MAJOR PARTNERSHIP WITH ENUSA IN SPAIN

The Directors of Berkeley Resources are pleased to advise that the Company has today agreed the terms of a Co-operation Agreement with ENUSA Industrias Avanzadas S.A. (ENUSA), pursuant to which Berkeley will undertake a Feasibility Study with a view to re-commencing uranium mining based on ENUSA and Berkeley’s assets in Salamanca Province, Spain. The transaction will be put to shareholders for approval in January 2009.

Berkeley will have the right to acquire up to 90% of ENUSA’s uranium mining and exploration assets, which include State Reserve permits containing substantial historical resources and also access to ENUSA’s Quercus uranium processing plant (in its present condition), which was previously permitted to produce up to 950tpa of U₃O₈.

The partnership is the ideal way to study the potential for developing both companies’ assets as a regional uranium mining project. Recommencing uranium mining in Salamanca Province will generate substantial employment and provide Spain with enhanced energy security for the life of its nuclear fleet. ENUSA’s Mina Fe historically employed over 150 people before winding down its operations in the previous low uranium price environment.

Berkeley’s objective is to generate a total resource base for the project of over 65m lbs of U₃O₈ and to complete a Feasibility Study within 18 months of approval. The ENUSA assets include:

- The advanced Sageras, Zona M and Mina D deposits, with historical foreign estimates of resources totalling 16.56mt at 466ppm for 17m lbs of U₃O₈. These deposits are located largely on ENUSA owned land and have been the subject of a previous ENUSA “viability” study which will provide a strong starting point for Berkeley’s study. These deposits are extensions of the previously mined Fe deposit and are located within 2 km of ENUSA’s Quercus processing plant.

- The less advanced but extensively drilled Alameda and Esperanza deposits, which along with Berkeley’s existing JORC resources, may provide substantial further sources of feed. Berkeley has established exploration targets 25.5-29.0mt at grades ranging from...
450-500ppm in these deposits (about 28-29 m lbs U₃O₈), based on very extensive work by ENUSA. These deposits are approximately 10 km from the Quercus plant.

- The right to use the Quercus uranium processing plant, which has been on care and maintenance since 2003, along with its associated infrastructure. The plant was permitted to produce 950tpa of U₃O₈ and is in excellent condition, albeit that it lacks a comminution circuit. It includes static and dynamic leach facilities and all necessary infrastructure and offers major capital cost and time savings over building a new plant.

- Substantial exploration potential in all of the ENUSA State Reserves, which will be very complementary to Berkeley’s own exploration portfolio.

Further details of the assets are set out below.

The main terms of the Co-operation Agreement are:

- Berkeley will pay ENUSA an initial deposit of €5m to acquire ENUSA’s database relating to the assets.

- Berkeley will undertake a Feasibility Study on mining the ENUSA State Reserves for processing through the Quercus plant, probably in conjunction with Berkeley’s own resources in Salamanca Province (Salamanca I Project). The Study will commence upon approval of the transaction by the Spanish Council of Ministers and is expected to take 18 months to complete.

- Berkeley may then pay ENUSA a further €20m to acquire a 90% interest in a joint venture company owning the ENUSA assets. Up to the time of commencement of the Feasibility Study ENUSA may choose to retain a 10% free carry in the joint venture, or it may opt to retain up to 49% contributing equity, in which case the consideration is reduced accordingly and ENUSA will fully fund its share of the joint venture.

- ENUSA will retain a 2.5% royalty on production from the State Reserves. ENUSA will also receive a lease fee for the Quercus plant, representing 2.5% of the value of uranium produced through the Quercus plant, regardless of source.

- Berkeley will pay 50% of the maintenance costs of the plant over the Feasibility Study period, up to €250,000pa.

- The Joint Venture company will assume environmental and rehabilitation liabilities for any new mining areas and plant additions, as well as its proportionate share of the overall costs of the existing Quercus plant, based on its future use of the plant, relative to ENUSA’s past utilisation.

Further details of the transaction are set out below.

Berkeley has conducted substantial due diligence on the data to be acquired and believes there is considerable potential to re-commence mining in Salamanca Province by optimising throughput from the various potential sources of feedstock.
Berkeley’s existing resource base at Salamanca 1 totals 16.9m lbs. At a 200ppm U₃O₈ cut-off, total inferred and indicated resources are:

<table>
<thead>
<tr>
<th></th>
<th>Ore Tonnes (Mt)</th>
<th>Grade (ppm U₃O₈)</th>
<th>Contained (Mlb U₃O₈) at 200ppm U₃O₈ cutoff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retortillo</td>
<td>9.6</td>
<td>615</td>
<td>13.0</td>
</tr>
<tr>
<td>Santidad</td>
<td>3.4</td>
<td>382</td>
<td>2.9</td>
</tr>
<tr>
<td>Zona 7</td>
<td>0.6</td>
<td>760</td>
<td>1.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13.6</td>
<td>563</td>
<td>16.9</td>
</tr>
</tbody>
</table>

including the following indicated resources:

<table>
<thead>
<tr>
<th></th>
<th>Ore Tonnes (Mt)</th>
<th>Grade (ppm U₃O₈)</th>
<th>Contained (Mlb U₃O₈) at 200ppm U₃O₈ cutoff</th>
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</thead>
<tbody>
<tr>
<td>Retortillo</td>
<td>3.8</td>
<td>581</td>
<td>4.8</td>
</tr>
</tbody>
</table>

In conjunction with the historical foreign estimates and the exploration targets within the State Reserves, the Feasibility Study will seek to establish a total resource base of over 65m lbs of U₃O₈, all close to surface and with an average grade of approximately 500ppm. The Study will address the alternatives for beneficiation, including radiometric sorting, screening and heap leaching.

Berkeley currently has a staff of over 25 professionals on the ground in Spain and a team of expert consultants around the world. The Company has developed considerable expertise in the typical Iberian vein-type uranium deposits. Berkeley has previously acquired ENUSA’s database for the Company’s Retortillo deposit in Salamanca and therefore has substantial experience of and confidence in the data to be acquired.

Berkeley had cash at bank of over $16m at 30 September to fund the initial deposit and feasibility study costs.

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RBC Capital Markets: Martin Eales Tel: +44 20 7029 7881

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr James Ross, who is a Fellow of The Australian Institute of Mining and Metallurgy and a consultant to Berkeley Resources Limited. Dr Ross has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Dr Ross consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
THE ENUSA ASSETS

The assets the subject of the Co-operation Agreement are all located in Salamanca Province, Spain, near the city of Ciudad Rodrigo.

The assets include a number of “State Reserve” mining permits in favour of ENUSA (as set out on in Figure 1 below) and also the use of ENUSA’s Quercus uranium processing plant. The assets also include all the relevant exploration and operating data for the State Reserves and plant.

