



ANNUAL  
REPORT  
2010



**Berkeley**  
Resources Ltd

ABN 40 052 468 569

An emerging mid-size  
near-term uranium  
producer

## THE HIGHLIGHTS FOR THE YEAR INCLUDE:

- Berkeley completed 14,400 m of drilling including 5,000 m of diamond drilling and 8,000 m of reverse circulation drilling at the Sageras, Palacios and Alameda South deposits and 1,400 m of metallurgical diamond drilling at Sageras and Alameda South. This drilling allowed the Company to increase its Minerals Resources, confirm historical data and highlight potential extensions to the known mineralisation.
- Mineral Resources within Berkeley's projects at the end of the period total 81.2 Mt at 450 ppm for 80.4 Mlbs (36.4 Kt)  $U_3O_8$  with 32% in the Measured and Indicated categories.
- Phase 1 of the Feasibility Study commenced during the year and is scheduled to be completed in 2010. The study is focusing 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 and is scheduled to be completed in mid 2011. It concentrates on the potential to use heap leaching at the satellite deposits and increase the annual production rate to over 4 Mlbs  $U_3O_8$ .
- The senior management team was strengthened considerably during the year with Ian Stalker appointed as the new MD and Henry Horne as the CFO.
- Following the period end Berkeley increased its combined Mineral Resource Estimates at the Sageras and Alameda South deposits by 10%, and signed a non binding MOU with KEPCO to assist in the financing and development of the Salamanca Uranium Project.
- These milestones mean Berkeley is well placed to recommence mining at Salamanca by year end 2012.
- Berkeleys' achievements to date have been reflected in a strong share price performance compared to its peer group.

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The last year has seen success for the Company in many of the development areas necessary in building a successful uranium mining company. Phase 1 of the Feasibility Study will be completed by year end and Phase 2 is well set to be finished before mid 2011. These milestones indicate that a successful restart of mining at Salamanca will commence by year end 2012.

Berkeley has now established itself as a mid-size near-term uranium producer. Our anticipated arrival as a uranium producer should prove to be well timed given recent indications that several countries, notably China, are beginning to stockpile material ahead of their substantial nuclear build-out programme. This increase in nuclear power generation will underpin interest in high quality, long life sources of uranium, such as the projects we are developing in Spain.

The uranium sector, particularly in Kazakhstan, has seen a recent increase in output. Commentators are still predicating uranium prices to rise, as many countries, for example China, India, Russia, Japan and Korea are planning a significant number of new reactors. Recently, we agreed a non-binding MOU with the Korea Electric Power Corporation ('KEPCO'), to finance and develop the Salamanca Uranium Project. KEPCO provides electricity to almost every household in Korea and operates 20 nuclear power plants with six more under construction. Under the MOU KEPCO will invest, at the Project level only, approximately US\$ 70 million for a 35% interest in Berkeley's Salamanca Uranium Project. It will also contribute up to 35% of the funding to get the project into production.

This agreement has provided added flexibility to our financing plans and provides increased stability as we move toward production. We have made significant progress on our Feasibility Study for the Salamanca Uranium Project. An initial mining schedule has been completed and we continue to explore ways to optimise the processing flow sheet.

Shareholder funds have been focused on mining studies and exploration drilling campaigns designed to increase our confidence in the historical data provided by ENUSA. We are pleased that this work has culminated in a significant increase in our Mineral Resources from 26.1 Mlbs of  $U_3O_8$  to 80 Mlbs. We have also identified a number of new targets following the compilation and assessment of the ENUSA data. Some of these targets have been identified beneath Tertiary cover where radiometrics are ineffective.



**DR ROBERT HAWLEY CBE**  
Chairman



## CHAIRMAN'S LETTER TO SHAREHOLDERS (CONTINUED)

Studies indicate that we can extract the ore using open pit mining methods and the Salamanca Uranium Project will benefit from a low stripping ratio, whilst metallurgical test work indicates that acid tank leaching will achieve extraction rates in excess of 93% at the Palacios and Almeda deposits.

All of our activities have been undertaken to world best practice standards and we are working with internationally respected sub-contractors who have vast experience working with uranium companies.

The developments during the course of the year have been of particular interest to the local community in Spain. We are enjoying particular support from the local population who recognise the Project offers significant job creation potential in the region. We are continuing to engage constructively with all stakeholders and are progressing positively with our permitting applications. Regular dialogue with ENUSA has continued throughout the year.

In comparison to our peer group, Berkeley's share performance has been good. It is our firm belief that the improving outlook for uranium, the support of KEPCO, the progress made toward a Feasibility Study and the increased Mineral Resources make Berkeley a very attractive investment proposition. However, this has not always been sufficiently reflected in our share price. In order to help correct this situation the Company has begun exploring a possible listing on the TSX which includes a large number of uranium companies and understanding and appetite are high.

In order to maximise our opportunities return increased value to shareholders, it is critical that we have a strong team in place. Hence, we have made a number of key appointments during the course of the year.

Ian Stalker was appointed Managing Director and Chief Executive Officer of the Company in November 2009. I am delighted to welcome Ian to the Board. He brings with him vast experience in the uranium sector.

The management team was further enhanced following the appointment of Henry Horne as Chief Financial Officer in April 2010. Henry has over 25 years experience in the mining industry and has held senior executive postings at mines throughout the world. We also appointed Sam Middlemas as Company Secretary in June 2010.

The implementation of a strong management team to work alongside a team of experienced local engineers, the progress achieved in preparing a Feasibility Study and the tripling of our resource base has meant the Company is well placed for further growth in 2011 and is on track for production in 2012.



The period under review has been very significant for Berkeley. The company has grown from a small uranium exploration company with 26.1 Mlbs of U<sub>3</sub>O<sub>8</sub> Mineral Resources to a mid-size near-term uranium producer with over 80 Mlbs of U<sub>3</sub>O<sub>8</sub> Mineral Resources.

Following the period end Berkeley has continued to achieve significant progress. In September 2010 the company reported a further 10% increase in the combined Mineral Resource Estimates of the Sageras and Alameda South deposits. Measured and Indicated Resources at Sageras now represent 96% of the deposit and Alameda South now contains 92% Indicated Resources. Combined Mineral Resources for the Phase 1 Feasibility Study deposits (Sageras, Palacios North & Alameda South) have increased by 8% to 34.5 Mlbs (15.7 Kt) U<sub>3</sub>O<sub>8</sub>, with 93% in the Measured and Indicated categories. In total Mineral Resources within Berkeley's projects are 84.6 MT at 446 ppm for 83.2 Mlbs (37.7 Kt) U<sub>3</sub>O<sub>8</sub>, with 46% in the Measured and Indicated categories.

As a result of this work the Company is now significantly closer to reporting the results of its initial Feasibility Study which is expected to be announced before the end of 2010. The Feasibility Study will provide significant detail regarding the project economics and financing requirements. The data for this Study that has been released to date has been very encouraging and attracted interest from KEPCO. Berkeley subsequently signed an MOU with KEPCO in August 2010 to finance and develop the Salamanca Uranium Project. To establish such interest prior to the publication of the initial Feasibility Study represents a significant endorsement of the attractive economics for the Project and provides Berkeley with greater confidence and flexibility for future financing options.

KEPCO is a South Korean government-invested diversified energy company with assets of over \$US 80 billion. KEPCO is involved in the generation, transmission and distribution of electrical power from nuclear, hydro, coal, oil and LNG sources worldwide and provides electricity to almost every household in Korea. It operates 20 power plants in the country with six more under construction. KEPCO plans to invest, at the Project level only, US\$ 70 million for a 35% interest in the Salamanca Uranium Project and will also contribute funding of 35% for the development required to bring the assets into production. Under the terms of the suggested agreement KEPCO will execute a proposed offtake agreement to purchase 35% of the Salamanca Uranium Project's U<sub>3</sub>O<sub>8</sub> production at industry standard terms based on a mix of spot and term prices.

Berkeley has undertaken a number of drilling programmes during the year which will enable the Company to complete the Feasibility Study for the Salamanca Uranium Project by the end of 2010. Coupled with the opportunities presented by a potential partnership with KEPCO, Berkeley is well placed to develop its projects and achieve the near-term ambition of becoming a mid-size uranium producer at a time when development plans for nuclear power stations are rapidly moving ahead.

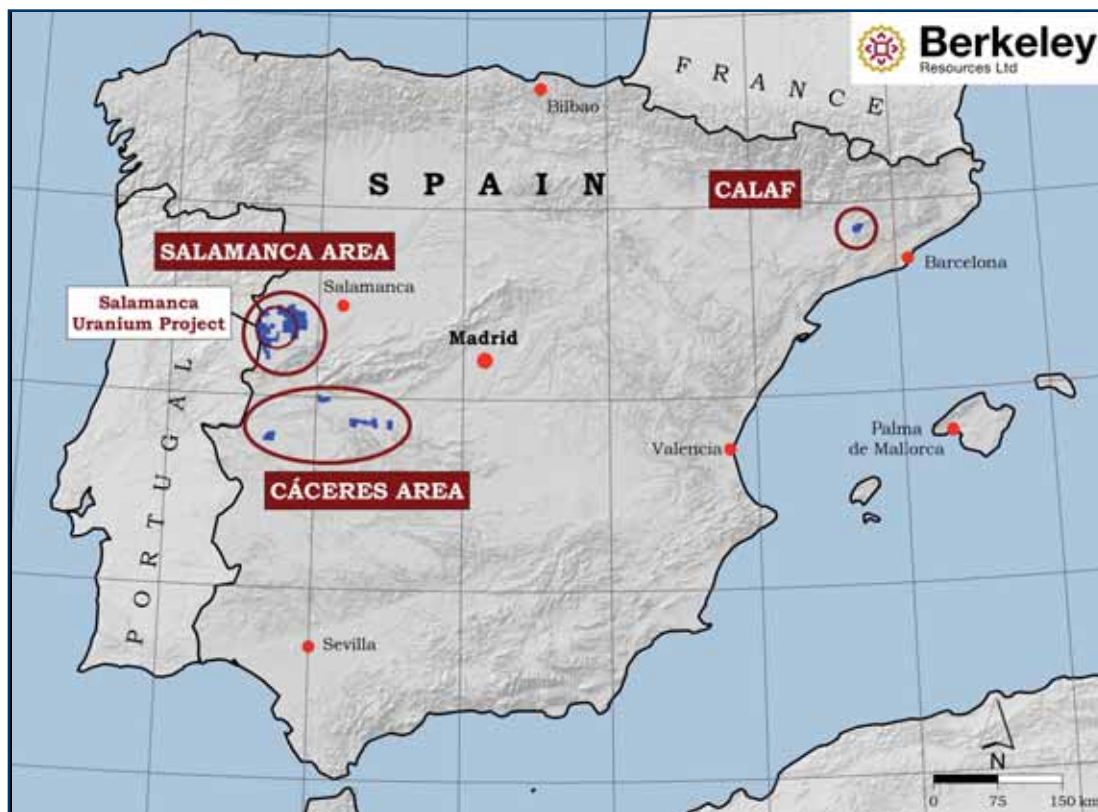


Figure 1 – Berkeley Project Locations

# OPERATIONS

## REVIEW (CONTINUED)

### MINERAL RESOURCES

Berkeley's Mineral Resources are now grouped into five areas: Águila, Retortillo, Alameda, Villar and Gambuta (Figure 2).

The key Mineral Resource developments for the year ending 30 June 2010 are summarised below:

- Mineral Resources within Berkeley's projects now total 81.2 Mt at 450 ppm for 80.4 Mlbs (36.4 Kt)  $U_3O_8$ , with 32% in the Measured and Indicated categories.
- Mineral Resources for the Águila Area, which includes the Sageras, Palacios and Majuelos deposits, are all within 3 kms of the Quercus processing plant and total 22.5 Mt at an average grade of 417 ppm for 20.7 Mlbs (9.4 Kt)  $U_3O_8$ . These Mineral Resources include 24% Measured Resources and 26% Indicated Resources.
- Mineral Resources in the Retortillo Area, which include the Zona 7, Retortillo, Santidad, Caridad, Las Carbas and Cristina deposits, total 19.9 Mt at an average grade of 512 ppm for 22.5 Mlbs (10.2 Kt)  $U_3O_8$ . These Mineral Resources include 27% Indicated Resources.
- Mineral Resources for the Alameda Area, which include the Alameda South and North deposits, total 22.5 Mt at an average grade of 466 ppm for 23.1 Mlbs (10.5 Kt)  $U_3O_8$ . These Mineral Resources include 40% Indicated Resources.
- Mineral Resources for the Villar Deposit total 5.0 Mt at an average grade of 446 ppm for 4.9 Mlbs (2.2 Kt)  $U_3O_8$ , all in the Inferred category.

A summary of the Mineral Resources (200 ppm  $U_3O_8$  cut-off) for each area are summarised in Table 1 and a more detailed breakdown of all the deposits is presented in Table 2.

**Table 1 – Berkeley Mineral Resources by Area**

Deposit Name	Resource Category	Tonnes (Mt)	$U_3O_8$ (ppm)	$U_3O_8$ (t)	$U_3O_8$ (Mlbs)	Category (%)	Berkeley (%)	$U_3O_8$ (Mlbs)
Águila Area	Measured	5.6	403	2,262	5.0	24%	90%	4.5
	Indicated	5.1	470	2,415	5.3	26%	90%	4.8
	<b>Subtotal M+I</b>	<b>10.8</b>	<b>435</b>	<b>4,677</b>	<b>10.3</b>	<b>50%</b>	<b>90%</b>	<b>9.3</b>
	Inferred	11.8	400	4,715	10.4	50%	90%	9.4
	<b>Total</b>	<b>22.5</b>	<b>417</b>	<b>9,392</b>	<b>20.7</b>	<b>100%</b>	<b>90%</b>	<b>18.6</b>
Alameda Area	Indicated	8.6	480	4,133	9.1	40%	90%	8.2
	Inferred	13.9	458	6,326	13.9	60%	90%	12.5
	<b>Total</b>	<b>22.5</b>	<b>466</b>	<b>10,459</b>	<b>23.1</b>	<b>100%</b>	<b>90%</b>	<b>20.7</b>
Villar Area	Inferred	5.0	446	2,239	4.9	100%	90%	4.4
Retortillo Area	Indicated	5.2	531	2,759	6.1	27%	100%	6.1
	Inferred	14.7	505	7,431	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>
Gambuta Area	Inferred	11.3	371	4,174	9.2	100%	100%	9.2
Berkeley	Measured	5.6	403	2,262	5.0	6%		4.5
	Indicated	18.9	491	9,307	20.5	25%		19.1
	<b>Subtotal M+I</b>	<b>24.5</b>	<b>471</b>	<b>11,569</b>	<b>25.5</b>	<b>32%</b>		<b>23.6</b>
	Inferred	56.6	440	24,885	54.8	68%		51.9
	<b>Total</b>	<b>81.2</b>	<b>450</b>	<b>36,454</b>	<b>80.4</b>	<b>100%</b>		<b>75.5</b>







The new and updated Mineral Resource Estimates are based on a combination of chemical and e-grades from historical drilling, supplemented by Berkeley diamond and RC drilling with both chemical and e-grades. The geological models and Mineral Resource Estimates have been developed by a team of in-house and consulting geoscientists following a rigorous programme to verify the historical data.

