



**Berkeley**  
Resources Ltd

ABN 40 052 468 569



moving forward.  
ANNUAL REPORT 2011



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Chairman

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Managing Director

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Non-Executive

**MR LAURENCE MARSLAND**

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**CONTENTS**

CHAIRMAN'S LETTER TO SHAREHOLDERS	1
OPERATIONS REVIEW	3
CONCISE FINANCIAL REPORT	15
CORPORATE GOVERNANCE STATEMENT	42
ADDITIONAL INFORMATION	49



It has been an extraordinary year for the Company and its shareholders. A series of encouraging and positive developments through to the March quarter were sharply halted, then reversed, by unforeseen events that threatened the planned development and production schedule for the Salamanca Uranium Project and strongly reduced the Company's market valuation. Whilst uncertainties will remain until the current dispute with ENUSA is resolved, the Company continues to make encouraging progress with the 100% owned Retortillo Project, which offers the potential to be a stand-alone, independent uranium mine.

In the first half of the year the strong rise in the uranium spot price that began about June 2010 was accompanied by increasing corporate activity as prospective producers were re-rated. The Company entered into an MOU with the Korea Electric Power Corporation (KEPCO) for project investment and offtake in August, 2010, and was subsequently approached in October, 2010, by OAO Severstal (Severstal) with a proposal to potentially acquire control of the Company for US\$2.00 per share. The Board and Severstal were unable to agree terms under which an agreed bid for the Company could proceed and the Severstal exclusivity period ended on 29th December. Severstal's related share subscription right lapsed on 14 January, 2011.

In parallel with this corporate activity, the Company was completing the first phase of the Mining Domain Feasibility Study (MDFS). This study was restricted to the ENUSA State Reserves, and linked to a decision to exploit their uranium resources, as required in the Co-operation Agreement with ENUSA. Its submission would trigger the formation of NEWCO, transfer of a 90% interest in the State Reserves to Berkeley, and subsequent payment of 20m euros to ENUSA. In mid-January, 2011, the Company initiated a successful capital raising of \$55million through placement of shares at \$1.70, and on 17 January the Board made the decision to exploit the resources in the State Reserves.

The Company was now favourably positioned to proceed with its commitments to ENUSA and progress to development at a time of strengthening uranium prices and forecast supply shortfall. Unfortunately, this positive outlook was strongly impaired by two factors. Firstly, by the powerful Japanese earthquake of 11 March, its unprecedented impacts on the Fukushima nuclear power facilities, and also by its more widespread economic, political and social consequences, including the sharp fall in the market value of uranium equities. Secondly, on 23 May, when ENUSA disputed the restricted Feasibility Study submitted on 18 February, and as a result NEWCO was not formed by the agreed date of 27 May.

Since receiving that advice from ENUSA there has been several meetings with them to resolve the differing interpretations of the content and purpose of the Feasibility Study. These discussions are continuing with the aim of lessening the possible risks to both parties, implicit in the Co-operation Agreement. This Agreement also provides for recourse to arbitration and Berkeley has taken extensive legal advice, should it wish to exercise this option.



## CHAIRMAN'S LETTER

### TO SHAREHOLDERS (CONTINUED)

In contrast with this period of corporate challenges, it has been a year of strong technical outcomes. Highlights include: strengthening of the JORC-compliant resource base in the State Reserves; identification of new drill-ready prospects within these Reserves and also within Berkeley's 100% owned contiguous licenses; and confirmation of high metallurgical recoveries from comprehensive tank leach and column leach programs at the Aguila and Alameda deposits. In addition, the Company has recently commenced a preliminary feasibility study at the 100% owned Retortillo deposit, based on heap leaching. The possibility of such a development has received strong backing from the Regional Government of Castilla y Leon.

It has also been a very eventful year for the executive management team. Mr Ian Stalker resigned as Managing Director on 29th December, but remained on the Board. The Finance Director, Mr Henry Horne, was appointed Acting Managing Director until Mr Brendan James, a metallurgical engineer, took up the appointment as Managing Director and CEO on 6 June, 2011. Mr Francisco Bellon, a senior Spanish Mining Engineer and metallurgist, was appointed General Manager, Operations. Mr Horne, and the former COO, Mr Scott Yelland, resigned on 30 June.

Several Board changes also occurred during the year: Mr Sean James resigned as a non-executive Director in October; the former Chairman, Dr Robert Hawley CBE, resigned for health reasons in January; and Mr Yelland resigned on 30 June.

These events and changes have resulted in an exceptionally demanding and challenging year for our employees and the Board is deeply appreciative of their loyalty, commitment, and professional contributions in the midst of a range of uncertainties. Naturally these uncertainties have had a substantial impact on our shareholders and we wish to sincerely acknowledge their continuing support.

Whilst the Executive continues to explore every possibility for resolving the dispute with ENUSA, the Company's technical capacity has been strengthened, and the preliminary feasibility study at Retortillo is being vigorously progressed under the strong leadership of Brendan James. The possibility of a fully independent, stand alone, 100%-owned operation at Retortillo, coupled with the strongly supportive attitude of the regional government of Castilla y Leon, provides an immediate source of encouragement for the Company and our shareholders. In addition, we believe that the underlying fundamentals of the forecast deficit in uranium supply are unchanged and provide every incentive to optimise our advantageous position in Spain.

“ the Company's technical capacity has been strengthened, and the preliminary feasibility study at Retortillo is being vigorously progressed...”



**DR JIM ROSS AM**  
Chairman



**KEY DEVELOPMENTS**

- On the 19th January, 2011, the Company announced a fully underwritten placement of 32,360,000 ordinary shares at AUD\$1.70 per share to institutional investors, at a discount of 7.1% to the closing share price on the 18th January, 2011. The placement was jointly underwritten by RBC Capital Markets ("RBC"), BMO Capital Markets ("BMO") and Dundee Securities Corporation.
- The decision to exploit the Mineral Resources within the Mining Domain (State Reserves) in accordance with the Cooperation Agreement with ENUSA of 29th January, 2009.
- Submission of a restricted Feasibility Study limited to the State Reserves Mineral Resources, to ENUSA on 23 February, 2011, as required under the Co-operation Agreement. On May 23rd ENUSA notified Berkeley by letter its concerns about the restricted Mining Domain Feasibility Study (MDFS). Berkeley responded on May 25th supporting the Feasibility of the Salamanca Uranium Project and requesting the incorporation of the Joint Venture (JV) company called "Newco" by May, 27th 2011. Newco was not incorporated by the agreed deadline of 27th May 2011. A number of meetings have been held since with the principal objective of reconciling different views.
- Commencement of an extensive programme of exploration drilling on a new generation of high quality targets within the State Reserves and Berkeley's contiguous licenses, beginning with the Mimbres North and Retortillo prospects with early encouragement at Mimbres North.
- Drilling campaigns at Águila, Alameda and Retortillo targeting an upgrade of the Inferred portions of the resource estimations, to measured and indicated.
- On 6 June 2011, the Company appointed Brendan James, a metallurgical engineer with extensive financial experience as Managing Director and Chief Executive Officer, based in Spain.
- On 11 October 2011 the Company initiated the licencing and permitting processes for the Salamanca 1 Project including the Retortillo and Santidad deposits on the Company's 100% owned resources to be developed as a stand alone uranium project.

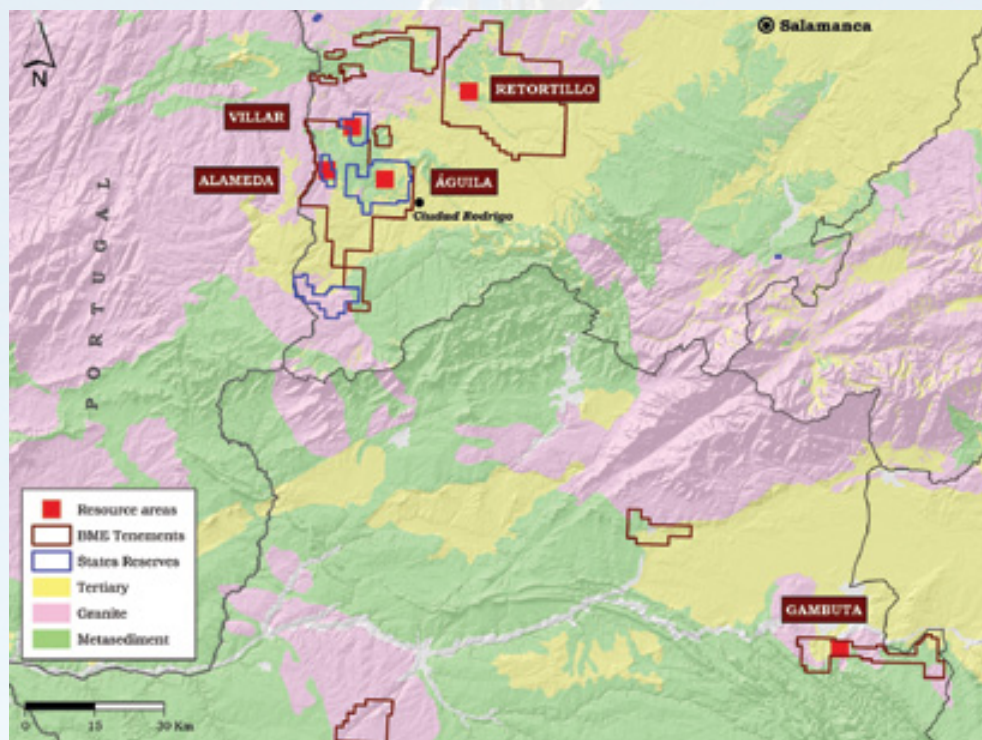


**Berkeley Project Locations**





**GEOLOGY AND EXPLORATION**



**Berkeley Resources Areas**

During the 2010/11 year geological operations had the following objectives:

- Convert most of the resources at the Alameda, Sageras and Palacios deposits in the State Reserves into JORC-compliant Measured and Indicated categories;
- Obtain large metallurgical samples from Sageras, Alameda South and Retortillo deposits for column testing;
- Upgrade confidence levels for the resources at other deposits within the State Reserves and Retortillo; and
- Identify and assess exploration targets within the State Reserves and Berkeley's 100% owned licenses within the Salamanca Province.

To achieve these aims, Berkeley has drilled 220 holes totalling 15,541m on projects within the Salamanca Province and undertaken extensive field work, partly in conjunction with the University of Salamanca. Drilling activity is summarised by drill type and area in the following table.

**Drilling Activity in 2010/11**

	Number of holes	Total (m)	Number holes DDH	DDH (m)	Number holes RC	RC (m)
Alameda Sur	62	4,832	20	1,775	42	3,057
Mimbre	14	876		0	14	876
Sageras	99	6,044	21	1,393	78	4,651
Retortillo	35	2,679	23	1,875	12	804
Palacios	10	1,111		0	10	1,111
<b>Total</b>	<b>220</b>	<b>15,542</b>	<b>64</b>	<b>5,043</b>	<b>156</b>	<b>10,499</b>

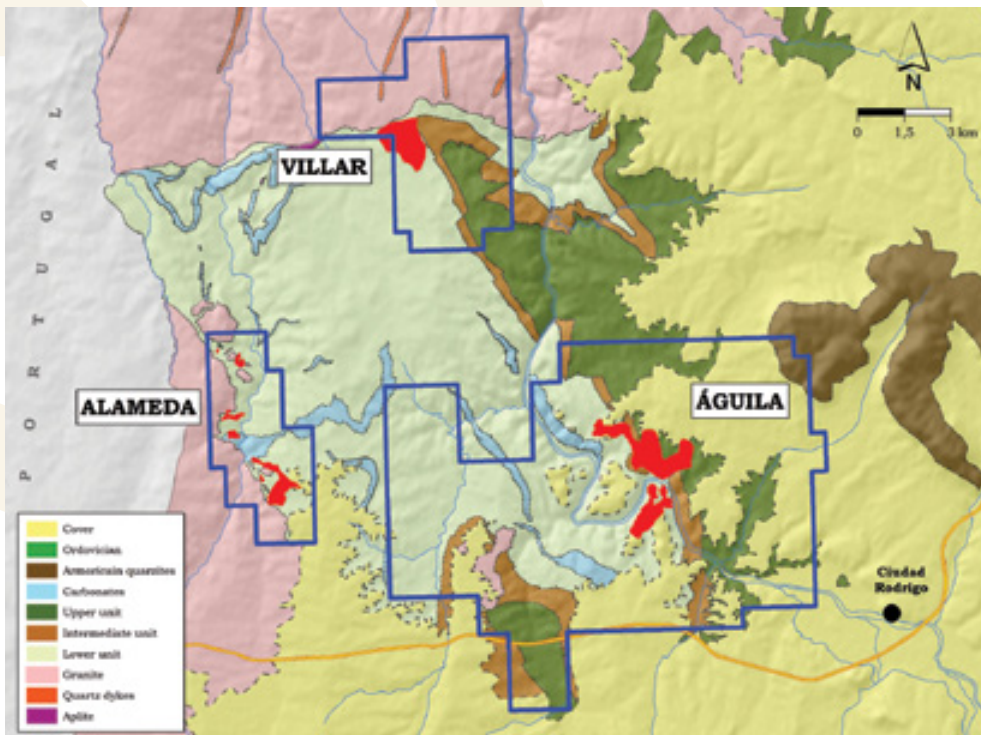




**RC Drilling**

**STATE RESERVES**

Berkeley's initial focus was on upgrading and improving the Mineral Resource Estimates within the State Reserves. During the September quarter, 2010, 7,207m were drilled, resulting in a 10% increase in resources at Sageras and Alameda South. A total of 93% of these resources were categorised as Indicated and Measured, under the JORC code, as announced in September 2010.



**Salamanca Uranium Project State Reserves**

# OPERATIONS

## REVIEW (CONTINUED)

### GEOLOGY AND EXPLORATION (CONTINUED)

#### STATE RESERVES (CONTINUED)

The Current Mineral Resource Estimates for all deposits is tabulated below.

