



**ASX RELEASE** | 31 OCTOBER 2014 | ASX:BKY

## **SEPTEMBER 2014 QUARTERLY REPORT**

*Berkeley Resources Limited ('Berkeley' or the 'the Company') is pleased to present its quarterly report for the period ended 30 September 2014. 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:*

- *2014 drilling program at Zona 7 completed:*
  - *2013 drilling program at Zona 7, the largest of the Retortillo Satellite Deposits, recorded significant high grade intersections at shallow depths and essentially doubled the strike extent of the mineralised zone;*
  - *2014 drill program, completed in September, was aimed at infilling the zone of mineralisation delineated by 2013 drilling and extending it further to the south-west;*
  - *High grade mineralisation has again been intersected at shallow depths (from surface to a maximum of 73 metres), with thicknesses up to 25 metres;*
  - *Outstanding intercepts from the initial 16 reverse circulation drill holes include:*
    - **21 metres @ 3,101 ppm U<sub>3</sub>O<sub>8</sub>**
    - **25 metres @ 2,005 ppm U<sub>3</sub>O<sub>8</sub>**
    - **21 metres @ 1,535 ppm U<sub>3</sub>O<sub>8</sub>**
    - **17 metres @ 1,517 ppm U<sub>3</sub>O<sub>8</sub>**
    - **16 metres @ 1,014 ppm U<sub>3</sub>O<sub>8</sub>**
  - *These results confirm continuity of the mineralised zone extending well beyond the current resource boundary, and highlight the significant exploration and resource growth potential of the broader Salamanca Project.*
  - *Assay results from the remaining drill holes will be available shortly and the Company expects an upgraded Inferred Mineral Resource for Zona 7 to be completed in the current quarter.*
- *Key inputs for the Salamanca Project Definitive Feasibility Study ('DFS') progressing:*
  - *DFS focussed on the integrated development of Retortillo and Alameda commenced in the June 2014 Quarter;*
  - *A number of work programs providing key inputs to the DFS, including resource drilling at Retortillo, hydrogeological studies and metallurgical testwork, advanced during the quarter.*

**Enquiries:**

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## OPERATIONS

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

### Salamanca Project

Berkeley's flagship Salamanca Project ('the Project') comprises the Retortillo, Alameda, Gambuta and Zona 7 deposits, plus a number of other Satellite deposits located in western Spain (Figure 1).

The Company has completed a Preliminary Feasibility Study ('PFS') on the integrated development of Retortillo and Alameda, which clearly demonstrated the 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 PFS showed that 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.



**Figure 1: Location of the Salamanca Project, Spain**



### ***Definitive Feasibility Study***

The Definitive Feasibility Study ('DFS') for the Project commenced in 2014 following finalisation of the Scope of Work.

The key areas of focus for the DFS 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).

During the quarter a number of work programs providing key inputs to the DFS, including the resource infill drilling program at Retortillo, the metallurgical testwork program and hydrogeological studies for both sites, were advanced.

### ***Geology and Drilling***

An infill drilling program at Retortillo, aimed at upgrading the resource classification of the areas to be mined during the initial two years of the PFS production schedule to the Measured category, commenced during the quarter.

The program has been designed to close the existing drill pattern down to a notional 35 metre by 35 metre pattern within the areas targeted while the core obtained from the diamond ('DD') drilling will facilitate enhanced geological and structural understanding of the deposit.

The reverse circulation ('RC') component of the program was completed in September, with a total of 69 RC holes for 4,693 metres drilled. Assay results are pending.

Two of the four planned DD holes have been drilled to date, with the program scheduled for completion in mid-November.

The data obtained from this infill drilling program will form the basis for a revised MRE, which is anticipated to be completed and announced in the first quarter of 2015.



### Hydrogeology

During the quarter, four 72 hour pumping tests were conducted in the southern pit area at Retortillo in order to:

- Identify groundwater flows in non-fractured and fractured areas;
- Identify groundwater flow in sandstone; and
- Identify groundwater flow in a productive area.

