We have received the EU Commission View report about Berkeley’ Retortillo project dated 21st of May 2015, on which it is mentioned that the promoter must inform the Commission about the accomplishment of the different outstanding permitting steps.

Regarding the information of the accomplishment of the permitting steps:

- We are pleased to communicate that on the 8th of July 2015 the Nuclear Safety Council (NSC) has issued its favourable report, which is compulsory and binding for the granting of the Initial Authorization for the process plant as a radioactive facility by the Ministry of Industry. Such favourable report is a major milestone that follows other permitting steps that confirm the positive progress on the Retortillo project.

  The said NSC favourable report confirms the suitability of the proposed location of the Project's mining and processing facilities. The report also includes the limits and complementary technical instructions to the Company for the application for the Authorization for Construction, which is the second step in the overall three step process. The Company is well advanced in the preparation of the required documentation for this application and expects to make the submission shortly.

- Significantly, in April 2015 the Company has been granted an important Water Permit. The formal resolution granting authorisation to undertake mining works within the public water domain, to undertake mining works and to locate mining infrastructure adjacent to local creeks and water courses, and to temporarily deviate a creek in the Retortillo area, has been received. The authorisation has been granted by the Duero River Water Authority, an agency of the Ministry of Environment of the Central Government. The permitting process for water capture (both from surface and underground) and water discharge is well advanced, being on its final legal steps.
• Thus the permitting process is progressing, following further steps to the previously reported to the Commission, like the grant of the Mining Licence for Retortillo awarded in April 2014 that included the approval of Exploitation and Reclamation and Closure Plans for the proposed mining operation submitted by Berkeley, and the completion of a number of studies and technical review sessions with relevant government agencies. The granting of the Mining Licence has also taken into account the prerequisite approval of the Company’s Environmental and Social Impact Assessment by the environmental authorities (the Environmental Licence for Retortillo was awarded in October 2013), and the favourable recommendation report issued by the Nuclear Safety Council for the granting of the Mining Licence.

• In July 2015 the Company has received the renewal for 3 years of the Certificate ISO 14001:2004 related to Environmental Management System, a copy of which is attached.

We would like to take this opportunity to mention that in our opinion the Footnote 2 of the said EU Commission View report is not accurate and although it seems a general comment, we believe that in our case merits a clarification in order to avoid third parties confusion that may have knock-on effects to our project. In said Footnote 2 it is mentioned that some environmental aspects related to the fulfilment of EU Directives should be analyzed in more depth, as well as aspects related to the competence, as the case may be.

In said Footnote it is mentioned that in an indicative way the Commission wants to draw the attention over the regulations set forth in the following Directives:


In reality all authorizations received from the Spanish authorities have taken into account all the applicable EU Directives. As a way to prove it, we are including as Annex 1 to this letter an explanation about in what paragraphs of the Environmental and Mining Licenses is mentioned the fulfilment of the EU Directives. This explanation is complementary of the checklist we already
delivered to the Euratom Agency forming part of our answer dated 27th of October 2014 to questions raised from said Agency. We believe that unfortunately the confusion may have been generated because it has never been requested to us to send you a copy of said Environmental License sand Mining License issued by the Spanish authorities so, when evaluating the document the Euratom Agency was not able to follow up fulfilment of the EU directives in said documents. Please let us know if you want us to send a translation into English of the Resolution of granting of the Exploitation Concession (Mining Concession) and the favourable Declaration of Environmental Impact (Environmental License).

We also believe that the concerns related to competence are not applicable to our case, because the competence to our project shall only supply 2.5% of the EU uranium needs. There are currently within the UE 131 reactors in operation for which 97.5% of the uranium comes from outside the UE. Unless some mines are opened within Europe, the import dependence shall increase, as currently there are 4 reactors in construction, 19 planned, and 15 more proposed.

In conclusion, we believe that the conditions set forth in Footnote 2 have been fulfilled and duly explained. Please also take into account that for the fulfilment of said conditions both the promoter and the Spanish Administration have devoted efforts in order to avoid confusion with third parties about the fulfilment of said Directives for the Retortillo project permitting process.

We hope that this letter shall be enough to resolve the above mentioned issue. As usual, please do not hesitate to require any further information or clarification if necessary.
ANNEX 1

An explanation of the fulfilment of the EU Directives is detailed below:

A) DIRECTIVES AND SPANISH NORMATIVE APPLIED TO THE PROCESSING OF THE DECLARATION OF ENVIRONMENTAL IMPACT.

