

Quarterly Activities Report

For the Quarter to 31 March 2017

Highlights

Acquisition of European Cobalt Projects

- Following positive due diligence, Berkut to proceed with the acquisition of the Kobald Mineral Holdings Scandinavian Projects, subject to shareholder approval.
- Acquisition includes granted rights to 100% of three prospective cobalt projects in Norway and Sweden ("Projects"):
 - Skutterud in Norway
 - Tunaberg and Gladhammar in Sweden
- Historic underground cobalt mine workings on all three projects none of which have been subject to modern exploration.
- Projects are serviced by excellent infrastructure and are close to the Kikkola cobalt refinery in Finland and strategic markets in Europe.
- Exploration programs to commence following shareholder approval of the acquisition at a General Meeting in May.

Appointment of Managing Director

- Mr Neil Inwood appointed as Managing Director of Berkut to lead the strategic growth of the Company including advancing the Scandinavian cobalt assets

Company Well Funded

- Subject to approval of Tranche 2 of the equity placement announced 9 February 2017, the Company will have \$4.5 million cash on hand to underpin advancement of its exciting Scandinavian projects and other growth opportunities.

European Projects Summary

The Projects are well located with excellent infrastructure and proximity to an operating cobalt refinery and are well placed to benefit from growing demand for ethically sourced cobalt.

Fast Facts

Shares on Issue: 47.3M¹

Market Cap: \$10M¹

Cash in Bank: \$4.5M¹

¹ Assuming completion of the acquisition of Kobald and Tranche 2 of Placement

Board and Management

Neil Inwood, Managing Director
(commenced 26 April 2017)

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

- Proposed acquisition of 100% of cobalt projects in Sweden and Norway.
- 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).

Registered Office

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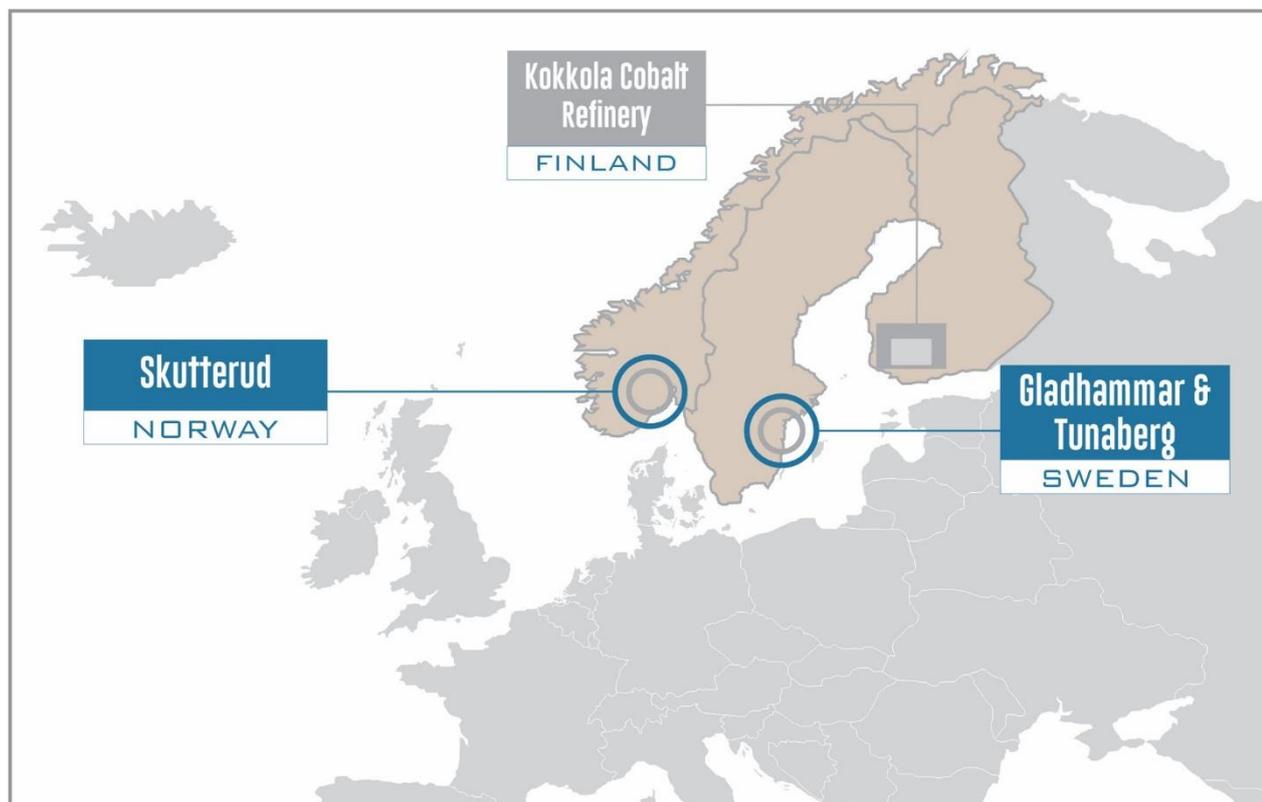


