

# Quarterly Activities Report

For the Quarter Ended

31<sup>st</sup> December 2008

## Key Developments

### Corporate

- The Company agreed the terms under which it may acquire up to 90% of the uranium mining assets of the Spanish State uranium company, ENUSA, including an existing uranium processing plant and substantial historical foreign resources.
- After approval by Berkeley shareholders and the Spanish Council of Ministers, Berkeley will conduct a Feasibility Study on the possibility of recommencing mining uranium based on Berkeley and ENUSA's assets in Salamanca Province.
- In light of the rapid deterioration in the global capital markets, and the expectation that risk capital will be both scarce and expensive for the foreseeable future, the Company has undertaken a comprehensive review of its operational activities, staffing levels and costs and implemented substantial reductions.

### Exploration

- Seven Reverse Circulation holes totalling 624m were drilled on the North West extension of the Gambuta deposit, and results indicate substantial thickening of tertiary cover, possibly due to normal faulting..
- A review of Berkeley's extensive ground holding position, supported by ground reconnaissance assessment of both conceptual and known target areas, was largely completed with the aim of prioritising future exploration and rationalising holding costs. This work also identified some very significant prospects and enhanced others.
- Successful water sampling orientation surveys were completed with the aim of using this technique for exploring for blind mineralisation below Tertiary cover.
- Representative samples from the Retortillo deposit were sent to SGS Lakefield and Ultrasort in Australia for metallurgical and radiometric sorting testwork aimed at assessing the potential for establishing a heap leach operation.

Enquiries - *Managing Director: Matt Syme*  
*RBC Capital Markets: Martin Eales*

*Tel: +61 417 906 717*  
*Tel: +44 20 7029 7881*

## Corporate

In December 2008, Berkeley 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 was approved by Berkeley shareholders on 19 January, 2009.

Pursuant to the Agreement, 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 U<sub>3</sub>O<sub>8</sub>.

**Berkeley's objective is to generate a total resource base for the project of over 65m lbs of U<sub>3</sub>O<sub>8</sub> and to complete a Feasibility Study within 18 months of approval by the Spanish Government.**

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 U<sub>3</sub>O<sub>8</sub>. 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 of 25.5-29.0mt at grades ranging from 450-500ppm in these deposits (about 28-29 m lbs U<sub>3</sub>O<sub>8</sub>), 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 U<sub>3</sub>O<sub>8</sub> 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.

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 and the assets are set out in the announcement dated 9 December 2008.

### **Costs Review**

The unprecedented downturn in global economies and markets in late 2008 is likely to adversely affect the availability and cost of capital for junior resource companies for the foreseeable future. The Directors of the Company therefore took the view that it was prudent to undertake an immediate review of operational activities, staffing levels and costs, to ensure cash resources are maintained for the impending ENUSA Feasibility Study.

As a result a number of actions were taken in late 2008, including severe curtailment of exploration programs. Unfortunately, these actions resulted in a number of retrenchments and the Company is now maintaining staffing at a level appropriate to undertake the Feasibility Study, and enable limited exploration of the ENUSA ground.

Additional cost saving measures are also under consideration.

## EXPLORATION

### Caceres VI Project - Gambuta

Following completion of the initial 36 hole RC and diamond drilling program in July 2008, and calculation of the maiden Gambuta inferred resource of 9.23 million pounds of U3O8, drilling activities were halted during the high risk part of the local fire season.

Interpretation of the initial results indicated that the deposit was still open to the NW, where the final drill traverse intersected significant thicknesses of mineralization. RC drilling recommenced in October to complete the most north-westerly drill traverse and to test for extensions to the NW. Whilst continuity of mineralization was established across the last drill traverse, the first extension traverse, 200m to the NW, revealed >90m of Tertiary sediments. This abrupt thickening of the Tertiary cover, from 10m in the previous traverse, indicates normal faulting with the NW block down.