#### Mineral Resource Inventory (200ppm U<sub>3</sub>O<sub>8</sub> Cut-off)

Deposit Name	Resource Category	Tonnes (Mt)	U <sub>3</sub> O <sub>8</sub> (ppm)	U <sub>3</sub> O <sub>8</sub> (t)	U <sub>3</sub> O <sub>8</sub> (Mlbs)	Category (%)	Berkeley (%)	U <sub>3</sub> O <sub>8</sub> (Mlbs)
Sageras	Measured	4.7	378	1,777	3.9	39%	90%	3.5
	Indicated	5.8	444	2,575	5.7	57%	90%	5.1
	<b>Subtotal M+I</b>	<b>10.5</b>	<b>414</b>	<b>4,352</b>	<b>9.6</b>	<b>96%</b>	<b>90%</b>	<b>8.6</b>
	Inferred	0.7	268	188	0.4	4%	90%	0.4
	<b>Total</b>	<b>11.2</b>	<b>405</b>	<b>4,539</b>	<b>10.0</b>	<b>100%</b>	<b>90%</b>	<b>9.0</b>
Palacios North	Measured	0.9	515	464	1.0	22%	90%	0.9
	Indicated	2.9	502	1,456	3.2	68%	90%	2.9
	<b>Subtotal M+I</b>	<b>3.8</b>	<b>505</b>	<b>1,919</b>	<b>4.2</b>	<b>90%</b>	<b>90%</b>	<b>3.8</b>
	Inferred	0.4	531	212	0.5	10%	90%	0.4
	<b>Total</b>	<b>4.2</b>	<b>508</b>	<b>2,132</b>	<b>4.7</b>	<b>100%</b>	<b>90%</b>	<b>4.2</b>
Palacios South	Inferred	2.2	328	722	1.6	100%	90%	1.4
Majuelos	Inferred	4.9	432	2,117	4.7	100%	90%	4.2
Majuelos East	Inferred	1.6	347	555	1.2	100%	90%	1.1
<b>Águila Area</b>	Measured	5.6	400	2,240	4.9	22%	90%	4.4
	Indicated	8.7	463	4,031	8.9	40%	90%	8.0
	<b>Subtotal M+I</b>	<b>14.3</b>	<b>439</b>	<b>6,271</b>	<b>13.8</b>	<b>62%</b>	<b>90%</b>	<b>12.4</b>
	Inferred	9.8	387	3,794	8.4	38%	90%	7.5
	<b>Total</b>	<b>24.1</b>	<b>418</b>	<b>10,065</b>	<b>22.2</b>	<b>100%</b>	<b>90%</b>	<b>20.0</b>
<i>Alameda South</i>	Indicated	18.5	446	8,251	18.2	92%	90%	16.4
	Inferred	1.7	433	736	1.6	8%	90%	1.5
	<b>Total</b>	<b>20.2</b>	<b>445</b>	<b>8,987</b>	<b>19.8</b>	<b>100%</b>	<b>90%</b>	<b>1.8</b>
<i>Alameda North</i>	Inferred	4.1	503	2,062	4.5	100%	90%	4.1
<b>Alameda Area</b>	Indicated	18.5	446	8,251	18.2	75%	90%	16.4
	Inferred	5.8	482	2,798	6.2	25%	90%	5.6
	<b>Total</b>	<b>24.3</b>	<b>455</b>	<b>11,049</b>	<b>24.4</b>	<b>100%</b>	<b>90%</b>	<b>21.9</b>
<b>Villar Area</b>	Inferred	5.0	446	2,239	4.9	100%	90%	4.4
Retortillo	Indicated	3.8	581	2,208	4.9	37%	100%	4.9
	Inferred	5.8	637	3,695	8.1	63%	100%	8.1
	<b>Total</b>	<b>9.6</b>	<b>615</b>	<b>5,902</b>	<b>13.0</b>	<b>100%</b>	<b>100%</b>	<b>13.0</b>
Santidad	Indicated	1.4	394	552	1.2	29%	100%	1.2
	Inferred	3.2	417	1,334	2.9	71%	100%	2.9
	<b>Total</b>	<b>4.6</b>	<b>410</b>	<b>1,886</b>	<b>4.2</b>	<b>100%</b>	<b>100%</b>	<b>4.2</b>
Zona 7	Inferred	3.9	414	1,615	3.6	100%	100%	3.6
Las Carbas	Inferred	0.6	443	266	0.6	100%	100%	0.6
Cristina	Inferred	0.8	460	368	0.8	100%	100%	0.8
Caridad	Inferred	0.4	382	153	0.3	100%	100%	0.3
<b>Retortillo Area</b>	Indicated	5.2	531	2,759	6.1	27%	100%	6.1
	Inferred	14.7	505	7,430	16.4	73%	100%	16.4
	<b>Total</b>	<b>19.9</b>	<b>512</b>	<b>10,190</b>	<b>22.5</b>	<b>100%</b>	<b>100%</b>	<b>22.5</b>
<b>Salamanca Uranium Project</b>	Measured	5.6	400	2,240	4.9	7%		4.4
	Indicated	32.4	464	15,041	33.2	45%		30.4
	<b>Subtotal M+I</b>	<b>38.0</b>	<b>455</b>	<b>17,282</b>	<b>38.1</b>	<b>52%</b>		<b>34.9</b>
	Inferred	35.3	460	16,261	35.8	48%		33.9
<b>Total</b>	<b>73.3</b>	<b>457</b>	<b>33,543</b>	<b>73.9</b>	<b>100%</b>		<b>68.8</b>	
<b>Gambuta Area</b>	Inferred	11.3	371	4,192	9.2	100%	100%	9.2
<b>Berkeley</b>	Measured	5.6	400	2,240	4.9	6%		4.4
	Indicated	32.4	464	15,041	33.2	40%		30.4
	<b>Subtotal M+I</b>	<b>38.0</b>	<b>455</b>	<b>17,282</b>	<b>38.1</b>	<b>46%</b>		<b>34.9</b>
	Inferred	46.6	439	20,453	45.1	54%		43.1
	Total	84.6	446	37,735	83.2	100%		78.0
	<b>Total</b>	<b>84.6</b>	<b>446</b>	<b>37,735</b>	<b>83.2</b>	<b>100%</b>		<b>78.0</b>

Berkeley has agreed to acquire 90% of the ENUSA State Reserves and any deposits therein by, inter alia, completing a feasibility study and paying €20m to ENUSA. For full details of the Agreement, see Berkeley's announcement dated 10 December 2008



At Sageras, a new narrow zone of mineralisation was identified to the north-west of the deposit, which remains open along strike. Additional drilling late in the year focused on converting the small proportion of remaining Inferred resources at the Alameda South, Palacios and Sageras deposits to Measured and Indicated.

#### **METALLURGICAL DIAMOND DRILLING**

Definitive column testwork to follow up encouraging initial results, and determine the viability of heap leaching, required about 5 tonnes of representative mineralisation from each of Alameda South and Sageras deposits. A similar composite sample was obtained from the Retortillo deposit. These samples required 4979m of diamond drilling with up to 6 drill rigs employed.

#### **NEAR MINE EXPLORATION DRILLING**

After completing the metallurgical diamond drilling, RC rigs were mobilised to test targets at the margins of the Sageras and Alameda South deposits. Additional new mineralisation was identified in undrilled areas and in areas with very sparse drilling.

At Sageras follow up drilling extended the narrow zone of mineralisation over 250m to the north-west where it is still open. At Alameda South, the largest unexploited resource, 12 RC holes tested for possible extensions in a structural corridor on the eastern side of the deposit. A narrow zone of high grade mineralisation has been discovered with a strike length of >200m and intersections of up to 8m @ 1,819ppmU<sub>3</sub>O<sub>8</sub> in hole ASR-094. These results are expected to result in incremental additions to the resource base when resources are revised in the December quarter.



new mineralisation has been identified in undrilled areas...

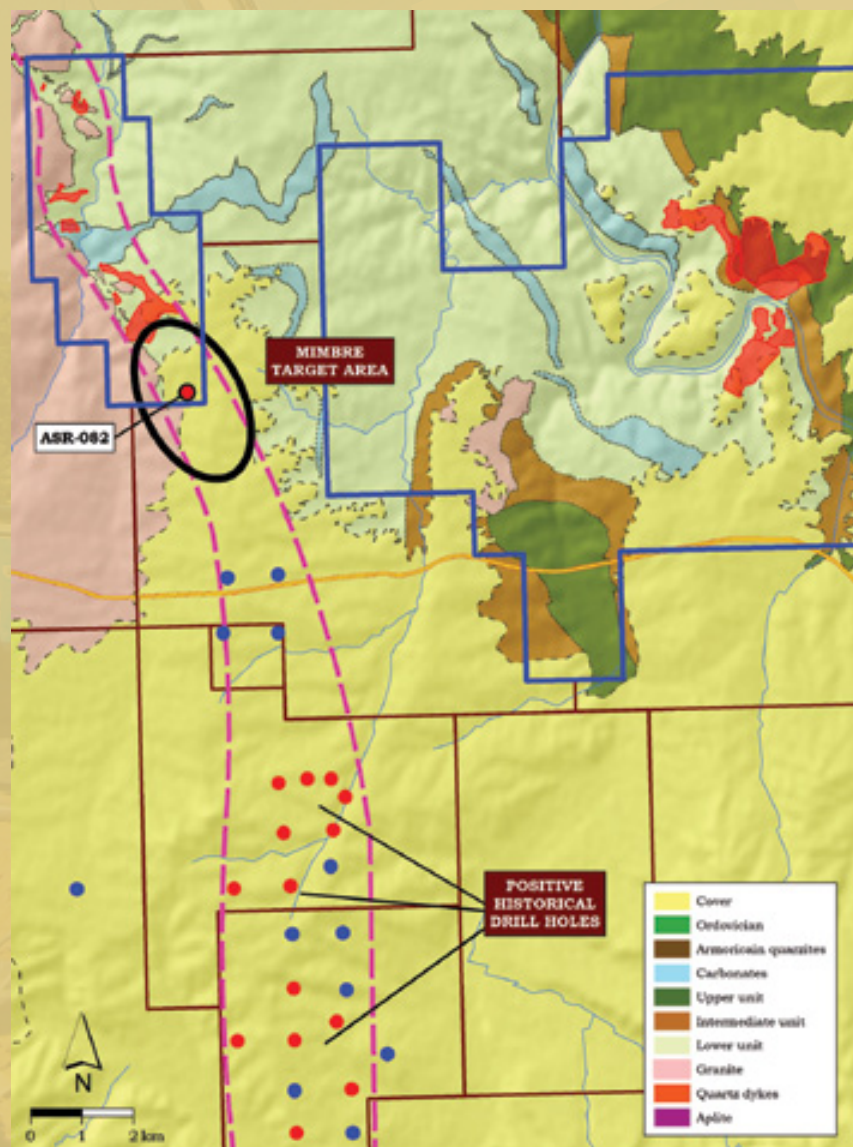




**GEOLOGY AND EXPLORATION (CONTINUED)**

**MIMBRE**

A wide spaced drill campaign was completed at the Mimbres Prospect on a 200m x 400m grid to test for concealed mineralisation in proximity to the granite contact about 1km south of the Alameda South Deposit. A total of 34 wide spaced (1km x 1km) holes were drilled in the 1990's by ENUSA at Espeja, approximately 10km south of the Alameda South deposit, to test for concealed mineralisation and about 40% of these holes intersected uranium mineralisation with grades up to 1,700ppm  $U_3O_8$ . Some intersections exceeded 10m in thickness. Fourteen holes were drilled within the State Reserve and the most southerly hole, ASR 082, intersected 4m @472ppm  $U_3O_8$  from 17m, adjacent to the northern limit of Berkeley's Mimbres license.

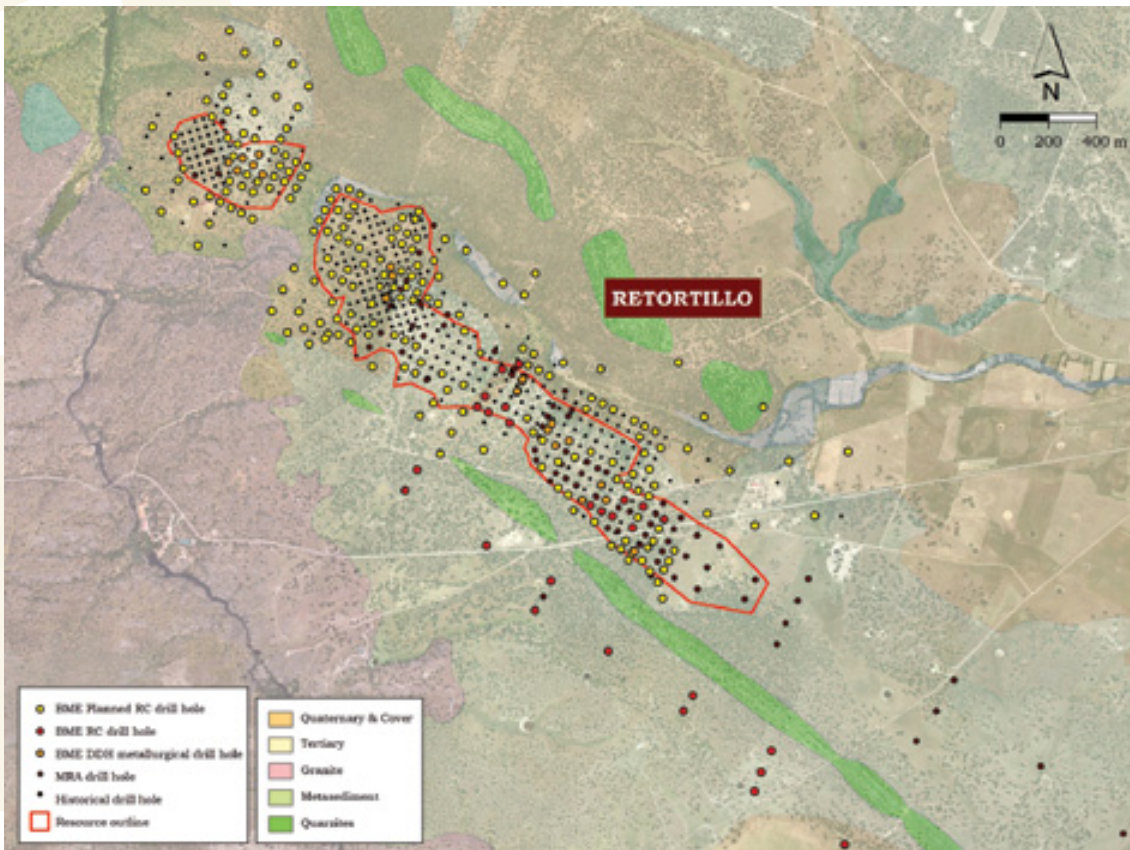


**Alameda South and Mimbres Exploration Potential**



## RETORTILLO

During the year a 10,000m RC drill program was designed, and permitted by the authorities for the Retortillo & Santidad deposits. The objectives of the program were to upgrade the Inferred resources to Indicated and test for additional mineralisation. Drilling started in early July this year and is due to finish by November 2011.



