Berkut Minerals Limited
Annual Report
30 June 2018

berkutminerals.com.au
ABN 62 610 855 064

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CORPORATE DIRECTORY

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

Company Secretary
Aaron Bertolatti

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

The Directors present their report for Berkut Minerals Limited ("Berkut Minerals", "Berkut" or "the Company") and its subsidiary ("the Group") for the year ended 30 June 2018.

DIRECTORS

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

Justin Tremain
Non-Executive Chairman - BCom

Justin Tremain graduated from University of Western Australia with a Bachelor of Commerce degree. Mr. Tremain co-founded ASX listed Renaissance Minerals Limited in June 2010 and served as Managing Director until its takeover by Emerald Resources NL (ASX: EMR) in November 2016. Mr. Tremain is the Managing Director of ASX listed Novo Litio Limited (ASX: NLI), a Non-Executive Director of Emerald Resources NL, Fin Resources Limited (ASX: FIN) and Odin Metals Limited (ASX: ODM).

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

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

Neil Inwood is a highly experienced geologist with over 24 years' international experience in gold, base metal, and specialty metals. Mr. Inwood has worked in consulting and venture capital for the last 13 years, was previously the Executive Geologist with Verona Capital and prior to that Principal Geologist with the international mining consultancy Coffey Mining.

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

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

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

Mr. Payne has extensive technical experience in the evaluation of mineral deposits from early stage exploration to definitive feasibility studies. Recent exploration experience includes the implementation and management of gold exploration for Dacian Gold Limited in Western Australia, and for Rift Valley Resources in Tanzania. Both projects had substantial discoveries under his management. Mr. Payne has formal qualifications in geology as well as post-graduate qualifications in geostatistics and mineral economics. Mr. Payne has held recent corporate roles including Technical Director and Managing Director of ASX listed companies including the position of founding Managing Director of Dacian Gold Limited taking that company through a successful IPO and making the major initial gold discoveries at the Mount Morgans project.

COMPANY SECRETARY

Mr. Aaron Bertolatti (appointed 23 May 2017)
B.Com, CA, AGIA

Aaron Bertolatti is a qualified Chartered Accountant and Company Secretary with over 10 years' experience in the mining industry and accounting profession. Mr. Bertolatti has both local and international experience and provides assistance to a number of resource companies with financial accounting and stock exchange compliance. Mr. Bertolatti has significant experience in the administration of ASX listed companies, corporate governance and corporate finance. Mr. Bertolatti was previously Australian Chief Financial Officer of Highfield Resources Ltd (ASX: HFR) and acts as Company Secretary for listed ASX companies, Fin Resources Ltd (ASX: FIN), American Pacific Borate & Lithium Ltd (ASX: ABR) and ARC Exploration Ltd (ASX: ARX). Mr. Bertolatti is also a Director and Company Secretary of Red Emperor Resources NL (ASX: RMP) and Odin Metals Limited (ASX: ODM).

INTERESTS IN THE SECURITIES OF THE COMPANY

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

Director	Ordinary Shares	Options – exercisable at $0.25 each on or before 31-Dec-19	Options – exercisable at $0.30 each on or before 31-Dec-19	Options – exercisable at $0.001 each on or before 30-Nov-20
Justin Tremain	2,350,000	500,000	-	500,000
Neil Inwood	110,000	1,000,000	1,000,000	1,000,000
Paul Payne	75,000	500,000	-	500,000

RESULTS OF OPERATIONS

The Company's net loss after taxation attributable to the members of Berkut Minerals for the year to 30 June 2018 was $2,351,371 (Restated 2017: $2,378,132[1]).

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

DIVIDENDS

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

CORPORATE STRUCTURE

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

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

Following the acquisition of Kobald Mineral Holdings Pty Ltd in May 2017, the Company focussed efforts on exploring and expanding prospective cobalt projects in Norway (Skuterud Project) and Sweden (Gladhander and Tunaberg Projects). Post the Kobald transaction, Berkut identified prospective ground and was granted additional exploration licenses at Gladhammar, Tunaberg and Skuterud that expanded and consolidated tenement holdings along strike and around the historic cobalt, copper and gold workings. Additionally, in July 2017 the Lainejaur licence was granted in Sweden (Figure 1).

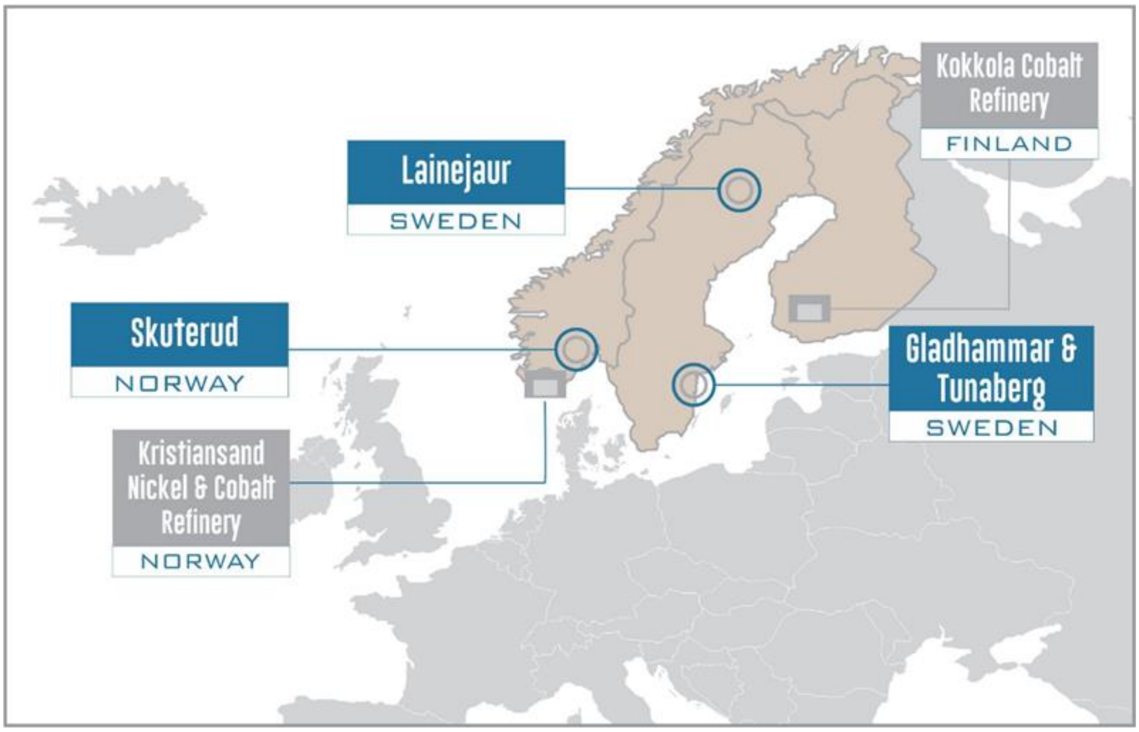

Figure 1 | Scandinavian Project Locations

Skuterud Cobalt Project - Norway

The Skuterud Cobalt Project (Figures 1, 2*)* consists of eight granted licences in southern Norway, within 100km of the Oslo port. The region contains one of the most famous, historic cobalt mines in the world, which lends its name to the cobalt ore minerals Skutterudite. The area was mined throughout the 18th and 19th Centuries, during which time it supplied much of the world's cobalt and employed thousands of people. The Skuterud cobalt occurrences are related to meta-sedimentary, sulphide-rich schist zones, so-called 'fahlbands'. The most extensive sulphide-rich zone has a length of 12km along strike, and is up to 100-200m wide.