Berkeley’s tenements in the area are also set out in Figure 1.

![Figure 1 – ENUSA and Berkeley tenements in Salamanca](image)

The State Reserves were established by Act of Parliament and entitle ENUSA to both explore and exploit the uranium deposits within the permits.

ENUSA is the Spanish State uranium company, which operated uranium mines in Salamanca Province from 1970. From 1993, these operations were centred on the Mina Fe mine, where ore was processed through the Quercus plant until 2000. Mining ceased at Mina Fe due to the prolonged depression in uranium prices and the crushing and comminution circuit was dismantled and sold. The plant was used to treat pit water until 2003 when the focus of the project shifted to a comprehensive rehabilitation plan under which the balance of the plant and infrastructure was to be dismantled and the site rehabilitated.

ENUSA’s operations included both heap leach and dynamic leaching, in combination at times.
Most of the mining pits, waste dumps and heaps at Mina Fe have been rehabilitated however, the balance of plant, tailings dam and other infrastructure are intact.

Having taken the decision to no longer operate uranium mines, ENUSA is now principally involved in fabricating fuel rods for Spain’s nuclear power stations.

The State Reserves have been extensively explored by ENUSA with a number of deposits delineated and drilled out to varying degrees. For the purposes of this announcement, Berkeley has classified these deposits as the Mina Fe deposits and the Alameda deposits as set out below.

**The Mina Fe Deposits**

There are a number of deposits within the domain of ENUSA’s former Mina Fe operation, largely located on ENUSA’s owned property. These deposits, known as Sageras, Zona M and Mina D are set out in Figure 2 below.

![Figure 2 – The Mina Fe Area and Deposits](image)

The Mina D deposit has been partially mined by ENUSA and the working face remains open. The Sageras and Zona M deposits have not been developed.

These deposits can be considered as geological extensions of the previously mined Mina Fe deposit and are located within 2 km of the Quercus processing plant. They are all hosted in typical Iberian lower Palaeozoic shales and appear to be mineable by shallow open pits. ENUSA reports that the metallurgy of the deposits should be very similar to the previously mined mineralisation at Mina Fe and Mina D.
ENUSA has calculated the following resources on the Mina Fe deposits:

<table>
<thead>
<tr>
<th>Deposit</th>
<th>U₃O₈ Tons</th>
<th>U₃O₈ M lbs</th>
<th>Average Grade (ppm)</th>
<th>Cutoff (ppm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sageras/Zona M</td>
<td>4,820</td>
<td>10.6</td>
<td>450</td>
<td>100</td>
</tr>
<tr>
<td>Mina D (remnant)</td>
<td>2,829</td>
<td>6.2</td>
<td>444</td>
<td>200</td>
</tr>
<tr>
<td>Zona Nil</td>
<td>300</td>
<td>0.7</td>
<td>500</td>
<td>200</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,949</td>
<td>17.5</td>
<td>450</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 1 – Mina Fe “Historical Foreign Estimates” of Resources

These historical foreign estimates are not presently JORC compliant and are reported consistent with ASX Companies Updates 05/04 25 March 2004 and 11/07 5 December 07 as well as Table 1 of the JORC Code. Appendix 1 discusses the basis for describing these as historical foreign estimates of resources.

The Sageras/Zona M area has had 1,927 rotopercussion (RC) and 214 diamond core holes drilled at densities from 50mx50m down to 10mx10m. Mina D has been subject of 2,709 RC and 30l diamond holes on similar grids with 1,000 of these holes within the remnant resources. Zona Nil has approximately 20 RC and diamond drill holes. All holes were gamma logged and the diamond core was also chemical assayed.

The historical foreign estimates were based on 10mx10mx1m block sizes and calculated by polygonal modeling and/or Kriging, depending on the zone in question. SERMINE software was utilized in the modeling. Additional information about the historical work on these resources is provided in Appendix II.

Having undertaken a due diligence review of the data for the Mina Fe deposits, and having considerable experience with similar data for the same style deposits elsewhere (namely Retortillo and Zona 7, at Salamanca I), Berkeley has a high level of confidence in the historical foreign resource estimates for the Mina Fe deposits. Assessing the deposits in accordance with the JORC Code will be undertaken within the Feasibility Study period, with a more comprehensive review of historical work and limited confirmatory drilling.
The Alameda Deposits

The Alameda deposits are located approximately 10km from the Quercus plant.

![Figure 3 – The Alameda Deposits](image)

Their evaluation is less advanced than for the Mina Fe deposits, however they have been extensively explored by ENUSA, with a substantial amount of diamond drilling on grids between 35mx35m to 50mx50m – similar to the Retortillo deposit. The main deposits – Alameda South and Alameda North – have each been the subject of over 300 diamond and RC drill holes.

The Alameda deposits have also been the subject of a mining study by ENUSA. The geological setting is similar to the Mina Fe deposits – that is, within carbonaceous shales and close to surface – however, the shales appear to be slightly more hornfelsed, due to their proximity to granites.

On the basis of ENUSA’s past work, Berkeley has exploration targets for the Alameda deposits in the range of 25.5-29mt at grades of 450-500ppm (about 28-29 m lbs U₃O₈).

The Alameda deposits have been extensively explored by ENUSA but do not presently have JORC compliant resources. Berkeley’s targets are conceptual in nature and based on a review of the available data on the projects to date. As there has been insufficient exploration to define a JORC compliant Mineral Resource, it is uncertain whether further exploration will result in the determination of a Mineral Resource.

Further details of the historical work on the Alameda deposits are included in Appendix II.
Having undertaken a due diligence review of the data for the Alameda deposits, and having considerable experience with similar data for the same style deposits elsewhere (namely Retortillo and Zona 7, at Salamanca I), Berkeley has a high level of confidence in the exploration targets for the Alameda deposits. Assessing the deposits in accordance with the JORC Code will be undertaken within the Feasibility Study period, with a more comprehensive review of historical work and limited confirmatory drilling.
The Quercus Plant

The plant is a conventional uranium acid leach plant, with 8 x 90m³ agitated leach tanks and 5 x 30m diameter counter current decantation (CCD) tanks. Solvent extraction utilizes a solution of kerosene, Alamine 336 and iso-decanol, stripped using ammonium sulphate. Final product recovery utilizes ammonium hydroxide to precipitate ammonium diuranate (yellow cake), which is belt filtered and dried by atomization at ≈450°C.

The plant includes a tailings water neutralization circuit and other process water facilities.

The tailings impoundment at Mina Fe has remaining capacity of approximately 1.42m bcm of waste material. It is presently permitted only to hold tailings from the Sageras and Alameda resources and placement of tailings from any other area would require a change to the licence.

ENUSA operated the Quercus plant as a combined heap and dynamic leach circuit and there are a number of heap leach pads on site, with substantial remaining capacity.