**Retortillo RC Infill Campaign Progress Map**



upgrade the Inferred resources to Indicated and test for additional mineralisation...

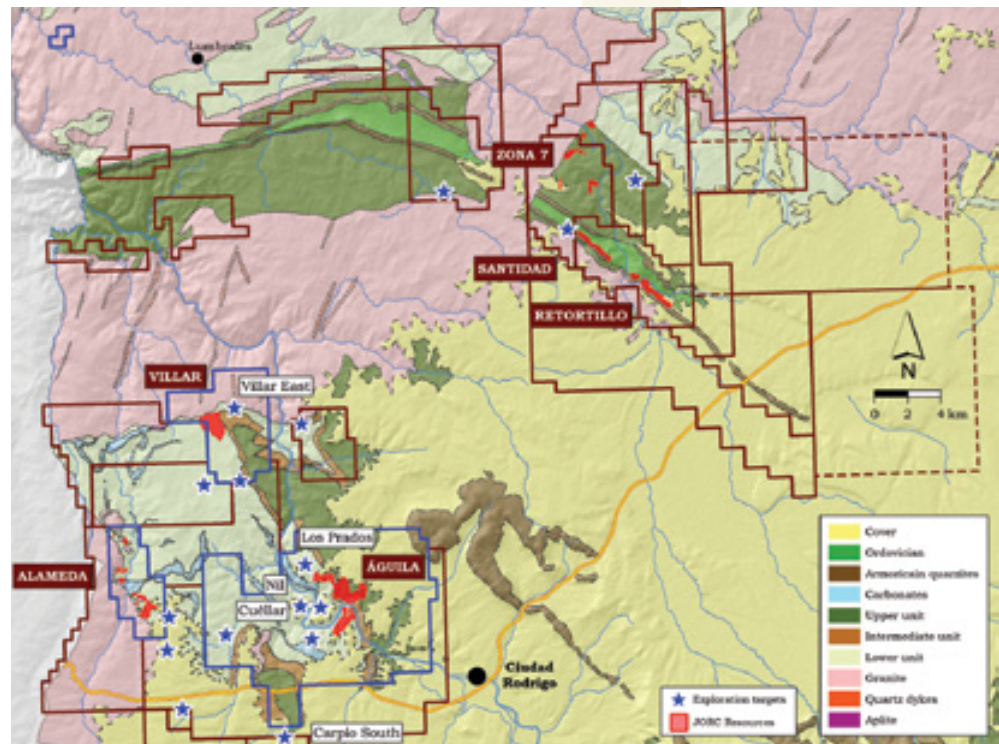




**GEOLOGY AND EXPLORATION (CONTINUED)**

**FUTURE EXPLORATION TARGETS**

A substantial study of the structural and lithological setting of known uranium occurrences within the State reserves and contiguous Berkeley licenses, undertaken in conjunction with staff at the University of Salamanca, provided a framework for prioritising the significance of known uranium occurrences and prospects, and for identifying new prospects. Subsequent field work by Company geologists has resulted in a suite of high priority targets for testing in the current year. Permission to drill on a number of these projects has been granted by the authorities. They include outcropping mineralisation associated with strong radiometric anomalies at Carpio and Villar East, and blind targets beneath Tertiary cover at Nil, Cuellar and Los Prados close to the Aguila deposits.



**Salamanca Uranium Project**

“ Strong radiometric anomalies have been confirmed at Carpio and Villar East associated with outcropping mineralisation...”





## SALAMANCA URANIUM PROJECT

During the first half of the year the Company's primary focus was advancing its Salamanca Uranium Project in Spain by upgrading the Mineral Resources and advancing the first phase of the Feasibility Study for deposits in the State Reserves. This work resulted in submission to ENUSA of a Feasibility Study that was restricted to the State Reserves (the Mining Domain Feasibility Study) on 18 February, 2011.

Phase 1 of the Feasibility Study commenced at the start of 2010 and continued throughout the year. The study was focused on a tank leach scenario using the Quercus Plant to produce 2.1Mlbs  $U_3O_8$  per annum, processing ore from the Sageras, Palacios North and Alameda South deposits.

Phase 2 of the Feasibility Study also commenced during the period with a focus on the potential to use heap leaching at the satellite deposits.

During the period, approximately 11.5 tonnes of representative core samples were selected and dispatched to the SGS laboratories in Perth, Australia for a variety of ore preparation tests including comminution, scrubbing and gravity flotation and tank leach testwork.

Tank leach metallurgical tests produced very encouraging results with 93% uranium extraction achieved in acid batch leach tests for bulk samples from Palacios North and Alameda South and 87.5% at Sageras. Very low acid consumptions were achieved at Sageras (7 – 12kg/t), increasing slightly to 15 – 18kg/t at Alameda South and 23 – 25kg/t at the smaller Palacios North deposit.

Heap leach testwork during the same period yielded average recoveries from four 50 day column leach tests that were similar to the tank leach results, although with slightly higher acid consumption.



**RC Drilling**



**SALAMANCA URANIUM PROJECT (CONTINUED)**

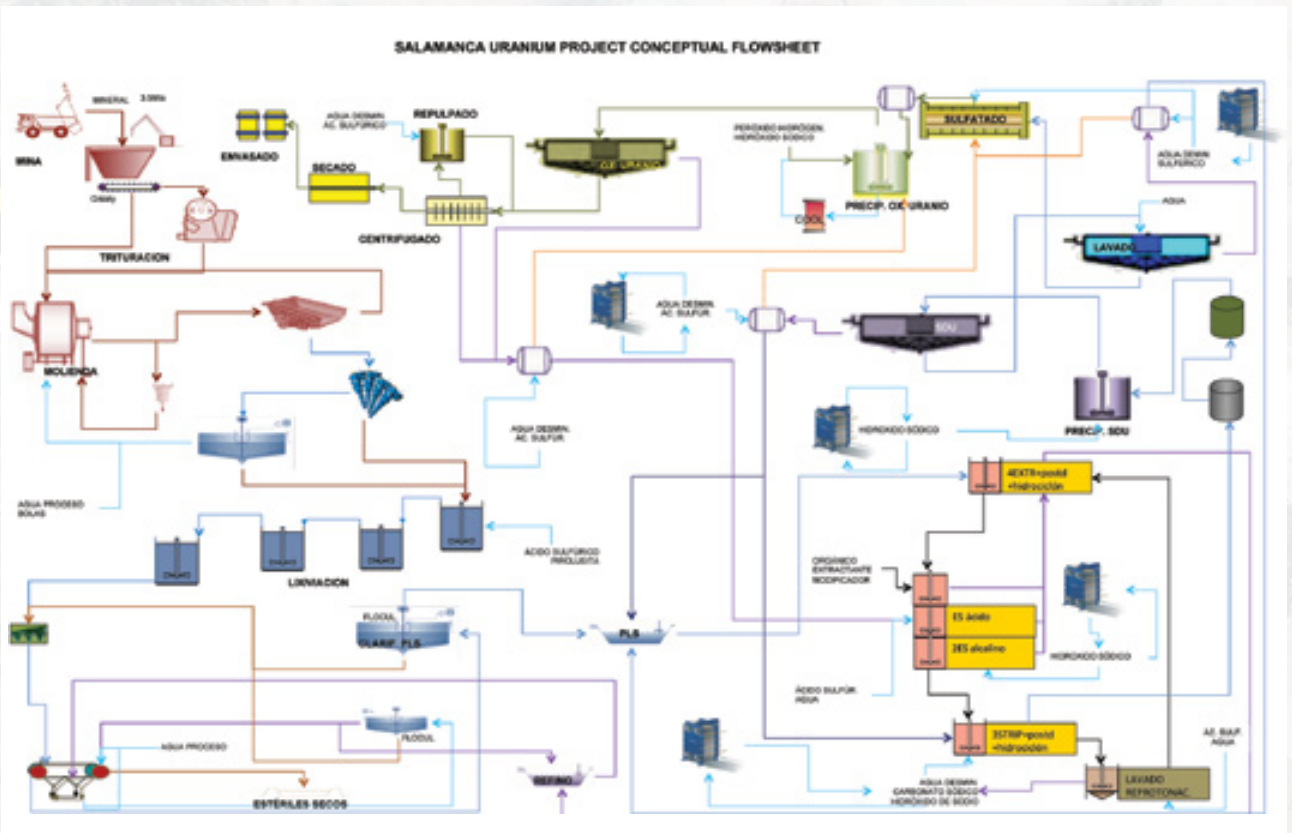
Mining studies continued through the period with updated open pit optimisations completed for Palacios North, Sageras and Alameda South, incorporating updated costs provided by Spanish mining contractors, updated geotechnical parameters, and revised uranium prices.

Detailed pit design and mining schedules for Palacios North, Sageras and Alameda South have been generated based on the new pit optimisation shells.

A review of the potential waste and tailing management facilities was completed by Golder Associates, which also worked on a comprehensive waste characterisation programme. A number of waste samples were sent to the SGS Laboratories in Vancouver for geochemical characterisation tests.

The water management programme continued with a significant amount of field work undertaken during the second half of 2010. The long term groundwater monitoring at Alameda South, Sageras and Palacios is continuing and the short term flow rate hydraulic testing and ground water tracer tests was completed at Sageras, Palacios North and Alameda South.

Environmental responsibility, radiological protection and community awareness, engagement and support are paramount considerations for the success of Berkeley's Salamanca Uranium Project. Berkeley has put together a strong Health, Safety, Environment & Community and Radiological team supported by a number of external consultants.



**Salamanca Uranium Project Conceptual Flowsheet**



At the start of the year an environmental baseline study was commissioned for the Salamanca Uranium Project, which included reconnaissance field work, desktops reviews of the available historical documentation provided by ENUSA, and the development and implementation of a new baseline monitoring programme at Aguila and Alameda. The study continued during the second half of the year and a comprehensive database was compiled.

Safety, Environmental and Radiological inspections were performed regularly by the Berkeley HSEC team during drilling operations to confirm that Berkeley is in full compliance with all of its commitments to safety, environment and radiological management.

Optimisation of the Phase 1 Feasibility Study commenced in April 2011 and included a recently completed batch test work campaign at the SGS Metallurgical Laboratories in Perth, Western Australia.

This test work comprised:

- Heap Leach Scoping Study, for two scenarios of 1.4 and 2.8 Mt/annum at Retortillo, including mass balance, process flow diagrams, simple design criteria, equipment and motor list.
- Optimisation Scoping Study for the Aguila plant, incorporating trade off side studies examining comminution incorporating a single crusher stage and SAG milling. This option is more compliant with ALARA principals relating to radiological criteria, with lower Capex requirements compared with the Mining Domain Feasibility Study design, which incorporated three crushing stages plus ball milling.
- Sageras and Alameda Tank Leach Optimisation and Variability analysis.

Engineering work for the Mining Domain Conceptual Basic Engineering has been awarded to JACOBS. The objective is to develop the next step of the project engineering and provide estimates with confidence levels of  $\pm 15\%$  for CAPEX and  $\pm 10\%$  for OPEX. Conceptual Basic Engineering will be finished by the end of October 2011. Optimisation will consider a single processing facility at Aguila for 3.5 MTPY capacity, that under an equalized production schedule will achieve annual production of 2.5 Mlbs  $U_3O_8$  versus the previous 2.7 Mlbs  $U_3O_8$  from two 2.5 MTPY facilities, at Aguila and Alameda. Significant reductions in CAPEX & OPEX are anticipated.



Berkeley is in full compliance with all of its commitments to safety, environment and radiological management...









# CONCISE FINANCIAL REPORT

## 30 JUNE 2011

The concise financial report is an extract from the full financial report of Berkeley Resources Limited for the year ended 30 June 2011. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report of Berkeley Resources Limited, and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

Further financial information can be obtained from Berkeley Resources Limited's full financial report, a copy of which, including the independent auditor's report, is available to all shareholders on the Company's website at [www.berkeleyresources.com.au](http://www.berkeleyresources.com.au), and will be sent to shareholders without charge on request.

<b>CONTENTS</b>	<b>Page</b>
DIRECTORS' REPORT	16
STATEMENT OF COMPREHENSIVE INCOME	30
STATEMENT OF FINANCIAL POSITION	31
STATEMENT OF CASH FLOWS	32
STATEMENT OF CHANGES IN EQUITY	33
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	34
DIRECTORS' DECLARATION	36
AUDITOR'S INDEPENDENCE DECLARATION	37
INDEPENDENT AUDITOR'S REPORT	38
CORPORATE GOVERNANCE STATEMENT	40
ADDITIONAL INFORMATION	47



# DIRECTORS' REPORT

The Directors of Berkeley Resources Limited submit their report on the Consolidated Entity consisting of Berkeley Resources Limited ("Company" or "Berkeley" or "Parent") and the entities it controlled at the end of, or during, the year ended 30 June 2011 ("Consolidated Entity" or "Group").