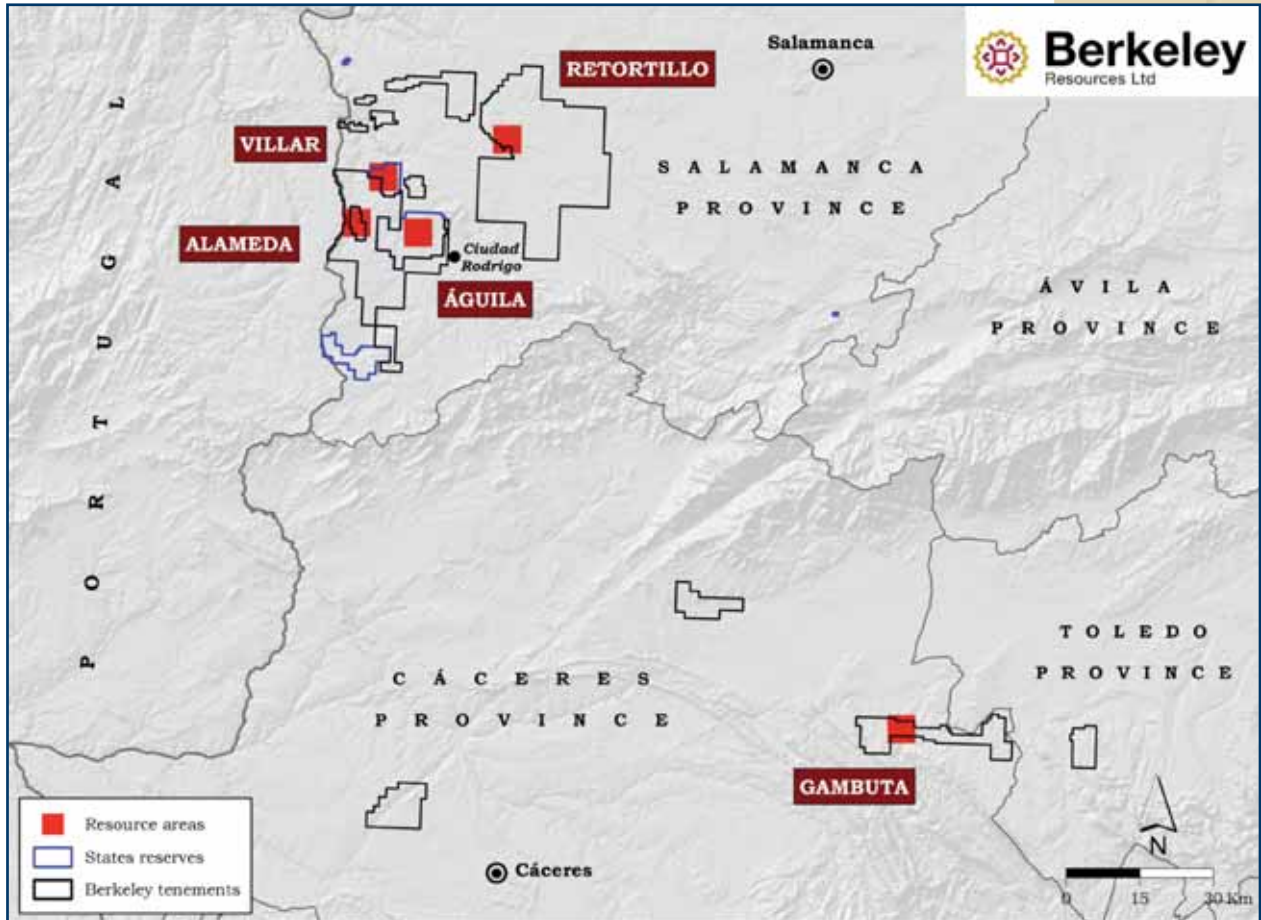


Figure 2 – Berkeley Resource Areas



# OPERATIONS

## REVIEW (CONTINUED)

Table 2 – Berkeley Mineral Resources by Deposit

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 <sup>1</sup>	Measured	4.7	380	1,779	3.9	46%	90%	3.5
	Indicated	2.3	430	977	2.2	25%	90%	1.9
	<b>Subtotal M+I</b>	<b>7.0</b>	<b>396</b>	<b>2,755</b>	<b>6.1</b>	<b>71%</b>	<b>90%</b>	<b>5.5</b>
	Inferred	2.8	410	1,143	2.5	29%	90%	2.3
	<b>Total</b>	<b>9.7</b>	<b>400</b>	<b>3,899</b>	<b>8.6</b>	<b>100%</b>	<b>90%</b>	<b>7.7</b>
Palacios North <sup>1</sup>	Measured	0.9	515	483	1.1	23%	90%	1.0
	Indicated	2.9	502	1,438	3.2	67%	90%	2.9
	<b>Subtotal M+I</b>	<b>3.8</b>	<b>505</b>	<b>1,922</b>	<b>4.2</b>	<b>90%</b>	<b>90%</b>	<b>3.8</b>
	Inferred	0.4	531	211	0.5	10%	90%	0.4
	<b>Total</b>	<b>4.2</b>	<b>508</b>	<b>2,133</b>	<b>4.7</b>	<b>100%</b>	<b>90%</b>	<b>4.2</b>
Palacios South <sup>1</sup>	Inferred	2.2	328	708	1.6	100%	90%	1.4
Majuelos <sup>1</sup>	Inferred	4.9	432	2,111	4.7	100%	90%	4.2
Majuelos East <sup>1</sup>	Inferred	1.6	347	541	1.2	100%	90%	1.1
	Measured	5.6	403	2,262	5.0	24%	90%	4.5
	Indicated	5.1	470	2,415	5.3	26%	90%	4.8
	<b>Subtotal M+I</b>	<b>10.8</b>	<b>435</b>	<b>4,677</b>	<b>10.3</b>	<b>50%</b>	<b>90%</b>	<b>9.3</b>
	Inferred	11.8	400	4,715	10.4	50%	90%	9.4
	<b>Águila Area</b>	<b>Total</b>	<b>22.5</b>	<b>417</b>	<b>9,392</b>	<b>20.7</b>	<b>100%</b>	<b>90%</b>
Alameda South <sup>1</sup>	Indicated	8.6	480	4,133	9.1	49%	90%	8.2
	Inferred	9.8	439	4,280	9.4	51%	90%	8.5
	<b>Total</b>	<b>18.4</b>	<b>458</b>	<b>8,413</b>	<b>18.5</b>	<b>100%</b>	<b>90%</b>	<b>16.7</b>
Alameda North <sup>1</sup>	Inferred	4.1	503	2,046	4.5	100%	90%	4.1
	Indicated	8.6	480	4,133	9.1	40%	90%	8.2
	Inferred	13.9	458	6,326	13.9	60%	90%	12.5
	<b>Alameda Area</b>	<b>Total</b>	<b>22.5</b>	<b>466</b>	<b>10,459</b>	<b>23.1</b>	<b>100%</b>	<b>90%</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	1,610	3.5	100%	100%	3.5
Las Carbas	Inferred	0.6	443	262	0.6	100%	100%	0.6
Cristina	Inferred	0.8	460	363	0.8	100%	100%	0.8
Caridad	Inferred	0.4	382	165	0.4	100%	100%	0.4
Retortillo Area	Indicated	5.2	531	2,759	6.1	27%	100%	6.1
	Inferred	14.7	505	7,431	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>
Salamanca Uranium Project	Measured	5.6	403	2,262	5.0	7%		4.5
	Indicated	18.9	491	9,307	20.5	29%		19.1
	<b>Subtotal M+I</b>	<b>24.6</b>	<b>471</b>	<b>11,569</b>	<b>25.5</b>	<b>36%</b>		<b>23.6</b>
	Inferred	45.4	457	20,711	45.6	64%		42.7
	<b>Total</b>	<b>69.9</b>	<b>462</b>	<b>32,280</b>	<b>71.1</b>	<b>100%</b>		<b>66.3</b>
<b>Gambuta Area</b>	Inferred	11.3	371	4,174	9.2	100%	100%	9.2
Berkeley	Measured	5.6	403	2,262	5.0	6%		4.5
	Indicated	18.9	491	9,307	20.5	26%		19.1
	<b>Subtotal M+I</b>	<b>24.6</b>	<b>471</b>	<b>11,569</b>	<b>25.5</b>	<b>32%</b>		<b>23.6</b>
	Inferred	56.6	440	24,885	54.8	68%		51.9
	<b>Total</b>	<b>81.2</b>	<b>450</b>	<b>36,454</b>	<b>80.4</b>	<b>100%</b>		<b>75.5</b>

1. 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
2. All resources are reported at a 200ppm U<sub>3</sub>O<sub>8</sub> cut-off
3. All figures are rounded, so differences may occur

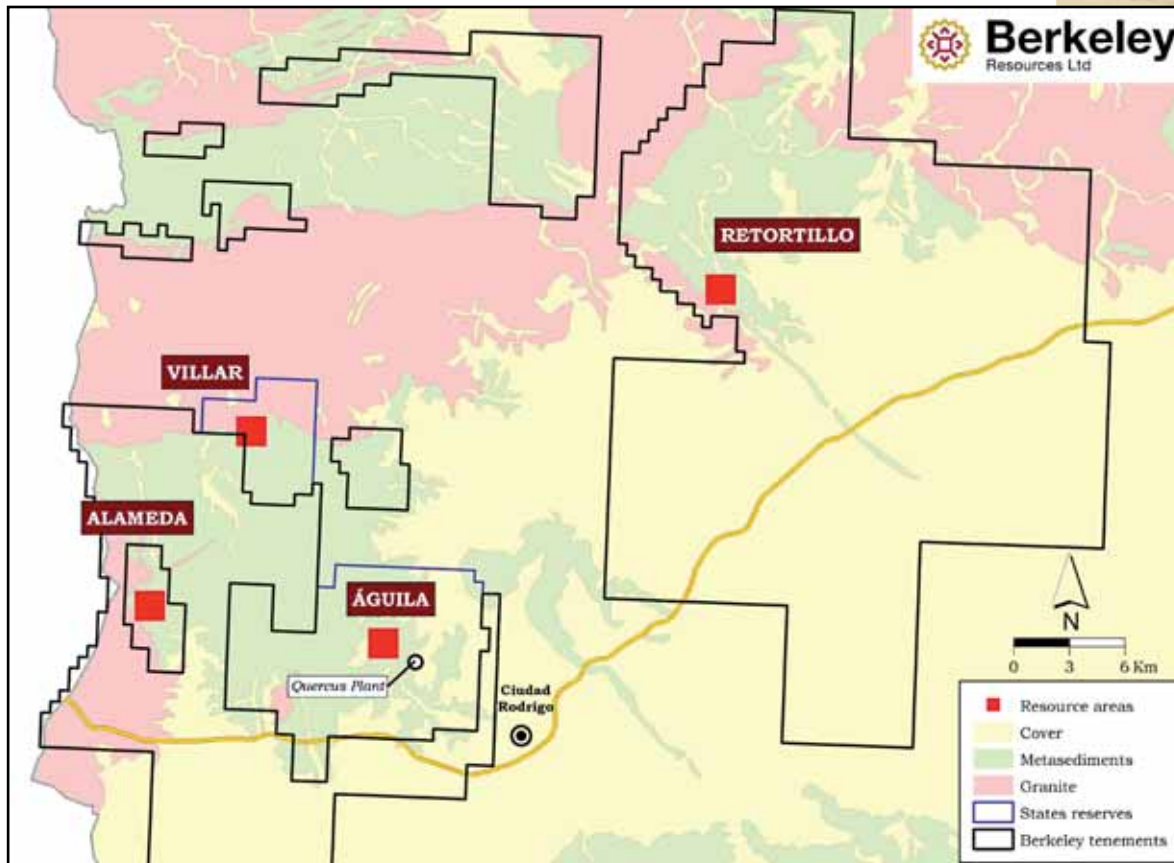




## SALAMANCA URANIUM PROJECT

The Salamanca Uranium Project (SUP) incorporates the Águila Area deposits (Sageras, Palacios and Majuelos) and the nearby Quercus Processing Plant as well as the more distant Alameda, Villar and Retortillo Area deposits (Figure 3). Berkeley's SUP Feasibility Study is progressing in two separate phases:

1. Phase 1 is focussing on a tank leach scenario with a production rate of 2.1 Mlbs (0.95 Kt) of  $U_3O_8$  per annum with the Sageras, Palacios North and Alameda South deposits providing the initial feed to the Quercus Plant.
2. Phase 2 aims to increase the production rate to 5 Mlbs (2.3 Kt) of  $U_3O_8$  per annum by establishing heap leach operations at the various satellite deposits.



**Figure 3 – Salamanca Uranium Project**

The first quarter of the period was taken up with a comprehensive review and assessment of the historical data supplied by ENUSA in order to gain a better understanding of the various uranium deposits and to provide additional confidence in the quality of the data. This work culminated in the commencement of a confirmatory diamond drilling programme in October 2009 at the Palacios, Sageras and Alameda South deposits. It was completed in March 2010 prior to the initial estimation of the State Reserve Mineral Resources.

An RC drilling programme commenced in June 2010 at Sageras, Palacios and Alameda South and was designed to upgrade the Inferred resources to a higher classification and test for lateral and depth extensions at all three deposits. The infill component of this programme was completed in August and final Mineral Resource Estimates for the Feasibility Study deposits were updated in September 2010.

A further ten RC holes were drilled on the ENUSA farm to the north of the Sageras deposit to sterilise the area planned for the waste dumps and comminution circuit.

## OPERATIONS REVIEW (CONTINUED)

The total drilling completed by Berkeley to the end of June 2010 is summarised in Table 3 and a list of notable intersections for the year are included in Table 4. The diamond drill holes are presented as  $eU_3O_8$  grades calculated from down hole radiometrics whereas the RC holes are presented as  $U_3O_8$  chemical assays.



**Table 3 – Total 2009/2010 Berkeley Drilling**

Deposit	DDH		RC		TOTAL	
	Holes	(m)	Holes	(m)	Holes	(m)
Alameda South	27	2,552	21	2,182	48	4,734
Palacios North	16	1,584	0	0	16	1,584
Sageras	33	2,690	20	1,271	53	3,961
<b>TOTAL</b>	<b>76</b>	<b>6,826</b>	<b>41</b>	<b>3,453</b>	<b>117</b>	<b>10,279</b>

**Table 4 – Total 2009/2010 Notable Intersections**

Deposit	RC Hole ID	From (m)	To (m)	Interval (m)	$U_3O_8$ (ppm)
Alameda South	ASR-029	28	63	35	2,044
Alameda South	ASR-031	29	55	26	3,923
Alameda South	ASR-032	22	40	18	1,401
Alameda South	ASR-047	29	57	28	1,728
Sageras West	ZMR-015	45	50	5	7,146
Sageras West	ZMR-016	41	48	7	3,649
Sageras West	ZMR-017	27	49	22	1,188
Sageras West	ZMR-012	44	47	3	7,027

Deposit	DDH Hole ID	From (m)	To (m)	Interval (m)	$eU_3O_8$ (ppm)
Alameda South	ASD-002	9.7	29.2	19.5	3,670
Alameda South	ASD-011	69.3	83.5	14.2	1,606
Palacios North	MDD-001	46.9	56.2	9.4	6,070
Palacios North	MDD-007	43.7	51.6	7.8	3,104
Sageras	SGD-002	39.9	71.1	31.2	708
Sageras	SGD-003	49.2	69.2	20.0	2,667
Sageras	SGD-007	49.1	100.1	51.0	614
Sageras	SGD-010	1.9	38.0	36.2	747
Sageras West	ZMD-003	21.1	41.7	20.6	1,084



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

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 Protection (HSEC) team supported by the consultants Golder Associates, Ingemisa SA, Aquaterra, Salamanca University and Paulka Radiation & Environment.

During the year a baseline study was commissioned for the Salamanca Uranium Project that included initial reconnaissance fieldwork, desktop reviews of the available historical documentation provided by ENUSA and the development and implementation of a new baseline monitoring programme at Águila and Alameda.

The baseline monitoring programme commenced in January 2010 and will continue into 2011.

A significant programme of safety, environment and radiological management and community engagement was also undertaken alongside Berkeley's extensive drilling programmes.

Berkeley engaged fully with affected land owners prior to completing a thorough radiological baseline survey at each drill site. At the completion of drilling, each site is rehabilitated and a further survey is conducted to demonstrate no contamination has occurred. The layout of each drill site is planned alongside the HSEC team to help minimise the disturbance footprint and unnecessary impact of any sensitive environments.

Particular attention is paid to the Holm Oak tree which is a locally protected species of significant cultural value, and is also the nesting areas of the Black Stork which is a protected species.

Safety and environmental inspections are performed regularly by the HSEC team during drilling operations to confirm Berkeley is in full compliance with all of their commitments to safety and environmental management.