The results are currently being interpreted and will be used to update the hydrogeological model for the site.

At Alameda, work on updating the hydrogeological model for the site was completed and confirmed the outcome of the previous model included in the PFS.

### Metallurgical Testwork

Preparation for the three master composite samples, representative of various mining phases at Retortillo, was completed, the six metre columns loaded with agglomerated material, and the leaching testwork program commenced at the Mintek facilities in Johannesburg during the quarter. Although the testwork program is still underway, the leaching characteristics observed to date are generally in line with expectation.

Preparation for the master composite samples for Alameda is nearing completion and it is anticipated that the six metre columns will be loaded with agglomerated material, and the testwork program will commence in late 2014/early 2015.

The first phase of radiological characterisation of the ripios at Retortillo, which comprises sample homogenisation, conditioning, chemical and radiological characterisation and column percolation tests, was completed. Results from laboratory analysis are pending.

### **Permitting**

Following the grant of the Mining Licence in April, the approval processes associated with other key permits including the Initial Authorisation of the process plant as a radioactive facility and the Authorisation for Exceptional Use of the Land (application for reclassification from rural to industrial use) of the affected surface land area at Retortillo, continued to be the focus of permitting related activities during the quarter.

The Exploitation and Rehabilitation and Closure Plans for Alameda were submitted to the Ministry of Industry of the Central Government in October.

### **Exploration – Zona 7**

The 2014 phase of drilling at Zona 7 was completed during the quarter.

Zona 7 is located approximately 10 kilometres to the northwest of the proposed location of the centralised processing plant at Retortillo and currently hosts an Inferred Mineral Resource Estimate ('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 lower cut-off grade of 200 ppm  $U_3O_8$  (refer ASX June 2012 Quarterly Report).

The potential extension of Zona 7 to the southwest towards Las Carbas was identified as a priority drill target following a review of all available data for the regional tenements surrounding the existing resources. An 18 hole, 1,133 metre RC drill program was subsequently completed in mid-2013 to test this priority target.



Assay results returned from this drilling program in August 2013 confirmed that the Zona 7 mineralisation extends a further 1,200m to the southwest of the current resource area (Figure 2). The drilling, which was carried out on an approximately 400 metre by 100 metre grid, essentially doubled the strike extent of the mineralised zone and it remains open. Significant high grade intersections were recorded at shallow depths (from 9 metres to a maximum depth of 84 metres), with thicknesses up to 29 metres. Better intercepts included 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  $U_3O_8$  (refer ASX announcement dated 7 August 2013).

The 2014 drilling program at Zona 7, which comprised 45 RC holes for 2,888 metres and 4 diamond core ('DD') holes for 391 metres, was aimed at infilling the zone of mineralisation defined by the 2013 drilling and extending it further along strike. The program was designed to close the broadly spaced 2013 drill pattern down to a notional 100 metre by 100 metre grid to facilitate the estimation of a revised Inferred Mineral Resource for the prospect.