Figure 1- European cobalt project locations

Skutterud Project | Norway

- Region lends its name to one of the main cobalt minerals, Skutterudite
- Granted licences over 1,250 hectares
- Extensive historical workings over a NNW strike length of over 9 kilometres
- Majority of strike extent covered by Kobald tenure

The Skutterud Project consists of four granted licences covering approximately 1,250 hectares (refer Figure 2 in southern Norway, within 100km of the Oslo port. The area contains one of the most famous, historic cobalt mines in the world, which lends its name to one of the main cobalt ore minerals, Skutterudite. The Project was mined throughout the 18th and 19th Centuries, during which time it supplied much of the world's cobalt, employed thousands of people, and the operator was reported to be the most profitable company in Norway.

The 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. The cobalt mineralisation is, to a large degree, characterised by impregnation of cobaltite, glaucodote, safflorite and skutterudite, which partly occur as enrichments in quartz-rich zones and lenses.

The vast majority of the strike of old workings remains open and untested by modern exploration methods and Kobald has secured granted exploration licences over the majority of the strike extent of the old workings. In addition Berkut is exploring further opportunities in the Skutterud region

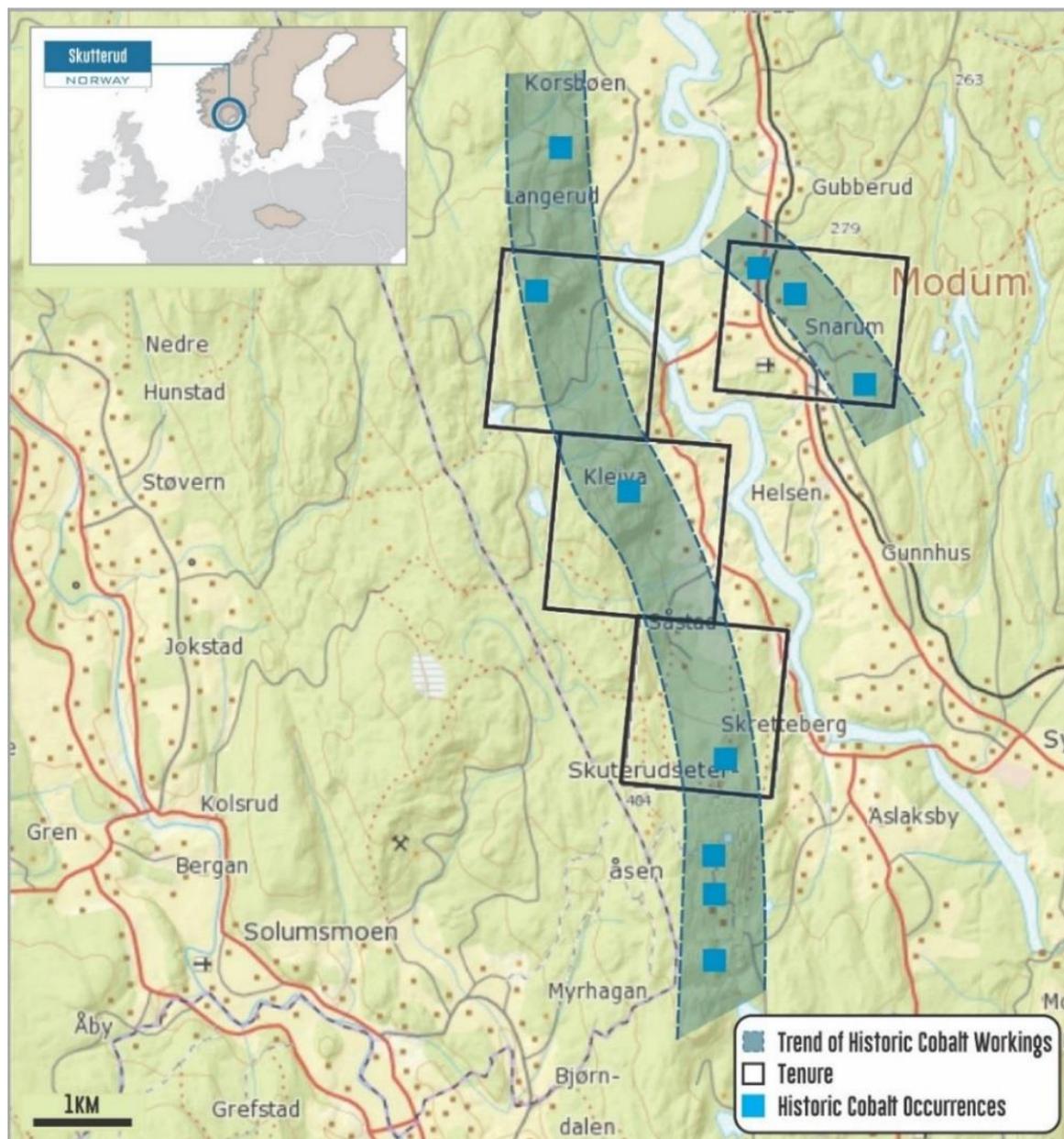


Figure 2 - Skutterud Project area and historic cobalt occurrences

Tunaberg and Gladhammar Projects | Sweden

- Granted licences over 300 hectares
- Historic, cobalt-dominant mine workings from the 15th to 19th centuries untested by modern exploration

