

BERKELEY RESOURCES LIMITED
ABN 40 052 468 569

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2007

CORPORATE DIRECTORY

Directors

Dr Robert Hawley – Chairman
Mr Matthew Syme – Managing Director
Mr Scott Yelland – Chief Operating Officer
Dr James Ross
Senor Jose Ramon Esteruelas
Mr Sean James

Company Secretary

Mr Clint McGhie

Registered Office

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Auditor

Stantons International

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Stock Exchange Listings

Australia

Australian Securities Exchange
Home Branch – Perth
2 The Esplanade
Perth WA 6000

United Kingdom

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

ASX Code

BKY - Fully paid ordinary shares

AIM TIDM

BKY - Fully paid ordinary shares

DIRECTORS' REPORT

The Board of Directors of Berkeley Resources Limited present their report on the consolidated entity of Berkeley Resources Limited ("the Company" or "Berkeley Resources") and the entities it controlled during the half-year ended 31 December 2007 ("Consolidated Entity").

DIRECTORS

The names of the Directors of Berkeley Resources in office during the half-year and until the date of this report are:

Dr Robert Hawley
Mr Matthew Syme
Mr Scott Yelland (appointed 1 February 2008)
Dr James Ross
Senor Jose Ramon Esteruelas
Mr Sean James

Unless otherwise disclosed, Directors were in office from the beginning of the half-year until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

Operating Results

Net operating loss after tax for the half-year ended 31 December 2007 was \$5,377,393 (31 December 2006: \$2,206,301).

This result included the following significant items:

- Exploration costs associated with the Company's Spanish uranium projects of \$4,458,221;
- A non-cash expense of \$674,581 in relation to the issue of employee options (Refer Note 11).

Review of Operations

During the half year ended 31 December 2007 the Company continued its focus on developing its uranium exploration projects in Spain.

Within the Salamanca I project, exploration activities were focused on a drilling program to allow the calculation of a revised resource at the Retortillo deposit and the testing of radiometric anomalies in areas previously undrilled within the license area. The program included diamond and reverse circulation ("RC") drilling. The Company had success in achieving both of these objectives with a new discovery of uranium mineralisation at Santidad, 2km northwest of the Company's main Retortillo deposit and an upgraded resource calculation released in November 2007.

The resource at the main Retortillo deposit increased to 13 million lbs at 615ppm U₃O₈, whilst there was a maiden inferred resource of 2.9 million lb at 382ppm at the Santidad deposit.

An airborne geophysical survey was completed over key target areas. Aretech Solutions completed a 5,924 line kilometre, low level, close-spaced airborne

magnetic and radiometric survey. The survey covered Salamanca I, part of Salamanca II, and the Caceres VI and Toledo II areas.

Interpreted results of the survey released in February 2008 confirmed the potential to add additional uranium resources in outcropping and covered areas, in proximity to the existing resource base. In particular, it significantly enlarged target areas associated with known uranium mineralisation at the Zona 7 deposit, and at the two previously mined areas, Mina Caridad and Mina Cristina. It has also identified covered extensions of favourable lithology along strike from the Retortillo and Santidad depositions.

A vigorous new program of RC drilling is underway with the aim of assessing the highest priority targets over the next six months.

The successful increase in the resource base at Salamanca I, along with the potential for additional resources, gave the Company impetus to commence a scoping study on the potential for mining at Salamanca I. AMC Consultants were engaged to prepare the study. The study was completed and the results were released in February 2008, confirming the potential economic viability of the project. The study was based on the projects previously announced JORC inferred and indicated resources of 16.9 million lb of U₃O₈.

Outcomes of the study included potential production of approximately 12.1 million lb U₃O₈ over 10 years and average cash operating costs of US\$25 per lb of U₃O₈. Initial capital costs were calculated at US\$109 million for a plant rated to process 1.5 mtpa. The plant design included in these calculations were scaled to allow for potential future additional resources.

The Company continues to examine new opportunities in mineral exploration in Spain and elsewhere.