A preliminary inspection of the remaining elements of the Quercus plant indicates that most could be re-commissioned. The major remedial work required is associated with replacing wiring, motors and other smaller components, rather than the larger components such as tanks and foundations, which appears to be in relatively good condition. (Note that Berkeley’s access to the plant has been limited and the foregoing statements need to be verified).

Figure 4 – The Quercus Plant

The Quercus plant and its ancillary facilities such as tailings and process water reservoirs, laboratories and offices are all on land wholly owned by ENUSA.
Exploration Potential

The geological setting for the ENUSA State Reserves is described further in Appendix II.

An initial review of the exploration history of the ENUSA State Reserves indicates that there is considerable remaining exploration potential. A number of the known deposits remain open and there is considerable potential where the mineralised stratigraphy appears to extend beneath Tertiary cover.

As shown in Figure 3 above, interpretation of Berkeley’s aeromagnetic survey has highlighted potential for extensions of the stratigraphy which hosts the main deposits around Mina Fe and Alameda beneath Tertiary cover.
THE CO-OPERATION AGREEMENT

The main terms of the Co-operation Agreement are:

1. The Co-operation Agreement will be submitted to the Spanish Council of Ministers for approval, validating the acquisition by Berkeley of an interest in State assets. There is no formal deadline for approval however it is expected within 3 months of submission.

2. Upon receipt of the above approval, Berkeley will pay ENUSA an initial deposit of €5m to acquire ENUSA’s database relating to the assets and commence the Feasibility Study.

3. The Feasibility Study will address mining within the ENUSA State Reserves for processing through the Quercus plant, probably in conjunction with Berkeley’s own resources at Salamanca I. The Study is expected to take 18 months to complete, with potential to extend the Study Period by 12 months if required.

4. Berkeley may then pay ENUSA a further €20m to acquire a 90% interest in a joint venture company owning the ENUSA assets. Up to the time of commencement of the Feasibility Study ENUSA may choose to retain a 10% free carry in the joint venture or opt to retain up to 49% contributing equity, in which case the consideration is reduced accordingly and ENUSA will fully fund its share of the joint venture.

5. ENUSA will retain a 2.5% royalty on production from the State Reserves.

6. ENUSA will also receive a lease fee for the Quercus plant, representing 2.5% of the value of uranium produced through the Quercus plant, regardless of source.

7. Berkeley will pay 50% of the maintenance costs of the plant over the Feasibility Study period, up to €250,000pa.

8. The Joint Venture company will assume environmental and rehabilitation liabilities for any new mining areas and plant additions as well as its proportionate share of the overall costs of the existing Quercus plant, including the tailings dam and heap leach pads.

The Co-operation Agreement sets out the main terms under which the Feasibility Study and any subsequent Mining Joint Venture will proceed. A new Mining Joint Venture reflecting these terms will be required in the event that Berkeley opts to proceed under item 4 above.
FEASIBILITY STUDY

Berkeley’s objective is to generate a total resource base for the project of over 65m lbs of U₃O₈ and to complete a Feasibility Study within 18 months. The Study will include the Mina Fe and Alameda deposits, and also Berkeley’s own resources in Salamanca I - presently 16.9m lbs of U₃O₈.

At a **200ppm U₃O₈** cut-off, Berkeley’s own total inferred and indicated resources are:

<table>
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<tr>
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The Feasibility Study will focus initially on production from the Mina Fe resources, which are the most advanced, closest to the plant and are principally on wholly owned ENUSA land. The Study will thereafter address sourcing ore feed from the nearby Alameda deposits and from Berkeley’s deposits at Salamanca I. The permitting challenges for mining and transporting ore from these latter deposits are more complex and therefore mining the Mina Fe deposits first will allow time to address those issues.

For the Quercus plant to produce its permitted output of 950tpa U₃O₈, the typical Salamanca ore would need to be upgraded substantially prior to treatment. Upgrading (beneficiation) may be achieved through a combination of selective mining, radiometric sorting, comprehensive milling and screening and other techniques.

Alternatively, uranium can be (and was previously) introduced to the Quercus solvent extraction circuit in the form of loaded eluate from heap leach pads, bypassing the agitation leach and CCD circuits, which are the main bottleneck in the plant.
Extraction of uranium from heap leaching will be lower than from use of the dynamic leach circuit however, these losses would be offset by processing a higher proportion of the insitu uranium (ie less uranium is lost in beneficiation by screening). Heap leaching is also likely to be more cost effective than dynamic leaching due to reduced transport costs and less complex handling of materials.

It may also be optimal to use the Quercus agitation leach and CCD circuits in a limited way to treat higher grade, fine material from the various resources, in conjunction with heap leaching of lower grade coarse material. This was essentially the process route utilized by ENUSA.

In either scenario, producing as close as possible to the permitted capacity of the Quercus plant, and therefore achieving important economies of scale, will be critical to the economics of uranium mining using the ENUSA assets.

The Quercus plant potentially offers very substantial capital cost savings compared to building a new processing plant. There is also potential for a very significant time saving in refreshing the permit for an existing plant in a known uranium mining area, vis a vis permitting a new plant.

Berkeley’s existing team of expatriate and local employees and consultants – many of whom worked on the Retortillo Scoping Study – will form the core of the Feasibility Study team, augmented by other world experts. Further details of the Feasibility Study program will be announced in due course.
SHAREHOLDER MEETING

The Co-operation Agreement will be submitted to Berkeley shareholders for approval at a General Meeting to be held in January 2009. A notice of meeting will be distributed shortly, which sets out further information for shareholders on the assets and the transaction, including the risk factors included in Appendix III.

Upon approval by Berkeley shareholders, the Agreement with ENUSA will be executed and then be submitted to the Spanish Consejo de Ministros (Council of Ministers or Cabinet) for approval, a process which is expected to take up to 3 months.
APPENDIX I – SPECIFIC COMMENTARY IN ACCORDANCE WITH ASX REQUIREMENTS

The Mina Fe Deposits – Historical Foreign Estimates of Resources.

1 These historical foreign estimates of resources are not presently JORC compliant and are reported consistent with ASX Companies Updates 05/04 25 March 2004 and 11/07 5 December 07 as well as Table 1 of the JORC Code.

It is uncertain whether the historical foreign estimates will be able to be reported in accordance with the JORC Code after further evaluation or exploration.

2 The historical foreign estimates were all calculated by ENUSA in various reports published after 1991. Berkeley has had considerable experience with similar ENUSA resource estimates, particularly those related to the Retortillo deposit, for which Berkeley acquired ENUSA’s database in 2006.