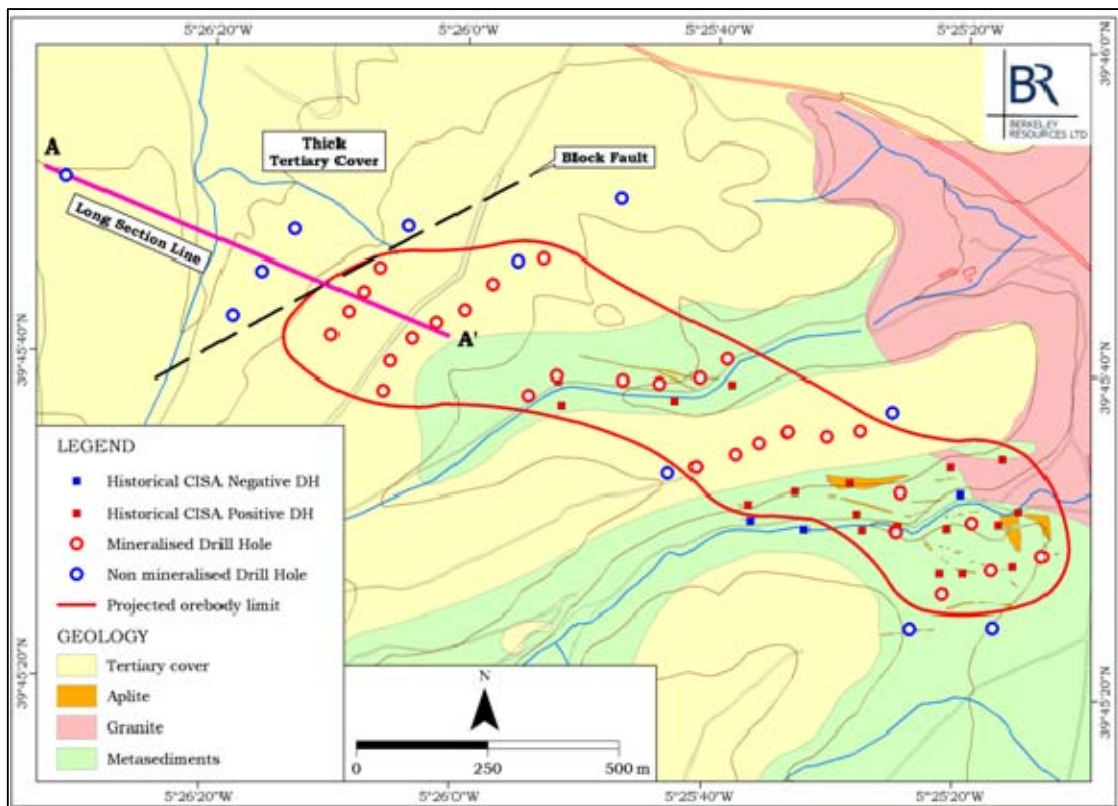
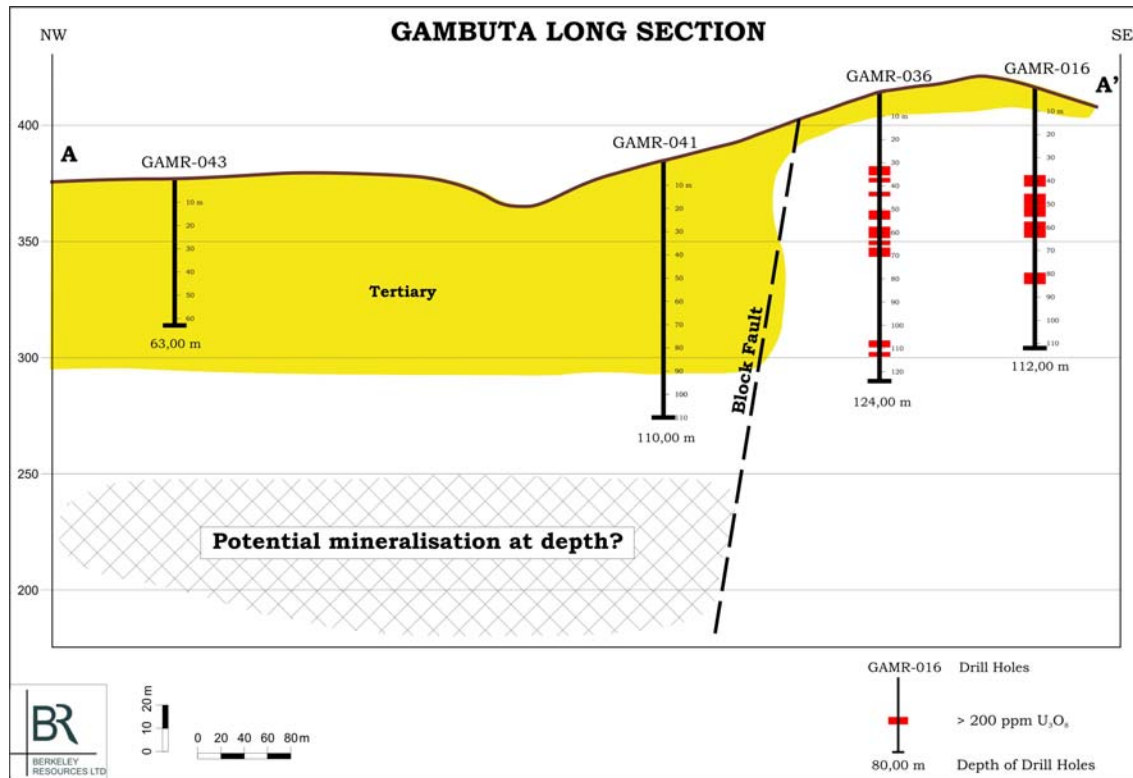


Figure 1 - Drilling at Gambuta



**Figure 2 – Long Section NW Gambuta**

The Gambuta deposit has potential as a stand alone heap leach operation, with uranium recovery from an operation at the Quercus plant. Therefore further drilling and metallurgical testwork will follow progress of the ENUSA project.