Berkut has identified multiple historical cobalt workings on its licenses including the Middagshville Cobalt Mine with an approximate north-south strike extent of 300m were identified within the southern license area, the Dovikollen open pit (~100m long) in the northern licence area; and smaller workings in the central portion of the licence. The historical Middagshville Cobalt Mine workings (Figure 2) have an approximate north-south strike of 300m and form part of the broader Saafstad Mine Camp which is approximately 600m north of the historic Skuterud Mine. The trend of these workings remains open and are untested by modern exploration methods. The Middagshville region has spoil grab samples up to 0.8% Co and 0.5% Cu (associated with disseminated sulphides in quartz-mica schist) and hosts three interpreted repeats of the mine-sequence host lithologies (quartzites and mica-schists).

The maiden October 2017 diamond drill program (Figure 2) consisted of seven diamond drill holes for a total of 1,294m; with six holes drilled at the Middagshville workings and one diamond hole drilled under the Dovikollen. Cobalt and copper mineralisation was observed in all of the holes sampled at Middagshville with a pattern emerging of broad copper/cobalt haloes (e.g. 30m @ 0.15% Cu from 12m in MDV003 and 18m @ 0.04% Co from 35m in MDV002) hosting multiple higher-grade cobalt zones. Peak intercepts included 2m @ 0.12% Co (MDV003) and 1m @ 0.16% Co (MDV006) (*refer announcement 8 January 2018*).

Additional core logging and sampling was undertaken in March 2018, followed by a major soil sampling and infill mapping program (once snow had cleared) in June 2018.

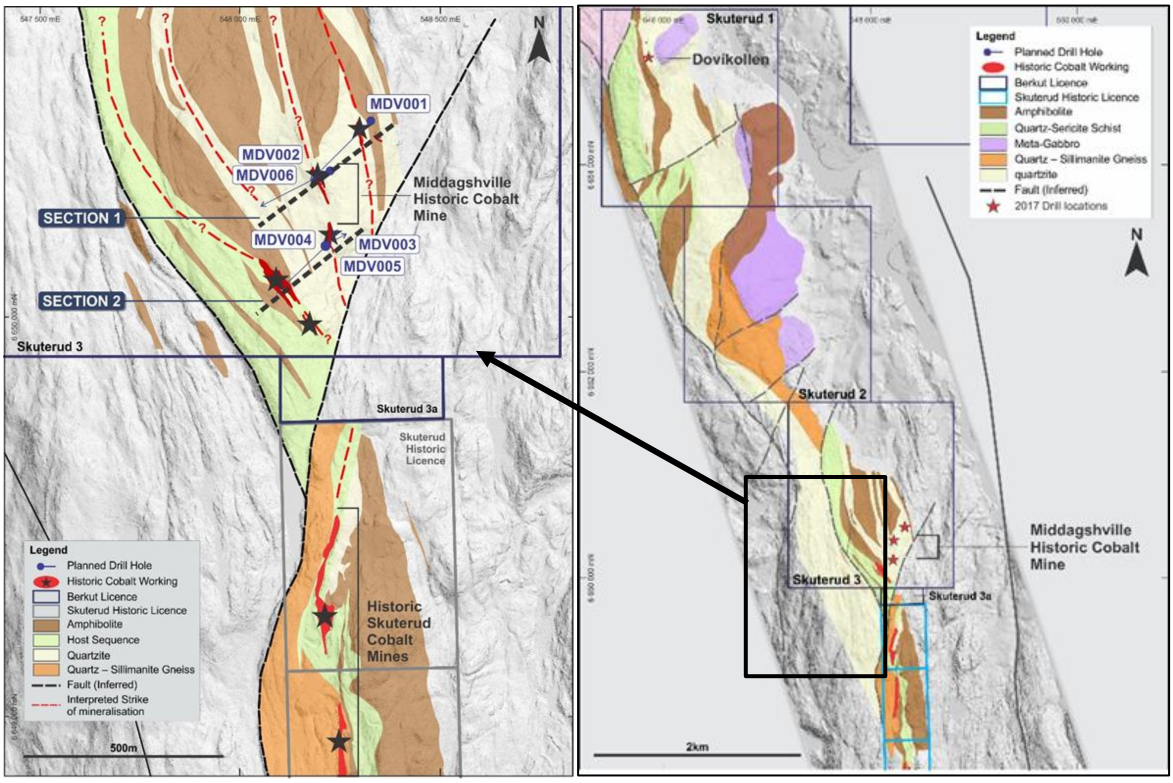

Figure 2 | Skuterud Tenements and Recent Mapping: Showing drill locations, local geology (left) and the workings around the historical Middagshville Cobalt Mine (right). *(note: the historic Skuterud Mine is not on Berkut's licences).*

The June 2018 soils program (Figure 3) covered a 5km² region and defined several coincident copper/cobalt anomalous areas associated with quartz-mica schists in the south, central and northern areas of the Skuterud Cobalt Project. Of particular interest are two large, +1,000m Co/Cu soil anomalies in the north and south of the project area. The northern target (approximately 1,500m long) is associated with a mixed meta-sedimentary package similar to the Skuterud mine sequence where mineralisation occurs at lithological boundaries of quartzites and quartz-mica schists. This area is along trend of the historical Dovikollen mine workings. The southern target (approximately 1,000m long) is along trend and adjacent to the historical Middagshville mine workings, also in a mixed meta-sedimentary sequence similar to the Skuterud mine sequence.