Corporate

The following material corporate events occurred during or since the end of the half year ended 31 December 2007:

- On 6 August 2007, the Company issued 2,970,000 Unlisted Options to employees in accordance with the Company's Employee Option Scheme. The options are exercisable for \$1.86 each on or before 5 August 2011. Vesting conditions apply.
- On 6 September 2007 the Company announced the new discovery of uranium mineralisation at Santidad, 2km northwest of the Company's main Retortillo deposit.
- On 30 September 2007, 2,000,000 Unlisted Options were exercised which raised approximately \$0.45 million.
- On 19 November 2007, the Company advised the results of an upgraded resource calculation for the flagship Salamanca I project, including the Retortillo deposit and the new Santidad discovery.
- In January 2008, Berkeley disposed of its holding in 1,300,000 shares in Atlas Iron Limited on market. The Company received net proceeds of \$2,584,785 in consideration for these shares.
- On 1 February 2008, Mr Scott Yelland, the Company's Chief Operating Officer, was appointed a Director of the Company.

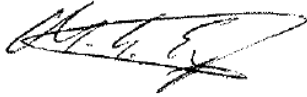
BERKELEY RESOURCES LIMITED HALF-YEAR FINANCIAL REPORT

- On 5 February 2008, Berkeley presented the interpreted results of the aerial radiometric and magnetic survey flown over the Salamanca I project.
- On 14 February 2008, the Company advised that a Scoping Study on mining at the Salamanca I project, prepared by AMC Consultants, confirmed the potential economic viability of the project.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Stantons International, to provide the Directors of Berkeley Resources Limited with an Independence Declaration in relation to the audit of the half-year financial report. This Independence Declaration is on page 16 and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.



MATTHEW SYME
Managing Director

Perth, 13 March 2008

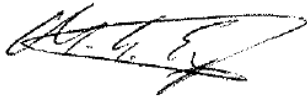
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Berkeley Resources Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



MATTHEW SYME
Managing Director

Perth, 13 March 2008

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

		Half Year Ended 31 December 2007 \$	Half Year Ended 31 December 2006 \$
Revenue from continuing operations	4	743,813	1,158,890
Administration costs		(921,924)	(1,026,817)
Business development costs		(119,005)	(187,151)
Exploration costs		(4,458,221)	(1,853,394)
Share based payments expense		(674,581)	(447,750)
Loss before income tax		(5,429,918)	(2,356,222)
Income tax expense		-	-
Loss for the half-year		(5,429,918)	(2,356,222)
Loss attributable to minority interest		(52,525)	(149,921)
Loss attributable to members of Berkeley Resources Limited		(5,377,393)	(2,206,301)
Loss for the half-year		(5,429,918)	(2,356,222)
Basic earnings per share (cents per share)		(5.24)	(2.9)
Diluted earnings per share (cents per share)		(5.24)	(2.9)