The Tunaberg and Gladhammar Projects cover a combined area of just over 300 hectares under two granted licences. The Tunaberg and Gladhammar mining districts are located in southern Sweden, south of Stockholm. Both districts contain historic, cobalt-dominant mine workings from the 15th to 19th centuries, untested by modern exploration methods. Tunaberg was mined for copper from the 15th century and cobalt from the 18th century. The mineralisation type is Co-Cu and Cu-Co skarns, hosted in an Early Proterozoic metatuffite formation with intercalated skarn-altered marbles.

Gladhammar was mined for cobalt and copper from the 16th to 19th centuries. Mineralisation consists mainly of cobaltite, chalcopyrite, pyrite and magnetite.

Initial Exploration Strategy

Ongoing exploration work on the Projects will continue with compilation and GIS data integration of historical mining and exploration data. Upon shareholder approval of the acquisition and subject to weather and access, initial ground exploration will commence comprising geological mapping and sampling along with analysis of geophysical data to gain a better understanding of scale and grade potential of the Projects. This work is expected to rapidly advance the Skutterud Project to initial drill testing.

The site visits undertaken during the due diligence process were hampered by snow coverage and no sampling was undertaken. Relevant historic results have been reported in the announcement dated 9th February 2017.

The Company is also actively reviewing other opportunities in Scandinavia to complement the Kobald licences.

Cairn Hill Gold Project

A short reverse circulation drilling program was completed in February 2017 at the Cairn Hill Gold Project¹. The program was designed to test the potential of the shallow high grade gold reported from the November 2016 diamond drilling campaign. Six holes were completed for 263m and the structure which was identified as the host to gold mineralisation in the diamond drill holes was visually identified in four of these although no significant assay results were reported. Several drill targets remain untested at Cairn Hill and the project will be subject to ongoing review.

Mt Clement / Capricorn Projects

The 100% owned Mt Clement and Capricorn Projects remain as tenement applications and are moving through the grant process and has not undertaken any field during the quarter. Berkut is at an advanced stage of discussions with native title parties with regard to access agreements for Mt Clement and to plans to undertake preliminary geological mapping and hammer prospecting at Mt Clement in the first half of 2017 with a reconnaissance field trip planned to the Capricorn Project once weather conditions permit in the autumn.

Corporate

- The appointment of Mr Neil Inwood as Managing Director marks an important milestone as the Company looks to advance the strategic growth of its assets in Scandinavia and Australia. Mr Inwood is a highly experienced geologist with over 22 years' experience in gold, base metal and speciality 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 a Principle Resource Geologist with 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 has been performing 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.
- At 31 March 2017, Berkut held approximately \$3.5m in cash. Refer to Appendix 5B (ASX website) for principal movements in cash for the quarter. Tranche 2 of the equity placement announced 9 February 2017 is to be presented to shareholders for approval on 22 May 2017. Upon shareholder approval of Tranche 2, the Company's cash position will be approximately \$4.5m.
- The company continues to review the potential of the Cairn Hill Gold Project, with focus on the regional potential of the northern margin of the Ashburton Basin to host additional significant gold mineralisation. Management has reviewed a number of gold and other commodity projects during the quarter for investment opportunities. This strategy is designed to reduce the corporate risk associated with a single commodity focus and expand the company's potential given the healthy cash balance.

Appendix 1 | Berkut Minerals Limited Tenements

Tenement	Location	Structure
Kobald Mineral Holdings		
Tunaberg nr 201	Sweden	Acquisition subject to shareholder approval
Gladhammar nr 201	Sweden	Acquisition subject to shareholder approval
Skuterud 1, 2, 3 & 4	Norway	Acquisition subject to shareholder approval
Cairn Hill Gold Project		
E08/2248	Western Australia	0%, earning a 70% interest from Coccinella Pty Ltd
Mount Clement Gold Project		
E08/2848	Western Australia	Application
E08/2844	Western Australia	Application
Capricorn Lithium Project		
69/3435	Western Australia	Application

Mining Tenements disposed: Nil

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

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

Competent Persons Statement

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

Notes

¹ For full details of exploration results refer to ASX announcement on 27 February and 15 March 2017. Berkut Minerals is not aware of any new information or data that materially affects this information.