Berkeley has implemented an extensive radiological monitoring programme for personnel working on its drilling programmes. Annualised doses to employees are well below applicable limits and the monitoring programme has successfully demonstrated that its systems are working to keep radiation doses as low as reasonably achievable.





## OPERATIONS REVIEW (CONTINUED)



During the year the following key milestones for community consultation were achieved:

- More than 170 landowners were individually contacted to explain the basics of the project and to obtain land access.
- Access was granted to 31 private properties for drilling and to seven additional plots for installing base line monitoring equipment.
- Seven local Mayors have been contacted on a regular basis to inform them how the Project is progressing and to provide details of daily activities. The level of consultation for each individual Mayor has been scaled according to the level of affection of the Project to their respective municipalities.
- All key local stakeholders in the area have been provided with details of the Project and all have shown their support.

### GEOLOGY

The largest accumulations of uranium within the Project area are hosted in an Upper Proterozoic to Lower Cambrian package of rocks called the Schist Greywacke Complex (SGC). The SGC and associated Hercynian granitic plutons form the basement which is unconformably overlain by continental sediments deposited during the Tertiary Alpine Orogeny. The cover sediments are unmineralised, but uranium mineralisation also occurs in intragranitic veins.

The SGC is affected by the three main phases of the Hercynian Orogeny and pre-Hercynian deformation has also been recognised. Later Alpine movements rejuvenated earlier Hercynian structures as well as developing new fracture and breccia zones.

The Complex was metamorphosed to lower green schist facies during the Hercynian Orogeny, and well developed contact aureoles and small granitic dykes and sills are common around granite margins.

The deposits are associated with metapelitic sediments which are often carbonaceous and with variable quartz contents. Structural preparation and rock competencies appear to have influenced deposit formation.

Hydrothermal uranium mineralisation occurs as pitchblende and coffinite in two predominant settings:

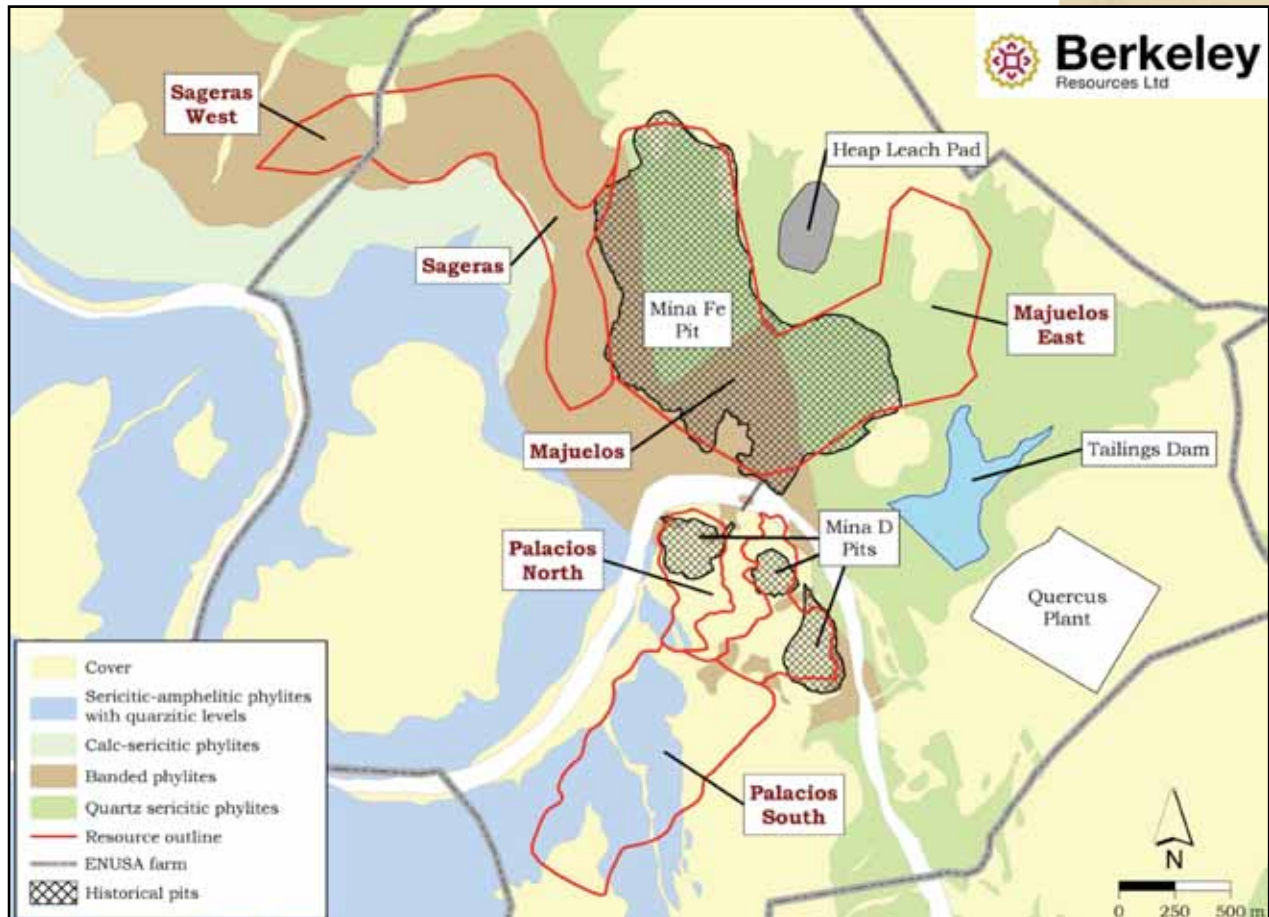
1. Within breccias and fault zones ranging from 10 cm up to 15 m thick with regular strike and dips over distances up to 100 m. Within these structural zones the mineralisation occurs as veins and fracture coatings generally with a complex internal distribution.
2. Veins from < 0.1 cm up to 1 cm thick along cleavage and bedding planes and forming a diffuse, extensive stock work.

The official International Atomic Energy Association classification for the metasedimentary hosted deposits is Vein Type - Sub Type Iberian, originally formed by low temperature near-surface hydrothermal processes. Variable local weathering influences the distribution of mineralisation to varying degrees between deposits.



## ÁGUILA AREA

The three deposits of the Águila area, Palacios, Majuelos and Sageras, form a continuous zone of mineralisation extending over 5 km (Figure 4) from which the bulk of the central Majuelos deposit (formerly Fe) has been mined. The combined Mineral Resources total 22.5 Mt at 417 ppm for 20.7 Mlbs (9.4 Kt)  $U_3O_8$  with 50% in the Measured and Indicated categories.



**Figure 4 – Águila Area**

The Palacios Deposit (previously known as Mina D) is located within 1 km of the Quercus Processing Plant and is separated from the Sageras and Majuelos deposits by the Agueda River (Figure 4). The northern area (Palacios North) has been drilled out on a 10m x 10m spacing and Palacios South has been drilled out on 50m x 50m spacing. As a result the two areas have been estimated separately.

The upper portions of the Palacios North deposit were mined by ENUSA in three small open pits during the 1990s. Significant resources remain below the restored open pits and drilling by Berkeley has confirmed the thickness and grade of the historical drilling and provided a better understanding of the geology. Current estimates indicate total Mineral Resources of 4.2 Mt at 508 ppm for a total of 4.7 Mlbs (2.1 Kt)  $U_3O_8$ , with over 90% in the Measured and Indicated categories. (Table 2)

The Sageras deposit was discovered in 1960 and periodically investigated until the late 90s. It represents the north western extension of the Majuelos deposit (Figure 4). Surface topography is relatively flat and the deposit is well positioned for shallow open pit mining. Total Mineral Resources have been estimated at 9.7 Mt at 400 ppm for 8.6 Mlbs (3.9 Kt)  $U_3O_8$ , including 71% in the Measured and Indicated categories.

The Majuelos deposit encompasses two areas: remnant resources lying below the restored Mina Fe open pit, drilled on a 10m x 10m grid; and a separate zone to the east of the restored pit drilled on a 50m x 50m spacing (Figure 4). Total Mineral Resources have been estimated at 6.5 Mt at 411 ppm for 5.9 Mlbs (2.7 Kt)  $U_3O_8$ , all in the Inferred category. (Table 2)

# OPERATIONS REVIEW (CONTINUED)

## ALAMEDA AREA

The Alameda South and North deposits are located approximately 14 km to the west of the Quercus Plant (Figure 5) and have a combined total Mineral Resource Estimate of 22.5 Mt at 466 ppm for 23.1 MLbs (10.5 Kt)  $U_3O_8$ , with 40% in the Indicated category.

The Alameda South deposit was discovered in the 1960s and subsequently drilled out on a 50m x 50m pattern using diamond drilling with chemical assays. The deposit extends from the surface down to 120m and covers an area of 2 km by 1.2 km with relatively flat surface topography. Total Mineral Resources have been estimated at 18.4 Mt at 458 ppm for 18.5 MLbs (8.4 Kt)  $U_3O_8$ , including 49% in the Indicated category.

The Alameda North deposits consist of three separate zones extending north from Alameda South over a distance of 3.5 km along the granite contact (Figure 5). All of the Mineral Resources have been classified as Inferred and total 4.1 Mt at 503 ppm for 4.5 MLbs (2.1 Kt)  $U_3O_8$ .

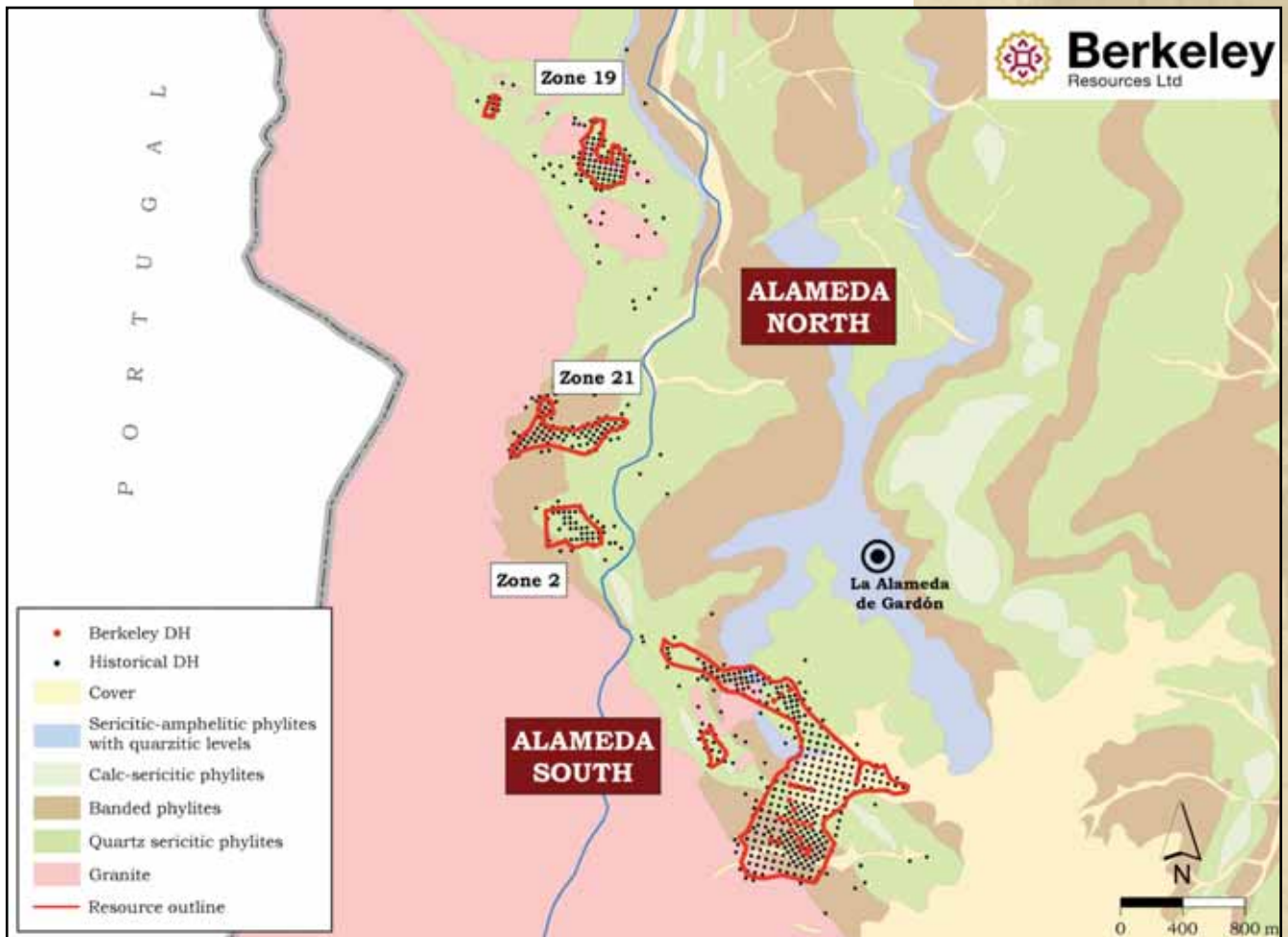


Figure 5 – Alameda Area



## VILLAR AREA

The Villar Area is located 10 km north of Alameda and 14 km north-west of the Quercus Plant (Figure 6). The area has been extensively explored since the 1960s but still contains a number of untested radiometric anomalies (Figure 6). A small historical underground mine was developed at the Villar Deposit but only limited mining activity was undertaken. An Inferred Mineral Resource of 5.0 Mt at 446 ppm for 4.9 MLbs (2.2 Kt)  $U_3O_8$  has been estimated.

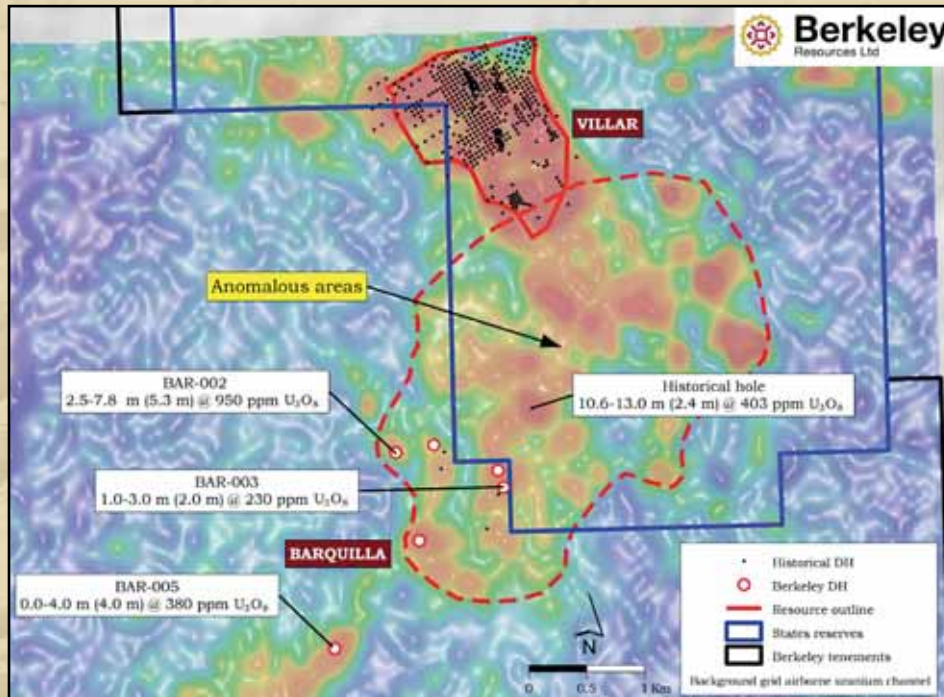


Figure 6 – Villar Area

## RETORTILLO AREA

The 100% Berkeley' owned Retortillo area is located approximately 25 km North-East of Águila (Figure 7). It includes several significant uranium deposits with Mineral Resources totalling 19.9 Mt at 512 ppm for 22.5 MLbs (10.2 Kt)  $U_3O_8$  including 27% in the Indicated category. In February 2010 Berkeley announced a 33% increase in Mineral Resource Estimates resulting from updated estimates for the Santidad and Zona 7 deposits, and new Mineral Resources Estimates for the smaller Cristina, Caridad and Las Carbas deposits previously drilled by Berkeley.