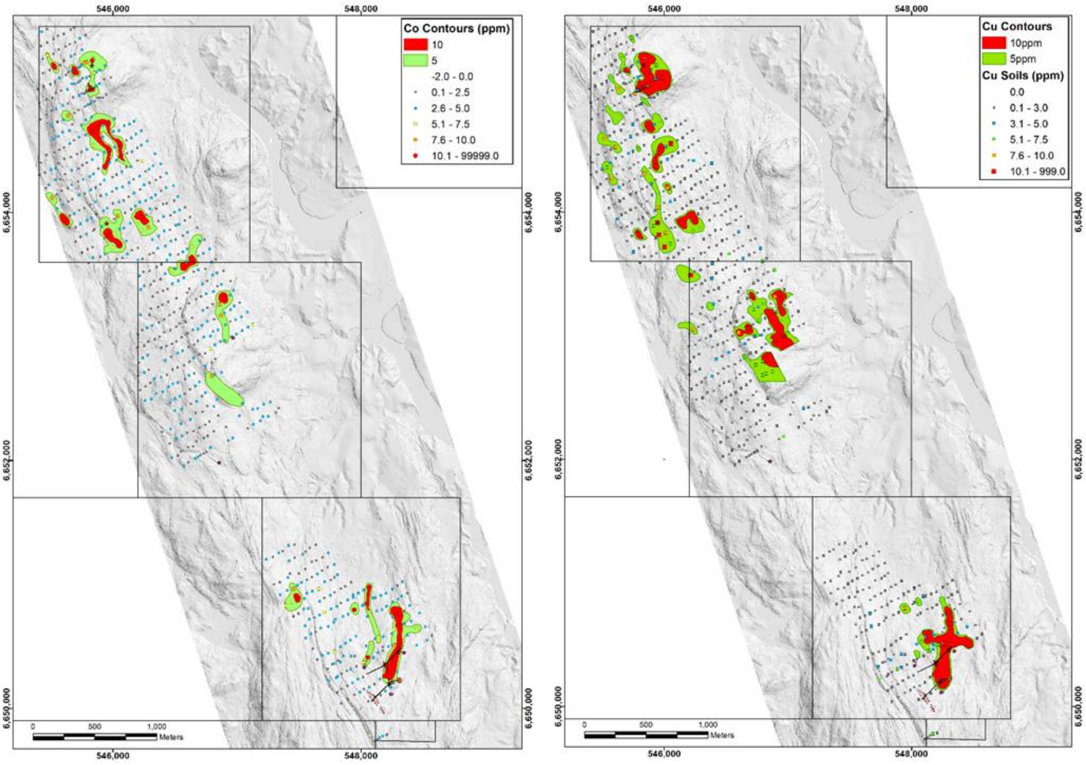

Figure 3 | Skuterud Soil Program: cobalt results (LHS) and copper results (RHS)

Lainejaur Nickel-Copper-Cobalt Project – Sweden

The Lainejaur Nickel-Cobalt Project (*refer Figures 1, 5 and 6)* is centred on a historical Ni-Co-Cu mine which was discovered in 1941 with a recorded production of 100,526t @ 2.21% Ni, 0.1% Co and 0.93% Cu. In 2007 and 2008, 43 drill holes for approximately 13,200m of diamond core was undertaken on a limited 0.4km² licence holding. The Berkut licence covers 41.2km² including the historic licence and the Company is investigating the down dip extensions of this mineralisation and the potential for repeat structures laterally.

In February 2018, an updated Mineral Resource[1] was reported under JORC (2012) and is based upon a technical review undertaken by Berkut of the historical core, assays and logging. The reported Inferred resource of **460Kt @ 2.2% Ni, 0.15% Co and 0.7% Cu** (above a 0.5% Ni lower cut off) is shown in Table 2.

Table 2 | Lainejaur Deposit, February 2018 Inferred Mineral Resource Estimate (0.5% Ni cut off)

Zone	Tonnes Kt	Ni %	Cu %	Co %	Au Ppm	Pt ppm	Pd ppm	S %	Ni t	Cu T	Co t
Massive Sulphide	**460**	**2.2**	**0.7**	**0.15**	0.65	0.20	0.68	20.2	10,100	3,000	680

In January 2018 Berkut finalised an electromagnetic ('EM') survey program over the Project to test the down-dip resource potential and to explore for conductive bodies in the region *(refer announcement 12 February 2018*). The work focussed on fixed loop EM ('FLEM') and down-hole EM surveys around the Lainejaur deposit, additional further reconnaissance moving loop EM surveys were conducted over look-a-like magnetic anomalies to the south and east of the deposit. The magnetic anomalies are interpreted to represent the folded continuation of the unit which hosts mineralisation. The MLEM survey produced a positive anomaly at Profile E with modelling suggesting a conductor at a depth of approximately 250m with similar conductance to the main Lainejaur massive sulphides.

Berkut undertook an additional FLEM and MLEM survey in May 2018. The latest MLEM survey identify an additional anomaly ~400m to the east (Anomaly 1). At the same time significant, previously unavailable, historical surface (Slingram – max-min) and summary air-borne (GEOTEM) geophysical data was obtained over the Lainejaur project. The combined data sets were re-interrogated resulting in the identification of three untested EM targets – Target 1 coincides with Berkut's MLEM survey (refer Figure 5). Separately, partial records of 13 historical regional exploration drill holes became available over the area. These records indicate that historical workers had explored for base-metal mineralisation over the region although no detailed records or core of the historical exploration drill holes are available, and it is unknown if the drill holes had encountered prospective nickel/cobalt lithologies. The available records indicate that the three identified anomalies in Figure 5 have not been properly tested and remain valid targets.

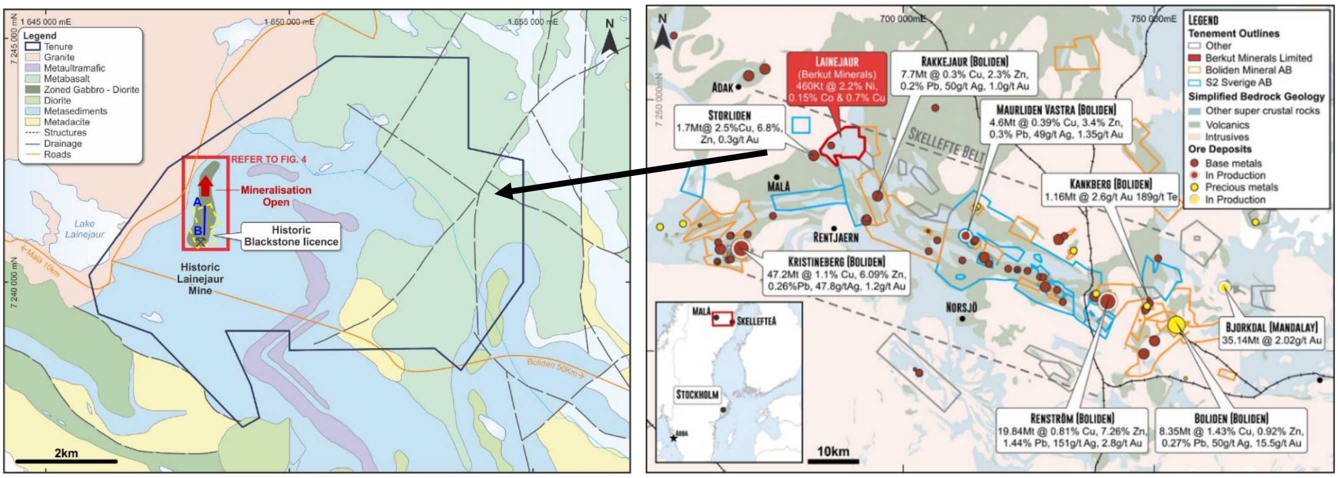

Figure 4| Lainejaur Project Region: Showing Berkut license area) and projects along the Skellefteå Belt (RHS)

