BÖRSENBRIEF FÜR
DER GOLD REPORT
EDELMETALL-AKTIEN

Interview with Paul Atherley, Managing Director of Berkeley Energia (911733, ASX: BKY, London: BKY)

Hannes Huster:

Dear Paul, thank you very much for the opportunity to interview you today as I know you are very busy moving the company forward.

Before we start to talk about the BERKELEY ENERGIA please give my readers an overview about the work you did before you joined BERKELEY.

Paul Atherley:

I qualified as a Mining Engineer from Imperial College with a Masters of Applied Science and an MBA. Early on in my career I moved to Australia where I was a Mine Manager of various operations before moving on to become Executive Director of the Investment Bank arm of HSBC Australia and worked on a variety of acquisitions and financings of resource projects in Australia, Asia, Africa and Europe. As the Managing Director of Leyshon Resources Limited, I was responsible for the exploration, development and sale of the Mt Cuthbert Copper project in Queensland and the Zheng Guang Gold-Zinc Project in China.

I have spent the last decade living in Beijing, where I was the Chairman of the British Chamber of Commerce in China and Vice Chairman of the China Britain Business Council in London. I moved back to the UK in June last year and started at Berkeley immediately afterwards.

Hannes Huster:

I just got back from the PDAC in Toronto and Uranium was a major topic at the conference. The investors in North America are highly confident in the fundamentals but there are not too many interesting companies out there. In reality the investors just focus on FISSION and NEXGEN. Where do you see the greatest benefits of BERKELEY compared to other uranium companies?

Paul Atherley:

The Salamanca project is characterized by low operating costs and low upfront capital costs. This is a result of having open pit deposits very close to the surface with high grades and impressive metallurgy. The operating cost during steady state is only US$15.60/lb which means Berkeley will be one of the lowest cost uranium companies globally and the upfront capital cost is less than US$100m as a result of the fantastic infrastructure that services the project.

The majority of uranium development opportunities globally are in areas with very little infrastructure or otherwise challenging natural environments like the Athabasca Basin in Canada or remote regions of Africa or Australia. Working in a highly developed economy has other benefits like available skilled labour forces, well developed supply chains, rule of law and well defined permitting regimes.

Hannes Huster:

Any idea why BERKELEY has such a high discount on the valuation in comparison to these North American Explorers? Have you been to North America to present your company there?

Paul Atherley:

You are right - we see North America as a very good place to market Berkeley, not only because our valuation is so low compared to the Canadians but because we think we have a unique story which promises near term production with low upfront capital versus many Canadian stories that, whilst very high grade, are still nearly a decade away from production given infrastructure constraints.

We intend to present Berkeley to investors in Toronto and New York over the coming months.

Hannes Huster:

Do we have any other producing uranium mines here in Europe and where do all the Nuclear Power stations get their Uranium from? Do you see it as an advantage to start a mine in Europe and do you think you can get end users for your product here in Europe?

Paul Atherley:

Currently the only other uranium mine in Europe is in the Czech Republic and it produces less than 1% of Europe's total supply needs. Remember that Europe is the largest consumer of nuclear power globally, with some 160 reactors currently in operation!

The EU depends on nuclear power for more than one-quarter of its electricity and the fact that it imports almost all of its supply needs leaves Berkeley with an excellent opportunity.

Europe buys the majority of its uranium feed from places like Kazakhstan, Niger and Russia. We believe we have a huge advantage over the competition by starting a uranium mine right within Europe, not only because it will give the continent greater security of supply but also the obvious advantages of lower transportation costs.

Later this month the EU is expected to publish its report calling the continent’s utility companies to make investments of up to €500B in nuclear energy in order to secure energy supply, which confirms the demand for our product there and illustrates why now is a perfect time for Berkeley to be pressing ahead with its Salamanca Project.

Hannes Huster:

What is the history of Berkeley Energia and its mineral properties?

Paul Atherley:

The project lies in a historical uranium mining district of western Spain, richly endowed with near surface uranium deposits.

Berkeley has been operating in Spain for nearly a decade, formerly under a consortium agreement with the State uranium company ENUSA. The consortium ended in 2012 and resulted in Berkeley taking on 100% ownership of a number of high quality uranium deposits, collectively known as the Salamanca project.

The project was completely transformed only 14 months ago by the discovery of the Zona 7 deposit.

Hannes Huster:

The discovery of ZONA 7 was a major step forward. What makes this area so exciting and how did the discovery change the economics of the whole project?

Paul Atherley:

The Zona 7 deposit lies just 4 meters below the ground and contains more than 30m pounds of high grade uranium. It is one of the best uranium discoveries in a very long time. The discovery of Zona 7 has increased the project's mine life from 11 to 18 years and had a major impact on the operating costs which are down from around $25 to $15.60 per pound! Zona 7 will be one of the world's highest grade open pit uranium mines when in operation.