### Regional Exploration

The strong reduction in drilling activity during the quarter provided an opportunity to undertake an in-depth technical review of the Company’s exploration projects. This included a revision of the current exploration process in parallel with an examination of the target portfolio and tenement holdings.

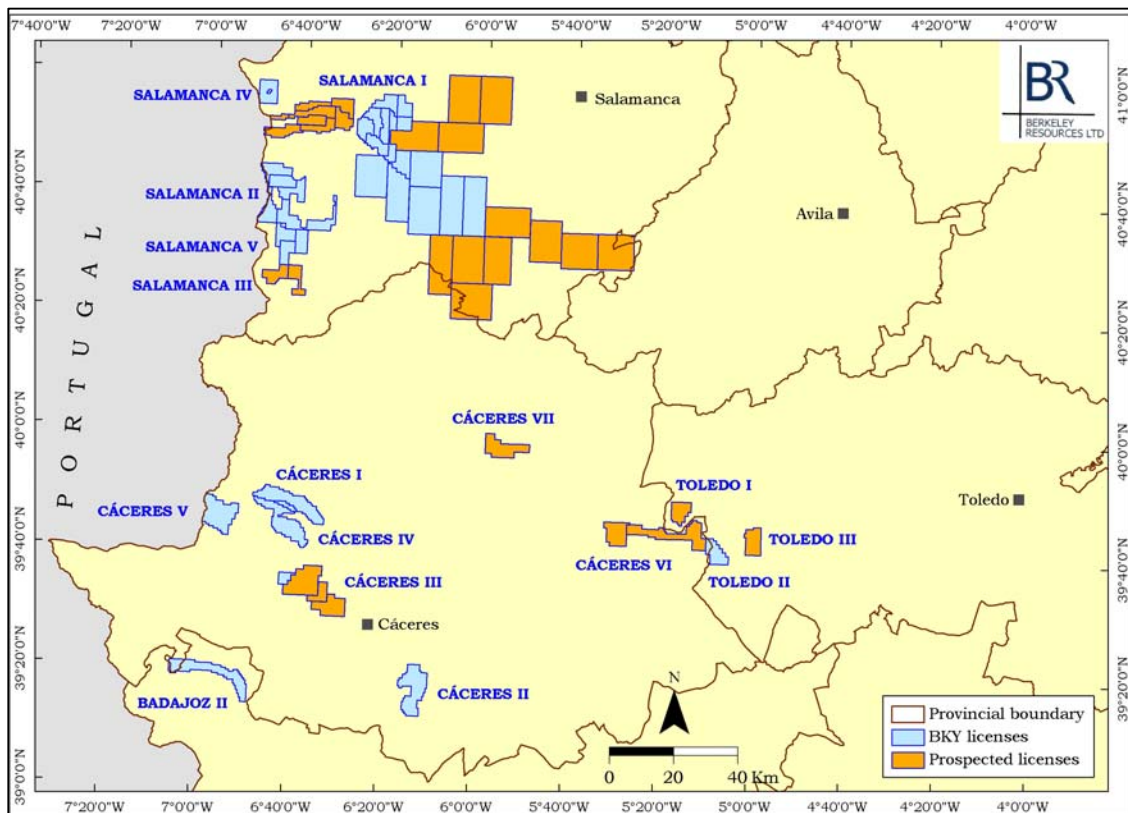
In addition water sampling was successfully trialled for its potential to identify blind uranium mineralisation, where surface radiometric responses are absent because prospective basement stratigraphy is overlain by Tertiary sediments.

Assessment of Berkeley’s exploration portfolio was divided into two categories: firstly to review known targets which resulted from both historical work and Berkeley exploration; and secondly to review the potential of ground holdings based on conceptual targeting. In both cases, these reviews benefited from the Company’s increasing confidence in identifying the key ingredients required for forming an Iberian-type uranium deposit. A total of 23 granted licences and applications in the Salamanca, Caceres and Toledo provinces, covering an area of approximately 200,000ha, were covered (see Figure 3 below).