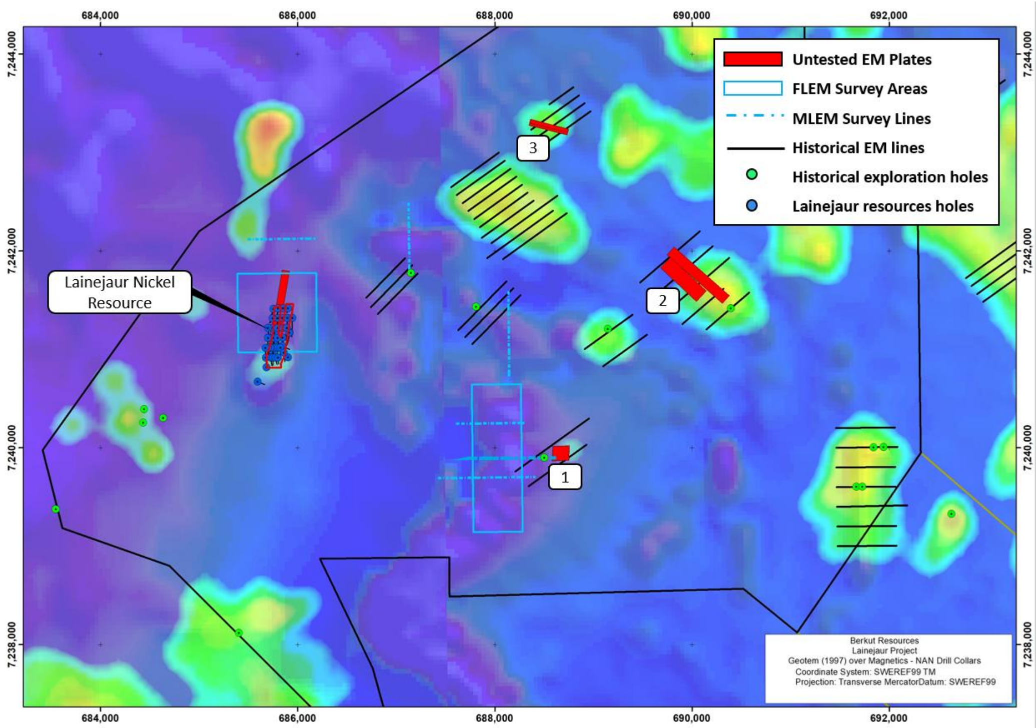

Figure 5| Lainejaur Project Region: GEOTEM Time Constant (Tau) colour image with magnetic image as backdrop. Untested EM plates are shown as red polygons.

Gladhammar and Tunaberg Cobalt Projects – Sweden

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

Re-sampling of selected historical diamond core (5 holes) undertaken during the year supported the tenor of historical base metal mineralisation.

Mt Clement Project

Desktop studies were undertaken at the Mt Clement Project during the year. Berkut has finalised discussions with native title parties regarding access agreements for the Mt Clement Project and plans to undertake preliminary geological mapping and hammer prospecting at Mt Clement in the 2019 financial year.

CORPORATE

- In May 2017, 8,250,000 deferred consideration shares were approved by shareholders based on certain milestones being achieved at the Skuterud Cobalt Project including completion of a Scoping Study and a Definitive Feasibility Study on JORC Compliant Resources. No deferred consideration shares were issued during the year (for further information refer to the announcement dated 3 July 2017).

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

ANNUAL REVIEW OF ORE RESERVES AND MINERAL RESOURCES

In accordance with ASX Listing Rule 5, the Company has performed an annual review of all JORC-compliant ore reserves and mineral resources as at 30 June 2018.

In February 2018, the Company updated the Mineral Resource at its 100% owned Lainejaur nickel-cobalt-copper project in Sweden *(refer to announcement 12 February 2018).* The updated Resource was reported in accordance with JORC (2012) following a review of historical core, field verification of collars and geology, and a re-interpretation of the mineralisation domains. The bulk of the informing drilling was undertaken in 2007-2010. Evaluation of selected diamond core, drill hole collars and handheld XRF-analysis of mineralised intervals strongly supports the compiled historical databases. Additional bulk density test work was also undertaken in 2018 to obtain relevant density data for the modelled domains.

Table 3 | Lainejaur Deposit, February 2018 Inferred Mineral Resource Estimate[1] (0.5% Ni cut off)

Zone	Tonnes Kt	Ni %	Cu %	Co %	Au ppm	Pt ppm	Pd ppm	S %	Ni t	Cu t	Co t
Massive Sulphide	**460**	**2.2**	**0.7**	**0.15**	0.65	0.20	0.68	20.2	10,100	3,000	680
ID² estimate using nominal 0.5m composites and an insitu dry bulk density of 4.1t/m³ for massive-sulphide mineralisation. Reported above 0.5% Ni lower cut-off.											

Corporate Governance – Resources and Reserve Calculations

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

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

SHARE OPTIONS

As at the date of this report there were 7,300,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price $	Expiry Date
2,500,000	$0.25	31-Dec-2019
1,000,000	$0.30	31-Dec-2019
2,300,000	$0.001	30-Nov-2020
750,000	$0.50	31-Dec-2020
750,000	$0.65	31-Dec-2020
7,300,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. 5,000,000 options exercisable at $0.25 on or before 30 June 2018 expired unexercised during the financial year. No options were exercised during or since the year ended 30 June 2018.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

INDEMNIFICATION OF THE AUDITOR

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

DIRECTORS' MEETINGS

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

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Justin Tremain	5	5
Neil Inwood	5	5
Paul Payne	5	5

PROCEEDINGS ON BEHALF OF COMPANY

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

CORPORATE GOVERNANCE

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

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

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

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel of Berkut Minerals Limited for the financial year ended 30 June 2018. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001. The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Details of Directors and Key Management Personnel

Directors	
Justin Tremain	Non-Executive Chairman
Neil Inwood	Managing Director
Paul Payne	Non-Executive Director
Key Management	
Ben Cairns	General Manager Geology

Remuneration Policy

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

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

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

Additional fees

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

Retirement allowances for Directors

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

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director and key management personnel of the Group for the year ended 30 June 2018 are as follows:

2018	Short term			Options			
	Base Salary $	Directors' Fees $	Consulting Fees $	Share Based Payments $	Super $	Total $	Option related %
Directors							
Justin Tremain	-	45,000	-	14,615[1]	4,275	63,890	22.9
Paul Payne[3]	-	30,000	15,660	14,615[1]	2,850	63,125	23.2
Neil Inwood	230,000	-	-	117,084[1,2]	21,850	368,934	31.7
Key Management							
Ben Cairns	162,000	-	-	-	15,390	177,390	-
	392,000	**75,000**	**15,660**	**146,314**	**44,365**	**673,339**	

[1] The share-based payment amount relates to the award of options exercisable at $0.001 on or before 30 November 2020.

[2] The share-based payment amount includes the award of options exercisable at $0.25 and $0.30 on or before 31 December 2019.

[3] Payne Geological Services Pty Ltd, of which Paul Payne is a Director, received consulting fees of $15,660 for services provided in relation to the preparation of the Mineral Resource Estimate and a report for the Lainejaur Project.

There were no other executive officers of the Company during the financial year ended 30 June 2018.

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

[1] Neil Inwood was appointed on 26 April 2017.

[2] Michael Bohm resigned on 30 June 2017.

[3] Ben Cairns was appointed on 30 August 2016.