In the processing of the Declaration of Environmental Impact the following Directives have been taken into account. They have been classified in two groups: considering them by their generic appliance or considering them by their specific appliance, being these latter related to specific aspects of the environmental impact assessment related to specific aspects like Natura 2000, noise, air, etc.

A.1. Directives of generic appliance


With respect to the Directives mentioned above we shall mention the following:
The assessment of the environmental aspects of the Retortillo exploitation project (Salamanca), crystallized with the publication of the favourable Declaration of Environmental Impact (DEI) issued by an Order FYM/796/2013, of 25th of September 2013, of the Ministry of Environment and Urbanism of the Castilla y León regional government.


Once the DEI was published, the Law 21/2013, of 9th of December of 2013 of Environmental Assessment entered into force. Said Law transposed to the Spanish legislation the Directive 2011/12/EU of 13 December on the assessment of the effects of certain projects public and private on the environment. Subsequently the said Directive 2011/12/EU was amended by Directive 2014/52/EU of April 16, 2014, in which it is established the date of May 16, 2017 as the deadline for its transposition to the Spanish legislation.

While the environmental assessment procedures were based on an environmental normative now repealed, all the requirements included in the Directive 2014/52/ EU of April 16, 2014, that up to date remains pending to be transposed into Spanish law, were considered and evaluated at the time, with the exception of the study about the vulnerability of the project for the climate change. The implementation of the requirements has been declared in the DEI when declaring that said DEI has fulfilled Royal Legislative Decree 1/2008 of 11 January (see DEI pages 66270).

Regarding this aspect of the climate change, it is necessary to point out that nuclear power is the only way to generate massive, clean and inexpensive power to cover a significant part of the growing electricity demand, and the only source capable of supplying large amounts of electricity without contribute significantly to climate change: by not generating carbon dioxide, currently nuclear plants are saving 8% of CO2 emissions worldwide. In fact, according to the International Energy Agency, nuclear has avoided the emission of some 56 gigatons of carbon dioxide since 1971, which is the equivalent of nearly two years of total global CO2 emissions at current rates. Furthermore, in the Commission View Report related to the Retortillo project it is specifically mentioned:
"The EU energy strategy has as its main objectives to provide a safe and reliable energy supply; create a competitive energy market that offers affordable prices for energy; and create a sustainable energy by reducing emissions of greenhouse gases. The electricity produced from nuclear power plants is an electricity supply reliable charging base and low emissions which plays an important role in energy security. The global market for uranium supply is stable and very diversified, but the EU depends heavily on imports."

A.2. Directives related to specific aspects of the environmental assessment.

A.2.1. The COUNCIL DIRECTIVE 79/409/EC of 2 April 1979 on the conservation of the wild birds and the COUNCIL DIRECTIVE 92/43/EEC on the Conservation of natural habitats and of wild fauna and flora are the directives that regulate Natura 2000 established in last decade. The contents of said Directives were incorporated, once duly updated, to the Spanish normative, initially through the Royal Decree 1997/1995, of 7th of December, that establishes measures to help ensure biodiversity by conserving natural habitats and wildlife, modified by Royal Decree 1193/1998, of 12th of June and subsequently by Law 42/2007, of 13th of December, on Natural Heritage and Biodiversity.

Said latter Law has been applied to the permitting of the project in relation to vegetation and fauna studies (protection of species and Habitats of interest for the EU) and also in relation to the Appropriate Assessment of the Retortillo exploitation project to determine its implications for Natura 2000 sites (IRNA).

This appropriate assessment of the repercussions of the project on the Natura 2000 has also been performed in accordance with the Natura 2000 regional legislation (Decree 6/2011 of 10th of February, that establishes the procedures of impact assessment related to Natura 2000 of those plans, programs or projects developed in the territory of the Region of Castilla y León), and finished on September 19, 2013 with the issuance by the Service of Natural Areas of the General Directorship of Environment of the Ministry of Development and Environment of the Castilla y León regional government, of a document called IRNA (a copy of which is attached), which concludes that the actions planned, either individually or in combination with other projects, will not cause damage to the integrity of the Natura 2000 (page 22 of IRNA). This report was reflected in the issued favorable DEI (pages 66298 and 66299 of the DEI).

During said process the DIRECTIVE 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds was also considered, as reflected in paragraph 3 Applicable regulations of said IRNA (page 13).

After the publication of the DEI, the Royal Decree 1015/2013 of 20 December entered into force, which modifies Annexes I, II and V of the Law 42/2007, of 13
December, on Natural Heritage and Biodiversity, which incorporates into the Spanish normative the Directive 2013/17/EU of 13th of May, amending the Annexes I, II and V of the COUNCIL DIRECTIVE 92/43/EEC on the Conservation of Natural habitats and of wild Fauna and Flora.