3 The historical foreign estimate of resources is relevant as it gives shareholders the necessary information to take a view of the quality of the assets the subject of the transaction. The historical foreign estimates of resources will form the core of the Feasibility Study which Berkeley will undertake as part of the transaction. The historical foreign estimates also provide necessary background to the planned JORC compliant resource estimate to be produced as part of Berkeley’s Feasibility Study.

4 While the previous exploration and resource calculations did not necessarily utilize all the practices which would today be adopted in generating JORC resources, they were adequate to produce reliable resource estimates.

ENUSA has substantial experience in exploring and mining this style of deposit, particularly given that they are effectively geological extensions of the Mina Fe deposit. As such, ENUSA was able to adopt less rigorous geological logging, modeling and QA/QC procedures than would be the case for a stand-alone resource. Based on Berkeley’s experience with the Retortillo data, confidence in the likely conversion to JORC compliance is high.

Set out in Appendix II are more detailed comments on the historical exploration programs and assumptions and parameters underlying the resource estimates, as they pertain to Table 1 of the JORC Code.

5 These estimates are material for Berkeley shareholders to assess the transaction, given their importance to the Feasibility Study which Berkeley will complete. The historical foreign estimates of resources are broadly equivalent to Berkeley’s own JORC compliant resource base which will also form part of the Study.

In order to achieve JORC compliance, Berkeley will undertake a confirmation drilling program of up to 15 diamond core holes on each of the deposit areas, as well as geological modeling and metallurgical testwork which has not been completed.
previously. Berkeley expects to undertake this work early in the Feasibility Study period, forecast to require a total of 18 months. The work will be funded from Berkeley’s existing capital, with no material impact on other exploration projects.

6 The historical foreign estimates of resources are based on ENUSA’s internal standards and practices and does not utilise categories set out in the JORC Code.

7 Berkeley is not aware of any more recent estimates or data, other than those quoted here.

8 See item 5 above.

9 The historical foreign estimates of resources are reported consistent with ASX Companies Updates 05/04 25 March 2004 and 11/07 5 December 2007.

10 The information in Items 1-9 above is based on information compiled by Dr James Ross, who is a Fellow of The Australian Institute of Mining and Metallurgy and a consultant to Berkeley Resources Limited. Dr Ross has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Dr Ross accepts responsibility for the accuracy of the information disclosed and the form and context in which it appears.

11 ASX has granted a waiver to listing rule 5.6 to allow the Company to report the historical foreign estimates of the resources.
APPENDIX II - HISTORIC EXPLORATION, RESOURCE CALCULATIONS AND GEOLOGICAL DESCRIPTION

Previous Exploration

All historic exploration for uranium on the areas in question has been undertaken entirely by state owned entities. Exploration activities were commenced in Salamanca by the Junta de Energia Nuclear (JEN) in the mid 1950’s and later by ENUSA when the JEN transferred its activities to ENUSA in 1974. In the early years uranium exploration was limited to the granites, however following the discovery of anomalies in the contact zone, regional prospecting was extended in to the extensive flanking metasedimentary sequences. The principal targeting tool, which today is still considered the most effective, was ground radiometrics. JEN personnel (geologists and prospectors) walking or in vehicles and carrying scintillometers (model SPP2) completed grids over a vast area of Salamanca Province. The initial grids were composed of traverses several kilometres in length, spaced 250m apart, with readings every 100m along the line. Data were then contoured by hand and anomalies identified. This regional prospecting campaign was completed in the mid 1960’s, by which time most of the currently known radiometric anomalies were identified.

Follow-up prospection, exploration and evaluation of the targets identified in the regional work followed a well defined routine which included all of or some of the following exploration techniques (not necessarily in this order):

a) Infill ground radiometrics (10 x 10m and/or 5 x 5m)
b) Geochemical surveys (drainage, rock, soil and/or botanical)
c) Geological mapping
d) Topographic surveys where required
e) Photogrammetrics
f) Radon Emanation surveys (soil gas)
g) Ground VLF-EM surveys
h) IP and/or resistivity and/or electrical surveys
i) Wagon drilling to a 10 x 10m grid (shallow open hole blast hole drilling)
j) Trenches and/or costeans
k) Underground development by shafts, drives and/or cross-cuts for the evaluation of the mineralisation (where deemed adequate)
l) Diamond drilling programs using down hole radiometric and geochemical survey and sampling techniques
m) Roto percussion and reverse circulation drilling using down hole radiometric survey techniques

There appears to be no real difference in approach and techniques between exploration undertaken by JEN and ENUSA. Many of the prospectors and geologists who actively explored for JEN were employed by ENUSA. Exploration techniques, technology and understanding have improved with time and this is often reflected in the data. ENUSA also completed specialized
studies on specific projects using newly available techniques such as the airborne magnetic and radiometric surveys flown in the Ciudad Rodrigo area. Modern geophysical surveys, utilising technologies such SEV and TEM, have also been conducted over some areas of known mineralisation.

Data Status

The prolonged, successful and extensive exploration period of JEN and ENUSA has generated a myriad of documents, reports and maps over time.

Hard copy documentation is stored at the Ciudad Rodrigo facility in a single large document archive and active library. Data includes: individual drill logs, laboratory analysis sheets, wagon drill data, and/or plans/diagrams of the data including airborne surveys, drill plans, ground radiometrics. Digital data is restricted to drillhole location and grade information.

Key documents have been reviewed in some detail. Importantly, this data is similar to that acquired by Berkeley for the Retortillo deposit.

Geology of the Mina Fe and Alameda Deposits

Extensive historic detailed petrographic studies, isotope studies and dating work, some of which has been recently confirmed by Berkeley, indicate that the sediment hosted uranium deposits in the Salamanca Province are of very low temperature hydrothermal origin (200-300 degrees). The International Atomic Energy Association (IAEA) classification for these deposits is Iberian Vein Type. Available data indicates an age of 34.8 +- 1.6Ma for the Mina Fe mineralisation. Uranium mineralisation is restricted to the basement shales, and is not known within the tertiary cover.

The precise nature and exact controls of deposit formation is debatable. At a regional scale there is an apparent litho-structural control to the mineralized bodies. Proximity to granites is also recognized as important and may well be responsible for pre-mineralisation preparation of the host lithologies. At the local scale the lithology of the shales appears to play an important role in the internal distribution of the mineralisation.

The geology of the Ciudad Rodrigo area has been described by many authors including Arribas (1962), Both et al. (1994) and Martin-Izard et al (2002) from which the following has been derived. In the Ciudad Rodrigo district the Precambrian to Cambrian “schist greywacke complex” rocks hosting the uranium deposits consist dominantly of fine grained carbonaceous pelitic and psammitic sediments which have been metamorphosed to greenschist facies. These metasediments have inter-layered carbonate horizons.