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

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	31 December 2007 \$	30 June 2007 \$
	Note	
ASSETS		
Current Assets		
Cash and cash equivalents	20,964,253	25,535,846
Available for sale financial asset	3,120,000	-
Other financial assets	100,721	-
Trade and other receivables	840,587	327,538
Total Current Assets	<u>25,025,561</u>	<u>25,863,384</u>
Non-current Assets		
Exploration expenditure	4,181,867	4,135,220
Property, plant and equipment	470,763	232,184
Other financial assets	16,841	1,802,015
Total Non-current Assets	<u>4,669,471</u>	<u>6,169,419</u>
TOTAL ASSETS	<u>29,695,032</u>	<u>32,032,803</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	1,272,602	642,182
Provisions	36,993	34,432
Total Current Liabilities	<u>1,309,595</u>	<u>676,614</u>
TOTAL LIABILITIES	<u>1,309,595</u>	<u>676,614</u>
NET ASSETS	<u>28,385,437</u>	<u>31,356,189</u>
EQUITY		
Issued capital	7 41,444,842	40,560,013
Reserves	8 6,203,867	4,604,619
Accumulated losses	(19,263,272)	(13,885,879)
Parent Interest	<u>28,385,437</u>	<u>31,278,753</u>
Minority interest	-	77,436
TOTAL EQUITY	<u>28,385,437</u>	<u>31,356,189</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Attributable to equity holder of the parent					Total	Minority interest	Total equity
	Issued Capital	Option Premium Reserve	Foreign Currency Translation Reserve	Net Unrealised Gains Reserve	Accumulated Losses			
	\$	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2006	14,258,232	2,170,538	-	-	(7,571,308)	8,857,462	321,421	9,178,883
Net loss for the period	-	-	-	-	(2,206,301)	(2,206,301)	(149,921)	(2,356,222)
Issue of shares (net of expenses)	3,533,984	-	-	-	-	3,533,984	-	3,533,984
Exchange differences arising on translation of foreign operations	-	-	(8,411)	-	-	(8,411)	(8,180)	(16,591)
Net unrealised gain on held for sale financial assets	-	-	-	13,000	-	13,000	-	13,000
Exercise of options (net of expenses)	1,045,207	(1,045,207)	-	-	-	-	-	-
Cost of share based payments	-	447,750	-	-	-	447,750	-	447,750
As at 31 December 2006	18,837,423	1,573,081	(8,411)	13,000	(9,777,609)	10,637,484	163,320	10,800,804
As at 1 July 2007	40,560,013	3,482,581	(21,962)	1,144,000	(13,885,879)	31,278,753	77,436	31,356,189
Net loss for the period	-	-	-	-	(5,377,393)	(5,377,393)	(52,525)	(5,429,918)
Issue of shares (net of expenses)	447,044	-	-	-	-	447,044	-	447,044
Exchange differences arising on translation of foreign operations	-	-	36,452	-	-	36,452	(24,911)	11,541
Net unrealised gain on held for sale financial assets	-	-	-	1,326,000	-	1,326,000	-	1,326,000
Exercise of options (net of expenses)	437,000	(437,000)	-	-	-	-	-	-
Transfer from reserve	785	(785)	-	-	-	-	-	-
Cost of share based payments	-	674,581	-	-	-	674,581	-	674,581
As at 31 December 2007	41,444,842	3,719,377	14,490	2,470,000	(19,263,272)	28,385,437	-	28,385,437

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Half Year Ended 31 December 2007 \$	Half Year Ended 31 December 2006 \$
Cash flows from operating activities		
Payments to suppliers and employees	(5,477,387)	(2,197,090)
Interest received	743,813	158,890
Net cash outflows from operating activities	(4,733,574)	(2,038,200)
Cash flows from investing activities		
Payments for capitalised exploration expenditure	(31,871)	(27,800)
Proceeds from sale of exploration projects	-	350,000
Payments for plant and equipment	(230,164)	(74,123)
Security deposit	(97,417)	-
Other financial assets	(8,256)	-
Net cash (outflow)/inflow from investing activities	(367,708)	248,077
Cash flows from financing activities		
Proceeds from issue of shares	450,000	3,542,275
Share issue expenses	(2,956)	(4,491)
Net cash inflow from financing activities	447,044	3,537,784
Net increase in cash and cash equivalents	(4,654,238)	1,747,661
Net foreign exchange differences	82,645	(12,359)
Cash and cash equivalents at the beginning of the half year	25,535,846	6,295,162
Cash and cash equivalents at the end of the half year	20,964,253	8,030,464

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

1. REPORTING ENTITY

Berkeley Resources Limited (the "Company") is a company domiciled in Australia. The interim financial report of the Company is as at and for the six months ended 31 December 2007.

The annual financial report of the Company as at and for the year ended 30 June 2007 is available upon request from the Company's registered office.

2. STATEMENT OF COMPLIANCE

The interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

Since 1 July 2007 the Group has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2007. Adoption of these Standards and Interpretations did not have any effect on the financial performance or position of the Group.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007-04 Amendments to Australian Accounting Standards arising from ED 151 and other amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, 2, 4, 5, 107 and 108)

This interim financial report does not include all the information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Berkeley Resources Limited for the year ended 30 June 2007 and any public announcements made by Berkeley Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial report has been prepared on a historical basis except for available for sale financial assets which are shown at fair value.

For the purpose of preparing the half year financial report, the half year has been treated as a discreet reporting period.

The interim financial report was approved by the Board of Directors on 11 March 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2007.

