



ASX RELEASE | 30 JANUARY 2014 | ASX:BKY

DECEMBER 2013 QUARTERLY REPORT

Berkeley Resources Limited ('Berkeley' or the 'the Company') is pleased to present its quarterly report for the period ended 31 December 2013. The Company's primary focus during the period continued to be the advancement of the Salamanca Project located in Spain.

Highlights during the quarter include:

- *Comprehensive review of the Pre-Feasibility Study ('PFS') results and definition of the Scope of Work for the Definitive Feasibility Study ('DFS') for the Salamanca Project:*
 - *Opportunities to further enhance the Project economics through capital and operating cost reductions were assessed and key work programs defined for inclusion in the scope of the DFS;*
 - *Key areas of focus will include resource infill drilling programs, further metallurgical testwork programs, including additional six metre column leach work, development of a Geo-Met model which will incorporate additional geological and metallurgical parameters into the resource block model to support metallurgical process modelling and mine planning and optimisation, and enhanced design of the project infrastructure and site facilities; and*
 - *The DFS is planned to be awarded and commence in the first quarter of 2014 following completion of a tender process.*
- *Significant progress on the permitting of Retortillo:*
 - *Regional Government has granted a Favourable Declaration of Environmental Impact ('Environmental Licence') following submission and extensive review of the Company's Environmental and Social Impact Assessment ('ESIA') together with the Exploitation Plan and the Reclamation and Closure Plan; and*
 - *Approval of the Company's Exploitation and Reclamation and Closure Plans is now the only outstanding prerequisite for the granting of the Mining Licence for Retortillo.*
- *Completion of a positive Scoping Study on the Gambuta deposit.*

Enquiries:

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OPERATIONS

Berkeley Resources Limited ('Berkeley' or 'the Company') is a uranium exploration and development company with a quality resource base in Spain. Berkeley is currently focused on advancing its wholly owned flagship Salamanca Project.

Salamanca Project

Berkeley's flagship Salamanca Project comprises the Retortillo, Alameda and Gambuta deposits, plus a number of other Satellite deposits located in western Spain (Figure 1).



Figure 1: Location of the Salamanca Project, Spain

Pre-Feasibility Study

In September 2013, the Company completed a Preliminary Feasibility Study ('PFS') on the integrated development of Retortillo and Alameda, which clearly demonstrated the Salamanca Project's potential to support a significant scale, long life uranium mining operation (refer ASX announcement dated 26 September 2013).

Using only the current Mineral Resource Estimates ('MRE') for Retortillo and Alameda, which total 34.5 million pounds U_3O_8 (36.9 million tonnes at 424 ppm; 200 ppm U_3O_8 cut-off grade), as a base case scenario, the Project can support an average annual production of 3.3 million pounds of U_3O_8 during the seven years of steady state operation and 2.7 million pounds of U_3O_8 over a minimum eleven year mine life. There is strong potential to increase the production profile and/or mine life through the exploitation of additional resources held by the Company (totalling 27.1 million pounds U_3O_8) and with ongoing exploration work.



The PFS was based on open pit mining, heap leaching using on-off leach pads, a centralised process plant at Retortillo, and a remote ion exchange operation at Alameda, with loaded resin trucked to the centralised plant for final extraction and purification. The open pits are shallow (maximum depth of 135 metres) with low strip ratios (average 1:2.1 ore to waste for the Project over the life of mine). During steady state operation the annual ore processing rate is 5.5 million tonnes. Operating costs (C1 cash costs) average US\$24.60 per pound U_3O_8 over the life of mine.

The initial capital cost (nominally $\pm 20\%$ accuracy) for the Project is estimated at US\$95.1 million. This cost is inclusive of all mine, processing, infrastructure and indirect costs required to develop and commence production at Retortillo. A further US\$74.4 million of capital, incurred in the second year of production, is required to develop Alameda and achieve steady state operation. The Project's capital cost reflects the excellent existing infrastructure, use of heap leaching as the preferred processing route, and the favoured mining contractor scenario (no mining fleet capital expenditure).

