Berkeley
Resources Ltd

Interim Financial Report for the Half Year Ended 31 December 2013

ABN 40 052 468 569

CORPORATE DIRECTORY

Directors
Mr Ian Middlemas – Non-Executive Chairman
Dr James Ross – Non-Executive Deputy Chairman
Mr Robert Behets – Non-Executive Director

Company Secretary
Mr Clint McGhie

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ASX Code
BKY – Fully paid ordinary shares

AIM TIDM
BKY – Fully paid ordinary shares

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DIRECTORS' REPORT

The Board of Directors of Berkeley Resources Limited present their report on the consolidated entity of Berkeley Resources Limited ("the Company" or "Berkeley") and the entities it controlled during the half year ended 31 December 2013 ("Consolidated Entity").

DIRECTORS

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

Mr Ian Middlemas
Dr James Ross
Mr Robert Behets

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

REVIEW OF OPERATIONS AND ACTIVITIES

Berkeley is a uranium exploration and development company with a quality resource base in Spain. The Company is currently focussed on advancing its wholly owned flagship Salamanca Project.

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

Figure 1: Location of the Salamanca Project, Spain

Highlights during and subsequent to the half year include:

- Completion of the Pre-Feasibility Study ('PFS') confirming the technical and economic viability of the Salamanca Project, including:
  - Steady state annual production of 3.3 million pounds U_3O_8 over a 7 year period, with average annual production of 2.7 million pounds U_3O_8 over an initial 11 year life of mine;
  - Average operating costs (C1 cash costs) of US$24.60 per pound of U_3O_8 over the life of mine;
  - Upfront capital cost of US$95.1 million to deliver initial production. A further US$74.4 million, incurred in the second year of production, to achieve steady state operation; and
  - PFS considered a base case scenario, with strong potential to increase the production profile and/or mine life.

- 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;
  - The Nuclear Safety Council ('NSC') has submitted a favourable recommendation report regarding the granting of the Exploitation Concession ('Mining Licence') to the Regional Government; 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.

- High grade mineralisation intersected at shallow depths (from 9 metres to a maximum of 84 metres), with thicknesses up to 29 metres at Zona 7, the largest of the Retortillo Satellite Deposits:
  - Drilling extends mineralisation a further 1,200 metres to the southwest of the current resource area;
  - Better intercepts include 29 metres @ 3,391 ppm U_3O_8, 17 metres @ 1,260 ppm U_3O_8, 15 metres @ 1,392 ppm U_3O_8, 25 metres @ 683 ppm U_3O_8 and 13 metres @ 1,161 ppm U_3O_8; and
  - Shallow, high grade mineralisation extending well beyond the current resource boundary at Zona 7 is a clear demonstration of the exploration and resource growth potential of the Salamanca Project.

- Updated Mineral Resource Estimate ('MRE') for Retortillo deposit of 16.2 million tonnes averaging 376 ppm U_3O_8 for a contained 13.4 million pounds of U_3O_8 at a lower cut-off grade of 200 ppm U_3O_8 was reported. A comparison with the prior MRE (July 2012) highlighted an increase in Indicated Resources from 61% to 90% of the total MRE, and an increase in the total contained uranium of 5%.

- Completion of a positive Scoping Study on the Gambuta deposit.

Operations

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 ± 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. 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 ±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).

It is anticipated that DFS will commence in the coming months.

Gambuta

During the half year, the Company also 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.

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 half year 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. 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.

The documents required for the next phase of permitting at Alameda, including the Exploitation Plan, Reclamation and Closure Plans, and the ESIA were completed 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

No drilling was completed during the half year however, assay results were received from drilling completed at Zona 7 in June 2013.

Zona 7 is the largest of the Retortillo Satellite Deposits and currently hosts an Inferred MRE of 3.9 million tonnes averaging 414 ppm U_3O_8 for a contained 3.6 million pounds of U_3O_8 at a 200 ppm U_3O_8 cut-off grade (refer ASX June 2012 Quarterly Report). It is located within 10 kilometres of the proposed location of the centralised processing plant at Retortillo.