The adoption of amending standards mandatory for annual periods beginning on or after 1 January 2006 are either not applicable to the Consolidated Entity or have no material impact.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

4. SEGMENT INFORMATION

The Consolidated Entity operates in the mineral exploration industry in the following geographical segments:

Geographical Segment	Australia		Spain		Consolidated Entity	
	Half year ended 31 Dec 2007 \$	Half year ended 31 Dec 2006 \$	Half year ended 31 Dec 2007 \$	Half year ended 31 Dec 2006 \$	Half year ended 31 Dec 2007 \$	Half year ended 31 Dec 2006 \$
Revenue						
Other revenues	743,656	1,000,000	157	158,890	743,813	1,158,890
Unallocated revenue					-	-
Total revenue					<u>743,813</u>	<u>1,158,890</u>
Results						
Segment result	(1,462,919)	1,000,000	(3,847,544)	(3,169,071)	(5,310,463)	(2,169,071)
Unallocated expenses					(119,455)	(187,151)
Loss from ordinary activities before income tax expense					(5,429,918)	(2,356,222)
Income tax expense					-	-
Loss attributable to outside equity interests					52,525	149,921
Net loss					<u>(5,377,393)</u>	<u>(2,206,301)</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

5. REVENUE FROM CONTINUING OPERATIONS

	Consolidated 31 December 2007 \$	Consolidated 31 December 2006 \$
Interest revenue	743,813	158,890
Gain on disposal of assets	-	1,000,000
	<u>743,813</u>	<u>1,158,890</u>

6. MINORITY INTEREST

	Consolidated 31 December 2007 \$	Consolidated 30 June 2007 \$
Interest in:		
Capital	1,006,888	1,006,888
Reserves	(43,855)	(18,944)
Accumulated Losses	(963,033)	(910,508)
	<u>-</u>	<u>77,436</u>

The minorities do not fund any exploration costs and their interests dilute as the funds advanced by Berkeley Resources Ltd are converted into shares. At 31 December 2007 the minorities share of losses exceed their share of issued capital and reserves. Minority losses in excess of their share of equity are allocated to Berkeley Resources Ltd.

7. CONTRIBUTED EQUITY

	Consolidated 31 December 2007 \$	Consolidated 30 June 2007 \$
(a) Issued and paid up capital:		
103,591,695 (30 June 2007: 101,591,695) fully paid ordinary shares	41,444,842	40,560,013

(b) Movements in ordinary share capital during the past six months were as follows:-

Date	Details	Number of Shares	Issue Price \$	\$
1 Jul 07	Opening Balance	101,591,695	-	40,560,013
	Exercise of Unlisted \$0.20 Options	1,000,000	0.20	200,000
	Transfer from option reserve	-	-	229,000
	Exercise of Unlisted \$0.25 Options	1,000,000	0.25	250,000
	Transfer from option reserve	-	-	208,000
	Transfer from option reserve	-	-	785
	Share issue expenses	-	-	(2,956)
31 Dec 07	Closing Balance	<u>103,591,695</u>	-	<u>41,444,842</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

8. RESERVES

(a)	Consolidated 31 December 2007 \$	Consolidated 30 June 2007 \$
Option reserve:		
Nil (30 June 2006: Nil) listed options	-	785
Nil (30 June 2007: 1,000,000) \$0.20 director incentive options	-	229,000
Nil (30 June 2007: 1,000,000) \$0.25 director incentive options	-	208,000
10,600,000 (30 June 2007: 10,600,000) \$0.70 unlisted options	687,546	687,546
2,250,000 (30 June 2007: 2,250,000) \$1.00 incentive options	2,357,250	2,357,250
2,450,000 (30 June 2007: Nil) \$1.86 employee incentive options	674,581	-
	<u>3,719,377</u>	<u>3,482,581</u>
Foreign currency translation reserve	14,490	(21,962)
Net unrealised gains reserve	2,470,000	1,144,000
	<u>6,203,867</u>	<u>4,604,619</u>

(b) Movements in options during the past six months were as follows:-

Date	Details	Number of Listed Options	Number of Director Incentive Options (\$ various)	Number of \$0.70 Unlisted Options	Number of \$1.00 Incentive Options	Number of \$1.86 Employee Incentive Options	Deemed Grant Value \$	\$
1 Jul 07	Opening Balance	-	2,000,000	10,600,000	2,250,000	-	-	3,482,581
	Transfer to share capital	-	-	-	-	-	-	(785)
	Exercise of Options	-	(2,000,000)	-	-	-	-	(437,000)
	Grant to Employees (i)	-	-	-	-	2,970,000	1.121	817,757
	Ceasing to be eligible employees	-	-	-	-	(520,000)	(1.121)	(143,176)
31 Dec 07	Closing Balance	-	-	<u>10,600,000</u>	<u>2,250,000</u>	<u>2,250,000</u>	-	<u>3,719,377</u>