Key parameters used in the PFS included:

- Ore Processing Rate 5,500,000 tonnes per annum (steady state)
- Mining Cut-off Grades 105 ppm U_3O_8 for Retortillo and 90 ppm U_3O_8 for Alameda
- Metallurgical Recovery 85%
- Uranium Price US\$65 per pound U_3O_8
- Exchange Rate US\$/€ 1.28

Definitive Feasibility Study

A number of opportunities to further enhance the Project economics through capital and operating cost reductions were identified in the PFS. During the quarter, the Company has undertaken a comprehensive review of the PFS with a view to assessing these opportunities and defining key work programs to be incorporated into the final scope of the Definitive Feasibility Study ('DFS').

As a result, during the DFS phase the key areas of focus will include:

- Resource infill drilling programs aimed at upgrading the classification of specific portions of the current Retortillo and Alameda MRE's to the Measured category;
- Further metallurgical testwork programs, including additional column leach work (six metre columns), in combination with ion exchange ('IX') at Alameda and solvent extraction ('SX') and ammonium diuranate ('ADU') precipitation at Retortillo to generate more detailed information relating to the pH and acid consumption optimisation, design and sizing of the IX and SX units, and final product specification;
- Development of a Geo-Met model which will incorporate additional geological and metallurgical parameters into the resource block model to support metallurgical process modelling and mine planning and optimisation;
- Open pit optimisation, detailed mine design and production scheduling using the upgraded MRE block models;
- Enhanced design of the project infrastructure and site facilities;
- Undertaking engineering studies to support capital and operating cost estimates for the Project to a level of accuracy of nominally $\pm 10\%$; and
- Undertaking an evaluation of the various alternatives for funding the development of the Project and the sale of future uranium production (including uranium marketing and off-take arrangements).

A tender process for the DFS is nearing completion, with the DFS anticipated to be awarded and commence during the first quarter of 2014.

**Gambuta**

During the quarter, the Company completed a Scoping Study level evaluation ('the Study') of the Gambuta deposit. The Study was managed by Berkeley, with input from a number of industry recognised specialist consultants covering the key disciplines.

The Gambuta deposit, which is located approximately 145 kilometres southeast of Retortillo, has an Inferred MRE of 12.7 million tonnes at 394 ppm U_3O_8 for a total of 11.1 million pounds of U_3O_8 at a 200 ppm U_3O_8 cut-off grade (refer ASX September 2012 Quarterly Report).

The conceptual approach used in the Study was based on open pit mining, heap leaching, and a remote IX operation, with the loaded resin being trucked to the proposed centralised plant at Retortillo for final extraction and purification.

The geometry, average thickness and depth of the mineralisation make it amenable to shallow open pit mining with a low ore to waste strip ratio.

The scope of work included initial metallurgical testwork on a 330 kilogram representative sample, comprising bond crushability and bond abrasion tests, diagnostic leach tests, mineralogy and column leach tests at various crush sizes. The results of the testwork showed that uranium recovery improves with finer crushing and averages 80% across the various material types at a 12 mm crush size. Acid consumption for the heap leach will range from 9 kg/t to 10 kg/t, inclusive of the addition of acid in the agglomeration process. Analytical data of the pregnant liquor solution ('PLS') obtained during the testwork program indicated that there are no impurities at levels that could adversely impact the downstream process.

Geomechanical tests confirmed that the ore (and residues) could be stacked up to eight metres, with the heap leach pad design conservatively assuming the ore will be stacked in two six metre lifts.

Additional work included geotechnical evaluation (based on re-logging of available drill core), open pit optimisation and mine design, heap leach pad design, and a site layout and infrastructure assessment.

The existing regional infrastructure provides ready access to the site location, power and water. In terms of resin transport, the distance to the proposed centralised facility at Retortillo is 250 kilometres using the established road network with approximately 90% of the route being highways. Given the Project's proximity to local towns and villages, on-site accommodation facilities are not required.

The results of the Study were positive and accordingly, the Company will advance Gambuta to the next stage of the evaluation. This will include further compilation and assessment of available technical and environmental baseline data, additional environmental and radiological monitoring and baseline studies, and subsequently resource infill drilling aimed at upgrading the current Inferred MRE to the Indicated category and further metallurgical testwork.