In the Mina Fe area the metasediments have been deformed by three phases of folding during the Variscan Orogeny. The first phase resulted in major large scale (~3km wide) N to NW trending inclined folds with a well developed S1 cleavage. Mina Fe is on the east limb of such a fold, the Agueda F1 inclined antiform (Martin-Izard et al., 2002). The second phase of deformation resulted in E-W trending folds, metres to tens of metres wide, and with steep N-dipping axial planes and a crenulation schistosity S2. These folds, with associated fractures parallel to the axial planes, were developed during D1 and D2 deformation phases and are common in the eastern part of the Mina Fe area, but irregularly distributed elsewhere. A third weaker phase of
deformation produced open N to NE trending folds with a poorly developed axial planar cleavage. Earlier fracture systems were re activated during the Alpine orogeny resulting in phyllonitic and cataclastic breccia zones, some of which are mineralised.

Detailed mapping of the Mina Fe area provides a means of interpreting the State 1:50,000 scale geological maps. Using the detailed mapping, and in particular the position of the high uranium carbonaceous shale unit, and superimposing the stratigraphical trends from the regional geological maps suggests that the Mina Fe stratigraphy on the eastern limb of the Agueda Antiform may extend northwesterly from Mina Fe, through the Sageras/Zona M area, to the Esperanza area.

To the south of Mina Fe the target horizon disappears beneath Tertiary cover and is presumed to be folded to reappear to the west. It is shown in the detailed mapping to be the host for the Gallegos anomalies on the western limb of the Gallegos Synform. To the south and west of the Gallegos anomalies the target horizons are again presumed to be folded and possibly reappear to be the hosts for the Alameda mineralisation. These interpretations indicate significant exploration potential for new deposits.

**Mina Fe Mineralisation**

At Mina Fe the primary mineralisation has developed around the eastern limit of the Grafitosa strike-slip fault. The mineralisation occurs in two bodies in dilational breccia zones associated with, but separated by, the barren, strongly brecciated graphitic Grafitosa Fault. The mineralised breccias, although of relatively uniform strike, are irregular with rapid changes in thickness and width from centimetres to +20m.

The mineralisation occurs as narrow (1mm to 200mm wide) veins in thin fractures within the breccia zones and within structures and re-opened Variscan cleavage, fractures and quartz veins. The main mineralised conjugate fracture sets occurring within the high uranium carbonaceous shale units had strikes of N-S, ENE-WSW, E-W and NNE-SSW.

Mineral deposition within the veins (paragenesis) show:

- **Stage 1** - ankerite, iron sulphides +/- galena, sphalerite, chalcopyrite with strong wallrock chloritisation
- **Stage 2** - K-feldspar (adularia), iron sulphides, calcite, dolomite, uraninite +/- coffinite followed by limited replacement of K-feldspar by chlorite + hematite
- **Stage 3** - Episodic carbonates, iron sulphides, uraninite and coffinite

Stable isotopes are dominated by meteoric water and suggest the carbon was derived from dissolution of carbonate and then from carbonaceous material within the host sequence at low temperatures. Similarly it appears as though the uranium was derived from the uraniferous shales within the Grafitosa transpressional shear-zone. The initial non-uraniferous mineralisation phase containing minor base metal sulphides may involve hydrothermal events.
The main uranium mineralizing phase is associated with Stage 2. Subsequent alteration of the primary uranium mineralisation has given rise to numerous secondary uranium minerals: gummities, autinite, torbenite and sabugalite to mention a few.

**Sampling Techniques and Data**

Outcrop in the Salamanca area is generally poor and there is often a veneer of recent cover that masks the basement, therefore trenching was employed in the past as part of exploration particularly by the JEN. The main use of trenching was to identify radiometrically anomalous structures in areas and map thickness, frequency and orientation of structures to assist in mapping and drilling. However uranium minerals in the surface environment are prone to weathering and alteration, therefore any grade information cannot be used reliably in deposit evaluation.

**Wagon Drilling**

Surface exploration for uranium is very difficult in the superficial Perigranitic environment due to the chaotic distribution of the mineralisation, weathering effects, lack of outcrop etc. Therefore wagon drilling was employed as a cheap exploration tool to define the extent of the mineralized bodies as quickly as possible prior to exploration drilling.

Wagon drilling is similar to blast hole technology, where a simple open hole rotopercussion rig is employed to drill holes to a depth of 10-30m depending on the material encountered. Drill spacing was as dense as 10 x 10m. Detritus material recovered from the hole could not be used effectively for chemical sampling due to contamination, however the holes were radiometrically probed. Maps were produced by hand indicating positive and negative wagon drill holes.

**Diamond Drilling**

Diamond drilling was used extensively in the evaluation of the targets. Standard drill diameter was NQ (75.8mm hole diameter, 47.6mm core diameter). Some of the early core was BQ (60.0mm hole diameter 36.5mm core diameter). All drill holes were vertical and the earlier holes were not surveyed.

**Roto-percussion Drilling**

Roto-percussion drilling by both JEN and ENUSA was essentially on open-hole percussion drilling technique using ~75cm diameter holes. Drill bits were tungsten button or blade blast-hole bits with chips being blown up the hole outside the drill string. Material was collected in a cyclone and samples were taken on 1 metre intervals. ENUSA considered that the drilling technique introduced significant contamination of samples from the side wall, and is thus unreliable for sampling for chemical assays. Face bit technology was not available and only minor RC-type drilling with cross-over subs was used. Accordingly, the samples were used principally for geological logging however, all holes were probed using downhole radiometric logging.

Application of roto percussion drilling was varied, but was always used in conjunction with diamond drilling. At Retortillo only a few holes were drilled using this method, however at Sageras and Mina D patterns of 10m x 10m were employed.
Drill Recoveries

Only diamond core was sub-sampled for chemical assay. Diamond drill core recovery was measured and recorded systematically on the drill logs as a numeric value and as a graphic log by ENUSA. As only the pieces of solid core were measured and included in the recovered core, the recovery figures can be considered as a minimum core recovery. In most cases recovery for the entire hole is represented and not for individual drill runs. The acceptable value for core recovery was set to be 90%.

Logging

Both RC and diamond holes were geologically logged during exploration by JEN and ENUSA. The logging was undertaken by senior prospectors and/or geologists - information recorded included lithology, oxidation/reduction state, alteration minerals, carbonates and sulphides being recorded in columns on pre prepared log sheets. Mineralogical information was restricted to the presence or absence being recorded. Standardized colour charts (IAEA) for recording lithology colour were introduced, although this has not been standard practice on all programs. A comments column also holds notes that the logger considered important.

Additionally, the amount of fracturing and some alpha angles were measured and recorded from some of the diamond drill core. Some of the more recent diamond drill core was photographed, particularly from the Mina D area.

In summary, the geological and geotechnical information can be considered qualitative.