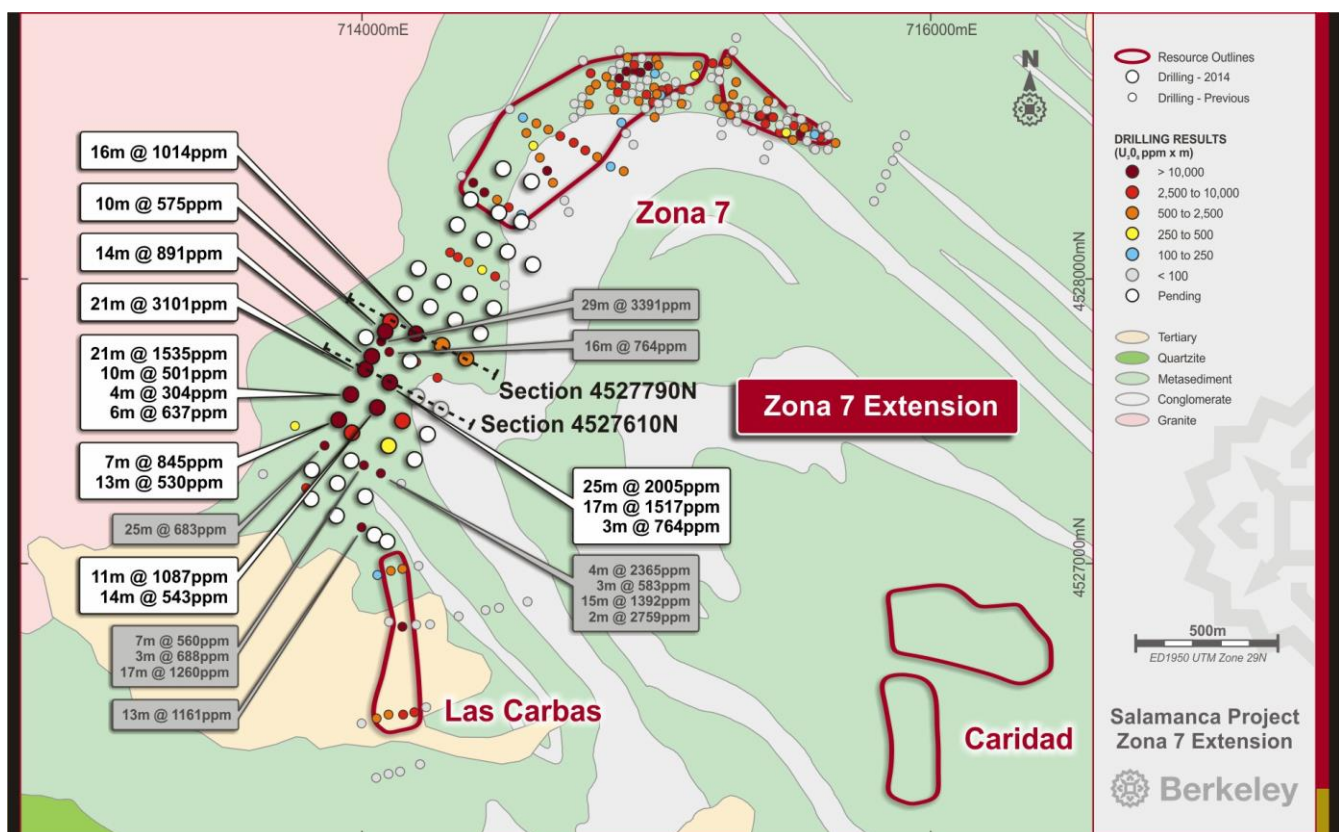


Figure 2: Drilling Plan Highlighting Extension of Zona 7 Mineralisation

### Drilling Results

Assay results from the initial 16 RC drill holes from the 2014 program were received and reported during the quarter (refer ASX announcement dated 18 August 2014).

The mineralisation intersected in the new infill holes has shown good continuity of both thickness and grade exists between the previous broader spaced drill holes within the Zona 7 extension. Significant high grade intersections have been recorded at shallow depths (from surface metres to a maximum depth of 73 metres), with thicknesses up to 25 metres. Select intercepts are reported in Table 1.