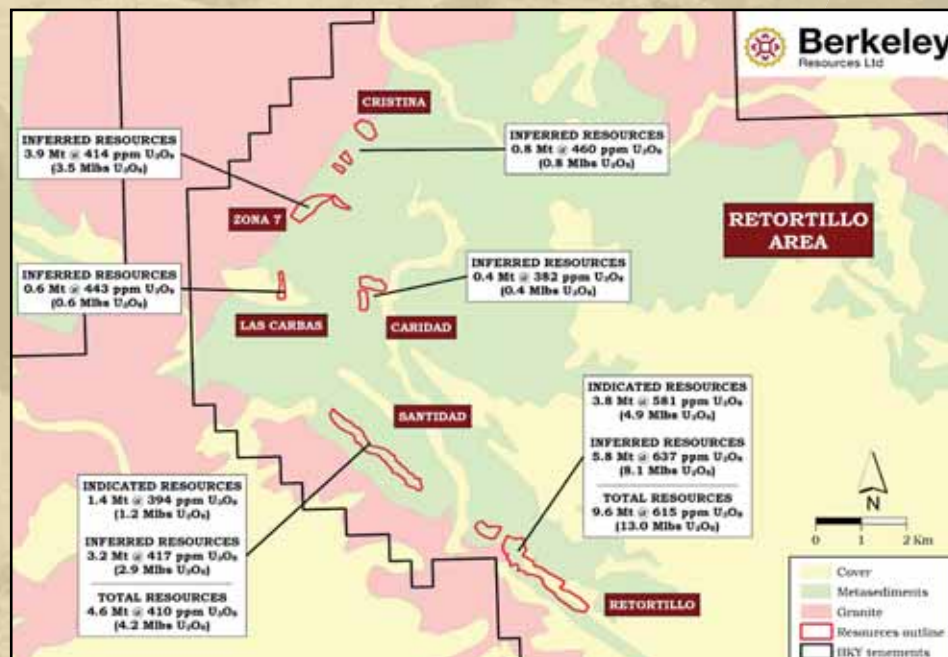


Figure 7 – Retortillo Area Mineral Resources

## OPERATIONS REVIEW (CONTINUED)

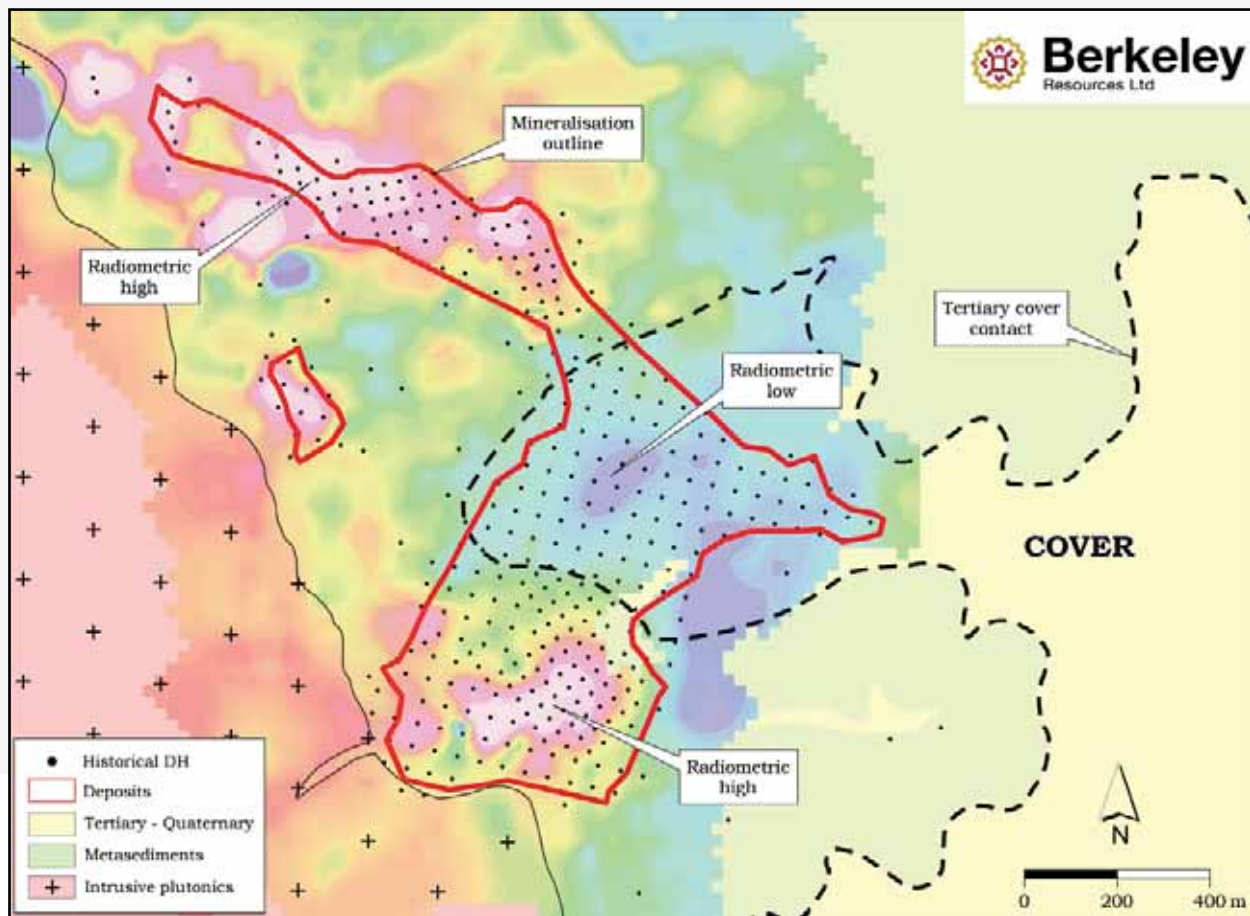


Figure 8 – Alameda South Ground Radiometrics

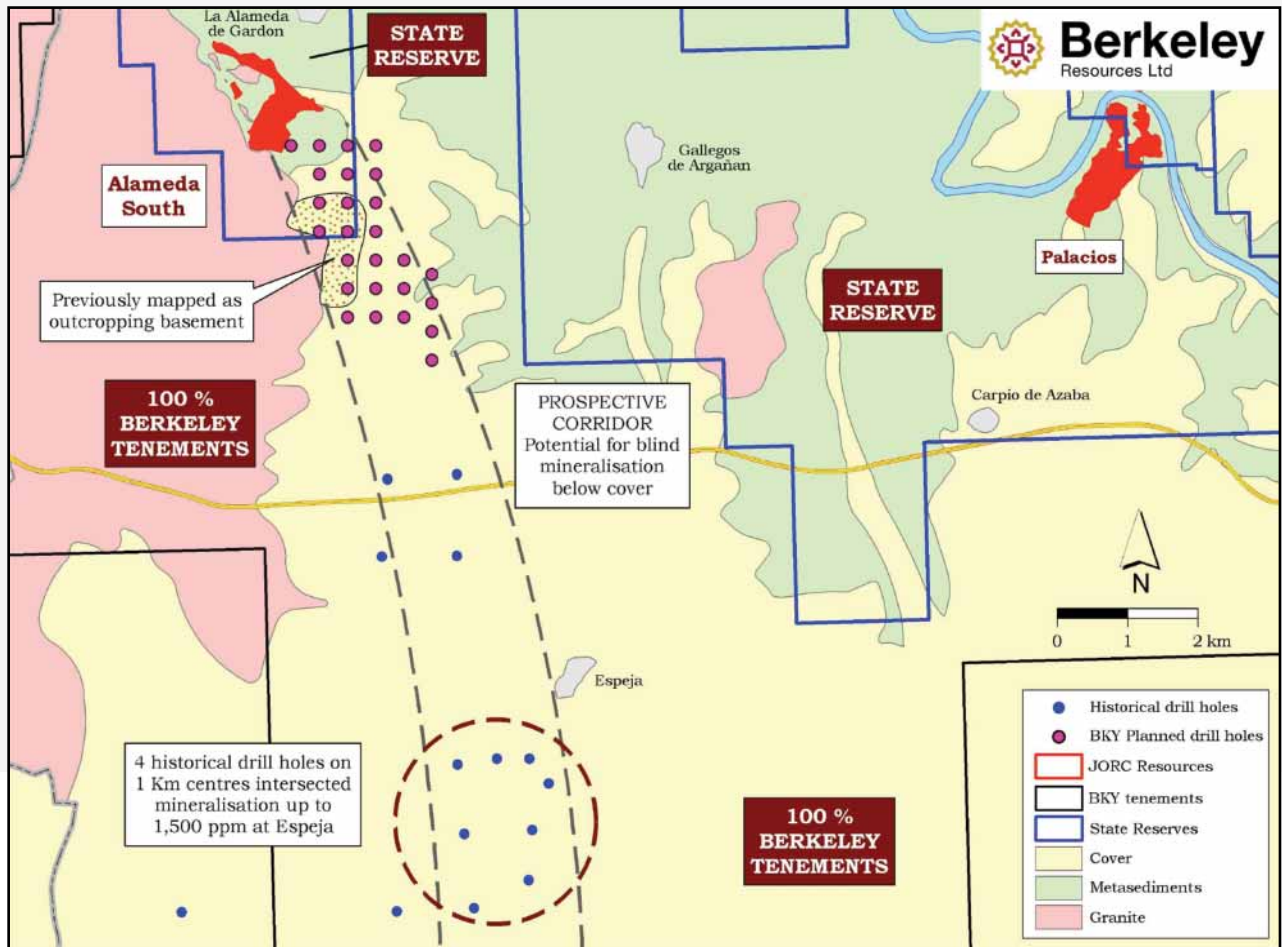
### EXPLORATION POTENTIAL

Exploration this year has mainly focussed on the confirmation and estimation of the State Reserve Mineral Deposits. Exploration has involved the compilation of all the ENUSA data and a complete review of all the historical exploration prospects as well as a more detailed review of the near-mine exploration potential. This has highlighted some targets at Sageras and Palacios that are currently being followed up with RC drilling.

A number of other interesting targets have been identified in areas along strike from existing deposits but situated beneath Tertiary cover where radiometrics are ineffective. This includes the area to the south of Alameda where a review of the available geological information identified significant cover material in areas previously mapped as outcropping basement.

In the past, the lack of ground radiometric anomalies coincident with these areas of mapped basement has downgraded the potential. However, the presence of cover material would block any radioactive emissions from the underlying basement. In areas where non-mineralised sediments cover the basement rocks, a thin veneer of this material is enough to cloak any radiometric signature coming from below. For example, at the Alameda South deposit, the central portion of the ore body is overlain by a few metres of Tertiary cover. This is enough to mask the ground radiometric signature which maps out the rest of the outcropping deposit in the south and north-western parts (Figure 8).





**Figure 9 – Alameda South Prospective Corridor**

Although this area has not been previously drilled, historical drilling intersected mineralisation below Tertiary cover approximately 10 to 15 km further south at Espeja in the same corridor highlighting the potential of this zone.

The majority of this prospective zone is outside of the Alameda state reserve and within 100% Berkeley-owned tenure.

Berkeley airborne radiometrics flown in 2007 have highlighted the potential of the Villar-Barquilla area where a strong radiometric anomaly continues to the south of the Villar deposit and links up with the Barquilla prospect where Berkeley drilled seven diamond holes in 2008 (Figure 6). Ground radiometrics and geological mapping will be undertaken over this anomaly in order to identify drill targets.

The Retortillo Area is 100% owned by Berkeley and exploration by the Company in the past has identified the Santidad and Las Carbas deposits beneath Tertiary cover. Drilling by Berkeley in 2008 showed that the Zona 7 deposit may link up with the Las Carbas deposits and further work is planned to confirm this potential. Airborne radiometrics have also identified a number of other radiometric anomalies in the area where no work has been undertaken in the past.



## OPERATIONS REVIEW (CONTINUED)

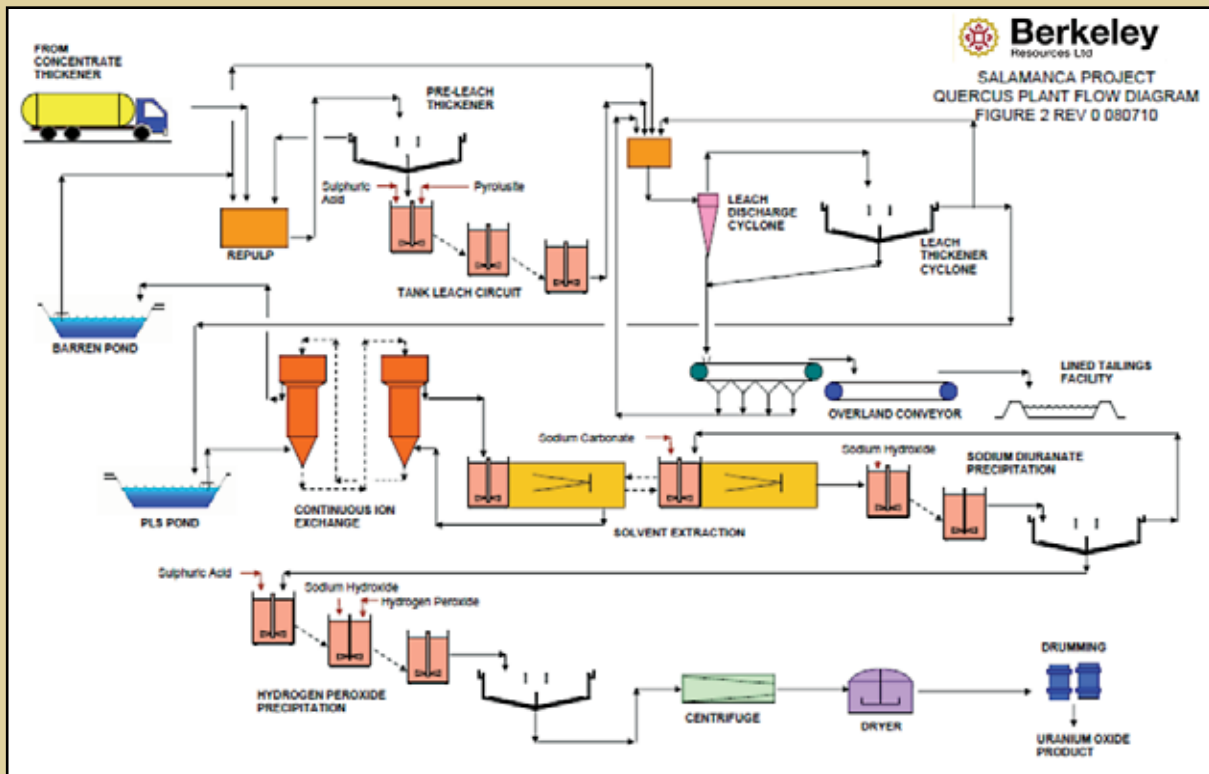


Figure 10 - Tank Leach Conceptual Flow Sheet

## METALLURGY AND PROCESSING

In December 2009 Berkeley completed the Salamanca Uranium Project Scoping Study, which strongly demonstrated the technical and economic viability of the Project, and initiated the start of Phase 1 of the Feasibility Study which is due to be completed in November 2010.

The processing options included a range of heap and tank leaching scenarios utilising ENUSA's Quercus Processing Plant which Berkeley can lease under the ENUSA Co-operation Agreement.

In order to allow comparison of the alternative scenarios, the Study assumed a uranium price of US\$55/lb and production of 2.1 Mlbs pa of  $U_3O_8$  over the Project life. This is effectively the permitted capacity of the Quercus Plant. Future modelling is considering the potential to increase the permitted capacity of the plant in order to maximise early cash flows.

In February 2010, 2,000 kg of diamond drill core was sent to the SGS Metallurgical Laboratories in Perth, Australia for Phase 1 of the comprehensive metallurgical test work campaign supervised by Aker Solutions, Orway Mineral Consultants and Kappes Cassiday. This was followed up with a further 1,500 kg in July 2010. The material was selected on the basis of lithologies, oxidation and grade from the Sageras, Palacios North and Alameda South deposits.