Readings on one metre or half metre frequency using hand held scintillometers (SPP2) with adapted shields (to eliminate Compton scatter effects) were undertaken on the core boxes and detritus bags. This information was also recorded on the log sheets.

Sub Sampling

Combined chemical and radiometric estimation methods have been employed in the historic exploration throughout all of the campaigns. The majority of this work has been undertaken in-house by JEN and ENUSA technical staff and equipment. The quality of the work is considered high.

Radiometric Sampling

Gamma probe tools were used systematically on all holes. Down hole tools have improved with time and this is reflected in the data. Crystal sizes, data loggers, and winch systems have all been improved over time. The latest tools were fitted additionally with SP, resistance and resistivity tools, temperature readers and deviation measurement tools (1988 onwards).

Standard practice was for the hole to be logged on completion, generally while the rig was still on site. The holes were generally logged with no PVC liner. If the hole was unstable or intersected badly broken ground the loggers were run inside a drill rod string.
The conversion from gamma emissions to estimated uranium of a particular drill intercept is a highly complex process and depends on many factors. ENUSA can be considered experts and well equipped to do this. Each deposit is different and each tool is different, ground conditions and drilling methods vary and to accommodate this ENUSA built a calibration pit with known concentrations of uranium. All downhole tools were tested in this pit and conversion equations calculated. All drill rods were set in the calibration pit and the probes tested inside the rods and conversion factors were re-calculated.

Additionally radioactive sources of known concentrations were regularly used to check the precision of the probes.

Importantly, as radiometric responses within deposits vary, the correlation between chemical grade and gamma emission must be carefully established (disequilibrium). This is achieved by chemically sampling drill core over a number of holes throughout the deposit and correlating it to the downhole response of the probes. Once the relationship is established e-grades can be used reliably. All grades obtained from destructive drilling have been obtained in this way and, according to ENUSA staff, where recovery in diamond drilling was inadequate e-grade has been used preferentially over chemical.

These techniques were developed by ENUSA over 40 years of exploration and mining. ENUSA have learnt how to deal with radon build ups and a variety of other problems often experienced in uranium exploration. Therefore the e-grades presented in the data are considered reliable. In addition, a number of diamond hole were twinned with RC holes in the Sageras and Mina D deposits to ensure the integrity of e-grades in RC drilling.

Chemical Sampling

Chemical analysis was undertaken at the ENUSA laboratories at Mina Fe, or in Madrid prior to the lab at Mina Fe becoming operational. Analytical methodology appears to be wet chemistry using spectro-photometric methods. Little is known about digest methods at this stage, although Berkeley’s work at Retortillo, using historic and recent data, shows the method to be comparable to commercial total uranium analytical techniques being employed by Berkeley.

It appears that there was no standardized protocol for the sampling of drill core, however there was a general scheme that has been adhered to and this has not varied significantly since early exploration by JEN. For areas of anomalous radiometrics (downhole and/or scintillometer) in diamond drill core the anomalous zone, plus the 0.5m intervals above and below the anomaly, were sampled for chemical analysis. Samples were taken over 0.20 to 0.25m intervals and varied between quarter core and half core. The core was cut (using diamond core saw) and bagged before being dried, crushed, pulverised and two sub-samples taken. One sub-sample was for a “permanent” record while the other was for analysis for uranium. Results were received on typed sheets and then managed by the technical staff.

Quality of Laboratory Data and Verification of Sampling

ENUSA believed it was not necessary to insert standards, blanks or duplicates in to sample batches given the availability of radiometrics from the core and the downhole logs to highlight questionable data.
The ENUSA laboratory had internal QA/QC procedures. A number of cross checks of samples were also reportedly undertaken at the COGEMA facility at Limoges and also the Consejo de Seguridad Nuclear (Nuclear Security Council) facility.

Given Berkeley’s experience with the ENSUA data for Retortillo, there is no reason to suspect the quality of the chemical assay data reported.

A number of PVC lined holes are reportedly still open at Mina D and Sageras and will enable cross-checking by Berkeley.

**Location of Data**

Initially all topographic control was based on publicly available contour maps and regional topographic control data. As projects developed air-photography with topographic control points were used and eventually full topographic levelling and survey control was achieved.

Prior to 1986 the drill hole x and y coordinates were based on the local grid coordinates (determined drill hole names) with the z coordinate being determined by levelling techniques within the local project area. From 1986 onwards ENUSA used a Total Surveying Station to determine x, y and z coordinates by surveying methods. At this time the earlier drill hole collars were checked and those with x or y errors greater than +/-5m were corrected and the new, surveyed positions were entered into the database coordinate files. Some drillhole collars are preserved in ZonaM/Sageres, Mina D - status at Alameda is unknown.

From experience at Retortillo the errors in the location of the drill collars is estimated as being metric and random in the X and Y (1-5m). If present in the Z direction it is metric and systematic, making levelling of the elevation data achievable. Correction of the X and Y is more difficult.

The use of surveying deviations down hole appears to have been standard practice since 1988. Downhole loggers also recorded a form of downhole deviation with x, y and z offsets from the collar position being automatically determined. This has resulted in the Sageras holes mostly being surveyed with a downhole gyroscope, the Alameda deposit having few holes gyroscopically logged and the Mina D holes being a mix of surveyed and non-surveyed holes. Downhole deviations on the gyroscopically surveyed holes showed offsets of up to 3 – 4m in 50 to 90m deep holes. At this time the extent of down hole surveying prior to this date is not known.

In our experience down hole deviations are negligible in the ranges under consideration and would have no impact on the project.

**Data Spacing and Distribution**

Drill hole spacing over the deposits was generally a uniform 50m x 50m grid with local centre holes reducing the grid size to approximately 35m x 35m in some areas. This density of drilling is sufficient to obtain continuity in the relevant geology. At Sageras and Mina D, large areas of the deposits are drilled out to 10m x 10m. ENUSA undertook resource calculations after the initial drilling and then again after the infill drilling with reconciliation for the global resources estimated at 5-7% between the earlier and later drilling campaigns.
Radiometric data from the downhole probes was considered continuous every cm and chemical samples taken every 20-25cm. In the database discussed later the samples have been composited on a metre basis.

**Orientation of Data to Geological Structure**

All historical drilling was vertical. Despite the geology and structures being sub-vertical a common feature to the mineralisation is the sub horizontality of the mineralised zones. This feature is also present on other Berkeley deposits and has not produced material problems to inhibit accurate interpretations. With respect to the historic data it is anticipated that on the areas drilled out to 10m x 10m any bias will be minimal.

**Database**

Digital data for Mina D, Sageras/Zona M and Alameda is all in SERMINE format and in normal ASCII format. Two ASCII files exist for both databases:

1) Collar ID, X, Y, Z, Depth, deviation and composited 1m assays
2) X Y Z and grade

The database does not contain any meta data regarding the drill type ie RC DDH, the grade information also makes no distinction between chemical analysis or e-grades.