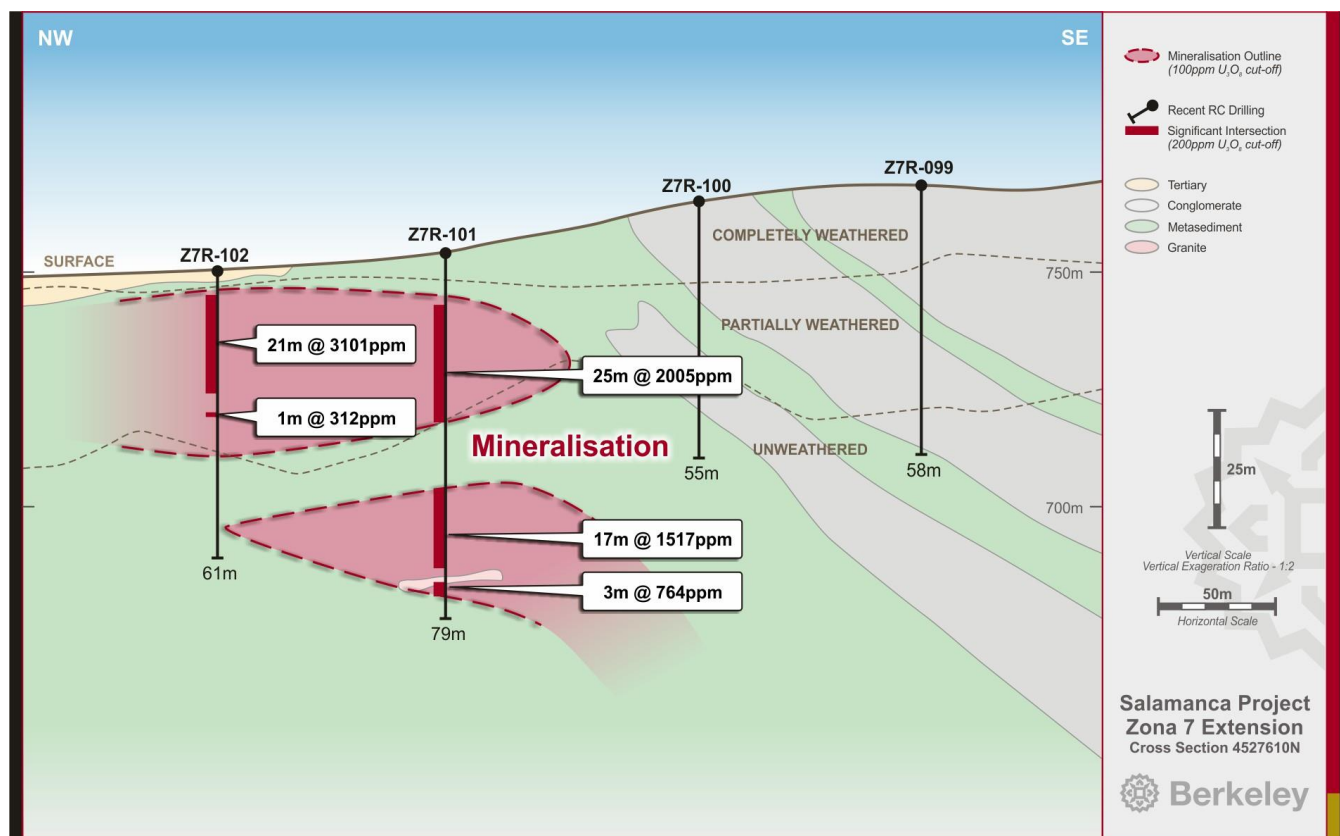


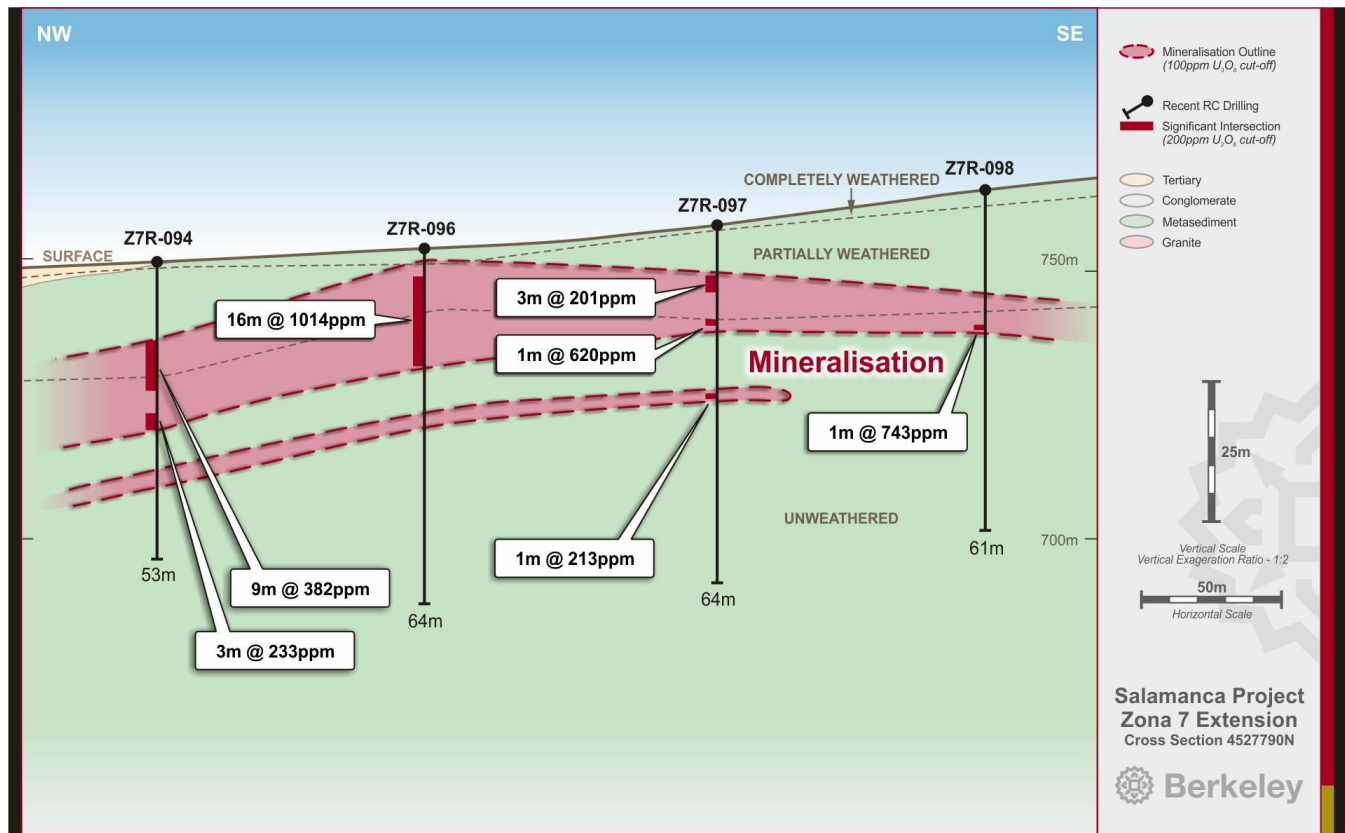
**Table 1: Select Intercepts – Zona 7 2014 Drilling Program (initial 16 holes)**

Hole No.	Down Hole Intercept	From Depth (Down Hole)
Z7R-102	21m @ 3,101 ppm $U_3O_8$	5m
Z7R-101	25m @ 2,005 ppm $U_3O_8$ 17m @ 1,517 ppm $U_3O_8$	11m 50m
Z7R-104	21m @ 1,535 ppm $U_3O_8$ 10m @ 501 ppm $U_3O_8$	2m 26m
Z7R-096	16m @ 1,014 ppm $U_3O_8$	5m
Z7R-103	14m @ 891 ppm $U_3O_8$	7m
Z7R-105	11m @ 1,087 ppm $U_3O_8$ 14m @ 543 ppm $U_3O_8$	17m 31m
Z7R-106	7m @ 845 ppm $U_3O_8$ 13m @ 530 ppm $U_3O_8$	13m 29m
Z7R-095	10m @ 575 ppm $U_3O_8$	Surface

These results confirm continuity of the mineralised zone extending well beyond the current resource boundary, and highlight the significant exploration and resource growth potential of the broader Salamanca Project.