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

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

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

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

2018	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Justin Tremain	2,350,000	-	-	-	2,350,000
Neil Inwood	-	-	-	110,000	110,000
Paul Payne	75,000	-	-	-	75,000
Key Management					
Ben Cairns	900,000	-	-	-	900,000

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

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

2018	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Exercisable	Un-exercisable
Directors							
Justin Tremain	500,000	500,000	-	-	1,000,000	500,000	500,000
Neil Inwood	2,000,000	1,000,000	-	-	3,000,000	2,000,000	1,000,000
Paul Payne	500,000	500,000	-	-	1,000,000	500,000	500,000
Key Management							
Ben Cairns	500,000	-	-	-	500,000	500,000	-

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

Options Affecting Remuneration

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

2018	Grant Date	Grant Number	Expiry date/last exercise date	Exercise price per option	Value of options at grant date[1]	Number of options vested	Vested	Max value yet to vest
Directors								
Justin Tremain	27/11/17	250,000	30/11/20	$0.001	$20,877	-[2]	-	$20,877
	27/11/17	250,000	30/11/20	$0.001	$74,225	-[3]	-	$59,610
Neil Inwood	22/05/17	1,000,000	31/12/19	$0.30	$99,931	1,000,000	100%	-
	27/11/17	500,000	30/11/20	$0.001	$41,754	-[2]	-	$41,754
	27/11/17	500,000	30/11/20	$0.001	$148,450	-[3]	-	$119,220
Paul Payne	27/11/17	250,000	30/11/20	$0.001	$20,877	-[2]	-	$20,877
	27/11/17	250,000	30/11/20	$0.001	$74,225	-[3]	-	$59,610
Key Management								
Ben Cairns	-	-	-	-	-	-	-	-
		3,000,000			**$480,339**	**1,000,000**		**$321,948**

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

[2] Options 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.

[3] Options vest upon the Company reaching a market capitalisation exceeding A$30,000,000 for 30 concurrent days (which represents an approximate 100% increase in the Company's current market capitalisation).

Service Agreements

Executive Directors

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

Non-Executive Directors

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

Key Management Personnel

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

Voting and comments made at the company's 2017 Annual General Meeting

Berkut Minerals Limited received 100% of "yes" votes on its remuneration report for the 2017 financial year. The Group did not receive specific feedback on its remuneration report at the AGM.

Loans to Directors and Executives

There were no loans to Directors and key management personnel during the financial year ended 30 June 2018 (refer note 14 (b)).

END OF AUDITED REMUNERATION REPORT

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

Neil Inwood
Managing Director

Perth, Western Australia
17 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018

	Note	30 June 2018 $	Restated[1] 30 June 2017 $
Continuing Operations			
Interest received		88,059	41,347
Gain on foreign exchange		3,541	-
Employee costs	4(a)	(511,900)	(164,864)
Exploration expenditure	4(b)	(1,282,072)	(1,804,089)
Other expenses		(310,543)	(330,642)
Share based payments expense	17	(338,456)	(119,884)
Loss before income tax		**(2,351,371)**	**(2,378,132)**
Income tax expense	5	-	-
Net loss for the year		**(2,351,371)**	**(2,378,132)**
Other comprehensive income			
Items that may be reclassified to profit and loss		(28,110)	-
Other comprehensive income for the year net of tax		**(28,110)**	**-**
Total comprehensive loss for the year		**(2,379,481)**	**(2,378,132)**
Loss per share			
Loss per share (cents)	15	(4.41)	(7.29)

[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 30 June 2018*

	Note	30 June 2018 $	Restated[1] 30 June 2017 $
Current Assets			
Cash and cash equivalents	6	3,725,459	4,192,459
Other financial assets		15,000	15,000
Trade and other receivables		13,852	12,906
Total Current Assets		3,754,311	4,220,365
Non-Current Assets			
Property, plant and equipment	7	7,080	10,155
Total Non-Current Assets		7,080	10,155
Total Assets		3,761,391	4,230,520
Current Liabilities			
Trade and other payables	8	95,491	95,224
Short term provisions		45,750	15,121
Total Current Liabilities		141,241	110,345
Total Liabilities		141,241	110,345
Net Assets		**3,620,150**	**4,120,175**
Equity			
Issued capital	9	7,592,555	6,051,555
Reserves	10	874,680	564,334
Accumulated losses	11	(4,847,085)	(2,495,714)
Total Equity		**3,620,150**	**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 year ended 30 June 2018*

	Issued capital $	Accumulated losses $	Foreign exchange translation reserve	Share option reserve $	Total $
Balance at 1 July 2016	**319,146**	**(117,582)**	**-**	**105,816**	**307,380**
Total comprehensive loss for the year					
Loss for the year	-	(2,378,132)	-	-	(2,378,132)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the year	-	(2,378,132)	-	-	(2,378,132)
Transactions with owners in their capacity as owners					
Shares issued during the year	6,420,000	-	-	-	6,420,000
Cost of issue	(687,591)	-	-	338,634	(348,957)
Share based payment	-	-	-	119,884	119,884
Balance at 30 June 2017[1]	**6,051,555**	**(2,495,714)**	**-**	**564,334**	**4,120,175**
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	-	(2,351,371)	-	-	(2,351,371)
Other comprehensive loss	-	-	(28,110)	-	(28,110)
Total comprehensive loss for the year	-	(2,351,371)	(28,110)	-	(2,379,481)
Transactions with owners in their capacity as owners					
Shares issued during the year	1,632,000	-	-	-	1,632,000
Cost of issue	(91,000)	-	-	-	(91,000)
Share based payment	-	-	-	338,456	357,366
Balance at 30 June 2018	**7,592,555**	**(4,847,085)**	**(28,110)**	**902,790**	**3,620,150**

[1] Balance at 30 June 2017 has 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 year ended 30 June 2018*

	Note	30 June 2018 $	Restated[1] 30 June 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(816,821)	(230,445)
Payments for exploration expenditure and project acquisitions		(1,282,171)	(1,114,440)
Interest received		84,900	38,436
Other payments – bond payments		2,551	(9,293)
Net cash used in operating activities	6	**(2,011,541)**	**(1,315,742)**
Cash flows from investing activities			
Purchase of plant and equipment		-	(12,715)
Proceeds from acquisition of subsidiary		-	246
Net cash used in investing activities		**-**	**(12,469)**
Cash flows from financing activities			
Proceeds from issue of shares		1,541,000	5,525,500
Payments for share issue costs		-	(348,957)
Net cash provided by financing activities		**1,541,000**	**5,176,543**
Net increase in cash and cash equivalents		4,192,459	3,848,332
Cash and cash equivalents at the beginning of the year		(470,541)	344,840
Effect of exchange rate fluctuations on cash		3,541	(713)
Cash and cash equivalents at the end of the year	6	**3,725,459**	**4,192,459**

[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 the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 17 September 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 and compliance statement

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

Compliance Statement

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

(b) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 22.

(c) Basis of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

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

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

(d) Segment Reporting

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

(e) Changes in accounting policies and disclosures

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

(f) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date. Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

- the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be recognised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is recognised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Research and Development

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

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Government. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Government is included as part of receivables or payables in the statement of financial position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the Government, are disclosed as operating cash flows.

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

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets and the asset's value in use cannot be estimated to be close to its fair value.

In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Trade and other payables

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

(k) Property, plant and equipment

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

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(m) Issued capital

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

(n) Revenue

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

The following specific recognition criteria must also be met before revenue is recognised:

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

(o) Earnings per share

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

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

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

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

(p) Share based payment transactions

(i) Equity settled transactions:

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

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

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Berkut Minerals Limited ('market conditions'). The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification. Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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

(ii) Cash settled transactions:

The Company may also provide benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of the Company. The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the year until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(q) Critical accounting estimates and judgements

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

Share-based payment transactions:

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

Deferred Consideration shares:

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

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

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

(s) Impact of Standards issued but not yet applied by the Group

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

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

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

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

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

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

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

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.