The relevant pages of the DEI are the following:

- Introduction (p. 66270)
- Environmental Impact Study (p. 66290)


The said Directive was transposed to the Spanish legislation by the Royal Decree 975/2009 of 12 June on the management of waste from extractive industries and the protection and rehabilitation of areas affected by mining activities, subsequently amended by Royal Decree 777/2012, of 4 May.

Said Royal Decree 975/2009 applies in relation to aspects of the rehabilitation of areas affected by mining activities. The Retortillo Project integrated the rehabilitations activities with radioactive waste disposal and facilities closure, which is subject of Royal Decree 102/2014 of 21st February, on the responsible and safe management of spent fuel and radioactive waste. Said Royal Decree is the transposition to the Spanish legislation of the COUNCIL DIRECTIVE 2011/70/EURATOM of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste.

Said Royal Decree 102/2014 establishes the residues generated in extractive activities of radioactive ores that could be categorized by the Ministry of Industry, in agreement with the Nuclear Regulatory Council as radioactive wastes. The Nuclear Regulatory Council has established, as preliminary classification, the heap leaching waste (ripios) and mill decommissioning waste as radioactive waste if they cannot by cleared. In addition it identifies also the different stages of a final disposal facility licensing, including its closure, as well as the responsibilities of the facility title holder and the State.

It shall be mentioned that the waste management from mining activities has been already approved by the Castilla y León Regional Government Authorities. In effect, the Exploitation Plan, the Rehabilitation and Closure Plan submitted by Berkeley
that was approved by the General Directorship of Mines of the Castilla y León Regional Government by way of Resolution dated 8 April 2014, has been carried out according to the Royal Decree 975/2009, of 12 June, on the management of waste from extractive industries and protection and rehabilitation of the areas affected by mining activities, partially amended by Royal Decree 777/2012, of 4 May, which is the transposition of Directive 2006/21/EC of the European Parliament and of the Council of 15 March 2006 on the management of waste from extractive industries, amending the Directive 2004/35/EC-Statement by the European Parliament, the Council and the Commission.

However, as detailed in paragraph B) below, the Waste Management Plan of the radioactive waste shall be approved as part of the Authorization for Exploitation of the first category radioactive facility as established by the Royal Decree 1836/1999, of December 3, for regulations on nuclear and radioactive facilities, subsequently ratified by the recent Royal Decree 102/2014 of 21 February, for the responsible and safe management of spent fuel and radioactive waste (published in the Official Gazette of 8th of March 2014). Said Royal Decree is the transposition of the 2011/70/Euratom Directive of the Council of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste is established, that represents a new step in community regulation nuclear safety, following the adoption of Directive 2009/71/EURATOM the Council of 25 June 2009 establishing a Community framework for the nuclear safety of nuclear installations, imposing a number of obligations for the establishment a national nuclear safety framework applied to such facilities.

The relevant pages are the following:

**Exploitation Concession notified on 25th of April 2014:**

* Pleas of fact, paragraphs 11 and 13 (pp.13-15)
* Legal basis, paragraph 6 (pp.16-17)
* Decision, third and fourth condition (pp. 18-19)

**DEI:**

* Environmental Impact Study (p. 66294)
* Protective measures: paragraph k →waste management- (p.66306), paragraph m →waste dumps- (p. 66306), paragraph q →Restoration and recovery- (p. 66308), paragraph r - Emergency plans- (p. 66309) - Securities and guarantees (p. 66311)
A.2.3 COUNCIL DIRECTIVE 2003/35/EC of 26 May 2003 providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment and amending with regard to public participation and access to justice Council Directives 85/337/EEC and 96/61/EC. (DIRECTIVA 2003/35/CE del Parlamento Europeo y del Consejo, de 26 de mayo de 2003, por la que se establecen medidas para la participación del público en la elaboración de determinados planes y programas relacionados con el medio ambiente y por la que se modifica, en lo que se refiere a la participación del público y el acceso a la justicia, las Directivas 85/337/CEE y 96/61/CE del Consejo)

Said Directive was transposed to the Spanish legislation by Law 27/2006, of 18th of July, that regulates the right of access to the information, the public participation and access to justice in environmental matters, subsequently partially amended by the Royal Legislative Decree 1/2008, of January 11, on the approval of the revised text of the Law on Projects Environmental Impact Assessment, amended by Law 6/2010. This Decree has been repealed by Law 21/2013 of 9th of December of 2013 of Environmental Assessment that entered into force once the favourable DEI of the project was published.