At the Salamanca 1 project, review of the recent drilling programs on known prospects enabled approximate estimation of additional resource potential within the project and prioritisation of greenfield exploration targets when work resumes.

In Caceres Province, the prospect reviews also included field work to assess additional potential along strike from known prospects, with results feeding into decisions re future exploration priorities and opportunities for ground relinquishment.

The conceptually targeted areas were subject to regional reconnaissance scale ground radiometric surveys and geological mapping, with some very encouraging results. Some of these areas have never previously been assessed for uranium. Others have apparently been subject to some ground radiometric surveys by JEN and ENUSA, which allowed Berkeley geologists to focus on field inspection of anomalous areas identified from historical information. Some essential follow up field work is required in the current quarter before results can be reported.



**Figure 3 - Berkeley's Tenements Holdings**

### Water Sampling

Berkeley recognises strong potential for uranium mineralisation where prospective Late Proterozoic and Lower Palaeozoic basement is overlain by younger Tertiary rocks. In such areas any anomalous radiometric response from mineralization will be masked by relatively thin cover and therefore blind deposits will be difficult to detect by the usual uranium exploration technologies. Therefore it has conducted geochemical orientation surveys using water from existing bore holes around known mineralisation in the Caceres and Salamanca provinces with encouraging results. This method will be used, in combination with geological mapping, to assess the potential of significant areas of untested Tertiary cover over prospective stratigraphy, particularly within the ENUSA project.

## **Metallurgical Testwork: Retortillo**

A total of 800kg of representative sample material from the Retortillo deposit were sent to SGS Mineral Services in Perth, Australia in December, 2008, with the aim of assessing the potential for establishing a heap leach operation.

The initial program of testwork on these samples has the following objectives:

- To establish the uranium distribution with size.
- To establish the crushing and grinding characteristics of the ore.
- To determine if the ore is amenable to heap leaching, and, if so assess the suitability of resin ion-exchange as a first stage in the recovery of uranium from the leached liquor.

Samples were also sent to Ultrasort Pty Ltd in Sydney for initial testwork on their amenability for radiometric sorting.

Initial results are expected in the March 2009 quarter.

*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.*

Positive Results from Gambuta Drilling (31.12.08)										
HOLE ID	UTM East	UTM North	RL	Inclination	Recovery	End of Hole	Minimum Intersections > 200ppm U <sub>3</sub> O <sub>8</sub>			
	metres	metres	metres	Degrees	%	metres	From	To	Int (m)	U <sub>3</sub> O <sub>8</sub> (%)
GAMR-037	291300	4404199	413	-90	-	119.0	82.00	83.00	1.00	0.02040
							86.00	87.00	1.00	0.02382
GAMR-039	291365	4404282	412	-90	-	115.0	38.00	40.00	2.00	0.10988
							41.00	44.00	3.00	0.02264
							53.00	54.00	1.00	0.02158
							56.00	57.00	1.00	0.02217
							63.00	64.00	1.00	0.03902
						86.00	87.00	1.00	0.02452	

Note: All assays are by Delayed Neutron Count by Actlabs and only the positive holes are shown



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**BERKELEY RESOURCES LIMITED**

ABN

40 052 468 569

Quarter ended ("current quarter")

31 December 2008

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,669)	(3,706)
(b) development	-	-
(c) production	-	-
(d) administration	(340)	(652)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	323	619
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other		
- Business development	(136)	(160)
<b>Net Operating Cash Flows</b>	<b>(1,822)</b>	<b>(3,899)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,822)</b>	<b>(3,899)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,822)	(3,899)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other		
	– capital raising expenses	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,822)	(3,899)
1.20	Cash at beginning of quarter/year to date	16,108	18,185
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	14,286	14,286

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	262
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include executive remuneration, superannuation, directors' and consulting fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
<b>Total</b>	<b>500</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,418	1,949
5.2 Deposits at call	12,868	14,159
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>14,286</b>	<b>16,108</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E15-802	-	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	103,591,695	103,591,695	Not Applicable	Not Applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
-Unlisted Options	10,600,000	-	\$0.70	30 April 2010
-Incentive Options	2,160,000	-	\$1.86	5 August 2011
-Incentive Options	787,500	-	\$1.00	19 June 2012
		-		
7.8 Issued during quarter	250,000	-	\$1.00	19 June 2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
-Incentive Options	2,250,000	-	\$1.00	30 November 2008
-Employee Options	120,000	-	\$1.86	5 August 2011
(ceasing eligible employment)	200,000	-	\$1.00	19 June 2012
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: 30 January 2009  
(~~Director~~/Company secretary)

Print name: **CLINT MCGHIE**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** - The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** - ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

---

+ See chapter 19 for defined terms.