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 financial year ended 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 to 30 June 2017	(1,775,612)	(1,775,612)
Restated balances at 30 June 2017	**-**	**(2,495,714)**

	30 June 2017 $
Increase in loss for the period	(1,775,612)
Impact on the loss per share for the comparative period:	
Previously reported – basic and diluted loss per share	(1.85)
Restated – basic and diluted loss per share	(7.29)

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

	2018 $	Restated[1] 2017 $

4. Expenses
(a) Employee costs

Director Fees	(75,000)	(87,500)
Wages & Salaries	(357,661)	(45,691)
Superannuation	(48,609)	(16,514)
Other	(30,630)	(15,159)
	(511,900)	**(164,864)**

(b) Exploration expenditure

Acquisition of exploration tenements	-	(1,055,180)
Drilling	(391,141)	(155,572)
Consultants	(369,249)	(48,040)
Travel and freight	(155,210)	(41,808)
Other	(366,472)	(503,489)
	(1,282,072)	**(1,804,089)**

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

5. Income Tax
(a) Income tax expense

Major component of tax expense for the year:		
Current tax	-	-
Deferred tax	-	-
	-	-

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:

Loss from continuing operations before income tax expense	(2,351,371)	(2,378,132)
Tax at the Australian rate of 27.5% (2017: 27.5%)	(705,411)	(653,986)
Share based payments	101,537	32,968
Non-deductible expenses	386,834	3,313
Deferred tax asset (net) not brought to account	217,040	617,705
Income tax expense	-	-

(c) Deferred tax

The following deferred tax balances have not been bought to account:

Liabilities		
Interest receivable	(1,821)	-
Offset by deferred tax assets	1,821	-
Deferred tax liability recognised	-	-
Assets		
Losses available to offset against future taxable income	478,196	249,556
Total exploration and evaluation expenditure	26,000	25,667
Share issue costs deductible over five years	23,191	6,921
Employee provisions	17,237	6,698
Accrued expenses	4,050	4,125
Deferred tax assets offset against deferred tax liabilities	(1,821)	-
Net deferred tax asset not recognised	**546,853**	**292,967**

	2018 $	Restated[1] 2017 $
(d) Unused tax losses		
Unused tax losses	1,593,987	907,477
Potential tax benefit not recognised at 27.5% (2017: 27.5%)	**478,196**	**249,556**

The benefit for tax losses will only be obtained if:

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

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

6. Cash and Cash Equivalents

	2018 $	Restated[1] 2017 $
Reconciliation of cash		
Cash comprises of:		
Cash at bank	**3,725,459**	**4,192,459**
Reconciliation of operating loss after tax to net cash flow from operations		
Loss after tax	(2,351,371)	(2,378,132)
Non-cash and non-operating items		
Exploration and evaluation expenditure	-	661,172
Share based payments	338,456	119,884
Gain on foreign exchange	(31,650)	713
Depreciation	3,075	2,560
Change in assets and liabilities		
Decrease / (increase) in trade and other receivables	(947)	(24,664)
Increase / (decrease) in other assets	-	269,348
Increase / (decrease) in trade and other payables	30,896	33,377
Net cash flow used in operating activities	**(2,011,541)**	**(1,315,742)**

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

Non-cash investing activities

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

	2018 $	2017 $
7. Property, Plant and Equipment		
Cost	12,715	12,715
Accumulated depreciation and impairment	(5,635)	(2,560)
Net carrying amount	**7,080**	**10,155**
Movements in Plant & Equipment:		
Opening balance	264	-
Additions	-	318
Depreciation charge for the year	(80)	(54)
Closing balance	**184**	**264**
Movements in Office Equipment:		
Opening balance	9,891	-
Additions	-	12,397
Depreciation charge for the year	(2,995)	(2,506)
Closing balance	**6,896**	**9,891**

	2018 $	2017 $
8. Trade and Other Payables		
Trade payables	17,649	12,092
Other payables	58,468	68,132
Accruals	19,374	15,000
	95,491	**95,224**

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

9. Issued Capital

(a) Issued and paid up capital

	2018	2017
Issued and fully paid	**7,592,555**	**6,051,555**

(b) Movements in ordinary shares on issue

	2018 Number of shares	2018 $	2017 Number of shares	2017 $
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.

(c) Ordinary shares

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

(d) Capital risk management

The Company's capital comprises share capital, reserves less accumulated losses amounting to a net equity of $3,620,150 at 30 June 2018. The Company manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Company was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 16 for further information on the Company's financial risk management policies.

(e) Share Options

As at the date of this report there were 7,300,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price $	Expiry Date
2,500,000	$0.25	31-Dec-2019
1,000,000	$0.30	31-Dec-2019
2,300,000	$0.001	30-Nov-2020
750,000	$0.50	31-Dec-2020
750,000	$0.65	31-Dec-2020
7,300,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. 5,000,000 options exercisable at $0.25 on or before 30 June 2018 expired unexercised during the financial year. No options were exercised during or since the year ended 30 June 2018

(f) Deferred Consideration Shares

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

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

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

	2018 $	2017 $
10. Reserves		
Share based payments reserve	902,790	564,334
Foreign exchange translation reserve²	(28,110)	-
	874,680	**564,334**
Movements in Reserves		
Share based payments reserve		
Opening balance	564,334	105,816
Options issued to corporate advisors	183,373	338,634
Share based payments expense	155,083	119,884
Closing balance	**902,790**	**564,334**

The share based payment reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services. Refer to note 17 for further details of the securities issued during the financial year ended 30 June 2018.

	2018 $	2017 $
Foreign exchange translation reserve		
Opening balance	-	-
Foreign exchange translation difference	(28,110)	-
Closing balance	**(28,110)**	**-**

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

	2018 $	Restated[1] 2017 $
11. Accumulated Losses		
Movements in accumulated losses were as follows:		
Opening balance	(2,495,714)	(117,582)
Loss for the year	(2,351,371)	(2,378,132)
Closing balance	**(4,847,085)**	**(2,495,714)**

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

	2018 $	2017 $
12. Auditor's Remuneration		
The auditor of Berkut Minerals Limited is Grant Thornton Audit Pty Ltd		
Amounts received or due and receivable by the parent auditor for:		
- an audit or review of the financial report	26,550	23,000
Other Services:		
- Preparation of Independent Accountant's Report	-	8,250
	26,550	**31,250**

13. Directors and Key Management Personnel Disclosures

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

	2018	2017
Short term employee benefits	482,660	283,835
Share based payments	146,314	119,884
Post-employment benefits	44,365	25,101
Total remuneration	**673,339**	**428,820**

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms. There were no other transactions with key management personnel for the year ended 30 June 2018.

14. Related Party Disclosures

(a) Key management personnel

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

(b) Other related party transactions

Renaissance Minerals Limited, a company in which Mr. Tremain is a former Director, charged the Company rental fees totalling $6,699 for the year ended 30 June 2018 for office space at 78 Churchill Avenue, Subiaco.

Payne Geological Services Pty Ltd, of which Paul Payne is a Director, received consulting fees of $15,660 for services provided in relation to the preparation of the Mineral Resource Estimate and a report for the Lainejaur Project.