Assay results returned during the half year from 18 RC drill holes, totalling approximately 1,130 metres, have confirmed that the Zona 7 mineralisation extends a further 1,200 metres to the southwest of the current resource area. The drilling essentially doubled the strike extent of the mineralised zone and it remains open. Significant high grade intersections have been recorded at shallow depths (from 9 metres to a maximum depth of 84 metres), with thicknesses up to 29 metres. Select intercepts include:

Hole No.	*Down Hole Intercept*	*From Depth (Down Hole)*
Z7R-084	*29m @ 3,391 ppm* U_3O_8	*9m*
Z7R-088	*17m @ 1,260 ppm* U_3O_8	*37m*
Z7R-089	*4m @ 2,365 ppm* U_3O_8 *15m @ 1,392 ppm* U_3O_8 *2m @ 2,759 ppm* U_3O_8	*39m* *63m* *82m*
Z7R-087	*25m @ 683 ppm* U_3O_8	*27m*
Z7R-090	*13m @ 1,161 ppm* U_3O_8	*17m*
Z7R-085	*16m @ 764 ppm* U_3O_8	*33m*

The delineation of this zone of shallow, high grade mineralisation extending well beyond the current resource boundary at Zona 7 is a clear demonstration of the exploration and resource growth potential of the Salamanca Project.

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 half year, Berkeley appointed Numis Securities Limited as Nominated Advisor and Broker. This appointment is required under AIM Rules.

Operating Results

The net operating loss after tax for the half year ended 31 December 2013 was $4,186,622 (2012: $5,373,394).

The loss for the period includes $3,953,140 (2012: $5,640,251) in exploration and evaluation expenditure and share based payment expenses of $526,778 (2012: $142,952) were also recognised during the half year.

SIGNIFICANT POST BALANCE DATE EVENTS

At the date of this report there were no significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, Stantons International, to provide the Directors of Berkeley Resources Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 18 and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.

Robert Behets
Non-Executive Director

12 March 2014

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.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

(a) the financial statements and notes, as set out on pages 9 to 17, are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Robert Behets
Non-Executive Director

12 March 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Berkeley Resources Ltd

	Note	Half Year Ended 31 December 2013 $	Half Year Ended 31 December 2012 $
Revenue from continuing operations	5	**806,487**	**850,849**
Exploration and evaluation costs		(3,953,140)	(5,640,251)
Corporate and administration costs		(513,191)	(440,038)
Share based payments expense		(526,778)	(142,952)
Loss on sale of asset		-	(1,002)
Loss before income tax		**(4,186,622)**	**(5,373,394)**
Income tax expense		-	-
Loss for the half year attributable to Members of Berkeley Resources Limited		**(4,186,622)**	**(5,373,394)**
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		877,694	319,225
Other comprehensive income/(loss) for the period, net of income tax		**877,694**	**319,225**
Total comprehensive loss for the half year attributable to Members of Berkeley Resources Limited		**(3,308,928)**	**(5,054,169)**
Earnings per share			
Basic loss per share (cents per share)		(2.33)	(3.00)
Diluted loss per share (cents per share)		(2.33)	(3.00)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 December 2013 $	30 June 2013 $
ASSETS			
Current Assets			
Cash and cash equivalents		23,204,850	27,736,790
Trade and other receivables		744,902	796,168
Prepaid Expenditure		16,055	-
Total Current Assets		**23,965,807**	**28,532,958**
Non-current Assets			
Exploration expenditure	6	14,886,654	14,173,930
Property, plant and equipment		1,988,130	1,881,538
Other financial assets		71,307	70,450
Total Non-current Assets		**16,946,091**	**16,125,918**
TOTAL ASSETS		**40,911,898**	**44,658,876**
LIABILITIES			
Current Liabilities			
Trade and other payables		1,226,825	2,215,203
Income tax payable		43,630	43,630
Other financial liabilities		286,993	263,443
Total Current Liabilities		**1,557,448**	**2,522,276**
TOTAL LIABILITIES		**1,557,448**	**2,522,276**
NET ASSETS		**39,354,450**	**42,136,600**
EQUITY			
Issued capital	7	119,360,925	119,061,813
Reserves	8	254,050	30,673
Accumulated losses		(80,260,525)	(76,955,886)
TOTAL EQUITY		**39,354,450**	**42,136,600**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Berkeley Resources Ltd