Assay results from the remaining drill holes will be available shortly and the Company expects an upgraded Inferred Mineral Resource for Zona 7, which will incorporate data obtained from both the 2013 and 2014 drilling programs, to be completed in the current quarter.





## CORPORATE

At 30 September 2014, the Company had cash reserves of A\$18.3 million.

The Company continues to maintain a strong focus on cost control across all areas of the business.



### **Competent Persons Statement**

The information in this announcement that relates to 2014 Exploration Results is extracted from Berkeley's ASX announcement dated 18 August 2014 which is available to view on [www.berkeleyresources.com.au](http://www.berkeleyresources.com.au). The information in the original ASX Announcement was based on information compiled by Robert Behets, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. Behets is a holder of shares, options and performance rights in, and is a director of Berkeley Resources Limited. Mr. Behets 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this announcement that relates to earlier Exploration Results and Mineral Resources is extracted from Berkeley's ASX announcements dated 31 July 2012 (June 2012 Quarterly Report), 7 August 2013 and 26 September 2013 which are available to view on Berkeley's website at [www.berkeleyresources.com.au](http://www.berkeleyresources.com.au). The information in the original ASX announcements was 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. 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 extracted from Berkeley's ASX announcement dated 26 September 2013 which is available to view on Berkeley's website at [www.berkeleyresources.com.au](http://www.berkeleyresources.com.au). The information in the original ASX announcement was 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 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.

### **Production Target**

The Production Target stated in this Report is based on the Company's Pre-Feasibility Study ('PFS') for the Salamanca Project as released to the ASX on 26 September 2013. The information in relation to the Production Target that the Company is required to include in a public report in accordance with ASX Listing Rule 5.16 was included in the Company's June 2014 Quarterly Report released to the ASX on 24 July 2014.

The Company confirms that the material assumptions underpinning the PFS and Production Target referenced in the 26 September 2013 and 24 July 2014 releases continue to apply and have not materially changed.

### **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 30 September 2014, the Company had an interest in the following tenements:

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

No tenements were acquired or disposed of during the quarter ended 30 September 2014. 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")

30 SEPTEMBER 2014

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 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 & evaluation	(1,858)	(1,858)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(272)	(272)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	208	208
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(1,922)</b>	<b>(1,922)</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)	(1)
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)	-	-
	<b>Net investing cash flows</b>	<b>(1)</b>	<b>(1)</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(1,923)</b>	<b>(1,923)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,923)	(1,923)
	<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 (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>(1,923)</b>	<b>(1,923)</b>
1.20	Cash at beginning of quarter/year to date	20,237	20,237
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>18,314</b>	<b>18,314</b>

**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	78
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	1,500
4.2 Development	-
4.3 Production	-
4.4 Administration	175
<b>Total</b>	<b>1,675</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	1,052	2,135
5.2 Deposits at call	17,262	18,102
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>18,314</b>	<b>20,237</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				
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	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	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				
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b>				
	<i>-Incentive Options</i>	<u>Options:</u> 1,000,000	-	<i>Exercise price</i> \$0.41	<i>Expiry date</i> 21 September 2015
	<i>-Incentive Options</i>	1,750,000	-	\$0.475	22 December 2015
	<i>-Unlisted Options</i>	5,500,000	-	\$0.45	30 June 2016
	<i>-Perf. Share Rights</i>	<u>Rights:</u> 1,118,000	-	-	30 June 2015
	<i>-Perf. Share Rights</i>	1,478,000	-	-	31 December 2016
	<i>-Perf. Share Rights</i>	1,598,000	-	-	31 December 2017

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (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: 31 October 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.

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+ See chapter 19 for defined terms.

- 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.
- 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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