Forming part of the DEI procedures, an Environmental Scoping Study for both the mine and the treatment plant as a radioactive facility was submitted for public consultation among the following institutions:

- Sección Territorial de Ordenación y Mejora III del Servicio Territorial de Medio Ambiente de Salamanca (Environmental Department of the Regional Government).
- Sección de Protección de la Naturaleza del Servicio Territorial de Medio Ambiente de Salamanca (Environmental Department of the Regional Government).
- Sección de Vida Silvestre del Servicio Territorial de Medio Ambiente de Salamanca (Environmental Department of the Regional Government).
- Sección de Protección Ambiental del Servicio Territorial de Medio Ambiente de Salamanca (Environmental Department of the Regional Government).
- Sección de Espacios Naturales y Especies Protegidas del Servicio Territorial de Medio Ambiente de Salamanca (Environmental Department of the Regional Government).
- Técnico de Evaluación Ambiental del Servicio Territorial de Medio Ambiente de Salamanca (Environmental Department of the Regional Government).
- Sección de Minas del Servicio Territorial de Industria, Comercio y Turismo de Salamanca (Mines Department of the Regional Government).
- Sección de Industria y Energía del Servicio Territorial de Industria, Comercio y Turismo de Salamanca (Industry Department of the Regional Government).
- Sección de Protección Civil de la Delegación Territorial de la Junta de Castilla y León en Salamanca (Civil Protection Department of the Regional Government).
- Sección de Higiene de los Alimentos y Sanidad Ambiental del Servicio Territorial de Sanidad de Salamanca (Food and Health Department of the Regional Government).
- Servicio Territorial de Agricultura y Ganadería de Salamanca (Agriculture and Cattle Department of the Regional Government).
Subsequently, the company submitted the Environmental Impact Assessment for both the mine and the treatment plant as a radioactive facility that incorporates the comments received from the Environmental Scoping Assessment's consultancy period that was subsequently lodged for a public information period.

Regardless the above public information process stipulated by Law, the company carried out several presentations and information sessions to all neighbours and public in general at the relevant municipalities, that are still recorded at the web page of the municipalities.


The said Regulation has been transposed to the Spanish legislation by the Royal Decree 508/2007, of 20 April, regulating the supply of information on emissions, in accordance with Regulation E-PRTR and integrated environmental approvals. In addition, the said Royal Decree has been transposed to the regional legislation by the Order MAM/248/2009, of 3rd of February, of the Castilla y León regional government which establishes the procedure and models for the notification of emissions and transfer of pollutants.

The above mentioned regulations have been taken into account by the favourable DEI (p. 66311).

Said Directive has been transposed to the Spanish normative by Law 22/2011, of 28th July, related to waste and contaminated soils.

Both said Directive and Law have been applied in project aspects related to waste management and they have been taken into account by the favourable DEI (p.66306).


The transposition of Directive 2000/60/EC in Spain was made through Law 62/2003 of 30th of December on fiscal, administrative and social order measures which includes on its Article 129 the modification of the consolidated text of the Water Law (Legislative Royal Decree 1/2001, of July 20) in which is incorporated into Spanish law Directive 2000/60 / EC establishing a framework for the EU actions in the field of water policy.

The main objective of the accomplished modification is to get a good and adequate protection of inland, coastal and transitional waters, for which purpose the river basin is regulated as a new territory of water management and water planning, establishing a single management plan for each one of the hydrological river authorities; accordingly, by Royal Decree 478/2013, of June 21, the Hydrological Plan of the Duero River Water Authority Spanish has been applied to the exploitation plan of the mining project and to its environmental impact study subsequently approved by the granting of the Exploitation Concession and the favourable DEI.

The Water Framework Directive mentioned above was transposed to the Royal Decree 606/2003, of 23 May (that amends the previous Royal Decree 849/1986, of 11 April). Said Royal Decree has been applied, among others, in relation to the discharge of water.

The transposition of this Directive into Spanish law was made through the Royal Decree 903/2010 of 9 July on the Assessment and Management of Flood Risk, which regulates the procedures for the preliminary flood risk assessment, the hazard and risk maps and risk management plans across the Spanish territory.

Floodplain cartography published by the Duero River Water Authority was considered in environmental studies, concluding that the area of development of the mining project is located in an area with no significant potential flood risk.