(c) Subsidiaries

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

Name of Entity	Country of Incorporation	Equity Holding	
		2018	2017
Kobald Mineral Holdings Pty Ltd	Australia	100%	100%
Berkut Minerals Norway AS	Norway	100%	-
Berkut Sweden AB	Sweden	100%	-

	2018 $	Restated[1] 2017 $
15. Loss per Share		
Loss used in calculating basic and dilutive EPS	(2,351,371)	(2,378,132)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share:	53,292,967	32,622,419
Effect of dilution:		
Share options		-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	53,292,967	32,622,419

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

There is no impact from 7,300,000 options outstanding at 30 June 2018 on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

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

16. Financial Risk Management

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

(a) Liquidity Risk

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

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

Maturity of financial liabilities:

Payables

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

(b) Interest Rate Risk

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

	2018 $	2017 $
Cash and cash equivalents	3,725,459	4,192,459

Interest rate sensitivity:

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

Change in Basis Points	Effect on Post Tax Loss ($) Increase/(Decrease) 2018	2017	Effect on Equity including retained earnings ($) Increase/(Decrease) 2018	2017
Increase 75 basis points	27,941	31,443	27,941	31,443
Decrease 75 basis points	(29,941)	(31,443)	(29,941)	(31,443)

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

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's maximum credit exposure is the carrying amounts on the statement of financial position. The Company holds financial instruments with credit worthy third parties. At 30 June 2018, the Company held cash at bank. 100% of the Company's cash was held in financial institutions with a rating from Standard & Poors of AA or above (long term). The Company has no past due or impaired debtors as at 30 June 2018.

(d) Foreign currency risk

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

17. Share Based Payments

(a) Recognised share based payment transactions

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

	2018 $	2017 $
Employee and Director share-based payments (note 17 (b))	155,083	119,884
Share based payments to suppliers (note 17 (c))	183,373	-
	338,456	**119,884**
Options issued to brokers and corporate advisors (note 9 (b))	91,000[1]	338,634[2]
	429,456	**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] On 22 May 2017, 5,000,000 options were issued as consideration for services provided by a corporate advisor in connection with the equity placement announced on 9 February 2017. The model inputs for the options granted to corporate advisors included:

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

(b) Employee share-based payments

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

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that considers the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option.

The table below summarises options granted during the year period 30 June 2018:

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.

a) 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,

b) 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 $67,228. The expense recognised during the year on options granted in prior periods was $87,855.

The model inputs, not included in the table above, for options granted included:

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

The table below summarises options granted during the year ended 30 June 2017:

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

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

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

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

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

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

(c) Share based payment to suppliers

During the year ended 30 June 2018, 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 year ended 30 June 2018 was $183,373.

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.

18. Contingent Assets and Liabilities

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

Deferred Consideration Shares

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

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

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

There are no other known contingent assets and liabilities as at 30 June 2018.

19. Dividends

No dividend was paid or declared by the Company in the year ended 30 June 2018 or the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2018.

20. Significant Events after the Reporting Date

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

	2018 $	2017 $

21. Commitments

Rental Agreement

The Company entered into a sub-rental agreement with Helix Resources Limited for office space for a term of 2 years commencing 1 December 2017.

Payable:		-
Within one year	30,316	-
After one year but not longer than 5 years	12,632	-
	42,948	**-**

The Directors are not aware of any other material commitments at the reporting date.

22. Parent Entity Information

The following details information related to the parent entity, Berkut Minerals Limited, at 30 June 2018. The information presented here has been prepared using consistent accounting policies with those presented in Note 2.

	2018 $	Restated[1] 2017 $
Current assets	3,717,316	4,220,119
Total assets	3,753,248	5,150,274
Current liabilities	(141,242)	(110,345)
Total liabilities	(141,242)	(110,345)
Net assets	**3,612,006**	**5,039,929**
Issued capital	7,592,555	6,051,555
Share based payments reserve	902,790	564,334
Accumulated losses	(4,883,339)	(1,575,960)
	3,612,006	**5,039,929**
Loss of the parent entity	(3,307,379)	(2,378,132)
Other comprehensive income for the year	-	-
Total comprehensive loss of the parent entity	**(3,307,379)**	**(2,378,132)**

Other Commitments

The Company had no other commitments as at 30 June 2018.

Other Contingent Liabilities

The Company had no other contingent liabilities as at 30 June 2018.

23. Operating Segments

The Group has determined the operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is an emerging cobalt producer in Scandinavia, and is also the holder of some non-core copper/gold/lithium tenements in Australia. The Board considers the entity from both a commodity type, and a geographical perspective. During the 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.

30 June 2018	Scandinavian mineral exploration $	Australian mineral exploration $	Total $
Segment Performance			
Interest revenue			
Total segment revenue			
Corporate and unallocated revenue			88,039
Total Group Revenue			**88,039**
Employee costs			
Share based payments expense			
Exploration expenditure	(1,268,085)	(13,987)	(1,282,072)
Other expenses	-	-	-
Segment net loss before tax	(1,268,085)	(13,987)	(1,282,072)
Corporate and unallocated expenses			(1,157,338)
Group net loss before tax			**(2,351,371)**
Segment Assets			
Segment assets increases/(decreases) for the year:			
Cash and cash equivalents	-	-	-
Other financial assets	-	-	-
Trade and other receivables	-	-	-
Property, Plant and equipment	-	-	-
Total Group assets	**-**	**-**	**-**
Corporate and unallocated assets			3,761,391
Total Group Assets			**3,761,391**
Segment Liabilities			
Segment liabilities increases/(decreases) for the year:			
Trade and other payables	-	-	-
Short term provisions	-	-	-
Deferred considerations	-	-	-
Total	**-**	**-**	**-**
Corporate and unallocated liabilities			141,241
Total Group Liabilities			**141,241**

30 June 2017[1]	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	(1,208,423)	(595,666)	(1,804,089)
Share based payments expense	-	-	-
Other expenses	-	-	-
Segment net loss before tax	(1,208,423)	(595,666)	(1,804,089)
Corporate and unallocated expenses			(615,390)
Group net loss before tax			**(2,378,132)**
Segment Assets			
Segment assets increases/(decreases) for the year:			
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			
Segment liabilities increases/(decreases) for the year:			
Trade and other payables	-	-	-
Short term provisions	-	-	-
Deferred considerations	-	-	-
Total	**-**	**-**	**-**
Corporate and unallocated liabilities			110,345
Total Group Liabilities			**110,345**

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

Directors' Declaration

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

1. In the opinion of the Directors:

   a) The consolidated financial statements and notes of Berkut Minerals Limited for the year ended 30 June 2018 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the consolidated financial position as at 30 June 2018 and of its performance for the year ended on that date; and

      ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a).

