Shallow, High Grade Results at Cairn Hill; 10.5m @ 8.1g/t Au

ASX Announcement
19 December 2016

Highlights

- **Drilling has confirmed shallow, high grade gold mineralisation at the Cairn Hill Project in the Ashburton Region, Western Australia**
- **Results include:**
  - **10.5m at 8.1g/t Au from 30.5m in CHD004**
  - **3.1m at 9.7g/t Au from 31m within 12.9m @ 2.9g/t Au from 30m in CHD003**
- **Results confirm exciting, near surface, high grade gold with follow-up RC drilling to target extensions planned for 2017**

Cairn Hill

Berkut Minerals Limited (Berkut) is pleased to announce results from its maiden diamond drilling program at the Cairn Hill Gold Project ("Project") in the Ashburton Region of Western Australia. The four hole, 480m diamond drilling program was designed to confirm the presence and style of high grade gold at the Project. Significant intersections from the recent Berkut drilling program are summarised in Table 1.

Table 1- Significant intersections Cairn Hill December 2016 (0.1g/t Au cut off with maximum internal dilution of 2.0m in a single zone of waste)

Hole	Depth from	Depth to	Interval	Au (g/t)
CHD003	31m	34.1m	3.1m	9.7
within	*30m*	*42.9m*	*12.9m*	*2.9*
CHD004	30.5m	41m	10.5m	8.1

Hole CHD003 was designed to confirm the location of the historic intersection in CHR007. Hole CHD004 tested continuity on a small step out on this shallow high grade mineralised intersection (Figure 1). Both holes yielded high-grade gold, surrounded by a broader mineralised envelope. The high-grade gold in CHD003 was coincident with strong quartz veining (Figure 2). CHD004 was dominated by limonitic, highly weathered sediments with stringer quartz veins present (Figure 3).

The results confirm the style of mineralisation targeted and illustrate the potential for a shallow, high-grade gold deposit at Cairn Hill. The company is excited at the opportunity that these results present.

Future exploration work is currently being planned and is expected to include shallow, low cost, reverse circulation drilling, aimed at rapidly defining strike and plunge extensions of the high-grade mineralisation.

A follow-up RC drilling program is expected to commence towards the end of the first quarter of 2017.

Fast Facts

Shares on Issue: 32.67M
Share Price: $0.17
Market Cap: $5.5M
Cash in Bank (30 Sept 2016): $3.4M

Board and Management

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

Ben Cairns, Chief Executive Officer
Melanie Li, Company Secretary

Company Highlights

- Earning 70% of the Cairn Hill project 40km WNW of Paraburdoo.
- 100% owned Mt Clement Project (under application) prospective for gold and base metals 35km SW of Paulsens Gold Mine
- 100% owned Capricorn Li Project (under application) Historic exploration has identified Li anomalism in lag sampling over an area 18km x 4km