- (i) Incentive options granted to employees and consultants of the Company following shareholder approval in accordance with Employee Share Scheme. The fair value is recognised over the period during which the option holders become unconditionally entitled to the options (ie the date of vesting of the options), the latest date for which is 5 August 2010.
- (ii) The value of employee options recognised on grant is reversed where employees cease to be eligible employees of the Company prior to the option vesting date.

(c) Foreign Currency Translation reserve:-

	Consolidated 31 December 2007 \$	Consolidated 30 June 2007 \$
Balance at 1 July 2007	(21,962)	-
Translation of foreign operations	36,452	(21,962)
Balance at 31 December 2007	<u>14,490</u>	<u>(21,962)</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

8. RESERVES (CONTINUED)**(d) Net Unrealised Gains reserve:-**

	Consolidated 31 December 2007	Consolidated 30 June 2007
Balance at 1 July 2007	\$ 1,144,000	\$ -
Unrealised gain on available for sale financial assets	1,326,000	1,144,000
Balance at 31 December 2007	<u>2,470,000</u>	<u>1,144,000</u>

9. CONTINGENT LIABILITIES

Since the last annual reporting date, there has been no material change in contingent liabilities.

10. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year.

11. SHARE BASED PAYMENTS

On 6 August 2007, 2,970,000 employee options were granted to employees of the Company pursuant to the Employee Option Scheme which has received shareholder approval. The exercise price of the incentive options is \$1.86 and, subject to vesting conditions, the options are exercisable on or before 5 August 2011. The incentive options have been independently valued using the Black-Scholes Option Valuation model, taking into account the terms and conditions upon which the incentive options were granted. The following table lists the inputs to the model used in determining the value:

Share Price at Grant Date	\$1.75
Dividend yield	-
Volatility	85%
Risk-free interest rate	6.16%
Expected life of option	4 years

The estimated fair value of each incentive option is \$1.121.

The value of employee options issued to employees who cease to be an eligible employee of the Company is reversed where the option has yet to vest. 520,000 employee options which were yet to vest were issued to employees who ceased to be eligible employees during the period.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

12. SUBSEQUENT EVENTS AFTER BALANCE DATE

Other than the events below, there were no significant events occurring after balance date requiring disclosure:

- In January 2008, Berkeley disposed of its holding in 1,300,000 shares in Atlas Iron Limited on market. The Company received net proceeds of \$2,584,785 in consideration for these shares. These shares were valued at \$650,000 on acquisition and at 31 December 2007 the recognised market value was \$3,120,000. An actual gain on disposal of \$1,934,785 will be included in profit and loss for the year ended 30 June 2008 and the Net Unrealised Gain Reserve will be adjusted to nil.
- On 1 February 2008, Mr Scott Yelland, the Company's Chief Operating Officer, was appointed a Director of the Company.
- On 5 February 2008, Berkeley presented the interpreted results of the aerial radiometric and magnetic survey flown over the Salamanca I project.
- On 14 February 2008, the Company advised that a Scoping Study on mining at the Salamanca I project, prepared by AMC Consultants, confirmed the potential economic viability of the project.

13 March 2008

Board of Directors
Berkeley Resources Limited
9th Floor BGC Centre
28 The Esplanade
PERTH WA 6000

Dear Sirs

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 Audit Director for the review of the financial statements of Berkeley Resources Limited for the period ended 31 December 2007, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL
(Authorised Audit Company)



K Lingard
Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BERKELEY RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Berkeley Resources Limited, which comprises the consolidated condensed balance sheet as at 31 December 2007, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Berkeley Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in

accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Berkeley Resources Limited on 13 March 2008.

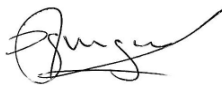
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Berkeley Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL **(An authorised audit company)**

Stantons International



K Lingard
Director

West Perth, Western Australia
13 March 2008