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the Board

Neil Inwood
Managing Director

Perth, Western Australia
17 September 2018

Grant Thornton Audit Pty Ltd
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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 review of Berkut Minerals Limited for the year ended 30 June 2018, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 17 September 2018

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Independent Auditor's Report

To the Members of Berkut Minerals Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Berkut Minerals Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

GrantThornton

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Option Valuation – Note 10	
During the period, the Group issued 2.3M options under the Employee Share Option Plan (ESOP). These share options to Directors contained both market and non-market based vesting conditions which require assessment at each reporting date. Management performed the valuation of these share-based payments. This area is a key audit matter due to the inherent subjectivity involved in the Group making judgments relating to the key inputs and assumptions used to value the options, including the judgements required relating to the evaluation of the vesting conditions.	Our procedures included, amongst others: • agreeing the issue of options to share option agreements; • reviewing and testing the assumptions applied by management for reasonableness and historical accuracy; • agreeing certain key inputs to the relevant terms within the share option agreement; • verifying the mathematical accuracy of the valuation provided by management using the appropriate pricing model; • utilising an auditor expert to assess the reasonableness managements key inputs and evaluation of an appropriate model; • assessing the accounting treatment in accordance with AASB 2 Share based payments • evaluating and challenging management's judgements regarding vesting conditions; and • assessing the adequacy of the Group's disclosures in respect to share-based payments.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 9 to 12 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Berkut Minerals Ltd, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 17 September 2018

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 29 August 2018.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	15	1,144
1,001 - 5,000	74	245,496
5,001 - 10,000	87	698,831
10,001 - 100,000	287	12,116,833
100,001 - and over	99	41,254,362
TOTAL	**562**	**54,316,666**

There were 71 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

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

Rank	Holder Name	Designation	Securities	%
1	LAMB KAREN		2,000,000	3.68
2	TREMAIN SASHA		2,000,000	3.68
3	BLUE LEAF CORP		1,999,999	3.68
4	BEAMOND HLDGS PL	BB FAM S/F A/C	1,702,092	3.13
5	B & A WALLACE SUPER FUND	B & A WALLACE S/F	1,500,000	2.76
6	MAGENTASTAR HLDGS LTD		1,375,000	2.53
7	MAGNI ASSOC PL		1,375,000	2.53
8	TENBAGGA RES FUND PL	TENBAGGA FAM A/C	1,228,295	2.26
9	LAISTER WILLIAM A + L S	HYLEROD S/F A/C	1,085,000	2.00
10	TZ ENTERTAINMENT PL	CLAYTON MOVIE FAM	1,001,689	1.84
11	GARVEY PARK PL		1,000,000	1.84
12	MERRIWEE PL	MERRIWEE S/F A/C	970,000	1.79
13	CAIRNS BENJAMIN JAMES		900,000	1.66
14	ARALAD MGNT PL	TRK SUPER FUND A/C	850,000	1.56
15	J & J BANDY NOM PL	BANDY P/F A/C	700,000	1.29
16	SEVENTY THREE PL	KING S/F NO.3 A/C	700,000	1.29
17	SCHLEGEL CRAIG FRANCIS		695,000	1.28
18	TENBAGGA RES PL	TENBAGGA FAM A/C	590,000	1.09
19	FISHER GABRIELLE F		575,748	1.06
20	BLUE ALBATROSS PL		512,500	0.94
			22,760,323	**41.89**

Substantial Shareholders

There are no substantial shareholders.

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

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

Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 30 June 2018.

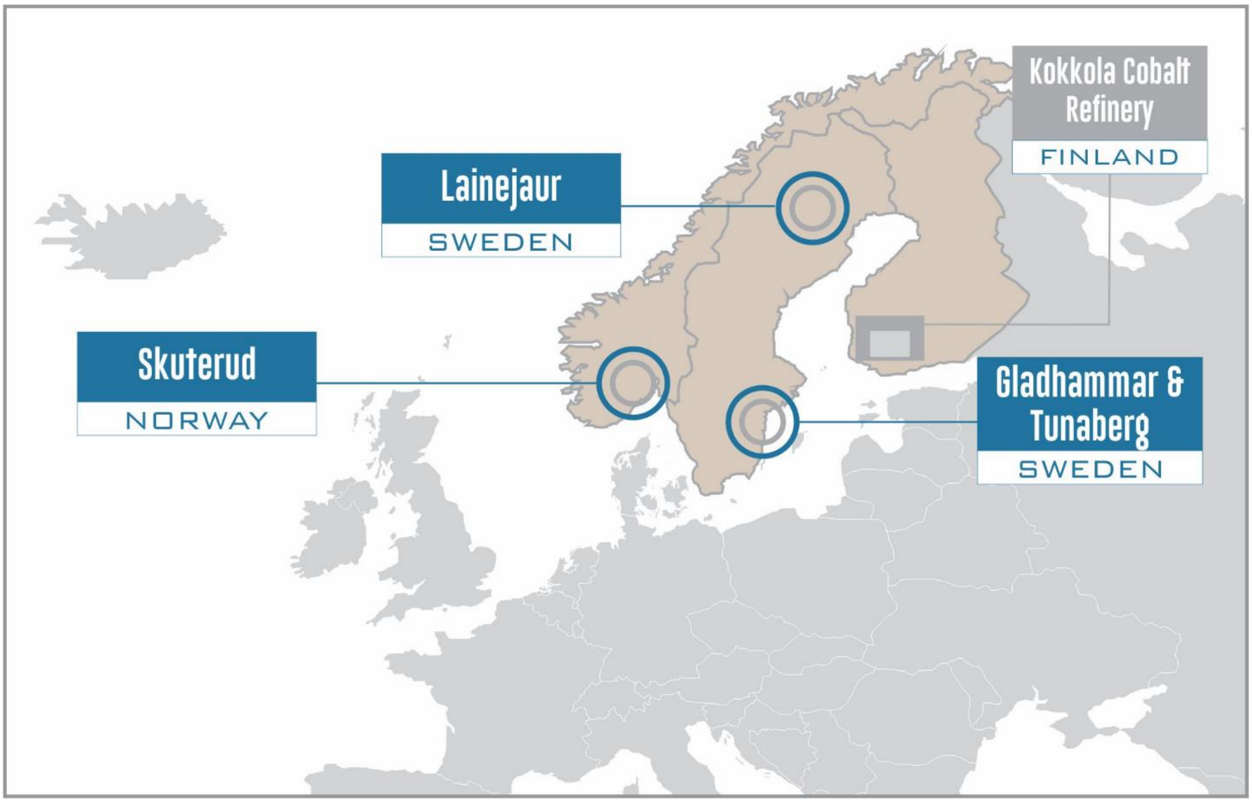
Unlisted Options

Class	Number	Holders with more than 20%
Options over ordinary shares exercisable at $0.25 on or before 31 December 2019.	2,500,000	- View Ways Pty Ltd <ATF the Inwood S/F> 1,000,000 options
Options over ordinary shares exercisable at $0.30 on or before 31 December 2019.	1,000,000	- View Ways Pty Ltd <ATF the Inwood S/F> 1,000,000 options
Options over ordinary shares exercisable at $0.001 on or before 30 November 2020.	2,300,000	- Lone Jet Pty Ltd <ATF Inwood Family Trust> 1,000,000 options - Justin Albert Tremain 500,000 options - Paul Payne 500,000 options
Options over ordinary shares exercisable at $0.50 on or before 31 December 2020.	750,000	- CG Nominees (Australia) Pty Ltd 750,000 options
Options over ordinary shares exercisable at $0.65 on or before 31 December 2020.	750,000	- CG Nominees (Australia) Pty Ltd 750,000 options
Total	**7,300,000**	

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 1-13	Norway	100%
Berkut Minerals Ltd		
Skuterud 3a, 5, 6, 7, 8	Norway	100%
Tunaberg nr 202	Sweden	100%
Gladhammar nr 202, 203, 204, 205, 206	Sweden	100%
Lainejaur nr 20	Sweden	100%

SCANDINAVIAN PROJECT LOCATIONS



BERKUT'S AUSTRALIAN GOLD PROJECTS

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

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 and 8 May 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 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.