The primary objective of the Phase 1 metallurgical test work undertaken at SGS was to optimise the process conditions for treating the various uranium ore lithologies at Sageras and Palacios in a tank leach configuration. The results of this work will be employed in the Feasibility Study and for the re-commissioning of the Quercus Processing Plant.

The Phase 1 test work campaign commenced in March 2010 and is scheduled to be completed in the fourth quarter 2010.

The dynamic leach test work has delivered uranium extraction rates in excess of 93% at Palacios and 87% at Sageras. All the tests to date have used a coarse grind to the leach feed of P80 (750 microns) with the aim of minimising energy requirements in the Comminution circuit. The leach times to achieve these extraction rates are relatively short from 8 - 10 hours at Palacios to 14 - 16 hours at Sageras.

The reagent consumption is low at Sageras and the acid consumption is approximately 9 - 10 kg of acid per tonne of ore. At Palacios it is approximately 23 - 25 kg/tonne.



For the Alameda ore, the dynamic leach test results are confirming uranium in-leach extraction of approximately 93% with an acid consumption of approximately 20 kg/tonne of leach feed. Retention times in leach are approximately 12 hours.

To date the tank leach test work has supported the conceptual flow sheet (Figure 10). This is a relatively simple acid leach process flow sheet common to many existing uranium operations.

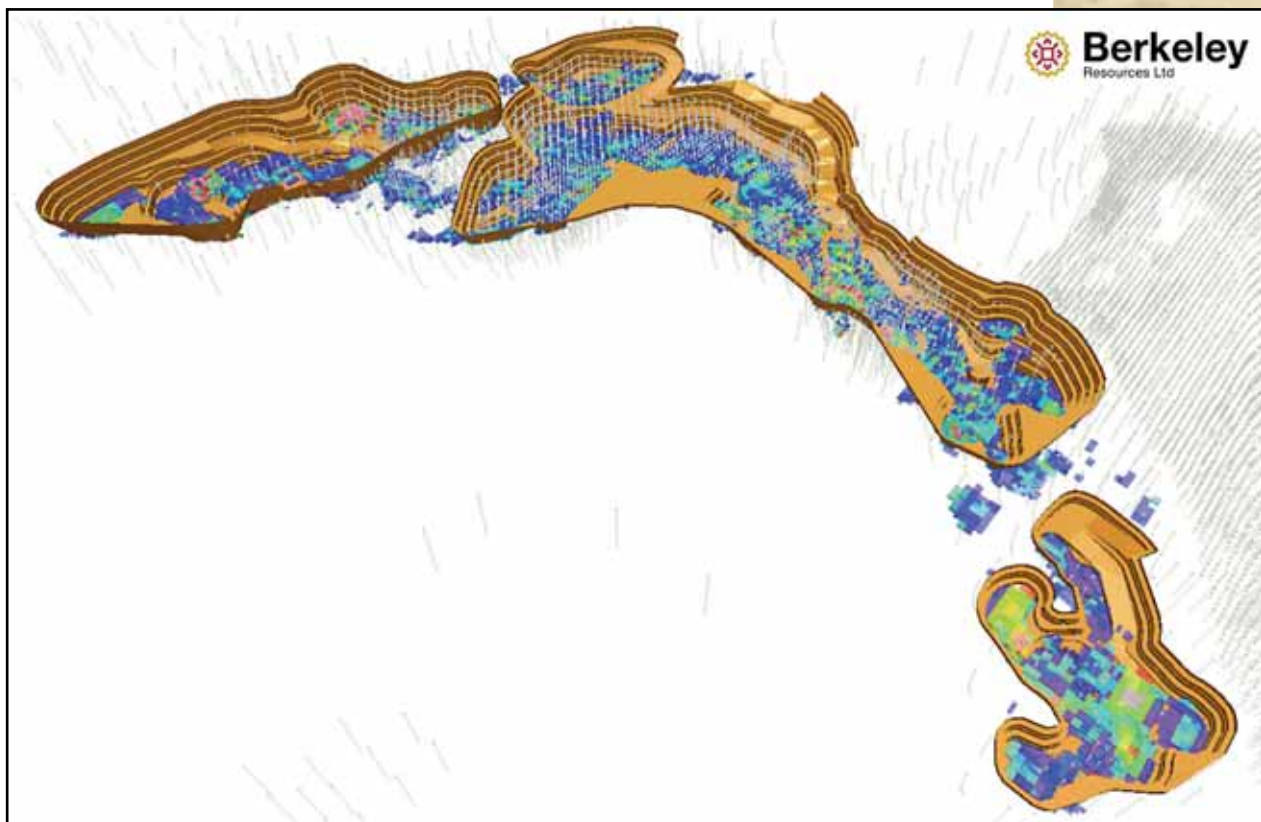
Preliminary bottle roll test results for Sageras, Palacios and Alameda are encouraging with extractions ranging up to 91% and acid consumptions varying between 17 and 24 kg/tonne. These tests are continuing and a comprehensive programme of column leaching has been planned to determine the optimum leach parameters.

QEMSCAN mineralogy on composites of the ores from Sageras, Palacios and Alameda has revealed:

- The Sageras uranium minerals have a finer grain structure (< 20 microns) and are predominantly coffinite with a lesser quantity of uraninite.
- At Palacios, the uranium minerals have a coarse grain structure (20 – 50 micron) with uraninite dominating and lesser quantities of coffinite, often intergrown.
- The Alameda uranium minerals are medium grained in between Sageras and Palacios in grain size and have an almost equal distribution between uraninite and coffinite.

On the basis of these results, Palacios has the best leaching characteristics. This is likely to be because uraninite is more amenable to leaching than coffinite and coarse grains have more exposed surfaces available to leaching.

A further phase of testwork (Phase 2) commenced in the first quarter of 2010 designed to explore the amenability of the Sageras, Palacios and Alameda ores to heap leaching. This will incorporate Retortillo in the first quarter of 2011 and will extend into the second quarter of 2011.



**Figure 11 - 3D Perspective View of the Sageras Open Pit Design Looking North**

## OPERATIONS REVIEW (CONTINUED)



### MINING STUDIES

The Scoping Study was based on mining a number of deposits within the ENUSA State Reserves and the Company's 100% owned Mineral Resources.

The Study identified the prospect for relatively simple, shallow open pit mining with drill, blast, load and haul undertaken by local contractors. The average strip ratio for the various pits included in the study ranges from 2.4:1 when including the Retortillo and Santidad deposits or 1.9:1 without.

Pit optimisations were carried out using Whittle 4D implementation of the Lerchs Grossman Algorithm. Optimisation shells were selected as the basis for the schedules that were developed based on a uranium price of \$55/lb  $U_3O_8$  and preliminary cost estimates from three major Spanish mining contractors.

The geotechnical parameters used in the Scoping Study were based on the historical ENUSA open pits where an overall slope angle of 45° was used. All of the pits are relatively shallow (<100m from surface) and therefore the overall slope angle is less significant than it would be for a deeper pit.

Each option was scheduled to maximise recovered uranium within the mining and processing constraints up to the licensed level of 950 tonnes (0.95 Kt)  $U_3O_8$  per annum.

Backfilling of waste will be conducted throughout the mine's life to reduce waste re-handling under each option, although the majority of backfilling is scheduled after the productive years.

Following the completion of the Scoping Study, work immediately started on the Feasibility Mining Studies using the Mineral Resource Estimates completed in March 2010. Pit optimisations were run for various processing and production options and operating costs were further refined following discussions with a number of mining contractors.





A summary of the mining studies undertaken during the first half of 2010 included:

- The first draft of the Feasibility Study geotechnical report, which was received from AMC Consultants (UK) and included the configuration of bench batter angles and berm widths. The new overall pit slope angles range from 45° to 50° resulting in potentially lower strip ratios.
- Updated pit optimisations for Palacios, Sageras and Alameda South which were completed by AMC Consultants (UK). The optimisations used more accurate operating costs after further contact with potential mining contractors, new geotechnical parameters and a U<sub>3</sub>O<sub>8</sub> price of US\$60 per lb.
- Detailed pit designs for Sageras, Palacios North and Alameda South based on the new pit optimisation shells.
- A detailed mining schedule that has been developed based on the latest processing plant requirements and using the updated pit optimisation results.
- A review of the potential waste dump locations and conceptual designs for the dumps and tailings management facility which was completed by Golder Associates.

The waste characterisation programme is a critical part of the Feasibility Study process as all potential waste material types must be identified, classified and characterised as part of the exploitation application process. This programme is being supervised by Golder Associates who reviewed the anticipated waste rock characteristics and selected 45 waste rock samples (from Sageras, Palacios and Alameda) which were sent to SGS Laboratories in Vancouver for geochemical characterisation tests.

After completion of the initial testing and review of the analytical results, subsets of these samples were submitted for static leach testing and analysis of NAG leachates.

The water management programme is also progressing well with a significant amount of fieldwork undertaken during the year. The long term groundwater monitoring at Alameda and Sageras is continuing and the short term low rate hydraulic testing is ongoing at Sageras, Palacios and Alameda as well as groundwater tracer tests.

This ongoing work and the results derived are currently being used to complete the water balance and dewatering planning aspects of the water management study.

## OPERATIONS REVIEW (CONTINUED)



### OTHER PROJECTS

Berkeley has not undertaken any work at its other Spanish projects during the year as the main focus has been on the Salamanca Uranium Project.

### GAMBUTA AREA

The Gambuta deposit lies approximately 140 kms to the south-east of the Águila Area (Figure 2) in the Cáceres Region. The deposit was drilled with 24 roto-percussion holes in the early 1990s which defined outcropping mineralisation within sheared Proterozoic spotted and banded phyllites which had been subjected to contact metamorphism from the adjacent Hercynian granites. Following a geological review and results from an airborne radiometric survey, Berkeley recognised the potential for significant extension of the mineralisation beneath Tertiary cover. During 2008, Berkeley drilled 43 RC holes and announced an inferred Mineral Resource Estimate in August 2008 of 9.2 Mlbs (4.2 Kt)  $U_3O_8$ .

Although Gambuta is not being considered in the current Feasibility Study, further work is planned to upgrade the resource and undertake metallurgical test work as it has the potential as a "stand alone" heap leach operation with uranium recovery from the Quercus Plant.

# CONCISE FINANCIAL REPORT

30 JUNE 2010

The concise financial report is an extract from the full financial report of Berkeley Resources Limited for the year ended 30 June 2010. 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.

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# 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 2010 ("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 Robert Hawley	Chairman
Mr Ian Stalker	Managing Director (appointed 30 November 2009)
Mr Scott Yelland	Executive Director
Señor Jose Ramon Esteruelas	
Mr Sean James	
Dr James Ross	
Mr Matthew Syme	
Mr Stephen Dattels	appointed 15 May 2009, resigned 14 September 2009

Unless otherwise disclosed, Directors held their office from 1 July 2009 until the date of this report.

## CURRENT DIRECTORS AND OFFICERS

### ROBERT HAWLEY

#### Non-Executive Chairman

Qualifications – CBE, DSc, FRSE, FEng, Hon FIET, FIMechEng, FInstP

Dr Hawley is based in London and has extensive technical qualifications and substantial expertise in the nuclear energy industry as well as broader public company management. He was Chief Executive of British Energy Plc from 1995 to 1997, Chief Executive of Nuclear Electric Plc from 1992 to 1996 and prior to this enjoyed a long career in senior engineering and management positions with CA Parsons & Co Ltd, Northern Engineering Industries Plc and Rolls-Royce Plc. Dr Hawley has been Managing Director of CA Parsons & Co Ltd, Managing Director of Northern Engineering Industries Plc, a Director of Rolls-Royce Plc, Chairman of Taylor Woodrow Plc, an Advisor Director of HSBC Bank Plc and a Director of Colt Telecom Group Ltd, Rutland Trust Plc and Carron Acquisition Co Ltd. He is presently a Director of Lister Petter Investment Holdings Ltd. He was awarded the CBE in 1997 for services to the Energy Industry and to Engineering.

Dr Hawley's experience in managing Nuclear Electric Plc, the largest nuclear generator in the United Kingdom, and British Energy Plc, the United Kingdom's leading electricity supplier, gives him a unique understanding of the nuclear generation sector in Europe and he is acknowledged as an international expert on power generation and energy.

During the three year period to the end of the financial year, Dr Hawley has held directorships in Rutland Trust Plc (September 2000 – July 2007), Colt Telecom Group Ltd (August 1998 – July 2009), Carron Acquisition Co Ltd (April 2006 – March 2009) and Lister Petter Investment Holdings Ltd (September 2006 – present).

Dr Hawley was appointed a Director of Berkeley Resources Limited on 20 April 2006.

### IAN STALKER

#### Managing Director (appointed 30 November 2009)

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 Spain and has successfully managed eight mining projects throughout the world through feasibility study, development and construction phases.

Mr Stalker was the Chief Executive Officer of UraMin, a London and Toronto listed Uranium Company from November 2005 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, the world's fourth largest gold producer. At Gold Fields, he managed the company's PGE project in

Finland starting in 2001 and eventually became a Vice President and was responsible for all of the company's projects in Australia and Europe in 2004.

Prior to Gold Fields, Mr Stalker worked at Lycopodium, an engineering, mining and metallurgical consultancy company, where he was responsible for new business in Africa and also managed projects around the world. From 1998 to 2000, Mr Stalker worked as a consultant on various projects located in Africa, including the Langer Heinrich uranium project in Namibia. He has also worked as a managing director at Ashanti Goldfields Company Limited and has previously been employed by Caledonia Mining Corporation, AGC Ltd and Zambia Consolidated Copper Mines Ltd.

Mr Stalker is a non-executive director of Vatukoula Gold Mines plc, which is listed on the AIM market of the London Stock Exchange, UrAmerica Limited, a private company with uranium exploration projects in Argentina, Paraguay and Colombia, and Brazilian Gold, a Toronto listed Gold Exploration Company.

Mr Stalker commenced his appointment as Managing Director and Chief Executive Officer on 30 November 2009.



## **SCOTT YELLAND**

### **Chief Operating Officer / Executive Director**

Qualifications – MSc CEng FIMMM

Mr Yelland is a mining engineer with over 25 years in the mining industry and has a Masters degree in Mining Engineering from the Camborne School of Mines. He is a Chartered Engineer and Fellow of the Institute of Mining, Minerals and Materials.

Mr Yelland's experience as a mining engineer includes senior appointments in Russia, Australia, Spain, South America and Africa. Prior to joining Berkeley in April 2007, he was most recently COO of Highland Gold, a leading gold producer in Russia, and has held senior management positions with Rio Tinto in Brazil and Australia and Kinross in Russia and spent 4 years as Mines Manager of Navan Resources in Spain.

Mr Yelland joined Berkeley in April 2007 as the Group's Chief Operating Officer and was appointed a Director of Berkeley Resources Limited on 1 February 2008. Mr Yelland has not held any other directorships of listed companies in the last three years.

## **JOSE RAMON ESTERUELAS**

### **Non-Executive Director**

Qualifications – Economics Degree, Law Degree, Diploma of Business Administration

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 Tabaco en Rama S.A., (the leading 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.

## **SEAN JAMES**

### **Non-Executive Director**

Qualifications – BSc. (Hons.)

Mr James is a mining engineer and was formerly the Managing Director of the Rossing Uranium Mine in Namibia which is the world's largest low grade, open pit uranium mine. After 16 years at Rossing, he returned to London as a Group Mining Executive at Rio Tinto Plc in London.

Mr James' experience in managing the Rossing mine is ideally suited for the type of uranium mining operations the Company aims to develop in the Iberian Peninsula.

Mr James was appointed a Director of Berkeley Resources Limited on 28 July 2006. Mr James has not held any other directorships of listed companies in the last three years.

## **JAMES ROSS AM**

### **Technical Director**

Qualifications – B.Sc. (Hons.), Hon.DSc (W.Aust and Curtin), 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 has not been a Director of another listed company in the three years prior to the end of the financial year.

# DIRECTORS' REPORT (CONTINUED)

## CURRENT DIRECTORS AND OFFICERS (CONTINUED)

### 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).

### MR ROBERT SAMUEL (SAM) MIDDLEMAS

#### Company Secretary

Qualifications – B.Com, CA, Grad. Dip Acc

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 replacing Mr Clint McGhie.

