkut Minerals Norway AS	Norway	100%	-
Berkut Sweden AB	Sweden	100%	-



Directors' Declaration

In the opinion of the Directors of Berkut Minerals Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year then ended; and
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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Neil Inwood
Managing Director

Perth, Western Australia
8 March 2018

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Independent Auditor's Review Report to the Members of Berkut Minerals Ltd

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Berkut Minerals Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Berkut Minerals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Berkut Minerals Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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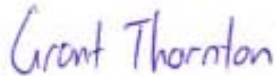
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A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M P Hingeley
Partner - Audit & Assurance

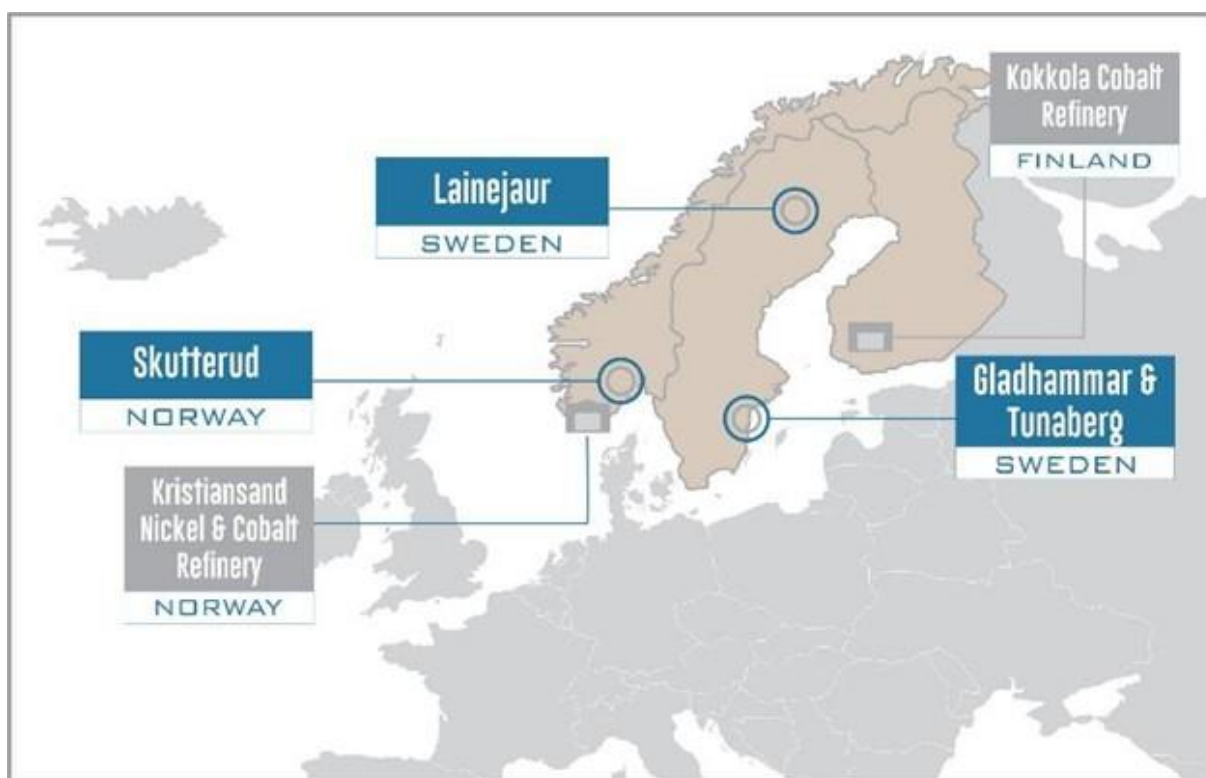
Perth, 8 March 2017



BERKUT'S SCANDINAVIAN COBALT PROJECTS

Tenement	Location	Structure
Kobald Mineral Holdings Pty Ltd		
Skuterud 1, 2, 3, 4	Norway	100%
Tunaberg nr 201	Sweden	100%
Gladhammar nr 201	Sweden	100%
Goshawk 1,2,3,4,5,6,7,8,9,10	Norway	100%
Berkut Minerals Limited		
Skuterud 3a, 5, 6, 7, 8	Norway	100%
Tunaberg nr 202	Sweden	100%
Gladhammar nr 202, 203, 204, 205	Sweden	100%
Gladhammar nr 206 (application)	Sweden	100%
Lainejaur nr 20	Sweden	100%

SCANDINAVIAN PROJECT LOCATIONS



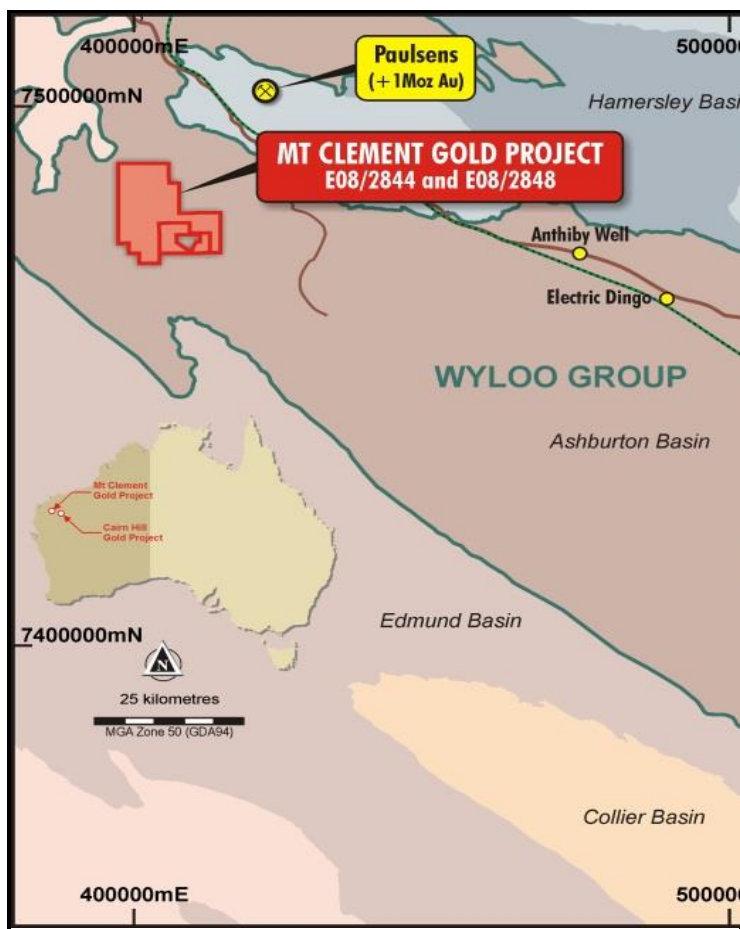


Tenement Table

BERKUT'S AUSTRALIAN GOLD PROJECTS

Tenement	Location	Structure
Berkut Minerals Ltd		
Mount Clement Gold Project		
E08/2848	Western Australia	100%

AUSTRALIAN PROJECT LOCATION





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.

DISCLAIMER AND NOTES

For full details of exploration results refer to ASX announcements on 18 May, 15 June, 7 July, 26 July, 31 July, 13 September, 23 October, 22 November 2017, 8 January, 29 January and 12 February 2018. Berkut Minerals is not aware of any new information or data that materially affects this information. 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.

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.

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.

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.