## DIRECTORS

The names of Directors in office at any time during the financial year or since the end of the financial year are:

Dr James Ross	Non-Executive Chairman since 14 January 2011 (previously Non-Executive)
Mr Brendan James	Managing Director (appointed 6 June 2011)
Señor Jose Ramon Esteruelas	Non-Executive Director
Mr Henry Horne	Chief Financial Officer appointed Executive Director on 11 October 2010 and Acting Managing Director from 14 January 2011 until 6 June 2011, remains as a Non-Executive Director appointed Non-Executive Director 25 August 2011
Mr Laurence Marsland	Managing Director until 14 January 2011 then Non-Executive Director
Mr Ian Stalker	Non-Executive Director
Mr Matthew Syme	Non-Executive Chairman until resigned 14 January 2011
Dr Robert Hawley	Non-Executive Director until resigned 1 October 2010
Mr Sean James	Chief Operating Officer/Executive Director until resigned 30 June 2011
Mr Scott Yelland	

Unless otherwise disclosed, Directors held their office from 1 July 2010 until the date of this report.

## CURRENT DIRECTORS AND OFFICERS

### JAMES ROSS AM

#### Non-Executive Chairman

*Qualifications – B.Sc. (Hons.), PhD, FAusIMM, FAICD*

Dr Ross is a leading international geologist whose technical qualifications include an honours degree in Geology at UWA and a PhD in Economic Geology from UC Berkeley. He first worked with Western Mining Corporation Limited for 25 years, where he held senior positions in exploration, mining and research. Subsequent appointments have been at the level of Executive Director, Managing Director and Chairman in a number of small listed companies in exploration, mining, geophysical technologies, renewable energy and timber. His considerable international experience in exploration and mining includes South America, Africa, South East Asia and the Western Pacific.

Dr Ross is a Director of Kimberley Foundation Australia Inc, and chairs its Science Advisory Council. He also chairs the Boards of a geoscience research centre and two foundations concerned with geoscience education in Western Australia.

He was appointed a Director of Berkeley Resources Limited on 4 February 2005 and appointed Non-Executive Chairman on 14 January 2011. He has not been a Director of another listed company in the three years prior to the end of the financial year.

### BRENDAN JAMES

#### Managing Director (appointed 6 June 2011)

*Qualifications – B. Met. Eng. (Hons)*

Mr Brendan James is a metallurgical engineer, with an exceptional background in developing, commissioning and optimising a number of large uranium, copper and gold operations. His technical background includes outstanding senior management experience in uranium mining and processing, project management, redesigning and commissioning previously decommissioned operations, biological heap leaching and hydrometallurgy. This background is complemented by five years' experience in financial markets, on both the buy and sell sides. Mr James is highly qualified to lead Berkeley through the optimisation, financing, development and commissioning of the Salamanca Uranium Project, and to advance Berkeley's strong organic growth opportunities. He is based in Spain.

### JOSE RAMON ESTERUELAS

#### Non-Executive Director

*Qualifications – BEcon., LLB., PDipBus*

Señor Esteruelas is an economist with vast experience in the managerial field whose senior executive roles have included Director General of Correos y Telegrafos (the Spanish postal service), Chief Executive Officer of Compania Espanola de Transformadora de Tabaco en Rama S.A. (Cetarsa), (the leading transformer tobacco company in Spain) and Executive Chairman of Minas de Almaden y Arrayanes SA (formerly the world's largest mercury producer).

Señor Esteruelas was appointed a Director of Berkeley Resources Limited on 16 November 2006. Señor Esteruelas has not held any other directorships of listed companies in the last three years.



**HENRY HORNE****Non-Executive Director**

*Qualifications – BComm. (Financial Accounting and Business Economics)*

Mr Horne was appointed Chief Financial Officer of Berkeley on 23 April 2010, before being appointed an Executive Director on 11 October 2010 and Acting Managing Director from 14 January 2011 until 6 June 2011, he remains on the board as a Non-Executive Director. Mr Horne is an international mining executive who holds a degree in Financial Accounting and Business Economics from the University of Stellenbosch (South Africa) and has more than 29 years' experience in the mining industry. This experience includes senior management and executive postings at mines in Namibia, South Africa, Ghana, Bulgaria, Chile and Russia with companies including Gold Fields, Kinross Gold, Navan Mining and Highland Gold. Mr Horne was the former Chief Executive Officer of Highland Gold in Russia and also served on various Boards.

Mr Horne has wide general management experience with strong financial, administrative and people management skills enhanced by confident negotiating abilities. He has extensive experience of African, Eastern European, Russian and North American financial best practices. In addition he also has comprehensive financial and technical knowledge and work experience within the gold and base metal mining industries. In the last three years, Mr Horne was previously on the board of Highland Gold Mining Limited until January 2008.

**LAURENCE MARSLAND****Non-Executive Director**

*Qualifications – B. App.Sc. Mech. Eng., M.S.M*

Mr Marsland is an engineer with more than thirty years' of diverse experience in the international mining industry, largely in senior management and executive director roles. Since 2000 he has worked extensively in Europe, including Spain.

Mr Marsland has a strong background in project management, and in the acquisition and development of government owned mining assets in Eastern Europe. He worked for Minproc Engineers for more than 15 years in project engineering and engineering management of mining projects in Australia, West African, Latin America and USA. More recently he was Vice President, Project Development for Gabriel Resources, then Executive Vice President and Chief Operating Officer for Dundee Precious Metals Inc. where he was responsible for the development and operation of its mining assets after renegotiating the acquisition of the substantial Chelopech gold-copper mine from the Bulgarian Government. He is currently a partner in PLC Partners S.A., a private company incorporated to pursue resource development opportunities.

Mr Marsland is an Australian citizen, and resides in Sofia, Bulgaria. He has a Bachelor of Applied Science in Mechanical Engineering from Curtin University and an MSc in Management from Stanford University Graduate School of Business. Mr Marsland was appointed a Director of Berkeley Resources Limited on 25 August 2011. He has not held any other directorships of listed companies in the last three years.

**MATTHEW SYME****Non-Executive Director**

*Qualifications – B.Com, CA*

Mr Syme is a Chartered Accountant and has over 20 years experience as a senior executive of a number of companies in the Australian resources and media sectors. He was a Manager in a major international Chartered Accounting firm before spending 3 years as an equities analyst in a large stockbroking firm. He was then Chief Financial Officer of Pacmin Mining Limited, a successful Australian gold mining company, as well as a number of other resources companies.

Mr Syme was appointed a director of Berkeley Resources Limited on 27 August 2004, and was the Managing Director of the Company until the appointment of Mr Stalker in November 2009. Mr Syme continues on the Board as a Non-Executive Director.

During the three year period to the end of the financial year, the only other listed company board that Mr Syme held was as the Managing Director of Sierra Mining Limited (appointed 1 July 2010 – present).



# DIRECTORS' REPORT (CONTINUED)

## CURRENT DIRECTORS AND OFFICERS (CONTINUED)

### JOHN (IAN) STALKER

#### Non-Executive Director

*Qualifications – BSc (Chemical Engineering)*

Mr Ian Stalker is a chemical engineer, with an outstanding history in developing and managing a number of mining projects around the world over the past 35 years. He has considerable experience in the uranium sector and in mining operations in Europe, Africa and Spain and has successfully managed eight mining projects throughout the world through feasibility study, development and construction phases.

Mr Stalker was the Managing Director of Berkeley from 30 November 2009 until 14 January 2011 when he resigned as Managing Director and remains on the board as a Non-Executive. He was formerly Chief Executive Officer of the London and Toronto Listed UraMin, until its acquisition by Areva in August 2007 for US \$2.5 billion, and was subsequently CEO of Niger Uranium Ltd an AIM listed Company from 2008-2010. Prior to joining UraMin, Mr Stalker was at Gold Fields Ltd, where he was a Vice President and responsible for all of the company's projects in Australia and Europe in 2004.

Mr Stalker is a non-executive director of the AIM listed Vatukoula Gold Mines plc, AIM and TSX listed Polo Resources Ltd, ASX and TSX listed Elemental Minerals Limited and Forum Uranium Corp, and is CEO of TSX listed Brazilian Gold Corp.

### ROBERT SAMUEL (SAM) MIDDLEMAS

#### Company Secretary

*Qualifications – B.Com, PGradDipBus, CA*

Mr Middlemas is a Chartered Accountant with more than 15 years' experience in various financial roles with a number of listed public companies operating in the resource sector. He is the principal of a corporate advisory company which provides financial and company secretarial services specialising in capital raisings and initial public offerings. Previously Mr Middlemas worked for an international accountancy firm. His fields of expertise include corporate secretarial practice, financial and management reporting in the mining industry, treasury and cash flow management and corporate governance. Mr Middlemas was appointed Company Secretary on 1 July 2010.

## PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of mineral exploration. There was no significant change in the nature of those activities.

## EMPLOYEES

	2011	2010
The number of full time equivalent people employed by the Consolidated Entity at balance date	44	37

## DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2011 (2010: nil).

## EARNINGS PER SHARE

	2011 Cents	2010 Cents
Basic loss per share	(10.75)	(11.08)
Diluted loss per share	(10.75)	(11.08)

## CORPORATE STRUCTURE

Berkeley Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report including the entities it acquired and controlled during the financial year.

## CONSOLIDATED RESULTS

	2011 \$000's	2010 \$000's
Loss of the Consolidated Entity before income tax expense	(16,315)	(14,241)
Income tax expense	-	-
Net loss	(16,315)	(14,241)
Net loss attributable to minority interest	-	-
Net loss attributable to members of Berkeley Resources Limited	(16,315)	(14,241)

## REVIEW OF OPERATIONS AND ACTIVITIES

The year ending June 2011 has been a turbulent and transformational period for the company, driven by both external and internal events.

A high level of commitment to the Feasibility Study timetable associated with the Co-operation Agreement with ENUSA continued through much of the year and was accompanied by a similar level of corporate activity. For example, a non-binding MOU was signed with the Korea Electric Power Corporation (KEPCO) to finance and develop the SUP was announced on the 10th August. However, on 29th October 2010, a potential takeover bid by OAO Severstal (Severstal) was announced, subject to financial, technical and legal due diligence and the KEPCO financing proposal fell away. By the 29th December 2010, Berkeley and Severstal were unable to agree terms upon which Severstal could make an agreed bid for the Company, and the exclusivity granted to Severstal expired in January.

The Company then proceeded with an equity raising of \$55 million at a price of \$1.70 per share for the issue of 32,360,000 new shares prior to the decision to advance to exploitation of the Salamanca Uranium Project on 17 January. This placement to institutional investors was completed in March 2011, following shareholder approval for the second tranche of the issue.

On the 11th March 2011 the global nuclear industry was impacted by the tragic events in Japan and the consequential effects on the Fukushima Nuclear Power Stations. The Company then experienced a more substantial challenge when ENUSA, the Company's consortium partners in the Salamanca State Reserves, failed to form the JV Company 'Newco' by the required date of the 27th May 2011. This followed the submission to ENUSA of a restricted Feasibility Study, limited to the State Reserves Mineral Resources, on 23 February 2011, as required under the Co-operation Agreement. Discussion with ENUSA is ongoing.

Looking forward, our opinion based on industry consensus, is that the events of Fukushima have done little to alter the long term supply-demand drivers of the uranium industry, demonstrated by the continued strength of and term uranium prices. In addition, the Company continues to work with ENUSA towards developing and implementing options that will provide higher levels of confidence, and reduce risks, for both companies, in progressing towards production.

One of the positives of the year ending June 2011 was commencement of a Retortillo scoping study based on heap leach, with the potential to transform Berkeley into a multi-project company. The Retortillo project is expected to remain independent from the proposed project with ENUSA, and will source its production from Berkeley's 100% owned resources, currently totalling 31.7Mlb of uranium. The Company has recently reported that the Retortillo preliminary feasibility study has been initiated, targeting a production rate of between 1.5 to 2.5Mlb per annum. Completion of the preliminary feasibility study is expected mid November 2011, following submissions for licensing and permitting in October 2011.

## SUSTAINABLE DEVELOPMENT – HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

Sustainable Development, including environmental responsibility, radiological protection and community awareness, engagement and support are paramount considerations for Berkeley. As a result, Berkeley has established a strong Health Safety Environment & Community (HSEC) team supported by the consultants Golder Associates, Ingemisa SA, Aquaterra, Salamanca University and Paulka Radiation & Environment.

## SALAMANCA URANIUM PROJECT

The broader Salamanca Uranium Project (SUP) incorporates the Aguila Area deposits (Sageras, Palacios and Majuelos) and nearby Quercus Processing Plant, the more distant deposits at Alameda and Villar, and the Company's 100% owned resources at Retortillo and prospective licenses contiguous with the State Reserves.

Under the terms of the Co-operation Agreement with ENUSA the feasibility study was to be based solely on resources within the State Reserves (the Mining Domain Feasibility Study 'MDFS'). In accord with the Co-operation Agreement, Berkeley paid ENUSA €1 million in December 2010 to extend the completion of the MDFS by one year to 26th November 2011. The Company then advised ENUSA of its decision to progress to the exploitation phase when the decision to exploit was announced on the 17th January, 2011, and submitted the MDFS on 18th February 2011.

The decision to exploit was to trigger the formation of a joint venture company, Newco, owned 90% by Berkeley and 10% by ENUSA, with the right to exploit Uranium Mineral Resources within the State Reserves. The parties agreed to the target date of 27th May, 2011 to form Newco after ENUSA, as a partner in the Consortium, verified the content of the MDFS. This in turn was to lead to a payment of €20 million to ENUSA by Berkeley, within 30 days of the formation of Newco.

On Monday 23rd May, 2011, ENUSA informed Berkeley of its concerns regarding a number of aspects of the MDFS. The Company responded, supporting the MDFS and requesting formation of Newco by the agreed deadline. However, Newco was not incorporated in time and after receiving further information from ENUSA, Berkeley has taken advice on its legal alternatives under the Co-operation Agreement, from the Madrid office of a leading international legal firm. ENUSA and Berkeley have conducted a number of subsequent meetings with the principal objective of reconciling differing views about the purpose and content of the restricted MDFS and the impact of these differences on the timing of forming Newco. Discussions between the parties are ongoing. Both companies have declared a commitment to this process and believe that there are several constructive options to address the differences. However, Berkeley also recognises the possibility that satisfactory agreement between the parties may not be achieved, and therefore continues to assess its alternatives.