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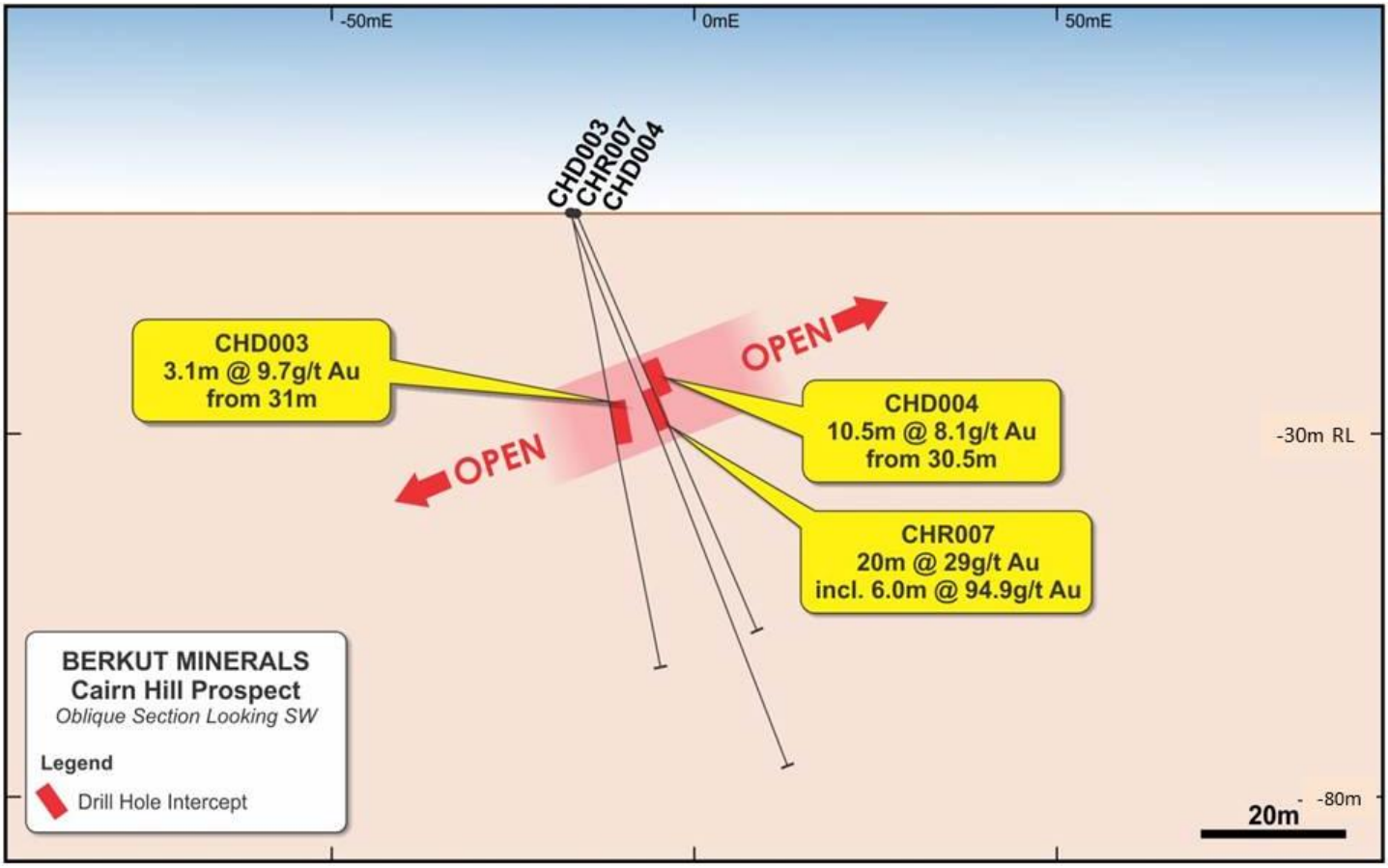

Figure 1- High grade gold intersects CHD003 and CHD004

Holes CHD001 and CHD002 did not intersect the mineralised structure and the Company is now reviewing the core from these holes and re-examining the veracity of the historic records with respect to CHR010.

Details of the drilling program are shown in Table 2.

Figure 2 - CHD003 3.1m @ 9.7g/t Au from 31.0m

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

Table 2 - Drill summary table Cairn Hill December 2016

Collar Location and Orientation (GDA grid)						Intersections > 0.1g/t Au			
Hole	**East**	**North**	**Depth**	**Dip**	**Az**	**From (m)**	**To (m)**	**Length (m)**	**Au g/t**
CHD001	528483	7441153	176.9	-60	360	Target not intersected			
CHD002	528481	7441155	163.7	-50	360	Target not intersected			
CHD003	528378	7441266	68.97	-60	004	30	42.9	12.9	2.9
					including	**31.0**	**34.1**	**3.1**	**9.7**
CHD004	528379	7441268	70.06	-60	030	**30.5**	**41**	**10.5**	**8.1**