## 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

	2010	2009
The number of full time equivalent people employed by the Consolidated Entity at balance date	37	15

## DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2010 (2009: nil).

## EARNINGS PER SHARE

	2010 Cents	2009 Cents
Basic loss per share	(11.08)	(9.47)
Diluted loss per share	(11.08)	(9.47)

## 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

	2010 \$	2009 \$
Loss of the Consolidated Entity before income tax expense	(14,240,676)	(10,013,948)
Income tax expense	-	-
Net loss	(14,240,676)	(10,013,948)
Net loss attributable to minority interest	-	4,742
Net loss attributable to members of Berkeley Resources Limited	(14,240,676)	(10,009,206)





## REVIEW OF OPERATIONS AND ACTIVITIES

The year ending June 2010 has been a very significant period in the history of Berkeley with the company growing from a small uranium exploration company with 26.1 Mlbs of  $U_3O_8$  Mineral Resources to a mid size near term uranium producer with over 80Mlbs<sup>(i)</sup> of JORC compliant  $U_3O_8$  Mineral Resources.

The Company has undertaken a number of drilling programs during the year whilst progressing the Feasibility Study on the Salamanca Uranium Project (SUP), Phase One is scheduled to be completed by the end of 2010 and the second phase by the middle of 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 Salamanca Uranium Project (SUP) incorporates the Aguila Area deposits (Sageras, Palacios and Majuelos) and the nearby Quercus Processing Plant as well as the more distant deposits at Alameda, Villar and Retortillo.

Berkeley's Feasibility Study is progressing in 2 separate phases:

1. Phase 1 is focusing on a tank leach scenario with a production rate of 2.1 Mlbs (0.95 Kt) of  $U_3O_8$  per annum using the Palacios North, Sageras and Alameda South deposits as the initial feed to the Quercus Plant.
2. Phase 2 is concentrating on increasing the production rate up to 5 Mlbs (2.3 Kt) of  $U_3O_8$  per annum by establishing heap leach operations at the various satellite deposits.

The first quarter of the 2009/2010 year was taken up with a comprehensive review and assessment of the historical data in order to gain a better understanding of the various uranium deposits and to provide additional confidence in the quality of the historical data supplied by ENUSA. This work culminated in commencement of a confirmatory diamond drilling program in October 2009 at the Palacios, Sageras and Alameda South deposits, which was completed in March 2010, prior to estimation of the State Reserve Mineral Resources. Final Mineral Resource Estimates for the Feasibility Study, which are intended to upgrade resource categories, will be available later in 2010 after an infill RC drilling program has been completed.

### PALACIOS DEPOSIT

During the year, Berkeley drilled 15 diamond drill holes in a series of traverses designed to confirm the historical drilling data. All holes intersected strong mineralisation consistent with the historical data. An initial Mineral Resource Estimate was announced in February 2010 for the Palacios North deposit consisting of 4.2 Mt at 508 ppm for a total of 4.7 Mlbs (2.1 Kt)  $U_3O_8$ , with approximately 90% in the Measured and Indicated categories. The Palacios South deposit was estimated at 2.2 Mt at 328 ppm for 1.6 Mlbs (0.73 Kt)  $U_3O_8$  and is all in the Inferred category because of the wider drill spacing and lack of confirmatory drilling.

### SAGERAS DEPOSIT

Berkeley completed a confirmatory diamond drilling program consisting of 21 holes in a series of traverses across the deposit. The detailed results were announced in February 2010 with all of the Berkeley holes intersecting mineralisation consistent with the historical data. An initial Mineral Resource Estimate was announced in February 2010 consisting of 9.7 Mt at 400 ppm for 8.6 Mlbs (3.9 Kt)  $U_3O_8$ , including 71% in the Measured and Indicated categories.

An infill RC drilling program consisting of 46 holes was completed in July and it is anticipated that the majority of the Inferred Resource will be upgraded to Indicated and Measured in the next Mineral Resource Estimate scheduled to be announced in the September quarter. In addition, re-probing of historical holes has continued throughout the year and the results are continuing to provide increased confidence in the historical e-grades.

### MAJUELOS DEPOSIT

The Majuelos deposit encompasses two areas: remnant resources lying below the restored Mina Fe open pit and drilled on a 10m x 10m grid; and a separate zone to the east of the restored pit drilled on a 50m x 50m spacing. Total Mineral Resources have been estimated at 6.4 Mt at 411 ppm for 5.8 Mlbs (2.6 Kt)  $U_3O_8$ , all in the Inferred category.

(i) 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 ASX announcement dated 10 December 2008.

# DIRECTORS' REPORT (CONTINUED)

## REVIEW OF OPERATIONS AND ACTIVITIES (CONTINUED)

### ALAMEDA SOUTH

Berkeley completed a confirmatory diamond drilling program consisting of 19 holes in a series of traverses across the deposit. The detailed results were announced in March 2010 with all of the Berkeley holes intersecting mineralisation consistent with the historical data. An initial Mineral Resource Estimate was completed consisting of 18.4 Mt at 458 ppm for 18.5 Mlbs (8.4 Kt)  $U_3O_8$ , including 49% in the Indicated category.

A 30 hole RC drilling program was completed in July 2010 to test the lateral and depth potential identified in the confirmatory diamond drill program and to increase confidence in areas previously drilled at lower density. The results have confirmed the current resource model and it is anticipated that the majority of the Inferred Resource will be upgraded to Indicated and Measured categories in an updated resource statement to be announced in the September quarter.

### ALAMEDA NORTH

The Alameda North deposits consist of 3 separate zones extending north from Alameda South over a distance of 3.5 km along the granite contact. Total Mineral Resources have been estimated at 4.1 Mt at 503 ppm for 4.5 Mlbs (2.0 Kt)  $U_3O_8$ , all in the Inferred category because of the lack of confirmatory drilling in this area. However, all of the historical drilling was undertaken at the same time as the Alameda South historical drilling, where Berkeley has confirmed the historical results.

### VILLAR

The Villar Area is located 10km north of Alameda and 14km north-west of the Quercus Plant (Figure 2). An initial Mineral Resource was announced in March 2010 consisting of 5.0 Mt at 446 ppm for 4.9 Mlbs (2.2 Kt)  $U_3O_8$ . The Mineral Resource Estimate was classified as Inferred as Berkeley has not undertaken any confirmatory drilling on this deposit. A number of Berkeley diamond holes drilled at the nearby Barquilla Prospect confirmed the historical data.

### RETORTILLO DEPOSIT

Berkeley commenced drilling at Retortillo in December 2006 following acquisition and assessment of the ENUSA historical database which included 272 drill holes defining uranium mineralisation over a strike length of 2kms. Over the next few years, Berkeley drilled an additional 72 diamond and RC holes and announced an initial resource in April 2007. Further drilling by Berkeley in 2007 led to the announcement later that year of an updated Mineral Resource Estimate of 9.6 Mt at 615 ppm for 13 Mlbs (5.9 Kt), with 38% in the Indicated category. No work has been undertaken since the updated resource, however a large RC drilling program is planned to commence in the September quarter to convert the Inferred Resources into a higher category.

### SANTIDAD DEPOSIT

A Mineral Resource of 2.9 Mlbs  $U_3O_8$  was announced in November 2007 based on 87 drill holes. A further 120 diamond and reverse circulation holes were subsequently drilled by Berkeley and an updated Mineral Resource was estimated by independent consultants, McDonald Speijers. It increased resources by 47% to 4.6 Mt at 410 ppm for 4.2 Mlbs of  $U_3O_8$  and includes about 29% in the Indicated category.

### ZONA 7 DEPOSITS

The Zona 7 deposits are located approximately 5 km north of the Santidad deposit (Figure 7) and consist of the significant Zona 7 deposit (3.5 Mlbs at 414 ppm  $U_3O_8$ ) and a cluster of small deposits in close proximity (Las Carbas, Caridad and Cristina). Berkeley carried out a large amount of drilling in this area in 2008 (5 Diamond and 178 RC holes). All the Mineral Resources are Inferred and total 5.7 Mt at 421 ppm for 5.3 Mlbs (2.4 Kt)  $U_3O_8$ .

### GAMBUTA AREA

The Gambuta deposit is situated approximately 140 kms to the south-east of the Águila Area in the Cáceres Region. During 2008, Berkeley drilled 43 RC holes and announced an inferred Mineral Resource Estimate in August 2008 of 9.2 Mlbs (4.2 Kt)  $U_3O_8$ . Berkeley has not undertaken any work in the Cáceres Region during the year and it is not being considered in the current Feasibility Study. However, further work is planned in the forthcoming year to upgrade the resource and undertake metallurgical test work as it has the potential as a "stand alone" heap leach operation with uranium recovery from the Quercus Plant.

### EXPLORATION

The 2009/2010 year has focussed on the confirmation and estimation of the State Reserve Mineral Deposits. Exploration has involved the compilation of all the ENUSA data and a complete review of all the historical exploration prospects as well as a more detailed review of the near mine exploration potential. This has highlighted some targets at Sageras and Palacios that are currently being followed up with RC drilling.

A number of other appealing targets have been identified mainly focussing on areas along strike from existing deposits but situated beneath Tertiary cover where radiometrics are ineffective. This includes the area to the south of Alameda where a review of the available geological information identified significant cover material in areas previously mapped as outcropping basement.



## **METALLURGY & PROCESSING**

In December 2009 Berkeley completed the Salamanca Uranium Project Scoping Study, which demonstrated the technical and economical viability of the project, and initiated the start of the Phase 1 of Feasibility Study on the Project, which is due to be completed by November 2010.

In February 2010, 2,000kg of diamond drill core was sent to the SGS Metallurgical Laboratories in Perth, Australia to commence the comprehensive metallurgical test work campaign supervised by Aker Solutions, Orway Mineral Consultants and Kappes Cassiday (Perth). This was followed up with a further 9,350kg in June and July 2010.

The primary objective of this metallurgical test work is to optimise the process conditions for treating the various uranium ore lithologies at Sageras and Palacios in a tank leach configuration.

The results of this work will be employed in the Feasibility Study – Phase 1 and for the re-commissioning of the Quercus Processing Plant, which has a capacity of 2.1Mlbs (0.95 Kt) of  $U_3O_8$  per annum.

A second program of testwork (Phase 2) commenced in the 3rd quarter of 2010, designed to explore the amenability of the Sageras, Palacios and Alameda ores to heap leaching. This work will extend into the 2nd Quarter of 2011 and will incorporate Retortillo in the first quarter of 2011.

## **MINING STUDIES**

The Salamanca uranium project scoping study completed in December 2009 identified that the mining is relatively simple, shallow open pit mining with drill, blast, load and haul undertaken by Spanish contractors.

Following completion of the scoping study, work started immediately on the feasibility mining studies, and following completion of Mineral Resource Estimates in March 2010 pit optimisations were completed for various processing and production options and operating costs were further refined following discussions with a number of mining contractors.

Berkeley will continue to work for the interests of shareholders by pursuing our core objective of mining uranium in Spain. The Company is very well placed to capitalise on the solid foundations it has built to date.

The Group also continues to review other opportunities in the mining and energy sectors in Europe and elsewhere.

The net loss of the Consolidated Entity after minority interests for the year ended 30 June 2010 was \$14,240,676 (2009: \$10,009,206). This loss is largely attributable to:

- the Consolidated Entity's accounting policy of expensing exploration and evaluation expenditure incurred by the Consolidated Entity subsequent to the acquisition of the rights to explore and up to the commencement of bankable feasibility studies. During the year, exploration expenditure totalled \$10,732,103 (2009: \$5,783,641); and
- the Consolidated Entity's accounting policy of expensing the value (determined using the Binomial option pricing model) of share options granted to Directors, employees, consultants and other advisors. The value is measured at grant date and recognised over the period during which the option holders become unconditionally entitled to the options. During the year, non-cash share-based payment expenses (excluding those classified as exploration costs) totalled \$1,488,365 (2009: \$2,999,115).

## **CORPORATE AND FINANCIAL POSITION**

During the period under review the Company made a number of appointments to strengthen its Board and Management team as the Company advanced toward delivering a feasibility study – phase 1 at its Salamanca Uranium project.

In November 2009 Berkeley Resources engaged Ian Stalker to become Managing Director and Chief Executive Officer of the Company, bringing with him considerable experience in the uranium sector and mining operations in Spain. He has successfully managed eight mining projects throughout the world through feasibility study, development and construction phases.

Berkeley Resources also enhanced its Management team through the appointment of Henry Horne as Chief Financial Officer in April 2010. Mr Horne has 28 years' experience in the mining industry and held senior management and executive positions at mines in Namibia, South Africa, Ghana, Bulgaria, Chile and Russia with companies including Tsumeb Corporation, Gold Fields, Kinross Gold, Navan Mining and Highland Gold.

The Board also appointed Sam Middlemas as Company Secretary in June 2010 and in September 2010 announced Matthew Syme plans to resign as a Non-executive Director of the Company with effect from the next AGM.

Berkeley Resources agreed to restructure the Company's royalty commitments to the original founders and vendors of Berkeley's Spanish subsidiary, Minera de Rio Alagon SL ("MRA") in December 2009. The previous royalty of 3% applied to production from MRA properties and included an accelerating minimum cash royalty. In order to remove some ambiguity inherent in the previous agreement, the parties agreed to replace the previous royalty with a 1% royalty on all Berkeley's future uranium production in Spain and Portugal, including potentially non-MRA properties.

In January 2010 the Company also agreed to terminate the Heads of Agreement which was entered with Areva NC in March 2006. As a consequence, any rights previously granted to Areva for off-take or marketing of uranium production from Berkeley's projects were terminated.



# DIRECTORS' REPORT (CONTINUED)

## REVIEW OF OPERATIONS AND ACTIVITIES (CONTINUED)

### CORPORATE AND FINANCIAL POSITION (CONTINUED)

Under the terms of the Cooperation Agreement entered into with ENUSA in December 2008, Berkeley will complete a Feasibility Study by the end of November 2010. After the successful completion of the Feasibility Study Berkeley needs to inform ENUSA of its decision to exploit. This positive decision will then trigger the formation of NEWCO with a Berkeley and ENUSA joint venture partnership of 90%:10%. Once NEWCO has been formed Berkeley will pay ENUSA €20M whereupon the State Reserves will then be transferred to NEWCO, who will then exploit the reserves in a joint venture with ENUSA.

According to the Cooperation Agreement, Berkeley may inform ENUSA by the end of October 2010 to extend the decision to exploit by one further year by paying to ENUSA 1M.

### 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 2012
- 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 30 November 2009 the Company appointed Ian Stalker as Managing Director;
- On 2 December 2009 the Company confirmed in the scoping study the potential of the Salamanca Project;
- On 23 December 2009 the Company advised the restructuring of the Royalty arrangements;
- On 12 January 2010 the Company terminated the Areva NC Heads of Agreement;
- On 26 February 2010 the Company advised a doubling of the Uranium Resource to 52Mlbs U<sub>3</sub>O<sub>8</sub>; and
- On 30 March 2010 the Company advised of an increase in the Uranium Resource to over 80 Mlbs U<sub>3</sub>O<sub>8</sub>.

### SIGNIFICANT POST BALANCE DATE EVENTS

Since the end of the financial year, the following events have affected, or may 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:

On 18 August 2010, the Company advised it had reached a Heads of Agreement with KEPCO for KEPCO to purchase a direct 35% interest in the Salamanca Project for an amount of US\$70 million. Detailed Agreements are in the process of being completed. KEPCO will also execute a proposed offtake agreement to purchase 35% of the Salamanca Uranium Project's U<sub>3</sub>O<sub>8</sub> production at industry standard terms, based on a mix of spot and term prices.