The SERMINE program was developed and introduced by COGEMA for resource modelling and mine planning. It operates on a SUN workstation in UNIX language. However all of the files as stated before have been converted into text file format. SERMINE is capable of compiling and storing the data, and was the primary tool for data management, manipulation, and correcting. It was also used to generate statistics and geostatistics, and resource calculations.

The historic analogue data was transformed from paper to digital format, and at this time assay results were composited in to the metre values from the 20cm assay and the e-grades.

Digital coordinates contained in the database are on a local grid and have been derived from the transformation of the original local coordinates laid out by the explorers on the hard copy early exploration maps. The backward and forward transformation appears logical and will be straightforward to verify and transform all to UTM. There are also existing drill collars in the field that can be surveyed to verify the spatial location.

There is no geological or geotechnical data in digital format.

The proportion of RC drilling is approx 90% in the case of Mina D and Sageras/Zona M. Close spaced RC drilling was not initiated at Alameda, therefore the percentage of diamond is much higher (about 95%).
The databases for other exploration areas (eg Esperanza) are similar to that received for Retortillo in 2006. These data contain full collar table, original assay values, distinction between chemical and e grade, water table data, probe number, radiometrics, dates etc.

No digital geological or geotechnical information exists or has been used in the modelling.

**Estimation and Modelling Techniques**

Drill patterns are considered adequate for evaluation of these resources. The modelling techniques use a multi discipline approach of both polygonal modelling and Kriging method. The use of one or the other or both was dependant on the mineralised zone in question. The nominal block size was 10x10x1 and a number of variography parameters were used. Top cuts were applied and SERMINE software was used to calculate the resources.

The resource calculations were externally checked by the University of Granada. In 1991 a resource estimation was completed by a geo-statistician from the University of Granada and the result confirmed the estimates by ENUSA staff. Another check was conducted by the Madrid School of Mines in 1991 with similar results.

**Assumptions**

ENUSA’s assumptions regarding the evaluation of the Mina Fe and Alameda deposits were based on extensive mining experience at the Fe and Mina D deposits which have essentially the same host rocks and styles of uranium mineralisation.

No moisture content and bulk density data were provided.

Metallurgical studies are sparse for the Mina D and Sageras deposits and absent for the Alameda deposits. Mina D, Sageras/Zona M and Mina Fe are considered all part of the same mineralized system therefore operational data obtained from Mina Fe were considered adequate. The geo-mechanical properties at the Alameda deposit are considered by ENUSA to be similar to the Fe area however, localized hornfelsing at Alameda has hardened the rocks.

**Reliability of Historical Foreign Estimates of Resources**

Berkeley’s confidence in ENUSA’s estimates of the Mina Fe resources stems from three factors:

- The fact that the Mina D, Sageras and Zona M deposits can be considered as geological extensions of the previously mined Fe deposit. In addition, the Mina D deposit has been partially mined, but operations were suspended during the period of low uranium prices

- These resources have been delineated by diamond and RC drilling on initial 50x50m grids, with subsequent infill to 10x10m, and subject to mining viability studies by ENUSA.

- Berkeley has extensive experience of the integrity of ENUSA’s sampling and resource estimation methods employed at the Mina Fe and Alameda deposits, because the same methods were used in generating ENUSA’s estimate of the Retortillo resource, based on
lower drilling densities. After confirmatory drilling, this estimate was independently verified (with a 15% improvement in uranium content) by Berkeley.

The remaining historical foreign estimated resource at Mina D is based on 1000 diamond and RC holes and a small number of twin holes have confirmed that both methods yield similar estimates of uranium content. The 50x50m diamond grid provided sufficient data to establish the relationship between chemical assays and radiometric logs.

The historical foreign estimates of resources at Sageras/ZonaM are based on 2141 holes in the data base. Of these, around 10% are diamond drill holes, drilled on a 50x50m grid, with some selective centre pops to increase density to 35x35m. The remainder are RC on a 10x10m grid. Eight twin holes were drilled to confirm that diamond and RC drilling yielded similar uranium contents. As at Mina D, there were sufficient diamond holes with chemical assays to establish the relationship between chemical assays and radiometric logs. There is no evidence for radiometric disequilibrium and Berkeley is satisfied that ENUSA have applied rigorous calibration and quality control procedures in their use of down hole radiometrics to estimate uranium content.

These same procedures have been applied in ENUSA’s evaluation of the less densely drilled Alameda deposits and Berkeley is confident of its targets for these deposits after additional work. This confidence results from the fact that current drill densities at the Alameda deposits exceed those at Retortillo, when ENUSA estimated the uranium content of the Retortillo deposit. However, given their distance from Mina Fe, and the slightly different setting in hornfelsed shales close to granite, they have been classified as exploration targets at this stage.
APPENDIX III – RISK FACTORS

1. Introduction

There are a number of risks associated with the ENUSA project and the entry into the Co-operation Agreement that may have an impact on the financial returns received by Berkeley shareholders. These risks are important for Berkeley shareholders to understand.

Berkeley shareholders are already exposed to a number of risks through their existing shareholding in Berkeley. A number of these risks are inherent in investing in securities generally and also inherent in mining business like that of Berkeley.

The risks include but are not limited to, those detailed below. Additional risks not presently known to Berkeley, or if known, not considered material may also have an adverse impact.

Your Berkeley directors believe that the advantages of the ENUSA project and the entry into the Co-operation Agreement outweigh the associated extent of the risks.

2. General Risks

(a) Operations in Spain

Berkeley conducts operations and has economic interests in Spain. There are a number of factors beyond the control of the directors in Spain and the European Union such as the economic climate, political events and the possible imposition of restrictions on foreign companies. These factors may adversely affect the financial position of the Company and its ability to recover and realise its assets.

(b) Contractual rights

Berkeley’s rights in the ENUSA project are contractual arising under the Co-operation Agreement with ENUSA holding legal title to the tenements. Berkeley will not have any direct legal title in those tenements and will rely on contractual rights under the Co-operation Agreement.

There are risks that the legal holder of the tenements although acting in breach of the Co-operation Agreement may act in a manner inconsistent with the Berkeley’s interests (including by undertaking its own activities on the tenements the subject of the Co-operation Agreement which conflict with Berkeley's activities), that there may be a dispute between Berkeley and the tenement holder, or that acts or omissions of the tenement holder may cause tenements to be forfeited or cancelled.