# DIRECTORS' REPORT (CONTINUED)

## REVIEW OF OPERATIONS AND ACTIVITIES (CONTINUED)

### GEOLOGY AND EXPLORATION REVIEW

During the calendar year to June 2011, operations were planned to achieve the following targets:

1. Convert most of the Inferred Resources included in the State Reserves into Measured and Indicated (M+I).
2. Obtain metallurgical samples from Sageras, Alameda South and Retortillo deposits.
3. Increase the "near to mine" resources (State Reserves and Retortillo).

To achieve this target, Berkeley has drilled 220 holes totalling 15,541m on projects within the Salamanca Province. The table below shows the breakdown by drill type and area.

	Number of holes	Total (m)	Number holes DDH	DDH (m)	Number holes RC	RC (m)
Alameda South	62	4,832	20	1,775	42	3,057
Mimbre	14	876		0	14	876
Sageras	99	6,044	21	1,393	78	4,651
Retortillo	35	2,679	23	1,875	12	804
Palacios	10	1,111		0	10	1,111
<b>Total</b>	<b>220</b>	<b>15,542</b>	<b>64</b>	<b>5,042</b>	<b>156</b>	<b>10,499</b>

### STATE RESERVES

During the first part of the year, Berkeley was focused on upgrading and improving the Mineral Resource Estimates within the Salamanca State Reserves. In the first quarter 7,207m were drilled, resulting in a 10% increase in Sageras and Alameda South resources, with 93% of these resources falling within the Indicated and Measured Categories. The current Mineral Resource Estimate for all deposits is tabulated below.

Deposit Name	Resource Category	Tonnes (Mt)	U <sub>3</sub> O <sub>8</sub> (ppm)	U <sub>3</sub> O <sub>8</sub> (t)	U <sub>3</sub> O <sub>8</sub> (Mlbs)	Category (%)	Berkeley* (%)	U <sub>3</sub> O <sub>8</sub> (Mlbs)
	Measured	5.6	400	2,240	4.9	22%	90%	4.4
	Indicated	8.7	463	4,031	8.9	40%	90%	8.0
	<b>Subtotal M+I</b>	<b>14.3</b>	<b>439</b>	<b>6,271</b>	<b>13.8</b>	<b>62%</b>	<b>90%</b>	<b>12.4</b>
	Inferred	9.8	387	3,794	8.4	38%	90%	7.5
<b>Águila Area</b>	<b>Total</b>	<b>24.1</b>	<b>418</b>	<b>10,065</b>	<b>22.2</b>	<b>100%</b>	<b>90%</b>	<b>20.0</b>
	Indicated	18.5	446	8,251	18.2	75%	90%	16.4
	Inferred	5.8	482	2,798	6.2	25%	90%	5.6
<b>Alameda Area</b>	<b>Total</b>	<b>24.3</b>	<b>455</b>	<b>11,049</b>	<b>24.4</b>	<b>100%</b>	<b>90%</b>	<b>21.9</b>
<b>Villar Area</b>	Inferred	5.0	446	2,239	4.9	100%	90%	4.4
	Indicated	5.2	531	2,759	6.1	27%	100%	6.1
	Inferred	14.7	505	7,430	16.4	73%	100%	16.4
<b>Retortillo Area</b>	<b>Total</b>	<b>19.9</b>	<b>512</b>	<b>10,190</b>	<b>22.5</b>	<b>100%</b>	<b>100%</b>	<b>22.5</b>
<b>Gambuta Area</b>	Inferred	11.3	371	4,192	9.2	100%	100%	9.2
	Measured	5.6	400	2,240	4.9	6%		4.4
	Indicated	32.4	464	15,041	33.2	40%		30.4
	<b>Subtotal M+I</b>	<b>38.0</b>	<b>455</b>	<b>17,282</b>	<b>38.1</b>	<b>46%</b>		<b>34.9</b>
	Inferred	46.6	439	20,453	45.1	54%		43.1
<b>Berkeley</b>	<b>Total</b>	<b>84.6</b>	<b>446</b>	<b>37,735</b>	<b>83.2</b>	<b>100%</b>		<b>78.0</b>

\* Berkeley has agreed to acquire 90% of the ENUSA State Reserves and deposits therein by, inter alia, completing a feasibility study and paying €20m. For full details of the Agreement, the Berkeley's announcement dated 10th December 2008.

As a result from this campaign, and apart from the mentioned resources, new mineralized areas were uncovered in North West area of Sageras, with the mineralisation still open to that side.

Additional drilling later in the year was focused on upgrading the remaining Inferred Resources at Alameda South, Palacios and Sageras and identifying additional potential.

### METALLURGICAL DIAMOND DRILLING

A further objective of the Company was to provide sufficient material for the ongoing tank leach and column leach metallurgical testwork programs. This required a diamond drill campaign of 5,000m involving up to 6 diamond drill rigs. A total of 5,000 kg of representative ore grade material was acquired for each of the Alameda, Sageras and Retortillo deposits.



## NEAR MINE EXPLORATION DRILLING

After completing the metallurgical diamond drilling, RC rigs were focused on drilling exploration targets at the margins of the Sageras and Alameda South Deposits. At both deposits additional new mineralisation has been identified, in previously undrilled areas and in areas with very sparse drilling.

At Sageras, follow up drilling has extended the mineralisation over 250 metres to the north-west where it is still open. At Alameda, which is the largest unexploited resource, a short RC program of 12 holes for 714m was completed during March to test for possible extensions in a structural corridor on the eastern side of the deposit. A narrow zone of high grade mineralisation has been discovered with a strike length of >200m and intersections of up to 8m @ 1,819ppm  $U_3O_8$  in hole ASR-094.

## MIMBRE

A very wide spaced drill campaign was planned at the Mimbres Prospect (200m x 400m grid). This project lies 1km south of the Alameda South Deposit in a concealed and highly prospective corridor. A total of 34 wide spaced (1km x 1km) holes were drilled in the 1990's by ENUSA at Espeja approximately 10km south of the Alameda South deposit in the same corridor. Significantly, 40% of these holes intersected uranium mineralisation with grades up to 1,700ppm  $U_3O_8$  and some intersections in excess of 10m.

Berkeley has completed 14 holes for 876m within that portion of the prospect covered by the Alameda State Reserve and a further 16 holes are planned in the contiguous 100% Berkeley licence to the south. Encouraging results from hole ASR-082 were previously reported (4m @ 472ppm  $U_3O_8$  from 17m).

## RETORTILLO

During the year a 10,000m RC drill program was designed and permitted by the authorities for the Retortillo & Santidad deposits. The objectives of the program are to increase the size of the current resource and upgrade the inferred resources. Drilling commenced in early July, 2011, and is expected to be finishing by November.

## REGIONAL

Permission to drill on a number of projects within the Salamanca State Reserves and other Berkeley Licences has been granted by the authorities giving the company significant drill capacity for the coming year. Several projects have been upgraded by field work and provide high quality, drill ready targets. These include strong radiometric anomalies with outcropping mineralisation at Carpio and Villar East, and other targets beneath Tertiary cover at Nil, Cuellar and Los Prados, close to the Aguila site.

## CORPORATE DEVELOPMENTS

During the period under review the Company made a number of appointments to strengthen its Management team, as the Company advanced toward its transformation from an exploration based company to a project development and production based organisation.

The decision was made by the Board of Directors to reinstate Mathew Syme as a Non-Executive Director considering the significant increase in corporate activity early in the financial year. On the 11th October 2010, CFO Henry Horne was appointed an Executive Director of the company. On the 30th December 2010 the Managing Director, Ian Stalker, resigned due to personal reasons. Henry Horne was appointed as Acting Managing Director until a permanent appointment was made.

On the 14th January, 2011, the Company announced the appointment of Dr James Ross AM as Chairman of the Company with immediate effect, following the retirement of Dr Robert Hawley CBE from the Board due to health reasons. Dr Ross had been a Non-Executive Director of Berkeley for the last six years and closely involved with its exploration and development activities. Dr Ross is a leading international geologist with more than forty five years experience in exploration, development and mining, including twenty five years with Western Mining Corporation Limited. Subsequent appointments have been at the level of Executive Director, Managing Director and Chairman with a number of ASX listed companies including Aerodata, World Geoscience, Odin Mining and Investments, Tanganyika Gold and Renewable Energy. Dr Ross is a Director of Kimberley Foundation Australia Inc, a member of the Technology and Industry Council which advises the Western Australian Government on Science and Innovation, and Chairs organisations devoted to education and research.

On the 11th March, 2011, the Company announced the appointment of Mr Brendan James to become Managing Director and Chief Executive Officer of the Company, effective 6th June, 2011. Mr James is a metallurgical engineer, with an exceptional background in developing, commissioning and optimising a number of large uranium, copper and gold operations. His technical background includes outstanding senior management experience in uranium mining and processing, project management, redesigning and commissioning previously decommissioned operations, biological heap leaching and hydrometallurgy. This background is complemented by five years experience in financial markets, on both the buy and sell sides. Mr James is highly qualified to lead Berkeley through the optimisation, financing, development and commissioning of the Salamanca Uranium Project, and to advance Berkeley's strong organic growth opportunities. He is based in Spain.

Mr Scott Yelland, the Company's Chief Operating Officer resigned from the Company for family reasons on June 30th. He also resigned from the Board with immediate effect. His responsibilities were covered by the recent appointment of Mr Francisco Bellón del Rosal as Project Manager for the Salamanca Uranium Project. Mr Bellón del Rosal has subsequently been promoted to General Manager Operations, effective July 1st 2011.

In addition, Mr Henry Horne resigned from his executive position as Chief Financial Officer of the Company, however he will remain as a Non-executive Director of the Company. Mr Sam Middlemas, the Company Secretary, will act as Chief Financial Officer until a permanent replacement is recruited.

# **DIRECTORS'** REPORT (CONTINUED)

## **REVIEW OF OPERATIONS AND ACTIVITIES (CONTINUED)**

### **BUSINESS STRATEGIES AND PROSPECTS**

The Consolidated Entity currently has the following business strategies and prospects over the medium to long term:

- to conduct studies into the feasibility of exploiting the Salamanca Uranium Project in Spain, with the objective of restarting the mining operations by the end of 2014;
- to continue to explore its portfolio of mineral permits in Spain; and
- continue to examine new opportunities in minerals and energy exploration and development.

### **RISK MANAGEMENT**

The Board is responsible for the oversight of the Consolidated Entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Group.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than as disclosed below, there were no significant changes in the state of affairs of the Consolidated Entity during the year.

- On 29 October 2010 a potential takeover bid by OAO Severstal was announced subject to financial, technical and legal due diligence. The Company granted Severstal a right to subscribe for shares in Berkeley and an exclusivity period which was extended to 29 December 2010. The Company was unable to agree final bid terms, and Severstal's rights lapsed on 14 January 2011;
- On 26 November 2010, 3.5 million shares were issued to Resource Capital Fund at \$1.45 per share for net proceeds of \$4.8m;
- On 30 December 2010 the Managing Director Ian Stalker resigned from his position. Mr Henry Horne was appointed acting Managing Director until a replacement was found. Mr Stalker remained on the board as a Non-Executive Director;
- On 14 January 2011 Dr James Ross AM was appointed Chairman following the retirement of Dr Robert Hawley CBE from the board due to health reasons;
- In March 2011, the Company completed an equity raising of \$55 million at a price of \$1.70 per share for the issue of 32,360,000 new shares, via a placement to institutional investors, following shareholder approval for the second tranche of the issue;
- The Company appointed Mr Brendan James as Managing Director on 6 June 2011;
- On 30 June 2011 Mr Scott Yelland resigned from his position as Chief Operating Officer and Mr Henry Horne resigned as Chief Financial Officer. Mr Horne continues on the board as a Non Executive Director.

### **SIGNIFICANT POST BALANCE DATE EVENTS**

Since the end of the financial year, the following events have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years:

Following shareholder approval on 20 September 2011, the Company has issued 2,000,000 Incentive Options to Mr Brendan James each with an exercise price of 41 cents, with an expiry date of 1 May 2016. All the Options will vest on 30 May 2014, or on the date a Change of Control event occurs.

In addition to the above, a further 1,000,000 options have been issued to employees under the Berkeley Employee Option Scheme each with an expiry date of 21 September 2015, vesting in three equal tranches on 21 September 2012, 21 September 2013 and 21 September 2014 at an exercise price of 41 cents.

On 25 August 2011 Laurence Marsland was appointed Non Executive Director of the company.

Other than the above there are no matters or circumstances, which have arisen since 30 June 2011 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2011, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2011, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2011, of the Consolidated Entity.



## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Consolidated Entity during the financial year.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is the Board's current intention that the Consolidated Entity will continue with development of its Spanish uranium projects. The Company will also continue to examine new opportunities in mineral exploration, including uranium.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of these operations in subsequent financial years may prejudice the interests of the Company and accordingly no further information has been disclosed.

## INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF BERKELEY

	Interest in Securities at the Date of this Report			
	Ordinary Shares <sup>(i)</sup>	\$0.75 Listed Options <sup>(ii)</sup>	\$1.35 Incentive Options <sup>(iii)</sup>	\$1.25 Incentive Options <sup>(iv)</sup>
James Ross	315,000	257,500	-	-
Brendan James	-	-	-	-
Jose Ramon Esteruelas	-	500,000	-	-
Henry Horne	-	-	416,666	-
Laurence Marsland	-	-	-	-
Matthew Syme	2,168,105	1,069,002	-	-
Ian Stalker	-	900,000	-	1,000,000

### Notes

- (i) "Ordinary Shares" means fully paid ordinary shares in the capital of the Company.
- (ii) "\$0.75 Listed Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of \$0.75 each on or before 15 May 2013.
- (iii) "\$1.35 Incentive Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of \$1.35 each on or before 19 June 2013.
- (iv) "\$1.25 Incentive Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of \$1.25 each on or before 1 December 2013.