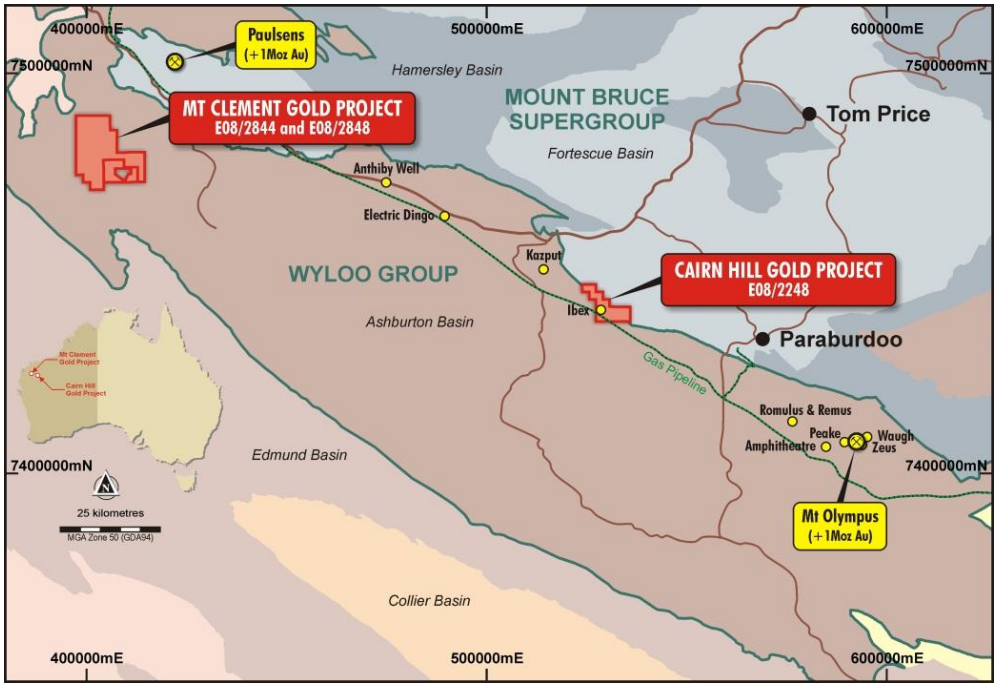

Figure 4 - Project Location

About Cairn Hill

The Cairn Hill Project (E08/2248) is located in the highly prospective Ashburton Region, approximately 40km WNW of Paraburdoo, Western Australia. Berkut has entered into a farm-in agreement to acquire 70% of the project.

The project area was most intensively explored over the period 1998 to 2002 by a major Australian gold company, with work since confined to desktop studies. High-grade gold intersections from the historic drilling had not been fully explained or tested and Berkut believes the project has the potential to host an economic gold mineralisation similar to Paulsens and Mt Olympus located along strike to the NW and SE of the Cairn Hill Project (Refer Figure 4).

Mt Clement / Capricorn Projects

The 100% owned Mt Clement and Capricorn Projects are in the application phase however they are moving through the grant process. Berkut plans to undertake preliminary field programs at the Mt Clement Project and the Capricorn Project in 2017.

Competent Persons Statement

The information in this document that relates to exploration results is based upon information compiled by Mr Ben Cairns, a full-time employee and shareholder of Berkut Minerals Limited. Mr Cairns is a Member of the Australian Institute of Geoscientists (AIG) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Cairns consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Drill core has been cut with a diamond core saw by ALS Global in Perth. • Gold has been determined by lead collection fire assay with ICP-AES finish (ALS code Au-ICP21) • Multi element assay has been undertaken on a mixed four acid digest (Geo-4ACID) with an ICP-AES finish (ME-ICP61)
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• HQ3 diamond drilling, core orientated where sample allows.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Sample recovery is based on measurements taken from the drill string compared to measurements taken on the core whilst still in the split tubes. • Some sample loss is expected in heavily oxidized material where clays predominate. However the use of appropriate drilling muds and diligent supervision has limited the core loss. • Given the limited grade distribution and limited number of drill holes in the current program no relationship between recovery and grade can established.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• All drill core has been geologically and geotechnically logged and engineering geotechnical measurements collected on all orientated