(c) Sovereign risk

The Company's Spanish projects with ENUSA are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation,
working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in Spain or the European Union that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

(d) Legal systems in Spain

The legal systems operating in Spain are different to those operating in Australia and this may result in risk such as:

(i) different forms of legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;

(ii) a higher degree of discretion on the part of governmental agencies;

(iii) differences in political and administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights; or

(iv) different attitudes of the judiciary and court in such matter.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, license application or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

(e) Enforcement of judgments in Spain

The Co-operation Agreement will be governed by Spanish law. As a result it may be difficult for Berkeley to obtain service of process in Spain or to enforce in Spain judgments obtained in Australian courts against those persons who may be liable under Australian law.

(f) Litigation Risk

The ENUSA project is exposed to the risk of litigation or disputes with various parties, such as contracting counterparties, competitors, customers, regulators, and duty and tax authorities. Litigation risks include but are not limited to customer claims, duty and
taxation disputes, environmental claims, occupational health and safety claims, and disputes in relation to material contracts. Losses as a result of litigation proceedings can have a material adverse effect on financial performance of the ENUSA project.

(g) Foreign Exchange Risks

International prices for various commodities, capital goods and services are denominated in United States dollars. Berkeley's capital and ongoing expenditure is mostly denominated in US dollars, whilst income and expenditure of Berkeley are and will be taken into account in Australian dollars. This exposes Berkeley to the fluctuations and volatility of the rate of exchange between these currencies as determined by international currency markets.

(h) Economic Risk

Changes in the general economic conditions in Australia, Spain and globally, may adversely affect the financial performance of Berkeley. Factors such as currency fluctuations, inflation, interest rates, supply and demand the rate of growth of gross domestic product in Spain, the European Union, Australia and other countries and industrial disruption may have an impact on operating costs and share market prices. Berkeley’s future possible revenue and Share price can be affected by these factors all of which are beyond the control of Berkeley or its directors. In addition, Berkeley’s ability to raise additional capital, should it be required, may be affected.

(i) Changes in Government Policies and Legislation

Any material adverse changes in government policies or legislation of Australia, Spain, or the European Union may affect the viability and profitability of Berkeley. Changes in government legislation and policy in those jurisdictions in which Berkeley operates, in particular changes to taxation and climate change laws may affect the future earnings, asset values and the relative attractiveness of investing in Berkeley shares and the Enusa project.

(j) Environmental Laws and Litigation

Environmental laws and regulation can affect the operation of mining and uranium processing assets. These laws and regulation impose standards, in relation to health and environmental issues. They also impose penalties and other liabilities for violations and, in certain circumstances, impose obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were conducted.

(k) Technology Risk

There is a risk of technology failure (such as for reasons related to quality or appropriateness for conditions) or, for the long-term owner of uranium processing assets, technological redundancy or obsolescence.
(l) Due Diligence Risk

Berkeley expects to enter into contractual arrangements to develop the ENUSA project. Berkeley and ENUSA have considerable expertise in the execution, contract negotiation, risk assessment and financial structuring of uranium mining and uranium processing assets. Berkeley engages external expert assistance where required. However, investors in Berkeley ultimately bear the risk of whether the uranium mining and uranium processing assets is well conceived and whether the underlying assumptions are realised.

During a due diligence process, Berkeley has reviewed technical and other information. No assurance can be given as to the accuracy or completeness of information made available and relied upon as part of that process. If this information is incorrect or inaccurate, future financial performance, cash flows and prospects of the acquired asset may differ from that expected and that difference may be negative.

(m) Force Majeure Risk

Force majeure is the term generally used to refer to an event beyond the control of a party to a contract and can be relevant where that party is claiming under the contract that the event has occurred. An event of force majeure includes “acts of god” (such as fire, flood and earthquakes), “acts of man” (such as strikes and industrial action) and “acts of government” (such as embargos).

Some force majeure risks are uninsurable or not fully insured and, if such an event occurs, this can have an adverse effect on a uranium mine and uranium processing assets and/or its cash flows owned by the Enusa project.

(n) Occupational Health and Safety Risk

Some of the tasks undertaken by employees are inherently dangerous and have the ability to result in serious injury or death. If a serious accident or illness were to occur, it could result in material compensation payments having to be made, the loss of a licence or permit required to carry on the business, or other legislative sanction, all of which have the potential to impact Berkeley’s cash flow.

(o) Loss of Key Personnel or Contractor Services Risk

There is a risk that Berkeley may not be able to retain key technical, sub-contractor and managerial personnel that service the ENUSA project. Such loss may adversely affect business continuity in respect of the acquired assets or operations and reduce corporate knowledge of the ENUSA project.

3. Risks specific to the Company’s uranium assets

The current and future operations of Berkeley, including exploration, appraisal and production activities, may be affected by a range of factors, including:

(a) Government policy
The Enusa uranium project is subject to Spanish Government and European Union regulations regarding environmental matters and the discharge of hazardous wastes and materials. The Governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, Berkeley’s activities are expected to have an impact on the environment, particularly if mine development proceeds. Berkeley intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

(b) Approval process and existing laws and regulations in Spain

Uranium mining is subject to extensive regulation by the Spanish Government and European Union in relation to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and other matters. The cost of compliance with such laws and regulations will ultimately increase the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. These approvals are more rigorous than for mining of other minerals. There is a risk that should economic deposits of uranium be discovered, the government approvals may not be granted, or may be significantly delayed or may make the deposit uneconomic.

Uranium mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk and Berkeley cannot predict how existing laws and regulations may be interpreted by enforcement agencies or court rulings, whether additional laws and regulations will be adopted, or the effect such changes may have on Berkeley’s business or financial condition.

(c) Competition from alternative energy and public perception

Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have very low levels of carbon emissions, if any, however to date these have not been efficient enough to be relied upon for large scale base load power. Technology changes may occur that make alternative energy systems more efficient and reliable.
(d) Environmental risks

Uranium mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk.

Further, the ENUSA project may require approval from the relevant authorities before activities can be undertaken that are likely to impact the environment. Failure to obtain such approvals will prevent the desired activities being undertaken. Berkeley is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Berkeley's cost of doing business or affect its operations in any area.

Berkeley has not incurred any significant costs for contamination resulting from its activities to date and the Board believes that it is in material compliance with all applicable laws relating to the protection of the environment, including laws regulating the discharge of materials. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not obligate Berkeley to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on Berkeley's business, financial condition and results of operations.

(e) Commodity price volatility

It is anticipated that any revenues derived are likely to be closely related to the price of uranium and the terms of any off-take agreements that Berkeley enters into.

Commodity prices fluctuate and are affected by numerous factors beyond the control of Berkeley. These factors include world demand for uranium, forward selling by producers, and production cost levels in major uranium-producing regions.

Moreover, uranium prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, uranium as well as general global economic conditions. These factors may have an adverse effect on the Company’s exploration, development and production activities, as well as on its ability to fund those activities.

The price of uranium has been volatile, and although current prices are reasonably good from a historical point of view, it cannot be assumed this level of pricing will be maintained.