	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
As at 1 July 2013	**119,061,813**	**2,623,721**	**(2,593,048)**	**(76,955,886)**	**42,136,600**
Total comprehensive loss for the period:					
Net loss for the period	-	-	-	(4,186,622)	(4,186,622)
Other comprehensive income:					
Exchange differences arising on translation of foreign operations	-	-	877,694	-	877,694
Total comprehensive income/(loss)	**-**	**-**	**877,694**	**(4,186,622)**	**(3,308,928)**
Transactions with owners, recorded directly in equity					
Transfer from share based payments reserve	299,112	(1,181,095)	-	881,983	-
Share based payments	-	526,778	-	-	526,778
As at 31 December 2013	**119,360,925**	**1,969,404**	**(1,715,354)**	**(80,260,525)**	**39,354,450**
As at 1 July 2012	**118,930,526**	**4,363,630**	**(3,778,248)**	**(67,925,136)**	**51,590,772**
Total comprehensive loss for the period:					
Net loss for the period	-	-	-	(5,373,394)	(5,373,394)
Other comprehensive income:					
Exchange differences arising on translation of foreign operations	-	-	319,225	-	319,225
Total comprehensive income/(loss)	-	-	319,225	(5,373,394)	(5,054,169)
Transactions with owners, recorded directly in equity					
Transfer from share based payments reserve	-	(9,231)	-	9,231	-
Share based payments	-	142,952	-	-	142,952
Option issue price	-	500	-	-	500
Exercise of Listed Options	71,250	-	-	-	71,250
Reversal of Shares Issue Expense	60,000	-	-	-	60,000
As at 31 December 2012	**119,061,776**	**4,497,851**	**(3,459,023)**	**(73,289,299)**	**46,811,305**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half Year Ended 31 December 2013 $	Half Year Ended 31 December 2012 $
Cash flows from operating activities		
Payments to suppliers and employees	(4,921,978)	(5,447,779)
Interest received	331,069	828,147
Rebates received	328,583	-
Net cash outflow from operating activities	**(4,262,326)**	**(4,619,632)**
Cash flows from investing activities		
Payments for property, plant and equipment	(271,690)	(574,221)
Payments for Exploration and Evaluation	-	(93,344)
Net cash outflow from investing activities	**(271,690)**	**(667,565)**
Cash flows from financing activities		
Proceeds from issue of securities	-	71,750
Transaction costs from issue of shares and options	-	-
Net cash inflow from financing activities	**-**	**71,750**
Net decrease in cash and cash equivalents held	**(4,534,016)**	**(5,215,447)**
Cash and cash equivalents at the beginning of the period	**27,736,790**	**37,716,585**
Effects of exchange rate changes on cash and cash equivalents	2,076	19,529
Cash and cash equivalents at the end of the period	**23,204,850**	**32,520,667**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

Berkeley Resources Limited (the "Company") is a company domiciled in Australia. The interim financial report of the Company is as at and for the six months ended 31 December 2013.

The annual financial report of the Company as at and for the year ended 30 June 2013 is available upon request from the Company's registered office.

2. STATEMENT OF COMPLIANCE

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

This interim financial report does not include all the information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Berkeley Resources Limited for the year ended 30 June 2013 and any public announcements made by Berkeley Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report was approved by the Board of Directors on 11 March 2014.

(a) Basis of Preparation of Half Year Financial Report

The principal accounting policies adopted in the preparation of the financial report have been consistently applied to all the periods presented, unless otherwise stated.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied by the Consolidated Entity in this consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report for the year ended 30 June 2013.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013. The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards';
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'; and
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'.

4. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one operating segment, being exploration for mineral resources within Spain. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

5. REVENUE FROM CONTINUING OPERATIONS

	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Interest revenue	477,904	850,849
R&D Rebate received	328,583	-
	806,487	**850,849**

6. NON-CURRENT ASSETS – EXPLORATION EXPENDITURE

	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
The group has mineral exploration costs carried forward in respect of areas of interest:		
Areas in exploration at cost:		
Balance at the beginning of period	14,173,930	13,011,723
Net Additions/ (disposals)	(72,509)	36,489
Foreign exchange differences	785,233	1,125,718
	14,886,654	**14,173,930**
Capitalised exploration expenditure written off	-	-
Balance at end of period	**14,886,654**	**14,173,930**

The value of the exploration interests is dependent upon the discovery of commercially viable reserves and the successful development or alternatively sale, of the respective tenements. An amount of €6m (A$7.43m) relates to the capitalisation of the fees paid to ENUSA under the Co-operation Agreement relating to the tenements within the State Reserves. The Company reached agreement with ENUSA in July 2012 in the form of an Addendum to the Consortium Agreement signed in January 2009. The Addendum includes the following terms:

- The Consortium now consists of State Reserves 28 and 29;
- Berkeley's stake in the Consortium has increased to 100%;
- ENUSA will remain the owner of State Reserves 28 and 29, however the exploitation rights have been assigned to Berkeley, together with authority to submit all applications for the permitting process;
- The Company is now the sole and exclusive operator in the Addendum Reserves, with the right to exploit the contained uranium resources and have full ownership of any uranium produced;
- ENUSA will receive a production fee equivalent to 2.5% of the net sale value (after marketing and transport costs) of any uranium produced within the Addendum Reserves;
- Berkeley has waived its rights to mining in State Reserves 2,25, 30, 31, Hoja 528-1 and the Saelices El Chico Exploitation Concession, and has waived any rights to management of the Quercus plant; and
- The Co-operation Agreement with ENUSA, signed on 29 January 2009, has been terminated.

7. CONTRIBUTED EQUITY

(a) Issued and Paid Up Capital

	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
180,361,323 (30 June 2013: 179,393,323) fully paid ordinary shares	119,360,925	119,061,813

7. CONTRIBUTED EQUITY (Continued)

(b) Movements in Ordinary Share Capital During the Six Month Period ended 31 December 2013:

Date	Details	Number of Shares	Issue Price $	$
1 Jul 13	**Opening Balance**	**179,393,323**		**119,061,813**
31 Dec 13	Conversion of Performance Rights	968,000	0.309	299,112
31 Dec 13	**Closing Balance**	**180,361,323**		**119,360,925**

(c) Movements in Options and Performance Rights During the Six Month Period ended 31 December 2013:

Date	Details	Number of Incentive Options	Number of Performance Rights	Fair Value $	Share based payments reserve $
1 Jul 13	**Opening Balance**	**11,111,666**	**4,672,000**		**2,623,721**
1 Dec 13	Options Expired	(1,000,000)	-	0.8626	(862,600)
31 Dec 13	Options Expired	(35,000)	-	0.5538	(19,383)
31 Dec 13	Performance Rights Converted	-	(968,000)	0.3090	(299,112)
	Share based payments expense(1)	-	-	-	526,778
31 Dec 13	**Closing Balance**	**10,076,666**	**3,704,000**		**1,969,404**

Note:
(1) The value of Incentive Options granted is recognised over the vesting period of the grant, in accordance with Australian Accounting Standards.

The following options and performance rights have been issued over unissued capital as at 31 December 2013:

Performance Rights

- 968,000 performance rights at no exercise price that expire on 30 June 2015;
- 1,318,000 performance rights at no exercise price that expire on 31 December 2016; and
- 1,418,000 performance rights at no exercise price that expire on 31 December 2017.

Unlisted Options

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- 1,826,666 unlisted options at an exercise price of $1.35 each that expire on 18 June 2014.
- 1,750,000 unlisted options at an exercise price of $0.475 each that expire on 22 December 2015.
- 1,000,000 unlisted options at an exercise price of $0.41 each that expire on 21 September 2015.
- 5,500,000 unlisted options at an exercise price of $0.45 each that expire on 30 June 2016.

8. RESERVES

	31 December 2013 $	30 June 2013 $
(a) Reserves		
Share based payments reserve	1,969,404	2,623,721
Foreign exchange reserve	(1,715,354)	(2,593,048)
	254,050	**30,673**

9. CONTINGENT LIABILITIES AND COMMITMENTS

There was no material change in contingent liabilities or commitments as previously disclosed at the last reporting period.

10. DIVIDENDS PAID OR PROVIDED FOR

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

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments consist of those which are measured at amortised cost including trade and other receivables, trade and other payables and interest bearing borrowings. The carrying amount of these financial assets and liabilities approximate their fair value.

12. SUBSEQUENT EVENTS AFTER BALANCE DATE

As at the date of this report there were no significant events occurring after balance date requiring disclosure.

Stantons International Audit and Consulting Pty Ltd
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12 March 2014

Board of Directors
Berkeley Resources Limited
Level 9, BGC Centre
28 The Esplanade
Perth WA 6000
Australia

Dear Directors

RE: BERKELEY RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Berkeley Resources Limited.

As the Audit Director for the review of the financial statements of Berkeley Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(Authorised Audit Company)

John Van Dieren
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Berkeley Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Berkeley Resources Limited ("the consolidated entity"). The consolidated entity comprises both Berkeley Resources Limited ("the Company") and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Berkeley Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Berkeley Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Berkeley Resources Limited on 12 March 2014.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

John P Van Dieren
Director

West Perth, Western Australia
12 March 2014