Said Directive was transposed to the Spanish legislation by Royal Decree 102/2011 of January 28th on the improvement for ambient air quality, in which the emission limit values for the protection of human health and the environment as a whole are established. They have been considered in the study of the dispersion of air pollutants for Retortillo project.

The relevant pages of the favourable DEI are: p.66302


Said Directive was transposed to the Spanish legislation by Law 37/2003 of 17 November on noise and regulatory developments.

However, the autonomous community of Castilla y León, has developed said basic general government legislation by the publication of the Law 5/2009, of June 4, of Castilla y León, related to noise. The environmental noise limit values of said regulations have been taken into account for the elaboration of the acoustic study of the Retortillo project approved by the favourable DEI.

The relevant pages of the favourable DEI are 66306.
B) DIRECTIVES RELATED TO RADIOLOGICAL PROTECTION

B.1. COUNCIL DIRECTIVE 2011/70/EURATOM of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste. (Directiva 2011/70/Euratom del Consejo, de 19 de julio de 2011, por la que se establece un marco comunitario para la gestión responsable y segura del combustible nuclear gastado y de los residuos radiactivos.)

Said Directive was transposed to the Spanish legislation by Royal Decree 102/2014, from 21st February, on the responsible and safe management of spent fuel and radioactive waste, which establishes that the residues generated in extractive activities of radioactive ores will by categorized by Minister Industry, in agreement with the Nuclear Regulatory Council as radioactive wastes. The Nuclear Regulatory Council has established, as preliminary classification the heap leaching waste (ripios) and mill decommissioning waste as radioactive waste if they cannot be cleared.

Said Royal Decree identifies also the different stages of a final disposal facility licensing, including its closure, as well as the responsibilities of the facility title holder and the State.

In paragraph A.1.2 above an explanation of the implementation of both the Directive 2011/70 and the Royal Decree 102/2014 to the Retortillo project is detailed.

B.2. COUNCIL DIRECTIVE 2013/59/EURATOM of 5 December 2013 laying down basic safety standards for protection against the dangers arising from exposure to ionizing radiation, and repealing Directives 89/618/Euratom, 90/641/Euratom, 96/29/Euratom, 97/43/Euratom and 2003/122/Euratom. (Directiva 2013/59/EURATOM del Consejo de 5 de diciembre de 2013 por la que se establecen normas de seguridad básicas para la protección contra los peligros derivados de la exposición a radiaciones ionizantes, y se derogan las Directivas 89/618/Euratom, 90/641/Euratom, 96/29/Euratom, 97/43/Euratom y 2003/122/Euratom)

Royal Decree 783/2001, from 6th July, that passes the ruling on health protection against ionizing radiation, as amended by Royal Decree 1439/2010, from 5th November. Said Royal Decree 783/2001 is mandatory for all the practices implying risks derived from ionizing radiations coming from artificial sources or natural sources when natural radionuclides are intended to be processed as a consequence of their radioactive, fertile or fissionable properties.

In addition, Royal Decree 1836/1999 is mandatory for all nuclear and radioactive facilities and other specific activities involving ionizing radiations.
Both Royal Decrees are based on COUNCIL DIRECTIVE 96/29/EURATOM of 13 May 1996, laying down basic safety standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation. Directive repealed by the COUNCIL DIRECTIVE 2013/59/EURATOM. In spite of said COUNCIL DIRECTIVE 2013/59/EURATOM has not been transposed yet to the Spanish regulations framework, all documents submitted by the company to the Nuclear Safety Council has taken into account said Directive 2013/59/EURATOM.


Said Directive was transposed to the Spanish legislation by Royal Decree 140/2003 of 7th of February, on the health criteria of the quality of water for human consumption, subsequently amended by Royal Decree 1120/2012, of 20th of July.

The provisions of said Directive concerning the requirements for the health protection of the public with regard to radioactive substances in water intended for human consumption have been replaced by the COUNCIL DIRECTIVE 2013/51/Euratom, of 22 October 2013, laying down requirements for the protection of the health of the overall public with regard to radioactive substances in water intended for human consumption, which must be transposed into Spanish law before November 28, 2015.

Obviously said Royal Decree will be applied for the discharge of liquid effluents from the water treatment plant.
THE INTERNATIONAL CERTIFICATION NETWORK

CERTIFICATE

IQNet and AENOR hereby certify that the organization

BERKELEY MINERA ESPAÑA, S.L.
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(SALAMANCA)

for the following field of activities
The research, exploration and drilling for the use of uranium.

has implemented and maintains a

Environmental Management System

which fulfills the requirements of the following standard

ISO 14001:2004

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