## SHARE OPTIONS

At the date of this report the following options have been issued over unissued capital:

### LISTED OPTIONS

- 11,989,428 listed options at an exercise price of \$0.75 each that expire on 15 May 2013.

### UNLISTED OPTIONS

- 1,960,000 unlisted options at an exercise price of \$1.86 each that expire on 5 August 2011 (all options lapsed on 5 August 2011).
- 495,834 unlisted options at an exercise price of \$1.00 each that expire on 19 June 2012.
- 1,000,000 unlisted options at an exercise price of \$1.25 each that expire on 1 December 2013.
- 2,311,666 unlisted options at an exercise price of \$1.35 each that expire on 18 June 2014.

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate. During the financial year, there were 1,666,666 new shares issued as a result of the exercise of unlisted options, and a further 681,288 new shares issued as a result of exercise of the listed options. There were 3,298,334 unlisted options that lapsed during the year. Since 30 June 2011, there have been no new shares issued as a result of the exercise of any listed or unlisted options on issue.

# DIRECTORS' REPORT (CONTINUED)

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors and the Audit Committee and Remuneration Committee held during the year ended 30 June 2011, and the number of meetings attended by each director.

	Board Meetings Number Eligible to Attend	Board Meetings Number Attended	Audit Committee Meetings Number Eligible to Attend	Audit Committee Meetings Number Attended	Remuneration Committee Meetings Number Eligible to Attend	Remuneration Committee Meetings Number Attended
<b>Current Directors</b>						
James Ross	21	21	1	1	2	2
Brendan James	2	2				
Jose Ramon Esteruelas	21	21	2	2		
Henry Horne	18	18				
Laurence Marsland	-	-				
Ian Stalker	21	19			2	1
Matthew Syme	21	20	1	1	2	2
<b>Former Directors</b>						
Robert Hawley	14	11	1	1		
Scott Yelland	21	21				
Sean James	2	1	1	1		

## REMUNERATION REPORT (AUDITED) (30 JUNE 2011 YEAR END)

This report details the amount and nature of remuneration of each director and executive officer of the Company.

### DETAILS OF KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Group during or since the end of the financial year were as follows:

#### Directors

James Ross	Non-Executive Chairman since 14 January 2011 (previously Non-Executive)
Brendan James	Managing Director (appointed 6 June 2011)
Henry Horne	Chief Financial Officer, appointed Executive Director 11 October 2010 and Acting Managing Director until 6 June 2011 then Non-Executive Director
Ian Stalker	Managing Director until 14 January 2011 then Non-Executive Director
Jose Ramon Esteruelas	Non-Executive Director
Laurence Marsland	Non-Executive Director (appointed 25 August 2011)
Matthew Syme	Non-Executive Director
Robert Hawley	Non-Executive Chairman until resignation 14 January 2011
Scott Yelland	Chief Operating Officer / Executive Director (resigned 30 June 2011)
Sean James	Non-Executive Director (resigned 1 October 2010)

#### Executives

Sam Middlemas	Company Secretary (Appointed 1 July 2010)
Francisco Bellon del Rosal	General Manager Operations (Appointed 9 May 2011)

There were no other key management personnel of the Company or the Group. Unless otherwise disclosed, the Key Management Personnel held their position from 1 July 2010 until the date of this report.

### REMUNERATION POLICY

The remuneration policy for the Group's Key Management Personnel (including the Managing Director) has been developed by the Board taking into account:

- the size of the Group;
- the size of the management team for the Group;
- the nature and stage of development of the Group's current operations; and



- market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for key management personnel:

- the Group is currently focused on undertaking exploration activities with a view to expanding and developing its resources. In line with the Group's accounting policy, all exploration expenditure prior to a feasibility study is expensed. The Group continues to examine new business opportunities in the energy and resources sector;
- risks associated with resource companies whilst exploring and developing projects; and
- other than profit which may be generated from asset sales (if any), the Group does not expect to be undertaking profitable operations until sometime after the successful commercialisation, production and sales of commodities from one or more of its current projects, or the acquisition of a profitable mining operation.

## **REMUNERATION POLICY FOR EXECUTIVES**

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (options and a cash bonus, see below). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning Key Management Personnel objectives with shareholder and business objectives.

### **Performance Based Remuneration – Incentive Options**

The Board has chosen to issue incentive options to Key Management Personnel as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the Key Management Personnel and to provide an incentive linked to the performance of the Company. The Board considers that each Key Management Personnel's experience in the resources industry will greatly assist the Company in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive options granted to Key Management Personnel is commensurate to their value to the Company.

The Board has a policy of granting options to Key Management Personnel with exercise prices at and/or above market share price (at time of agreement). As such, incentive options granted to Key Management Personnel will generally only be of benefit if the Key Management Personnel perform to the level whereby the value of the Company increases sufficiently to warrant exercising the incentive options granted.

Other than service-based vesting conditions, there are no additional performance criteria on the incentive options granted to Key Management Personnel, as given the speculative nature of the Group's activities and the small management team responsible for its running, it is considered the performance of the Key Management Personnel and the performance and value of the Company are closely related.

### **Performance Based Remuneration – Cash Bonus**

In addition, some Key Management Personnel are entitled to an annual cash bonus upon achieving various key performance indicators, to be determined by the Board. On an annual basis, after consideration of performance against key performance indicators, the Board determines the amount, if any, of the annual cash bonus to be paid to each Key Management Personnel.

### **Impact of Shareholder Wealth on Key Management Personnel Remuneration**

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year. However, as noted above, a number of Key Management Personnel have received options which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the incentive options granted.

As a result of the Group's exploration and new business activities, the Board anticipates that it will retain future earnings (if any) and other cash resources for the operation and development of its business. Accordingly the Company does not currently have a policy with respect to the payment of dividends, and as a result the remuneration policy does not take into account the level of dividends or other distributions to shareholders (eg return of capital).

### **Impact of Earnings on Key Management Personnel Remuneration**

As discussed above, the Group is currently undertaking exploration activities, and does not expect to be undertaking profitable operations until sometime after the successful commercialisation, production and sales of commodities from one or more of its current projects.

Accordingly the Board does not consider current or prior year earnings when assessing remuneration of Key Management Personnel.

# DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT (AUDITED) (30 JUNE 2011 YEAR END) (CONTINUED)

### REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, incentive options have been used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors have received incentive options in order to secure their services and as a key component of their remuneration.

### GENERAL

Where required, Key Management Personnel receive superannuation contributions (or foreign equivalent), currently equal to 9% of their salary, and do not receive any other retirement benefit. From time to time, some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Key Management Personnel is valued at cost to the company and expensed. Incentive options are valued using the Binomial option valuation methodology. The value of these incentive options is expensed over the vesting period.

### KEY MANAGEMENT PERSONNEL REMUNERATION

Details of the nature and amount of each element of the remuneration of each Director and executive of the Company or Group for the financial year are as follows:

	Salary & Fees	Post Employment Benefits	Share-Based Payments	Other Non-Cash Benefits <sup>(9)</sup>	Total	Percentage of Total Remuneration that Consists of Options	Percentage Performance Related
	\$	\$	\$	\$	\$	%	%
<b>2011</b>							
<b>Directors</b>							
James Ross	138,025	2,100	-	-	140,125	-	-
Brendan James <sup>(1)</sup>	25,000	1,500	-	-	26,500	-	-
Henry Horne <sup>(2)</sup>	349,649	9,025	415,982	40,682	815,338	51%	-
Scott Yelland	286,891	13,127	15,442	33,505	348,965	4%	-
Ian Stalker <sup>(3)</sup>	278,043	-	724,886	-	1,002,929	72%	-
Jose Ramon Esteruelas	69,488	-	-	-	69,488	-	-
Matthew Syme	35,000	-	-	-	35,000	-	-
Robert Hawley <sup>(4)</sup>	73,677	-	-	-	73,677	-	-
Sean James <sup>(5)</sup>	7,334	-	-	-	7,334	-	-
<b>Executives</b>							
Sam Middlemas <sup>(6)</sup>	170,011	-	-	-	170,011	-	-
Francisco Bellon del Rosal <sup>(7)</sup>	23,996	2,394	-	-	26,390	-	-
<b>2010</b>							
<b>Directors</b>							
Robert Hawley	101,923	-	-	-	103,923	-	-
Ian Stalker	174,655	17,465	1,051,182	11,900	1,255,202	83.7	-
Matthew Syme	237,018	13,125	-	9,302	259,445	-	-
Scott Yelland	239,426	38,440	-	-	277,866	-	-
Sean James	43,581	-	-	-	43,581	-	-
James Ross	101,100	2,700	-	-	103,800	-	-
Jose Ramon Esteruelas	79,063	-	-	-	79,063	-	-
Stephen Dattels <sup>(8)</sup>	-	-	-	-	-	-	-
<b>Executives</b>							
Henry Horne	53,537	-	13,908	7,132	74,577	18.6	-
Clint McGhie	-	-	-	-	-	-	-



## Notes

- (1) Mr James joined the Company as Managing Director on 6 June 2011.
- (2) Mr Horne joined the Company as Chief Financial Officer on 8 February 2010, was appointed as a Non-Executive Director on 11 October 2010 and Acting Managing Director from 14 January 2011 to 30 June 2011 and continues on the Board as a Non-Executive director (833,334 options were cancelled at this time leading to a P&L reversal of \$196,873 for options that had not yet vested – not included in the table above – the Black Scholes value at the date of cancellation was \$81,666).
- (3) Mr Stalker was appointed Managing Director on 30 November 2009 until 14 January 2011 when he moved to the role of Non-Executive Director (2,000,000 options were cancelled at this time leading to a P&L reversal of \$1,321,240 not included in the table above – the Black Scholes value at the date of cancellation was \$2,476,700).
- (4) Mr Hawley resigned from the Board on 14 January 2011.
- (5) Mr James resigned from the Board on 1 October 2010.
- (6) Mr Middlemas was appointed Company Secretary on 1 July 2010 replacing Mr McGhie.
- (7) Mr Bellon del Rosal was appointed Project Manager on 9 May 2011 and promoted to General Manager Operations on 30 June 2011.
- (8) Mr Dattels resigned as a non-executive Director of the Company on 14 September 2009.
- (9) Other Non-Cash Benefits includes payments made for car-parking and insurance premiums on behalf of the Directors, including Directors & Officers insurance, and in some instances, working directors insurance.

## OPTIONS GRANTED TO KEY MANAGEMENT PERSONNEL

There were no options granted to any of the Key Management Personnel of the Company or Group during the financial year. Options granted during the prior year are as follows:

2010	Issuing Entity	Grant Date	Expiry Date	Exercise Price \$	Grant Date Fair Value \$	No. Granted	Total Value of Options	
							Granted \$	No. Vested
Ian Stalker	Berkeley Resources Ltd	1/4/2010	1/12/2013	1.25	0.8626	1,000,000	862,600	1,000,000
	Berkeley Resources Ltd	1/4/2010	1/12/2014	1.25	0.9437	1,000,000	943,700	-
	Berkeley Resources Ltd	1/4/2010	1/12/2015	1.25	1.0068	1,000,000	1,006,800	-
Henry Horne	Berkeley Resources Ltd	18/6/2010	18/6/2014	1.35	0.5538	416,666	230,750	416,666
	Berkeley Resources Ltd	18/6/2010	18/6/2014	1.35	0.5538	416,667	230,750	-
	Berkeley Resources Ltd	18/6/2010	18/6/2014	1.35	0.5538	416,667	230,750	-

## Notes

- (i) For details on the valuation of the options, including models and assumptions used, please refer to Note 19 to the financial statements. In the case of the options issued to Mr Stalker and to Mr Horne during 2010, the unvested options for each lapsed at 30 June 2011.
- (ii) In addition to the above, at 30 June 2010, 333,333 \$1.86 Incentive Options issued to Mr Yelland on 6 August 2007 had vested.
- (iii) Apart from those noted above, during the financial year there were no options exercised or lapsed.

## EMPLOYMENT CONTRACTS WITH DIRECTORS AND EXECUTIVE OFFICERS

Mr Brendan James, Managing Director, has a contract of employment with Berkeley Resources Limited dated 10 March 2011. The contract specifies the duties and obligations to be fulfilled by the Managing Director. The contract has a rolling term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for neglect of duty or gross misconduct. Mr James receives a fixed remuneration component of \$300,000 per annum plus 9% superannuation and the provision of accommodation in Spain and a motor vehicle.

Following shareholder approval on 20 September 2011, Mr James was granted 2,000,000 unlisted incentive options exercisable at \$0.41 each on or before 1 May 2016 (36 months vesting period).

Mr Ian Stalker, terminated his employment contract as Managing Director on 30 December 2010, and entered into a new letter agreement as a Non-Executive Director. The letter specifies the duties and obligations to be fulfilled as a Non-Executive Director, and the remuneration is fixed at \$50,000 per annum. The letter also includes a consultancy arrangement which provides for a consultancy fee at the rate of \$1,200 per day, on an as required basis. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 1 months notice.

# **DIRECTORS'** REPORT (CONTINUED)

## **REMUNERATION REPORT (AUDITED) (30 JUNE 2011 YEAR END) (CONTINUED)**

### **EMPLOYMENT CONTRACTS WITH DIRECTORS AND EXECUTIVE OFFICERS (CONTINUED)**

Mr Henry Horne, terminated his employment contract as Chief Financial Officer and Acting Managing Director on 30 June 2011, and entered into a new letter agreement as a Non-Executive Director. The letter specifies the duties and obligations to be fulfilled as a Non-Executive Director, and the remuneration is fixed at \$50,000 per annum. The letter also includes a consultancy arrangement which provides for a consultancy fee at the rate of \$1,200 per day, on an as required basis. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 1 months notice.

The Board granted Mr Horne 1,250,000 unlisted options exercisable at \$1.35 each on or before 18 June 2014 on his appointment. The unvested 833,334 options lapsed on 30 June 2011.

Dr James Ross AM, Non-Executive Chairman, has a letter of engagement with Berkeley Resources Limited that was updated on 15 January 2011. The letter specifies the duties and obligations to be fulfilled by the Chairman. Dr Ross receives a fixed remuneration component of \$100,000 per annum inclusive of superannuation. The letter also includes a consultancy arrangement which provides for a consultancy fee at the rate of \$1,200 per day for technical geological work done. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 1 months notice.