Gambuta will ultimately be integrated with Retortillo and Alameda, with a view to potentially increasing the production scale and/or mine life of the Salamanca Project.



Permitting

The major milestone achieved during the quarter was the grant of the Environmental Licence for Retortillo by the Regional Government of Castilla y León (refer ASX announcement dated 8 October 2013).

The grant of the Environmental Licence is a major milestone for the Company and follows substantial work over the last 24 months directed towards permitting of the Project, including environmental and social baseline studies and culminating with the submission of the Environmental and Social Impact Assessment ('ESIA'), together with the Exploitation Plan and the Reclamation and Closure Plan for Retortillo.

The ESIA and associated documentation were subjected to extensive review by all relevant authorities and key stakeholders, including a 30 day Public Information Period, prior to the grant of the Environmental Licence. The Environmental Licence covers all mining and processing activities, including treatment of loaded resin transported to Retortillo from other deposits.

Key activities undertaken during the ESIA process, which was managed by Berkeley with input from a multi-disciplinary group of specialist consultants, included environmental baseline monitoring studies, census work to understand the flora and fauna within and around the tenement area, ecosystem and habitat sensitivity surveys, noise and air quality studies, surface and underground water studies, and extensive community engagement.

With the grant of the Environmental Licence and the favourable recommendation report submitted by the Nuclear Safety Council to the Regional Government, approval of the Company's Exploitation and Reclamation and Closure Plans is now the only outstanding prerequisite for the granting of the Mining Licence for Retortillo.

The process of obtaining all other permits necessary for the development of Retortillo continued to advance during the quarter. The Public Information Period associated with the authorisation for water catchment and discharge was successfully completed, with the Company submitting responses to all allegations to the Water authorities in January 2014. The Mining and Environmental authorities have also provided favourable recommendations to the Water authorities with respect to the water catchment. Authorisation for the road deviation at Retortillo was also officially granted during the quarter.

The documents required for the next phase of permitting at Alameda, including the Exploitation Plan, Reclamation and Closure Plans, and the ESIA were completed during the quarter and will be submitted to the relevant authorities during the first quarter of 2014. The Environmental Scoping Document ('ESD') will also be re-submitted having been updated to incorporate the latest results from the PFS and inputs from the granting of the Environment License for Retortillo.

Exploration

During the quarter, ground radiometric surveys were completed within the two tenements that host the Zona 7 Prospect and possible extensions in order to evaluate the potential and provide information for further drilling campaigns. The data from these surveys is currently being processed.

A ground radiometric survey has also commenced on the Barquilla tenement (north of Alameda) to follow-up on a previously defined radiometric anomaly.

No drilling was completed during the quarter.



CORPORATE

At 31 December 2013, the Company had cash reserves of A\$23.2 million.

In April 2013, Shareholders approved Berkeley's Performance Rights Plan. The Plan is designed to reward superior performance based on materially improved Company performance in terms of growth in the value of the Company and resulting increases in Shareholder value. The Company issued 968,000 fully paid ordinary shares on 31 December 2013 following the conversion of 968,000 Tranche 1 Performance Share Rights upon satisfaction of the Pre-Feasibility Study milestone.

Subsequent to the end of the quarter, Berkeley appointed Numis Securities Limited as Nominated Advisor and Broker. This appointment is required under AIM Rules.

Competent Persons Statement

The information in this Report that relates to Exploration Results and Mineral Resources is based on information compiled by Craig Gwatkin, who is a Member of The Australian Institute of Mining and Metallurgy and was an employee of Berkeley Resources Limited at the time of initial disclosure. Mr. Gwatkin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Gwatkin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this Report that relates to the Pre-Feasibility Study is based on information compiled by Neil Senior of SENET (Pty) Ltd. Mr. Senior is a Fellow of The South African Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Senior consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Forward Looking Statement

Statements regarding plans with respect to the Company's mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.