Other than the above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2010, 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>	\$1.00 Incentive Options <sup>(iii)</sup>	\$1.25 Incentive Options <sup>(iv)</sup>	\$1.86 Incentive Options <sup>(v)</sup>
Robert Hawley	-	500,000	-	-	-
Ian Stalker	-	900,000	-	3,000,000	-
Scott Yelland	-	250,000	250,000	-	1,000,000
Jose Ramon Esteruelas	-	500,000	-	-	-
Sean James	-	250,000	-	-	-
James Ross	315,000	257,500	-	-	-
Matthew Syme	2,898,105	1,069,002	-	-	-

### 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) "\$1.00 Incentive Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of \$1.00 each on or before 19 June 2012.
- (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 (1/3), 1 December 2014 (1/3) and 1 December 2015 (1/3).
- (v) "\$1.86 Incentive Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of \$1.86 each on or before 5 August 2011.

## SHARE OPTIONS

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

### Listed Options

- 12,670,716 listed options at an exercise price of \$0.75 each that expire on 15 May 2013.

### Unlisted Options

- 1,500,000 unlisted options at an exercise price of \$1.00 each that expire on 31 May 2013 (all exercised since the end of the financial year).
- 2,160,000 unlisted options at an exercise price of \$1.86 each that expire on 5 August 2011.
- 787,500 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.
- 1,000,000 unlisted options at an exercise price of \$1.25 each that expire on 1 December 2014.
- 1,000,000 unlisted options at an exercise price of \$1.25 each that expire on 1 December 2015.
- 3,285,000 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 11,600,000 new shares issued as a result of the exercise of unlisted options, and a further 269,040 new shares issued as a result of exercise of the listed options. Since 30 June 2010, there have been 1,500,000 new shares issued as a result of the exercise of the unlisted options due to expire on 31 May 2013.

# DIRECTORS' REPORT (CONTINUED)

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2010, and the number of meetings attended by each director.

	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
<b>Current Directors</b>		
Robert Hawley	6	5
Ian Stalker	3	3
Scott Yelland	6	6
Jose Ramon Esteruelas	6	5
Sean James	6	6
James Ross	6	6
Matthew Syme	6	6
<b>Former Director</b>		
Stephen Dattels	-	-

## REMUNERATION REPORT (AUDITED) (30 JUNE 2010 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

Robert Hawley	Non-Executive Chairman
Ian Stalker	Managing Director (appointed 30 November 2009)
Matthew Syme	Managing Director until 30 November 2009 then Non Executive Director
Scott Yelland	Chief Operating Officer / Executive Director
Sean James	Non-Executive Director
Jose Ramon Esteruelas	Non-Executive Director
James Ross	Non-Executive Director
Stephen Dattels	Non-Executive Director (Resigned 14 September 2009)

#### Executives

Sam Middlemas	Company Secretary (Appointed 1 July 2010)
Clint McGhie	Company Secretary (Resigned 1 July 2010)
Henry Horne	Chief Financial Officer (Appointed 23 April 2010)

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 2009 until the date of this report.

Mr Dattels was appointed a Director of the Company on 15 May 2009, and resigned as a Director on 14 September 2009.

### 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.

## **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.

# DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT (AUDITED) (30 JUNE 2010 YEAR END) (CONTINUED)

### 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:

2010	Short-Term Benefits		Post Employment Benefits	Share-Based Payments	Other Non-Cash Benefits <sup>(vi)</sup>	Total	Percentage of Total Remuneration that Consists of Options %	Percentage Performance Related %
	Salary & Fees \$	Cash Bonus \$						
<b>Directors</b>								
Robert Hawley	101,923	-	-	-	-	101,923	-	-
Ian Stalker <sup>(i)</sup>	174,655	-	17,465	1,051,182	11,900	1,255,202	83.7	-
Matthew Syme <sup>(ii)</sup>	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>(iv)</sup>	-	-	-	-	-	-	-	-
<b>Executives</b>								
Henry Horne <sup>(iii)</sup>	53,537	-	-	13,908	7,132	74,577	18.6	-
Clint McGhie <sup>(v)</sup>	-	-	-	-	-	-	-	-
<b>2009</b>								
<b>Directors</b>								
Robert Hawley	125,929	-	-	334,800	3,327	464,056	72.15	-
Matthew Syme	250,000	-	22,500	669,600	12,522	954,622	70.14	-
Scott Yelland	269,345	-	44,829	529,193	6,852	850,219	62.24	-
Sean James	40,656	-	-	167,400	6,852	214,908	77.89	-
James Ross	96,690	-	2,700	167,400	4,437	271,227	61.72	-
Jose Ramon Esteruelas	93,259	-	-	334,800	3,327	431,386	77.61	-
Stephen Dattels <sup>(iv)</sup>	-	-	-	167,400	418	167,818	99.75	-
<b>Executives</b>								
Clint McGhie <sup>(v)</sup>	-	10,000	-	-	-	10,000	-	100

### Notes

(i) Mr Stalker joined the Company as Managing Director on 30 November 2009.

(ii) Mr Syme resigned as Managing Director on 8 February 2010, and continues on the Board as a Non Executive director.

(iii) Mr Horne joined the Company as Chief Financial Officer on 23 April 2010.

(iv) Mr Dattels was appointed as a non-executive Director of the Company on 15 May 2009.

(v) Mr McGhie provided services as the Company Secretary through a services agreement between Berkeley Resources Limited and Apollo Group Pty Ltd. Under the agreement, Apollo Group Pty Ltd provides administrative, company secretarial and accounting services and the provision of a fully serviced office to the Company for a monthly retainer of \$17,000 from 1 July 2009. The Board agreed to pay Mr McGhie a bonus of \$10,000 during the year ended 30 June 2009 in addition to the retainer paid to Apollo Group Pty Ltd.

(vi) 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

Details of options granted to each of the Key Management Personnel of the Company or Group during the financial year are as follows:

	Issuing Entity	Grant Date	Expiry Date	Exercise Price \$	Grant Date Fair Value \$	No. Granted \$	Total Value of Options Granted \$	No. Vested
<b>2010</b>								
Ian Stalker	Berkeley	1/4/10	1/12/2013	1.25	0.8626	1,000,000	862,600	-
	Berkeley	1/4/10	1/12/2014	1.25	0.9437	1,000,000	943,700	-
	Berkeley	1/4/10	1/12/2015	1.25	1.0068	1,000,000	1,006,800	-
Henry Horne	Berkeley	18/6/10	18/6/2014	1.35	0.5538	416,666	230,750	-
	Berkeley	18/6/10	18/6/2014	1.35	0.5538	416,667	230,750	-
	Berkeley	18/6/10	18/6/2014	1.35	0.5538	416,667	230,750	-
<b>2009</b>								
Robert Hawley	Berkeley	6-May-09	15-May-13	0.75	0.6696	500,000	334,800	500,000
Matthew Syme	Berkeley	6-May-09	15-May-13	0.75	0.6696	1,000,000	669,600	1,000,000
Scott Yelland <sup>(ii)</sup>	Berkeley	27-Nov-08	19-Jun-12	1.00	0.097	250,000	24,250	83,333
	Berkeley	6-May-09	15-May-13	0.75	0.6696	250,000	167,400	250,000
Sean James	Berkeley	6-May-09	15-May-13	0.75	0.6696	250,000	167,400	250,000
James Ross	Berkeley	6-May-09	15-May-13	0.75	0.6696	250,000	167,400	250,000
Jose Ramon Esteruelas	Berkeley	6-May-09	15-May-13	0.75	0.6696	500,000	334,800	500,000
Stephen Dattels	Berkeley	6-May-09	15-May-13	0.75	0.6696	250,000	167,400	250,000

### Notes

(i) For details on the valuation of the options, including models and assumptions used, please refer to Note 19 to the full financial statements.

(ii) In addition to the above, at 30 June 2010, 666,666 \$1.86 Incentive Options issued to Mr Yelland on 6 August 2007 had vested. 333,333 of these options remain to vest.

(iii) During the financial year there were no options exercised or lapsed.

## EMPLOYMENT CONTRACTS WITH DIRECTORS AND EXECUTIVE OFFICERS

Mr Ian Stalker, Managing Director, has a contract of employment with Berkeley Resources Limited dated 14 November 2009. 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 Stalker receives a fixed remuneration component of £160,000 per annum plus 10% superannuation and the provision of a motor vehicle.

Following shareholder approval on 1 April 2010, Mr Stalker was granted 1,000,000 unlisted options exercisable at \$1.25 each on or before 1 December 2013 (12 months vesting period), 1,000,000 unlisted options exercisable at \$1.25 on or before 1 December 2014 (24 months vesting period), and 1,000,000 unlisted options exercisable at \$1.25 each on or before December 2015 (36 months vesting period).

Mr Matthew Syme, terminated his employment contract as Managing Director on 1 February 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 \$30,000 per annum plus 9% superannuation. 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 Scott Yelland was appointed Chief Operating Officer of the Company on 6 April 2007 and was subsequently appointed a Director of the Company on 1 February 2008. Mr Yelland has a letter of employment with Berkeley Resources Limited dated 27 March 2007. The letter specifies the duties and obligations to be fulfilled by the Chief Operating Officer. The letter of employment may be terminated by either party by giving three months notice. No amount is payable by the Company in the event of termination for neglect of duty or gross misconduct. Mr Yelland receives a fixed remuneration component of £125,000 per annum exclusive of employer National Insurance Contributions (United Kingdom).



# **DIRECTORS'** REPORT (CONTINUED)

## **REMUNERATION REPORT (AUDITED) (30 JUNE 2010 YEAR END) (CONTINUED)**

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

Prior to his appointment as a Director and in accordance with his engagement terms Mr Yelland was granted 1,000,000 options, with an exercise price of \$1.86 each, on 6 August 2007 under the Employee Option Scheme approved by shareholders on 21 June 2007. The options will vest in 3 equal tranches every 12 months from the date of commencement and will expire on 5 August 2011.

Following shareholder approval on 27 November 2008, Mr Yelland was granted 250,000 unlisted incentive options exercisable at \$1.00 each. The options will vest in 3 equal tranches every 12 months from the date of commencement and will expire on 19 June 2012.

Following shareholder approval on 6 May 2009, Mr Yelland was granted 250,000 listed options exercisable at \$0.75 each on or before 15 May 2013.

Dr James Ross, Technical Director, has a letter of engagement with Berkeley Resources Limited dated 10 September 2009. The letter specifies the duties and obligations to be fulfilled by the Technical Director. Dr Ross receives a fixed remuneration component of \$30,000 per annum exclusive of superannuation. The letter also includes a consultancy arrangement which provides for a consultancy fee at the rate of \$900 per day, with a minimum of 1 day per week. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 1 months notice.

Following shareholder approval on 6 May 2009, Dr Ross was granted 250,000 listed options exercisable at \$0.75 each on or before 15 May 2013.

Dr Robert Hawley, Non Executive Chairman, was appointed a Director of the Company on 20 April 2006. Dr Hawley has a letter of engagement with Berkeley Resources Limited dated 19 April 2006. The letter specifies a fixed remuneration component of £55,000 per annum.

Following shareholder approval on 6 May 2009, Dr Hawley was granted 500,000 listed options exercisable at \$0.75 each on or before 15 May 2013.

Mr Sean James, Non Executive Director, was originally appointed an Executive Director of the Company on 28 July 2006. Mr James had a letter of employment with Berkeley Resources Limited dated 28 July 2006 and was to receive a fixed remuneration component of £100,000 per annum exclusive of employer National Insurance Contributions (United Kingdom). On 17 November 2006, Mr James relinquished his executive role but remained as a Non Executive Director and consultant to the Company. Mr James receives a fixed remuneration of £18,000 per annum. The letter also includes a consultancy agreement which provides for a consultancy fee of £400 per day. The consultancy agreement has a rolling term and may be terminated by Mr James or by the Company giving one month's notice.

Following shareholder approval on 6 May 2009, Mr James was granted 250,000 listed options exercisable at \$0.75 each on or before 15 May 2013.

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 one month's notice.

Following shareholder approval on 6 May 2009, Señor Esteruelas was granted 500,000 listed options exercisable at \$0.75 each on or before 15 May 2013.

Mr Stephen Dattels, Non Executive Director, was appointed a Director of the Company on 15 May 2009 and resigned on 14 September 2009. Mr Dattels received no fixed remuneration.

Following shareholder approval on 6 May 2009 and his appointment on 15 May 2009, Mr Dattels was granted 250,000 listed options exercisable at \$0.75 each on or before 15 May 2013.

Mr Henry Horne was appointed Chief Financial Officer on 28 April 2010. The contract specifies the duties and obligations to be fulfilled by the Chief Financial Officer. 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 Horne receives a fixed remuneration component of £136,000 per annum plus Spanish superannuation, the provision of accommodation in Spain, the provision of a motor vehicle, medical and life insurance expenses.

The Board granted Mr Horne 1,250,000 unlisted options exercisable at \$1.35 each on or before 18 June 2014 (with 33% vesting after 12 months, 33% vesting after 24 months, and 33% vesting after 36 months).

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

During the financial year ended 30 June 2010, there were no options granted as remuneration that were exercised (2009: 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 \$23,078. 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 28 of the Concise Financial Report.

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

### **IAN STALKER**

Managing Director

24 September 2010

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Ross Corben, who is a member of The Australian Institute of Mining and Metallurgy and a full-time employee of Berkeley Resources Limited. Mr. Corben 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'. Mr Corben 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 2010**

	Note	Consolidated	
		2010 \$	2009 \$
<b>Revenue from continuing operations</b>	2	<b>712,783</b>	<b>700,250</b>
Administration costs		(1,468,278)	(1,331,974)
Exploration costs		(10,732,103)	(5,783,641)
Provision for capitalised exploration expenditure		-	(328,383)
Business development costs		(343,829)	(270,707)
Other share based payments expense		(1,488,365)	(2,999,115)
Cancellation of royalty		(920,884)	-
Foreign exchange gain/(loss)		-	(378)
<b>Loss before income tax expense</b>		<b>(14,240,676)</b>	<b>(10,013,948)</b>
Income tax expense		-	-
<b>Loss after income tax expense</b>		<b>(14,240,676)</b>	<b>(10,013,948)</b>
<b>Other Comprehensive Income</b>			
Exchange differences arising on translation of foreign operations		<b>(1,742,832)</b>	<b>(161,217)</b>
Income tax on other comprehensive income		-	-
<b>Total Comprehensive Loss</b>		<b>(15,983,508)</b>	<b>(10,175,165)</b>
Loss attributable to:			
Non controlling interest		1,098	(4,742)
Members of Berkeley Resources Limited		(14,241,774)	(10,009,206)
<b>Loss after income tax expense</b>		<b>(14,240,676)</b>	<b>(10,013,948)</b>
<b>Total comprehensive loss attributable to:</b>			
Non controlling interest		1,098	(4,953)
Members of Berkeley Resources Limited		(15,984,606)	(10,170,212)
<b>Total Comprehensive Loss</b>		<b>(15,983,508)</b>	<b>(10,175,165)</b>
Basic loss per share (cents per share)		(11.08)	(9.47)
Diluted loss per share (cents per share)		(11.08)	(9.47)

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



**STATEMENT**  
OF FINANCIAL POSITION  
AS AT 30 JUNE 2010



	Consolidated	
	2010	2009
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	10,244,114	11,479,554
Trade and other receivables	193,138	1,529,241
Other financial assets	-	107,956
<b>Total Current Assets</b>	<b>10,437,252</b>	<b>13,116,751</b>
<b>Non-current Assets</b>		
Exploration expenditure	12,843,327	14,388,045
Property, plant and equipment	482,017	520,590
Other financial assets	215,076	279,276
<b>Total Non-current Assets</b>	<b>13,540,420</b>	<b>15,187,911</b>
<b>TOTAL ASSETS</b>	<b>23,977,672</b>	<b>28,304,662</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	1,694,344	838,902
Provisions	22,068	197,812
Other financial liabilities	273,524	10,768
<b>Total Current Liabilities</b>	<b>1,989,936</b>	<b>1,047,482</b>
<b>TOTAL LIABILITIES</b>	<b>1,989,936</b>	<b>1,047,482</b>
<b>NET ASSETS</b>	<b>21,987,736</b>	<b>27,257,180</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	58,618,042	49,391,245
Reserves	4,834,009	6,366,822
Accumulated losses	(41,464,315)	(28,501,985)
<b>Parent Interests</b>	<b>21,987,736</b>	<b>27,256,082</b>
<b>Non Controlling Interests</b>	<b>-</b>	<b>1,098</b>
<b>TOTAL EQUITY</b>	<b>21,987,736</b>	<b>27,257,180</b>