Señor Jose Ramon Esteruelas, Non-Executive Director, was appointed a Director of the Company on 1 November 2006. Señor Esteruelas has a letter of employment with Berkeley Resources Limited dated 16 November 2006. Señor Esteruelas receives a fixed remuneration component of €48,000 per annum. The letter also includes a consultancy agreement which provides for a consultancy fee of €1,000 per day. The consultancy agreement has a rolling term and may be terminated by Señor Esteruelas or by the Company by giving 1 months notice.

Mr Laurence Marsland was appointed a Non-Executive Director on 25 August 2011. He has a letter engagement specifying the duties and obligations to be fulfilled as a Non-Executive Director, and the remuneration is fixed at \$50,000 per annum. The letter also includes a consultancy arrangement which provides for a consultancy fee at the rate of \$1,200 per day, on an as required basis. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 1 months notice.

Mr Matthew Syme has a letter engagement dated 1 February 2010 relating to his appointment as a Non-Executive Director. The letter specifies the duties and obligations to be fulfilled as a Non-Executive Director, and the remuneration is fixed at \$50,000 per annum. The letter also includes a consultancy arrangement which provides for a consultancy fee at the rate of \$1,200 per day, on an as required basis. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 1 months notice.

Mr Sam Middlemas has a letter agreement dated 31 May 2010 and revised 26 October 2010 relating to his services as Company Secretary. The letter specifies the duties and obligations to be fulfilled as Company Secretary, and the monthly remuneration is fixed at \$9,600 for 8 days work per month. The letter also includes a consultancy arrangement which provides for additional work to be charged at the rate of \$1,200 per day, on an as required basis. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 3 months notice and termination payment.

### **EXERCISE OF OPTIONS GRANTED AS REMUNERATION**

During the financial year ended 30 June 2011, there were no new options granted as remuneration. There were no options that were exercised during the financial year by Key Management Personnel (2010: Nil).

### **AUDITOR'S AND OFFICERS' INDEMNITIES AND INSURANCE**

Under the Constitution the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

During the financial year, the Company has paid an insurance premium to insure Directors and officers of the Company against certain liabilities arising out of their conduct while acting as a Director or Officer of the Company. The net premium paid was \$25,874. Under the terms and conditions of the insurance contract, the nature of liabilities insured against cannot be disclosed.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against any liability incurred.

### **NON-AUDIT SERVICES**

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.



## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on page 39 of the Annual Financial Report.

## ROUNDING OFF

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors



**BRENDAN JAMES**  
**Managing Director**

27 September 2011

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr James Ross, who is a Fellow of The Australian Institute of Mining and Metallurgy and an employee of Berkeley Resources Limited. Dr Ross 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Ross consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**STATEMENT**  
**OF COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED 30 JUNE 2011

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Revenue from continuing operations</b>	<b>1,291</b>	<b>713</b>
Administration costs	(2,015)	(1,468)
Exploration costs	(15,272)	(10,732)
Business development costs	-	(344)
Other share based payments expense	(319)	(1,489)
Cancellation of royalty	-	(921)
<b>Loss before income tax expense</b>	<b>(16,315)</b>	<b>(14,241)</b>
Income tax expense	-	-
<b>Loss after income tax expense</b>	<b>(16,315)</b>	<b>(14,241)</b>
<b>Other Comprehensive Income</b>		
Exchange differences arising on translation of foreign operations	(795)	(1,743)
Income tax on other comprehensive income	-	-
<b>Total Comprehensive Loss</b>	<b>(17,110)</b>	<b>(15,984)</b>
<b>Loss attributable to:</b>		
Non controlling interest	-	1
Members of Berkeley Resources Limited	(16,315)	(14,242)
<b>Loss after income tax expense</b>	<b>(16,315)</b>	<b>(14,241)</b>
Total comprehensive loss attributable to:		
Non controlling interest	-	1
Members of Berkeley Resources Limited	(17,110)	(15,985)
<b>Total Comprehensive Loss</b>	<b>(17,110)</b>	<b>(15,984)</b>
Basic loss per share (cents per share)	(10.75)	(11.08)
Diluted loss per share (cents per share)	(10.75)	(11.08)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.



**STATEMENT**  
OF FINANCIAL POSITION  
AS AT 30 JUNE 2011

	Consolidated	
	2011 \$000's	2010 \$000's
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	50,600	10,244
Trade and other receivables	700	193
<b>Total Current Assets</b>	<b>51,300</b>	<b>10,437</b>
<b>Non-current Assets</b>		
Exploration expenditure	13,647	12,843
Property, plant and equipment	438	482
Other financial assets	115	215
<b>Total Non-current Assets</b>	<b>14,200</b>	<b>13,540</b>
<b>TOTAL ASSETS</b>	<b>65,500</b>	<b>23,977</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	1,188	1,694
Provisions	-	22
Other financial liabilities	109	273
<b>Total Current Liabilities</b>	<b>1,297</b>	<b>1,989</b>
<b>TOTAL LIABILITIES</b>	<b>1,297</b>	<b>1,989</b>
<b>NET ASSETS</b>	<b>64,203</b>	<b>21,988</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	117,624	58,618
Reserves	3,472	4,834
Accumulated losses	(56,893)	(41,464)
<b>TOTAL EQUITY</b>	<b>64,203</b>	<b>21,988</b>

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

# STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2011

	Consolidated	
	2011 \$000's	2010 \$000's
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(18,099)	(10,037)
Interest received	1,266	334
Grant received	-	359
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(16,833)</b>	<b>(9,344)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration	(1,698)	(91)
Security bond deposit	-	172
Proceeds from sale of exploration assets	60	-
Payments for property, plant and equipment	(147)	(271)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(1,785)</b>	<b>(190)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	61,974	8,369
Transaction costs from issue of shares and options	(2,968)	(28)
<b>Net cash inflow from financing activities</b>	<b>59,006</b>	<b>8,341</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>40,388</b>	<b>(1,193)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>10,244</b>	<b>11,480</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(32)</b>	<b>(43)</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>50,600</b>	<b>10,244</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.



# STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2011

	Issued Capital	Option Premium Reserve	Foreign Currency Translation Reserve	Accumu- lated Losses	Non Controlling Interest	Total Equity
<b>CONSOLIDATED</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>As at 1 July 2009</b>	<b>49,391</b>	<b>6,552</b>	<b>(185)</b>	<b>(28,502)</b>	<b>1</b>	<b>27,257</b>
Net loss for the period	-	-	-	(14,240)	(1)	(14,241)
Other Comprehensive Income:						
Exchange differences arising on translation of foreign operations	-	-	(1,743)	-	-	(1,743)
<i>Total comprehensive loss</i>	-	-	(1,743)	(14,240)	(1)	(15,984)
Transactions with owners, recorded directly in equity						
Issue of shares	9,255	-	-	-	-	9,255
Share issue costs	(28)	-	-	-	-	(28)
Share based payments exercised	-	(1,278)	-	1,278	-	-
Cost of share based payments	-	1,488	-	-	-	1,488
<b>As at 30 June 2010</b>	<b>58,618</b>	<b>6,762</b>	<b>(1,928)</b>	<b>(41,464)</b>	<b>-</b>	<b>21,988</b>
<b>As at 1 July 2010</b>	<b>58,618</b>	<b>6,762</b>	<b>(1,928)</b>	<b>(41,464)</b>	<b>-</b>	<b>21,988</b>
Net loss for the period	-	-	-	(16,315)	-	(16,315)
Other Comprehensive Income:						
Exchange differences arising on translation of foreign operations	-	-	(795)	-	-	(795)
<i>Total comprehensive loss</i>	-	-	(795)	(16,315)	-	(17,110)
Transactions with owners, recorded directly in equity						
Issue of shares	62,264	-	-	-	-	62,264
Share issue costs	(3,258)	-	-	-	-	(3,258)
Share based payments exercised	-	(886)	-	886	-	-
Cancellation of incentive options:						
Unvested Options	-	(1,568)	-	-	-	(1,568)
Cost of share based payments	-	1,887	-	-	-	1,887
<b>As at 30 June 2011</b>	<b>117,624</b>	<b>6,195</b>	<b>(2,723)</b>	<b>(56,893)</b>	<b>-</b>	<b>64,203</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

## 1. BASIS OF PREPARATION

The concise financial statements have been prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB1039 "Concise Financial Reports". The concise financial statements are an extract from the full financial statements. The concise financial statements and specific disclosures included in the concise financial statements have been derived from the full financial statements of Berkeley Resources Limited.

All amounts are presented in Australian dollars.

## 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. There is no material impact of the adoption of these new accounting standards on the financial statements at 30 June 2011.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2011 are as follows:

- AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).
- Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011).
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013).
- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).
- AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).
- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Interpretation 13] (applicable to annual reporting periods beginning on or after 1 January 2011).
- Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable to annual reporting periods beginning on or after 1 January 2011).
- Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to annual reporting periods beginning on or after 1 January 2013).

## 3. REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS

	Consolidated	
	2011 \$000's	2010 \$000's
Revenue – Interest Income	1,231	354
Other Income	60	76
Grant Income received	-	283
	<b>1,291</b>	<b>713</b>



#### **4. SEGMENT INFORMATION**

The Consolidated Entity operates in one operating segment and one geographical segment, being uranium exploration in Spain. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

The Consolidated Entity's corporate headquarters in Australia have previously been reported in the Australian geographical segment, however, the corporate and administrative functions based in Australia are considered incidental to Consolidated Entity's uranium exploration activities in Spain. As a result, following the adoption of AASB 8, the Consolidated Entity is not required to report the geographical segments reported in previous periods.

#### **5. SUBSEQUENT EVENTS**

Since the end of the financial year, the following events have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years:

Following shareholder approval on 20 September 2011, the Company has issued 2,000,000 Incentive Options to Mr Brendan James each with an exercise price of 41 cents, with an expiry date of 1 May 2016. All the Options will vest on 30 May 2014, or on the date a Change of Control event occurs.

In addition to the above, a further 1,000,000 options have been issued to employees under the Berkeley Employee Option Scheme each with an expiry date of 21 September 2015, vesting in three equal tranches on 21 September 2012, 21 September 2013 and 21 September 2014 at an exercise price of 41 cents.

Other than the above there are no matters or circumstances, which have arisen since 30 June 2011 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2011, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2011, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2011, of the Consolidated Entity.

## **DIRECTORS'** DECLARATION

FOR THE YEAR ENDED 30 JUNE 2011

The Directors declare that:

- a) in the directors opinion, the attached financial statements and notes thereto comply with Australian Accounting Standard AASB 1039 "Concise Financial Reports"; and
- b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

Signed in accordance with a resolution of the directors.

On behalf of the Board.



**BRENDAN JAMES**  
**Managing Director**

27 September 2011



**AUDITOR'S**  
INDEPENDENCE DECLARATION

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Stantons International Audit and Consulting Pty Ltd  
(ABN 84 144 581 515) trading as

**Stantons International**  
Chartered Accountants and Consultants

27 September 2011

Board of Directors  
Berkeley Resources Limited  
Level 2, 91 Havelock Street  
West Perth WA 6005  
Australia

Dear Directors

**RE: BERKELEY RESOURCES LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Berkeley Resources Limited.

As the Audit Director for the audit of the financial statements of Berkeley Resources Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully  
**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stantons International)  
(Authorised Audit Company)



**John Van Dieren**  
Director



# INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERKELEY RESOURCES LIMITED Report on the Concise Financial Report

We have audited the accompanying concise consolidated financial report of Berkeley Resources Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended and related notes, derived from the audited consolidated financial report of Berkeley Resources Limited for the year ended 30 June 2011. The concise consolidated financial report does not contain all the disclosures required by Australian Accounting Standards.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and presentation of the concise consolidated financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports, and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the concise consolidated financial report.

### Auditor's Responsibility

Our responsibility is to express an opinion on the concise consolidated financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810: Engagement to Report on Summary Financial Statements. We conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of Berkeley Resources Limited for the year ended 30 June 2011. We expressed an unmodified audit opinion on that financial report in our report dated 27 September 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise consolidated financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the concise consolidated financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise consolidated financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. Our procedures included testing that the information in the concise consolidated financial report is derived from, and is consistent with, the financial report for the year, and examination, on a test basis, of audit evidence supporting the amounts, discussions and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise consolidated financial report complies with Accounting Standards AASB 1039: Concise Financial Reports.

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

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Professional Standards Legislation

Member of Russell Bedford International



Stantons International

#### **Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

#### **Auditor's Opinion**

In our opinion, the concise consolidated financial report of Berkeley Resources Limited for the year ended 30 June 2011 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

#### **REPORT ON THE REMUNERATION REPORT**

We have audited the remuneration report included on pages 13 to 18 of the directors' report for the year ended 30 June 2011.

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.

#### **Auditor's Opinion**

In our opinion the Remuneration Report of Berkeley Resources Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stantons International)  
(An Authorised Audit Company)

*Stantons International Accountant in Charge J P Van Dieren*



**J P Van Dieren**  
Director

West Perth, Western Australia  
27 September 2011

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Berkeley Resources Limited is responsible for its corporate governance, that is, the system by which the Group is managed. This statement outlines the main corporate governance practices in place during the financial year, which comply with the ASX Corporate Governance recommendations unless otherwise stated.