Appendix 1: Summary of Mining Tenements

As at 31 December 2013, the Company had an interest in the following tenements:

Location	Tenement Name	Interest	Status
Spain			
Salamanca	D.S.R Salamanca 28 (Alameda)	100%	Granted
	D.S.R Salamanca 29 (Villar)	100%	Granted
	P.I. Abedules	100%	Granted
	P.I. Abetos	100%	Granted
	P.I. Alcornoques	100%	Granted
	P.I. Alisos	100%	Granted
	P.I. Bardal	100%	Granted
	P.I. Barquilla	100%	Granted
	P.I. Berzosa	100%	Granted
	P.I. Campillo	100%	Granted
	P.I. Castaños 2	100%	Granted
	P.I. Ciervo	100%	Granted
	P.I. Dehesa	100%	Granted
	P.I. El Águlia	100%	Granted
	P.I. Espinera	100%	Granted
	P.I. Horcajada	100%	Granted
	P.I. Mailleras	100%	Granted
	P.I. Mimbre	100%	Granted
	P.I. Oñoro	100%	Granted
	P.I. Pedreras	100%	Granted
P.I. Alimoche	100%	Pending	
P.I. El Vaqueril	100%	Pending	
P.I. Halcón	100%	Pending	
Cáceres	P.I. Almendro	100%	Granted
	P.I. Ibor	100%	Granted
	P.I. Olmos	100%	Granted
Badajoz	P.I Don Benito Este – U	100%	Pending
	P.I Don Benito Este – C	100%	Pending
	P.I Don Benito Oeste – U	100%	Pending
	P.I Don Benito Oeste – C	100%	Pending
Ciudad Real	P.I Damkina Fraccion 1	100%	Granted
	P.I Damkina Fraccion 2	100%	Granted
	P.I Damkina Fraccion 3	100%	Granted

No tenements were acquired or disposed of during the quarter ended 31 December 2013. There were no changes to beneficial interest in any mining tenements due to Farm-in or Farm-out agreements. No beneficial interest in Farm-in or Farm-out agreements were acquired or disposed during the quarter.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

BERKELEY RESOURCES LIMITED

ABN

40 052 468 569

Quarter ended ("current quarter")

31 DECEMBER 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(2,293)	(4,712)
1.3 Dividends received	(233)	(415)
1.4 Interest and other items of a similar nature received	252	322
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material): - R&D Rebate	300	300
Net Operating Cash Flows	(1,974)	(4,505)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(1)	(27)
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 (provide details if material)		
Net investing cash flows	(1)	(27)
1.13 Total operating and investing cash flows (carried forward)	(1,975)	(4,532)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,975)	(4,532)
	Cash flows related to financing activities		
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 (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,975)	(4,532)
1.20	Cash at beginning of quarter/year to date	25,171	27,728
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	23,196	23,196

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	61
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 directors' fees, superannuation 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	1,450
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	1,650

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	1,542	2,444
5.2 Deposits at call	21,654	22,727
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	23,196	25,171

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			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	180,361,323	180,361,323	Not Applicable	Not Applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	968,000	968,000	Not Applicable	Not Applicable
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options				
	<u>Options:</u>		<i>Exercise price</i>	<i>Expiry date</i>
-Incentive Options	1,826,666	-	\$1.35	18 June 2014
-Incentive Options	1,000,000	-	\$0.41	21 September 2015
-Incentive Options	1,750,000	-	\$0.475	22 December 2015
-Unlisted Options	5,500,000	-	\$0.45	30 June 2016
	<u>Rights:</u>			
-Perf. Share Rights	968,000	-	-	30 June 2015
-Perf. Share Rights	1,318,000	-	-	31 December 2016
-Perf. Share Rights	1,418,000	-	-	31 December 2017
7.8 Issued during quarter				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.9	Exercised during quarter -Perf. Share Rights	968,000	-	<i>Exercise price</i> -	<i>Expiry date</i> 30 June 2014
7.10	Expired during quarter -Incentive Options -Incentive Options	1,000,000 35,000	1,000,000 35,000	<i>Exercise price</i> \$1.25 \$1.35	<i>Expiry date</i> 1 December 2013 18 June 2014
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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 5).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 30 January 2014
(~~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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

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