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

**STATEMENT**  
**OF CASH FLOWS**  
AS AT 30 JUNE 2010

	Consolidated	
	2010	2009
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(10,037,201)	(7,680,368)
Interest received	333,518	797,527
Grant received	359,287	797,527
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(9,344,396)</b>	<b>(6,882,841)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration	(91,031)	(8,987,337)
Security bond deposit	172,156	(6,800)
Amounts repaid to third parties	-	(79,396)
Payment for acquisition of subsidiary	-	(36,036)
Net cash acquired on acquisition of subsidiary	-	20,005
Payments for property, plant and equipment	(271,246)	(74,724)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(190,121)</b>	<b>(9,164,288)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	8,369,500	9,939,792
Transaction costs from issue of shares and options	(27,703)	(399,072)
<b>Net cash inflow from financing activities</b>	<b>8,341,797</b>	<b>9,540,720</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(1,192,720)</b>	<b>(6,506,409)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>11,479,554</b>	<b>18,171,171</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(42,720)</b>	<b>(185,208)</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>10,244,114</b>	<b>11,479,554</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 2010



**Berkeley**  
Resources Ltd

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Option Premium Reserve \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Non Controlling Interest \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2008</b>	<b>41,444,842</b>	<b>4,472,973</b>	<b>(23,704)</b>	<b>(20,890,335)</b>	<b>1,487</b>	<b>25,005,263</b>
Net loss for the period	-	-	-	(10,009,206)	(4,742)	(10,013,948)
Other Comprehensive Income:						
Exchange differences arising on translation of foreign operations	-	-	(161,006)	-	(211)	(161,217)
<b>Total comprehensive income</b>	-	-	(161,006)	(10,009,206)	(4,953)	(10,175,165)
Transactions with owners, recorded directly in equity						
Step up acquisition of minority interest	-	-	-	-	4,564	4,564
Issue of shares	9,939,792	-	-	-	-	9,939,792
Share issue costs	(1,993,389)	-	-	-	-	(1,993,389)
Expiry of incentive options	-	(2,357,250)	-	2,357,250	-	-
Cancellation of incentive options:						
Vested	-	(40,306)	-	40,306	-	-
Unvested	-	(38,788)	-	-	-	(38,788)
Cost of share based payments	-	4,514,903	-	-	-	4,514,903
<b>As at 30 June 2009</b>	<b>49,391,245</b>	<b>6,551,532</b>	<b>(184,710)</b>	<b>(28,501,985)</b>	<b>1,098</b>	<b>27,257,180</b>
<b>As at 1 July 2009</b>	<b>49,391,245</b>	<b>6,551,532</b>	<b>(184,710)</b>	<b>(28,501,985)</b>	<b>1,098</b>	<b>27,257,180</b>
Net loss for the period	-	-	-	(14,240,676)	(1,098)	(14,241,774)
Other Comprehensive Income:						
Exchange differences arising on translation of foreign operations	-	-	(1,742,832)	-	-	(1,742,832)
<b>Total comprehensive income</b>	-	-	(1,742,832)	(14,240,676)	(1,098)	(15,984,606)
Transactions with owners, recorded directly in equity						
Issue of shares	9,254,500	-	-	-	-	9,254,500
Share issue costs	(27,703)	-	-	-	-	(27,703)
Share based payments exercised	-	(1,278,346)	-	1,278,346	-	-
Cost of share based payments	-	1,488,365	-	-	-	1,488,365
<b>As at 30 June 2010</b>	<b>58,618,042</b>	<b>6,761,551</b>	<b>(1,927,542)</b>	<b>(41,464,315)</b>	<b>-</b>	<b>21,987,736</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 2010

## 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 2010.

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 2010 are as follows:

AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]
AASB 2009-8	Amendments to Australian Accounting Standard – Group cash-settled Share-based Payment Transactions
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]
AASB 2009-12	Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

## 3. REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS

	Consolidated	
	2010	2009
	\$	\$
Revenue – Interest Income	353,496	700,250
Other Income	75,911	-
Grant Income received	283,376	-
	<b>712,783</b>	700,250

## 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:

On 18 August 2010, the Company advised it had reached a Heads of Agreement with KEPCO for KEPCO to purchase a direct 35% interest in the Salamanca Project for an amount of US\$70 million. Detailed agreements are in the process of being completed. KEPCO will also execute a proposed offtake agreement to purchase 35% of the Salamanca Uranium Project's U308 production at industry standard terms, based on a mix of spot and term prices.

Other than the above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity;
  - the results of those operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2010, of the Consolidated Entity.

**DIRECTORS'**  
**DECLARATION**  
AS AT 30 JUNE 2010



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.

**IAN STALKER**  
Managing Director

24 September 2010

**AUDITOR'S**  
INDEPENDENCE DECLARATION

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET  
WEST PERTH WA 6005, AUSTRALIA  
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204  
www.stantons.com.au

24 September 2010

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 2010, 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 sincerely  
**STANTONS INTERNATIONAL**  
(Authorised Audit Company)



**John P Van Dieren**  
Director





## Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET  
WEST PERTH WA 6005, AUSTRALIA  
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204  
www.stantons.com.au

### **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BERKELEY RESOURCES LIMITED REPORT ON THE CONCISE FINANCIAL REPORT**

The accompanying concise consolidated financial report of Berkeley Resources Limited comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, changes in equity and 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 2010. 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. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the concise consolidated financial report based on our audit procedures. 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 2010. Our audit report on the financial report for the year was signed on 24 September 2010 and was not subject to any modification. 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.

Our procedures in respect of the concise financial report included testing that the information included in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion 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.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Stantons International  
ABN 44 103 088 697

## 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 2010 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

## REPORT ON THE REMUNERATION REPORT

We have audited the remuneration report included in the directors report for the year ended 30 June 2010.

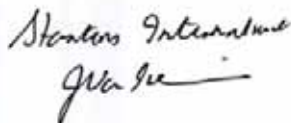
The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

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 2010, complies with section 300A of the Corporations Act 2001.

**STANTONS INTERNATIONAL**  
(An Authorised Audit Company)



**John P Van Dieren**  
Director

Perth  
Date: 24 September 2010

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 Robert Hawley	Non-Executive Chairman
Mr Ian Stalker	Managing Director
Mr Scott Yelland	Executive Director
Mr Sean James	Non-Executive Director
Dr James Ross	Non-Executive Director
Snr Jose Ramon Esteruelas	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 Dr Hawley and Senor Esteruelas.



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## 1.2 COMPOSITION OF THE BOARD (CONTINUED)

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

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of 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.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate. The Board has formed an Audit Committee, a Nominations Committee and a Remuneration Committee subsequent to year end.

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.

## 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.

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## 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.

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 2010 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.



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## 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 2010, performance evaluations for senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

## 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 2010 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	A majority of the Board are not independent directors.	<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 style="padding-left: 40px;">Dr Robert Hawley (Independent Non-Executive Chairman)</p> <p style="padding-left: 40px;">Senor Jose Ramon Esteruelas (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 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. Subsequent to year end the Board has formed a Nomination Committee.</p>
4.1, 4.2, 4.3	A separate Audit Committee has not been formed and there is not an Audit Committee operating charter.	<p>The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an Audit Committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.</p> <p>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. Subsequent to year end the Board has formed an Audit Committee.</p>
8.1	There is no separate Remuneration Committee.	<p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a Remuneration Committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company. Subsequent to year end the board has formed a Remuneration Committee.</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).

## ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 30 September 2010.

### 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	30,736,648	22.34
National Nominees Limited	18,999,021	13.81
Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	18,667,040	13.57
Citicorp Nominees Pty Limited	10,049,543	7.30
Computershare Clearing Pty Ltd <CCNL DI A/C>	6,971,386	5.07
HSBC Custody Nominees (Australia) Limited – A/C 3	6,586,158	4.79
J P Morgan Nominees Australia Limited	5,755,770	4.18
HSBC Custody Nominees (Australia) Limited – GSCO ECA	3,831,419	2.78
Mr Doug Gray & Mrs Ghislaine Gray <Glenmore Estate S/Fund A/C>	3,235,874	2.35
Hopetoun Consulting Pty Ltd	2,856,105	2.07
JP Morgan Nominees Australia Limited <Cash Income A/C>	2,007,024	1.14
Arredo Pty Ltd	1,500,000	1.09
UBS Nominees Pty Ltd	1,392,063	1.01
NEFCO Nominees Pty Ltd	1,200,000	0.87
HSBC Custody Nominees (Australia) Limited – GSI EDA	1,087,771	0.79
ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	693,965	0.50
Sierra Whiskey Pty Limited	627,000	0.46
Launceston Gasworks Pty Ltd	611,179	0.44
D & G Gray Pty Ltd	540,732	0.39
Peter Desmond Ellis	525,000	0.38
<b>Total Top 20</b>	<b>117,873,698</b>	<b>85.67</b>
Others	19,716,621	14.33
<b>Total Ordinary Shares on Issue</b>	<b>137,590,319</b>	<b>100.00</b>



## 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>	2,239,951	18.39
Hopetoun Consulting Pty Ltd	1,018,002	8.03
HSBC Custody Nominees (Australia) Limited	950,203	7.50
National Nominees Limited	946,727	7.47
UBS Nominees Pty Ltd	840,689	6.63
Senor Jose Ramon Esteruelas	500,000	3.95
Dr Robert Hawley	500,000	3.95
HSBC Custody Nominees (Australia) Limited – GSCO ECA	353,550	2.79
Cantori Pty Ltd <Cantori Superfund A/C>	279,750	2.21
ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	262,874	2.07
Mr Sean James	250,000	1.97
Primavera Investments Pty Ltd	250,000	1.97
Sierra Whiskey Pty Limited	250,000	1.97
Mr SA & Mrs JA Springett <Springett Family A/C>	250,000	1.97
Mr Scott Yelland	250,000	1.97
Mr Bradley Charles Ogg	236,790	1.87
Bretgrey Pty Ltd <Super Fund A/C>	206,901	1.63
Station Capital Pty Ltd	200,000	1.58
HSBC Custody Nominees (Australia) Limited – No 3 A/C	193,847	1.53
Bluesteel Trading Pty Limited	175,000	1.38
<b>Total Top 20</b>	<b>10,244,284</b>	<b>80.85</b>
Others	2,426,432	19.15
<b>Total \$0.75 Listed Options on Issue</b>	<b>12,670,716</b>	<b>100.00</b>

## 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	152	73,562	241	67,201
1,001 – 5,000	311	946,947	39	82,227
5,001 – 10,000	154	1,220,557	10	73,638
10,001 – 100,000	279	9,025,297	42	1,468,781
100,001 – and over	67	126,323,956	25	10,978,869
<b>Totals</b>	<b>963</b>	<b>137,590,319</b>	<b>357</b>	<b>12,670,716</b>



## ADDITIONAL INFORMATION (CONTINUED)

There were 58 holders of less than a marketable parcel of ordinary.

### SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the holding company's register as at 30 September 2010 are:

Substantial Shareholder	Number of Shares
Dundee Corporation and each of its associates	19,799,790
Anglo Pacific Group plc	16,368,273
Commonwealth Bank of Australia and its subsidiaries	12,047,324

### UNQUOTED SECURITIES

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

Holder	Number
<b>\$1.86 Options Expiring 5 August 2011</b>	
Mr Scott Yelland	1,000,000
The Estate of the late Mr Peter Ellis	500,000
9 other holders (each less than 20% holding)	660,000
<b>Total</b>	<b>2,160,000</b>
<b>\$1.00 Options Expiring 19 June 2012</b>	
Mr Scott Yelland	250,000
Mr Ross Corben	250,000
3 other holders (each holding less than 20% holding)	287,500
<b>Total</b>	<b>787,500</b>
<b>\$1.25 Options Expiring 1 December 2013</b>	
Mr Ian Stalker	1,000,000
<b>\$1.25 Options Expiring 1 December 2014</b>	
Mr Ian Stalker	1,000,000
<b>\$1.25 Options Expiring 1 December 2015</b>	
Mr Ian Stalker	1,000,000
<b>Total</b>	<b>3 000,000</b>
<b>\$1.35 Options Expiring 18 June 2014</b>	
Mr Henry Horne	1,250,000
Mr Javier Colilla	1,000,000
27 other holders (each holding less than 20% holding)	1,035,000
<b>Total</b>	<b>3,285,000</b>

### 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.



## ON-MARKET BUY BACK

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

## EXPLORATION INTERESTS

As at 2 October 2010, the Company has an interest in the following tenements:

Location	Tenement Name	Percentage Interest	Status
<b>Spain</b>			
Salamanca			
	P.I. Alimoche	100%	Pending
	P.E. Berkeley 3	100%	Pending
	P.E. Berkeley 5	100%	Pending
	P.E. Berkeley 6	100%	Pending
	P.E. Berkeley 7	100%	Pending
	P.I. Herrada Fr.1 <sup>0</sup>	100%	Granted
	P.I.Halcón	100%	Pending
	P.I. Castaños 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 Fr.2 <sup>0</sup>	100%	Granted
	P.I. La Santa	100%	Granted
	P.I. Santalucia	100%	Granted
	P.I. Espinera	100%	Pending
	P.I. Las Eras	100%	Pending
	P.I. Bogajo	100%	Pending
	P.I. Barquilla	100%	Granted
	P.I. Ciervo	100%	Granted
	P.I. Dehesa	100%	Granted
	P.I. Horcajada	100%	Granted
	P.I. Mimbres	100%	Granted
	P.I. Oñoro	100%	Pending
	P.I Abetos	100%	Pending
	P.I. Fuenteguinaldo	100%	Granted
	P.I. Mailleras	100%	Pending
	P.I. El Águila	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. Tiétar	100%	Pending

**ADDITIONAL**  
INFORMATION (CONTINUED)

**EXPLORATION INTERESTS (CONTINUED)**

<b>Location</b>	<b>Tenement Name</b>	<b>Percentage Interest</b>	<b>Status</b>
Toledo	P.I. Lucena	100%	Pending
Barcelona	P.I. Sol	100%	Pending
	P.I. Luna	100%	Pending
Ciudad Real	P.I. Damkina	100%	Pending
Murcia	P.E. Agni	100%	Pending
Huesca	P.E. Hefesto	100%	Pending
	P.E. Hades	100%	Pending
Ourense	P.I. Oimbra	100%	Pending
	P.I. Maceda	100%	Pending
<b>Australia</b>			
Miriam/Bouchers Project WA	M 15/664	100%	Granted



**DIRECTORS**

**DR ROBERT HAWLEY**

Chairman

**MR IAN STALKER**

Managing Director

**MR SCOTT YELLAND**

Executive Director

**MR HENRY HORNE**

Executive Director / CFO

**SEÑOR JOSE RAMON ESTERUELAS**

Non Executive

**DR JAMES ROSS**

Non Executive

**MR MATTHEW SYME**

Non Executive

**COMPANY SECRETARY**

**MR SAM MIDDLEMAS**

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West Perth WA 6005

**SOLICITORS**

Hardy Bowen Lawyers  
Level 1, 28 Ord Street  
West Perth WA 6005

**BANKERS**

Australia and New Zealand  
Banking Group Ltd  
77 St Georges Terrace  
Perth WA 6000

**SHARE REGISTRY**

**Australia**

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Level 2  
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Perth WA 6000  
Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033

**United Kingdom**

Computershare Investor Services Plc  
PO Box 82  
The Pavillions  
Bridgwater Road  
Bristol BS99 7NH  
Telephone: +44 870 889 3105

**STOCK EXCHANGE  
LISTINGS**

**Australia**

Australian Securities Exchange Limited  
Home Branch - Perth  
2 The Esplanade  
Perth WA 6000

**United Kingdom**

London Stock Exchange - AIM  
10 Paternoster Square  
London EC4M 7LS

**ASX/AIM CODE**

BKY - Fully paid ordinary shares  
BKY0 - \$.75 Listed options (ASX only)

**NOMINATED ADVISOR  
AND BROKER**

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