Hannes Huster:

What are the expected capital costs with respect to Berkeley Energia's preferred development plan?

Paul Atherley:

The upfront capital cost for the first pit at Retortillo and for the centralized processing plant is US$81.4m which will be invested this year. During the first year of operations we will develop the Zona 7 deposit for an additional US$53.9m. Any further development capital from that point is likely to be funded from anticipated cash flows.

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Hannes Huster:

As seen in your news releases you discovered lots of targets nearby ZONA 7 and you started drilling again. How is this drill program going and when can we expect the first results?

Paul Atherley:

The style of mineralization of Zona 7 is very different to the other deposits in the project...something completely new and unexpected for us when we discovered it. As a result, our geologists carried out an extensive geological review which identified eleven new targets within our tenements that have a similar geological characteristic to Zona 7. Exploration at the first of these targets began earlier this year and we will update the market with any significant results as we receive them. In January we reported broad, high grade intersections immediately below the Zona 7 deposit, highlighting the likelihood for discovery of depth extensions to this already phenomenal deposit.

Hannes Huster:

At the moment the uranium spot price is trading just below 30 US-Dollars. All the time we hear that long term contracts are closed at a much higher price. Can you explain to my readers the big gap between the spot price and the long term contracts?

Paul Atherley:

The uranium market is unlike many other commodity markets. Around 85% of uranium is sold via long term contracts directly to the nuclear utilities and only 15% is sold into the spot market.

The nuclear utilities prefer these long term contracts because security of supply is so important to them and they do not want to rely on the short term market to buy their material. The utilities will in fact pay a premium, usually $10-15 above the spot price, to secure these long term contracts from the miners.

Unfortunately, financial investors often focus incorrectly on the uranium spot price to decide whether a project will make money, even though that project is very unlikely to be exposed to the sport price.

While the spot price moves up and down quite sharply over the weeks and months, the long term contract price has in fact remained incredibly stable at around $44 per pound. We suggest that investors should look at the long term contract price of uranium when analyzing Berkeley and other developers because this is the market in which we will sell our material, not the spot market.

Hannes Huster:

At the moment I don’t know of any uranium mine that is going into production because of the relative low price. You decided to do it. Personally I see it as a major advantage because if the analysts are right and we see a major supply deficit in the next 4 years you will profit right away. Am I right and what are the risks of going into production now?

Paul Atherley:

You are exactly right Hannes and this is our strategy, but it’s even more important to say that we are developing our project now because it can make a lot of money at the current uranium price!

Because of Zona 7 making our operating costs so low, we don't need the uranium price to increase in order for investors to take an interest in the project.

Our first year of production will be in 2018 when we believe the market will be tightening

Aside from US and European utilities that we see needing long term uranium contracts for 2018 onwards, we expect considerable long term demand growth from China, India and the Middle East and we will be one of the few new developments globally to supply uranium into this growth story.

Hannes Huster:

As announced last week you started to move forward with the project and Iberdrola will bring the power line to the first mining area. For me this is a sign that you have a good feeling to get the project financing done. What would be your preferred structure in the financing? Are you looking for off-take partners as well?

Paul Atherley:

Given the excellent economics of the project we have received a number of approaches from potential financiers and the financing process is well underway.

We are talking to strategic equity partners, major mining companies, nuclear utilities, global trading houses, royalty financiers, project finance banks, institutional equity investors and private equity funds.

Our goal is to raise approx. US$100m in order to commence mining operations and build the processing plant, as well as fund environmental bonds, exploration costs and working capital plus any cost overruns.

Whilst we are open to various investment alternatives our preference is to minimize dilution and to bring a strong strategic partner on board with the project, potentially by selling a minority interest (around 20%) in the project itself.

We have also made good progress in our discussions with the major nuclear utilities and trading houses across Europe, US, China and Japan and are seeing strong demand for material from Salamanca for when the mine is operational.

Hannes Huster:

What news can shareholders expect in the next 6-12 months from the company?

Paul Atherley:

Having just announced the commenced of the first works at the project, this is a very exciting time in our development with some major milestones for shareholders to look forward to including:

- Results of the definitive Feasibility Study to published in June
- Signature of off-take agreements with nuclear utilities
- Successful financing of the project
- Commencement of full construction

Hannes Huster:

Thank you very much for your time. I wish you all the best and please keep me and my readers updated.

More info about DER GOLDREPORT: www.dergoldreport.de

More info about BERKELEY ENERGIA: www.berkeleyenergia.com

<u>Chart BERKELEY ENERGIA 24 months in London:</u>