## 1. BOARD OF DIRECTORS

### 1.1 ROLE OF THE BOARD AND MANAGEMENT - ASX PRINCIPLE 1

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

### 1.2 COMPOSITION OF THE BOARD - ASX PRINCIPLE 2

The Company currently has the following Board members:

Dr James Ross	Non-Executive Chairman
Mr Brendan James	Managing Director
Snr Jose Ramon Esteruelas	Non-Executive Director
Mr Henry Horne	Non-Executive Director
Mr Laurence Marsland	Non-Executive Director
Mr Ian Stalker	Non-Executive Director
Mr Matthew Syme	Non-Executive Director

Details of the Directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board has assessed the independence status of the Directors and has determined that there are two independent Directors, being Mr Marsland and Senor Esteruelas.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the Directors which define an independent Director to be a Director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;



- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a Director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual Director's net worth is considered material for these purposes.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required for the Board to properly perform its responsibilities and functions will be appointed.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board's duties and physical ability to undertake the Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than managing Director, and only one managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

### **1.3 COMMITTEES OF THE BOARD**

As at 30 September 2011, the following committees of the Board had been formed:

- Audit Committee (formed 22 September 2010)
- Remuneration Committee (formed 22 September 2010)

Other than the formation of the committees noted above, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of additional separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

As the Group's activities increase in size, scope and nature, the formation of additional separate or special committees will be reviewed by the Board and implemented if appropriate. It is expected that additional committees will be required as the Company makes the transition from explorer to uranium producer.

The Company continues to monitor its compliance with Listing Rule 12.7 with respect to the requirement to have an Audit Committee and to comply with the best practice recommendations set by the ASX Corporate Governance Council in relation to the composition, operation and responsibility of the Audit Committee.

### **1.4 CONFLICTS OF INTEREST**

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

### **1.5 INDEPENDENT PROFESSIONAL ADVICE**

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

# CORPORATE GOVERNANCE

## STATEMENT (CONTINUED)

### 2. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

#### 2.1 CODE OF CONDUCT FOR DIRECTORS - ASX PRINCIPLE 3

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A Director must act honestly, in good faith and in the best interests of the company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the company.
- A Director must not make improper use of information acquired as a Director.
- A Director must not take improper advantage of the position of Director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a Director in the course of the exercise of Directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

#### 2.2 CODE OF ETHICS AND CONDUCT

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Group information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

### **2.3 DEALINGS IN COMPANY SECURITIES**

The Company's share trading policy imposes basic trading restrictions on all Directors and employees of the Group. Directors and employees must not:

- deal in the Company's securities on considerations of a short term nature and must also take reasonable steps to prevent any person connected with them from doing the same;
- deal in the Company's securities during a close period; and
- deal in any of the Company's securities if they have unpublished price-sensitive information.

A 'close period' is:

- the period of two months immediately preceding the preliminary announcement of the Company's annual results; and
- the period of two months immediately preceding the announcement of the Company's half-year results.

'Unpublished price sensitive information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to have a significant effect on the price or value of the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others - including colleagues, family or friends - knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, clearance must be obtained from the Chairman before dealing in any securities and Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

### **2.4 INTERESTS OF OTHER STAKEHOLDERS - ASX PRINCIPLE 10**

The Group's objective is to leverage into resource projects to provide a solid base in the future from which the Group can build its resource business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

## **3. DISCLOSURE OF INFORMATION**

### **3.1 CONTINUOUS DISCLOSURE TO ASX - ASX PRINCIPLE 5**

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.



# CORPORATE GOVERNANCE

## STATEMENT (CONTINUED)

### 3. DISCLOSURE OF INFORMATION (CONTINUED)

#### 3.1 CONTINUOUS DISCLOSURE TO ASX - ASX PRINCIPLE 5 (CONTINUED)

Information need not be disclosed if:

1. It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and
2. The information is confidential; or
3. One of the following applies:
  - i. It would breach a law or regulation to disclose the information;
  - ii. The information concerns an incomplete proposal or negotiation;
  - iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - iv. The information is generated for internal management purposes;
  - v. The information is a trade secret;
  - vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information;
  - vii. The information is scientific data that release of which may benefit the Group's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

#### 3.2 COMMUNICATION WITH SHAREHOLDERS - ASX PRINCIPLE 6

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meeting's; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

### 4. RISK MANAGEMENT AND INTERNAL CONTROL

#### 4.1 APPROACH TO RISK MANAGEMENT AND INTERNAL CONTROL - ASX PRINCIPLE 7

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in commodity prices and exchange rates;
- accuracy of mineral reserve and resource estimates;
- reliance on licenses, permits and approvals from governmental authorities;
- ability to obtain additional financing; and
- changed operating, market or regulatory environments.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

#### **4.2 RISK MANAGEMENT ROLES AND RESPONSIBILITIES**

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2011 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

#### **4.3 INTEGRITY OF FINANCIAL REPORTING - ASX PRINCIPLE 4**

The Board also receives a written assurance from the Chief Executive Officer or equivalent (CEO) and the Chief Financial Officer or equivalent (CFO) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

#### **4.4 ROLE OF EXTERNAL AUDITOR - ASX PRINCIPLE 6**

The Group's practice is to invite the auditor (who now must attend) to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

### **5. PERFORMANCE REVIEW - ASX PRINCIPLE 8**

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees (if any) during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- an analysis of the Group's prospects and projects; and
- a review of feedback obtained from third parties, including advisors.

The Remuneration Report discloses the process for evaluating the performance of senior executives, including the Managing Director.

In 2011, performance evaluations for senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

# CORPORATE GOVERNANCE

## STATEMENT (CONTINUED)

### 6. REMUNERATION ARRANGEMENTS - ASX PRINCIPLE 9

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Group has developed a limited equity-based remuneration arrangement for key executives and consultants.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

During the 2011 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Recommendation Ref	Notification of Departure	Explanation for Departure
2.1, 2.2	A majority of the Board are not independent Directors and the Chair is not an independent Director.	<p>The Board considers that the following two out of six Directors are independent Directors in accordance with the ASX Corporate Governance Council's definition of independence:</p> <p>Senor Jose Ramon Esteruelas (Independent Non-Executive Director)</p> <p>Mr Laurence Marsland (Independent Non-Executive Director)</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional independent non-executive Directors.</p> <p>The Board believes that the individuals on the Board and the Chairman can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.</p>
2.4	A separate Nomination Committee has not been formed.	<p>The Board considers that the Company is not currently of a size to justify the formation of a Nomination Committee. The Board as a whole undertakes process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.</p>
4.2	The Audit Committee does not have a majority of Independent Directors.	<p>The Board has established an Audit Committee, although it does not have a majority of independent Directors. Refer comments above regarding the departure from Recommendation 2.</p>

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

Further details of the Company's corporate governance policies and practices are available on the Company's website at [www.berkeleyresources.com.au](http://www.berkeleyresources.com.au).



The shareholder information set out below was applicable as at 12 October 2011.

## 1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of each class of listed securities are listed below:

### Ordinary Shares

Name	No of Ordinary Shares Held	Percentage of Issued Shares
HSBC Custody Nominees (Australia) Limited	29,649,483	17.01
Penson Australia Nominees Pty Ltd <Argonaut Account>	27,237,767	15.63
National Nominees Limited	19,082,463	10.95
Resource Capital Fund V LP	14,259,000	8.18
Citicorp Nominees Pty Limited	12,970,823	7.44
Computershare Clearing Pty Ltd <CCNL DI A/C>	7,116,838	4.08
HSBC Custody Nominees (Australia) Limited – A/C 2	5,660,186	3.25
J P Morgan Nominees Australia Limited	5,345,246	3.07
J P Morgan Nominees Australia Limited <Cash Income A/C>	4,071,854	2.34
HSBC Custody Nominees (Australia) Limited – A/C 3	3,811,557	2.19
UBS Nominees Pty Ltd	2,057,446	1.18
Hopetoun Consulting Pty Ltd	1,370,000	0.79
Cogent Nominees Pty Limited	1,311,980	0.75
Arredo Pty Ltd	1,300,000	0.75
UBS Wealth Management Australia Nominees Pty Ltd	1,049,004	0.60
Hopetoun Consulting Pty Ltd	756,105	0.43
Cantori Pty Ltd <Cantori P/L Super Fund A/C>	680,052	0.39
Mr Doug Gray & Mrs Ghislaine Gray <Glenmore Estate S/Fund A/C>	579,400	0.33
Mr Peter Diamond Ellis	525,000	0.30
Yangtze Investments Pty Ltd <Yangtze A/c>	508,305	0.29
<b>Total Top 20</b>	<b>139,342,509</b>	<b>79.94</b>
Others	34,955,764	20.06
<b>Total Ordinary Shares on Issue</b>	<b>174,298,273</b>	<b>100.00</b>

## ADDITIONAL INFORMATION (CONTINUED)

### 1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES (CONTINUED)

#### \$0.75 Listed Options

Name	No of \$0.75 Listed Options Held	Percentage of \$0.75 Listed Options
JP Morgan Nominees Australia Limited <Cash Income A/C>	1,342,643	11.20
Hopetoun Consulting Pty Ltd	1,113,153	9.28
HSBC Custody Nominees (Australia) Limited	1,018,002	8.49
National Nominees Limited	960,817	8.01
UBS Nominees Pty Ltd	911,952	7.61
Senor Jose Ramon Esteruelas	870,000	7.26
Dr Robert Hawley	840,689	7.01
HSBC Custody Nominees (Australia) Limited – GSCO ECA	500,000	4.17
Cantori Pty Ltd <Cantori Superfund A/C>	500,000	4.17
ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	313,401	2.61
Mr Sean James	250,000	2.09
Primavera Investments Pty Ltd	250,000	2.09
Sierra Whiskey Pty Limited	250,000	2.09
Mr SA & Mrs JA Springett <Springett Family A/C>	236,790	1.97
Mr Scott Yelland	209,196	1.74
Mr Bradley Charles Ogg	185,000	1.54
Bretgrey Pty Ltd <Super Fund A/C>	161,200	1.34
Station Capital Pty Ltd	135,812	1.13
HSBC Custody Nominees (Australia) Limited – No 3 A/C	103,710	0.87
Bluesteel Trading Pty Limited	100,000	0.83
<b>Total Top 20</b>	<b>10,252,365</b>	<b>85.51</b>
Others	1,737,063	14.49
<b>Total \$0.75 Listed Options on Issue</b>	<b>11,989,428</b>	<b>100.00</b>

### 2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of security holders by size of holding

Distribution	Ordinary Shares		\$0.75 Listed Options	
	Number of Shareholders	Number of Shares	Number of Optionholders	Number of Options
1 – 1,000	292	82,674	194	51,311
1,001 – 5,000	437	1,315,798	36	80,765
5,001 – 10,000	229	1,849,227	10	67,198
10,001 – 100,000	464	15,707,117	43	1,637,789
100,001 – and over	96	155,343,457	19	10,152,365
<b>Totals</b>	<b>1,518</b>	<b>174,298,273</b>	<b>302</b>	<b>11,989,428</b>

There were 324 holders of less than a marketable parcel of ordinary.

### 3. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the holding company's register as at 12 October 2011 are:

Substantial Shareholder	Number of Shares	% Holding
Anglo Pacific Group plc	25,185,251	14.45%
Commonwealth Bank of Australia and its subsidiaries	14,839,094	8.51%
Resource Capital Fund	13,020,000	7.47%
Hadron Capital	11,141,859	6.39%
JP Morgan Chase & Co and its affiliates	10,595,292	6.08%
IOOH Holdings Ltd and associates	10,079,092	5.78%

### 4. UNQUOTED SECURITIES

The names of the holders holding more than 20% of each class of unlisted securities are listed below:

Holder	Number
<b>\$1.00 Options Expiring 19 June 2012</b>	
Mr Scott Yelland	250,000
The Estate of the late Mr Peter Ellis	125,000
2 other holders (each holding less than 20% holding)	120,834
<b>Total</b>	<b>495,834</b>
<b>\$1.25 Options Expiring 1 December 2013</b>	
Mr Ian Stalker	1,000,000
<b>\$0.41 Options Expiring 1 May 2016</b>	
Mr B James	2,000,000
<b>\$0.41 Options Expiring 21 September 2015</b>	
Mr F Bellon del Rosal	1,000,000
<b>\$1.35 Options Expiring 18 June 2014</b>	
Mr Javier Colilla	1,000,000
27 other holders (each holding less than 20% holding)	1,311,666
<b>Total</b>	<b>2,311,666</b>

### 5. VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

### 6. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Berkeley's listed securities.



## ADDITIONAL INFORMATION (CONTINUED)

### 7. EXPLORATION INTERESTS

As at 13 October 2011, the Company has an interest in the following tenements:

Location	Tenement Name	Percentage Interest	Status
<b>Spain</b>			
Salamanca	P.E. Alimoche	100%	Pending
	P.E. Berkeley 3	100%	Granted
	P.E. Berkeley 7	100%	Granted
	P.I. Herrada Fr.10	100%	Granted
	P.I. Halcon	100%	Pending
	P.I. Castanos 2	100%	Granted
	P.I. Pedreras	100%	Granted
	P.I. Abedules	100%	Granted
	P.I. Alisos	100%	Granted
	P.I. Alcornoques	100%	Granted
	P.I. Bardal	100%	Granted
	P.I. Berzosa	100%	Granted
	P.I. Herrada Fr2o	100%	Granted
	P.I. La Santa	100%	Granted
	P.I. Santalucia	100%	Granted
	P.I. Espinera	100%	Granted
	P.I. Las Eras	100%	Granted
	P.I. Bogajo	100%	Granted
	P.I. Barquilla	100%	Granted
	P.I. Ciervo	100%	Granted
	P.I. Dehesa	100%	Granted
	P.I. Horcajada	100%	Granted
	P.I. Mimbre	100%	Granted
P.I. Onoro	100%	Granted	
Badajoz	Don Benito East	100%	Pending
	Don Benito West	100%	Pending
	P.I. Abetos	100%	Pending
	P.I. Fuenteguinaldo	100%	Granted
	P.I. Mailleras	100%	Pending
	P.I. El Aguila	100%	Pending
	P.I. Campillo	100%	Pending
Caceres	P.I. Olmos	100%	Granted
	P.I. Ibor	100%	Pending
	P.I. Almendro	100%	Granted
	P.I. Tietar	100%	Pending
Toledo	P.I. Lucena	100%	Pending
Barcelona	P.I. Caluf U	100%	Pending
	P.I. Caluf C	100%	Pending
Ciudad Real	P.I. Damkina	100%	Pending
Ourense	P.I. Oimbra	100%	Pending
	P.I. Maceda	100%	Pending









# Berkeley

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