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	core. • All core was photographed wet and dry by ALS in Perth and has been digitally combined into their proprietary Coreviewer Software.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All drill core was freighted to ALS facilities in Perth and was cut on an autofeed Almonte core saw by trained ALS staff. Core was cut in half and for sample intervals greater than 1m core one of the halves was cut in half again. • Sample intervals <1m were sampled with half core, and samples >1m were quarter core sampled to allow resampling if required. • All core was sampled by Berkut Minerals staff. Sample intervals were selected based on geology. Maximum sample interval within mineralised zones was 1.4m. • All core samples were crushed to <6mm and passed through a riffle splitter to produce a maximum sample weight of 3.2kg. • Coarse crushed material was pulverised in an LM5 pulveriser • All coarse rejects and pulverised material has been retained. • Sample size is considered appropriate for the material sampled and elements targeted
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All assaying has been undertaken at the ALS Global Perth facility. • Gold has been determined by lead collection fire assay with an ICP-MS finish. • Multi (33) element assay was undertaken using a standard four acid digest with ICP-MS / AES finish. • For the purpose of this drill program Berkut has not included any additional QC samples and instead relies upon the internal QC procedures at ALS. Performance of lab standards, duplicates and blanks is monitored on a job by job basis. • ALS Perth is certified to ISO 9001:2008 “Quality Management Systems – Requirements and ISO 17025:2005 “General requirements for the competence of calibration and testing laboratories.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data*	• All Au results greater than 10g/t are re-run by ALS • There has been no further verification of the assay results • Sample data is collected on data entry sheets and cross checks against geological logs are made to ensure consistency with lithology.

Criteria	JORC Code explanation	Commentary
	verification, data storage (physical and electronic) protocols. • *Discuss any adjustment to assay data.*	• Data is entered into modelling software and validated to mitigate against errors in data entry • Sample intervals are physically recorded on core trays and photographed prior to cutting.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill collars were located using a hand held Garmin Montana GPS. • Downhole surveys were undertaken every 30m using a Reflex EMS down hole tool. • Dill holes were located using the GDA94 datum in MGA Zone 50
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• With the exception of oxide material in CHD001 all drill core was sampled. • Cut samples in unmineralised material were composited to a maximum 4m interval
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The purpose of the drill was to drill two holes from each of two historic drill pads. • The first hole on each pad was to twin the historic intersectionand the planned dip and azimuth reflected this. • Secondary holes were drilled from the same pad but at either a varied dip or azimuth to provide a second intercection at an appropriate spacing considering the depth of the primary intersection and the orientation of the regional geology.
Sample security	• *The measures taken to ensure sample security.*	• Core was freighted whole to Perth via reputable freight forwarding agencies. Once in Perth core was cut in secure laboratory facilities and sampled onsite by company representatives.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Not undertaken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint*	• Drilling was undertaken on E08/2248 which is owned by Coccinella Pty Ltd. Berkut Minerals has entered into a Farm-In agreement with

Criteria	JORC Code explanation	Commentary
land tenure status	*ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Coccinella with respect to E08/2248. • The tenement is in good standing and there is no reason to question security of tenure. • The tenement is subject to a registered Native Title Claim lodged with the Federal Court on behalf of the Yinhawangka Claim Group and represented by the Yamatji Marlpa Aboriginal Corporation.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The tenement has been subject to previous exploration, which included surface sampling and RC drilling. The majority of the drilling was undertaken in joint venture between Newcrest – Sipa Resources and Bacome in the period 1999-2006. The work completed was of industry standard for the time.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geology of E08/2248 is dominated rocks of the Wyloo Group, in particular clastic sediments of the Mt McGrath Formation and clastic sediments and dolomites of the Duck Creek Dolomite. •
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All information relative to the location of drill collars is included in Table 2 of this release. Note that the RL as recorded by GPS is considered unreliable and given the relatively flat topography of the drill location, and the purpose of the drilling (twining historic holes) RL is considered to be an arbitrary zero. For future drilling, reliable elevation data will be collected with advanced equipment.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• All gold values over 0.1g/t gold with a minimum width of 2 metres from drilling are reported in Table 2 of this release. • Where results have been averaged over a number of sample intervals the result is reported as a length weighted average.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The geometry of mineralisation is not fully understood and therefore the relationship between true width and downhole length is not known.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• As included
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Full results included as Appendices
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Exploration undertaken by Berkut Minerals on the project includes an Induced Polarisation Survey, the results of this survey were previously released to the market on 8th September 2016. • Exploration reports on work undertaken by previous explorers is public information and can be found at the Department of Mines and Energy website.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further drilling to clarify geometry and likely extensions to the mineralisation are currently being planned.